

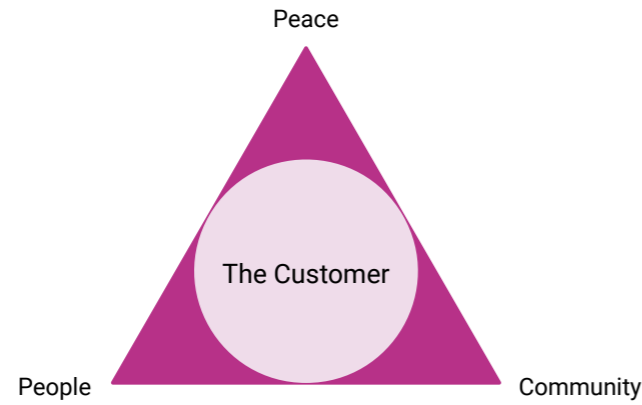
**AEON  
SUSTAINABILITY  
DATA BOOK 2020**





## 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 (Aeon) 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 everlasting innovative spirit.

## AEON's Corporate Commitment

AEON creates a future of limitless promise —an AEON— by transforming daily life with our open, dynamic approach.



The word aeon (AEON) has its origins in a Latin root meaning "eternity." The Aeon Group's eternal mission is to benefit its customers. By fulfilling this mission, we hope to sustain the Group's development and prosperity forever.



**Aeon aims to realize a sustainable society through the practice of sustainable management in both our business as well as environment and society.**



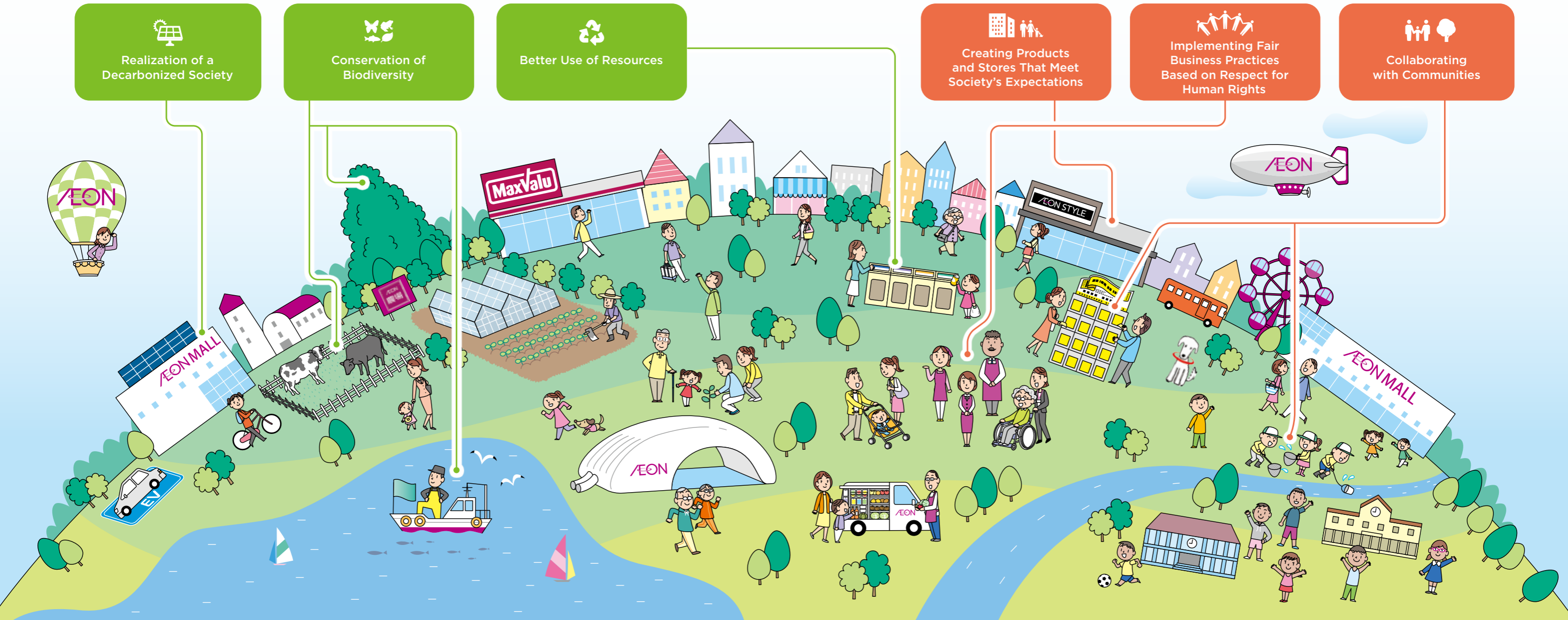


# Aeon Initiatives Targeting “Toward a future filled with dreams”

Aeon aims to realize a sustainable society through our business with and the environment and society. In addition to providing products and services, we engage with many stakeholders to resolve the myriad of issues facing society through our business activities.

To realize a sustainable society and ensure the growth of the Aeon with a view toward a future filled with dreams, Aeon will continue embracing the challenges of change.

Based on Aeon's Basic Policy on Sustainability, we are helping to achieve the SDGs through initiatives targeting six key issues.



## Editorial Policy

We have been working towards the formation of a sustainable society through our business activities. To further stakeholders' understanding of its approach and activities related to corporate social responsibility (CSR), Aeon\* has been issuing the Aeon Environmental Report annually since FY1996 (the Aeon Environmental and Social Report since 2003). From FY2019, the Sustainability Data Book has been issued as a supplement to the Aeon Report (integrated report). The Sustainability Data Book introduces Aeon's sustainability initiatives from the perspective of both the environment and society, centering on pure holding company Aeon Co., Ltd., the General Merchandise Store (GMS) Business, and the Supermarket Business.

\* For the purposes of this report, "Aeon" is used to refer to Aeon Co., Ltd. and the approximately 300 companies that comprise the Aeon Group.

## Reporting Period

FY2019  
(March 1, 2019–February 29, 2020)\*  
\* For operating companies with different fiscal years and for certain initiatives, the relevant time periods for each item reported are stated.

## Reporting Scope

This report covers pure holding company Aeon Co., Ltd. and its 287 consolidated subsidiaries and 28 equity-method affiliates as of the end of February 2020.

Note: If the scope of reporting differs from the aforementioned, this is stated for each item reported. In addition, the report includes information on the social contribution activities of the AEON 1% Club Foundation, which is funded by donations equivalent to 1% of pretax profits from major Aeon Group companies, and the AEON Environmental Foundation, which advances initiatives to protect the Earth's environment, and provides support and assistance to various organizations for environmental conservation.

## Target Audience

Customers, shareholders, investors, students, business partners, NPOs, NGOs, governments, and Aeon People (Aeon employees)

## Guidelines Used

– G4 Sustainability Reporting Standards, Global Reporting Initiative (GRI)  
– Environmental Reporting Guidelines (2018 version), Ministry of the Environment of Japan  
– Guidance on Social Responsibility, ISO 26000

## Disclaimer

This report includes plans for the future of the Aeon Group, as well as predictions and forecasts about business results. These statements are based on the Group's judgements and opinions based on the information available at the current time. Due to various future issues, results may differ greatly from those published in this report.

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Looking back at environmental and social initiatives

# Aeon Topics for FY2019

Aeon looks back at FY2019 through news releases announcing the Company's environmental and social initiatives to achieve a sustainable society.

April 2019	Aeon introduces the power purchase agreement (PPA) model and expands its use of solar power	November 2019	Aeon launches the AEON Shuri Castle Restoration Support Project
May 2019	Aeon expands the lineup of TOPVALU environment-friendly products	December 2019	Aeon launches the Japanese Project for the "10x20x30" Food Loss and Waste Initiative
June 2019	Aeon introduces Japan's first kabayaki grilled eel fully traceable back to a sustainable fry production area "Aeon Namiee" opens	January 2020	Aeon announces its participation in Loop, an initiative for sustainable reuse of product containers
July 2019	Aeon signs the "Agreement Concerning Mutual Support during a Disaster" Aeon signs the "Disaster Response Cooperation Agreement" with the Japanese government	February 2020	Aeon is awarded highest CDP rating for inclusion in "Climate A List"
September 2019	Aeon signs the "Disaster Response Cooperation Agreement" with the Japanese government	March 2020	Aeon stops all distribution of free-of-charge disposable plastic bags
	Aeon launches the Aeon Organic Alliance, a first for a Japanese retailer		Aeon opens its first 100% renewable energy powered stores

## Aeon launches the Japanese Project for the "10x20x30" Food Loss and Waste Initiative!

Aeon launched the Japan Project as part of the "10x20x30" initiative called for by the World Resources Institute (WRI). As the only Asian retailer in a group of 11 global companies participating in the initiative, Aeon will work with 20 of its priority suppliers with the aim of halving rates of food loss and waste by 2030. (Announced November 2019)



December 2019 press conference to announce the initiative's launch

10x20x30

## Aeon Launches the Aeon Organic Alliance, a First for a Japanese Retailer

Aeon launched the AEON Organic Alliance (AOA), a platform to centrally manage production, procurement, processing, distribution, and sale of organic agricultural products, in response to recent growing consumer demand for such products. (Announced September 2019)

## Aeon Expands the Lineup of TOPVALU Environment-Friendly Products

Aeon began selling a series of 24 TOPVALU environment-friendly items in response to customers who wish to contribute to environmental conservation through shopping. (Announced May 2019)



## Aeon Launches the AEON Shuri Castle Restoration Support Project

To contribute to the reconstruction of the UNESCO World Heritage Site Shuri Castle (Okinawa), which suffered significant damage due to a large fire, Aeon launched the AEON Shuri Castle Restoration Support Project. (Announced November 2019)



Presentation of the letter of intent

## "Aeon Namiee" Opens

A new Aeon Mall opened in Namie (Fukushima), with the aim of Tohoku creation. By offering a lineup of food, daily necessities, and household medicine and healthcare products essential for everyday life, as well as building a store that is a place where local residents can relax, Aeon is creating a town where customers can feel safe and assured. (Announced June 2019)



Aeon Namiee, opened in July 2019

## Aeon Introduces the Power Purchase Agreement (PPA) Model and Expands Its Use of Solar Power

To increase the use of renewable energy, Aeon began introducing the PPA model at its commercial facilities. (Announced April 2019)

## Aeon Opens Its First 100% Renewable Energy Powered Stores

Aiming to create a decarbonized society, Aeon opened two facilities, Aeon Style Ebie and Aeon Fujidera Shopping Center, which are fully powered by renewable energy. (Announced March 2020)



Aeon Style Ebie, opened on March 28, 2020

## Aeon Introduces Japan's First Kabayaki Grilled Eel Fully Traceable Back to a Sustainable Fry Production Area

Aeon aims to sell 100% traceable eel by 2023 in line with efforts to realize the sustainable use of resources. Toward realizing this goal, Aeon began sales of Japan's first kabayaki grilled eel with full traceability back to the fry production area. (Announced June 2019)

## Aeon Is Awarded Highest CDP Rating for Inclusion in "Climate A List"

Aeon was awarded the highest rating from the CDP, an international NPO that conducts environmental surveys and publishes the results, and selected for inclusion in its 2019 "Climate A List." (Announced January 2020)



## Aeon Commits to Support for Typhoon Damage

Aeon signed the "Disaster Response Cooperation Agreement" with the Japanese government as part of its efforts to prepare for business continuity in the event of a large-scale natural disaster and thereby fulfill its function as the social infrastructure of local communities. In addition, Aeon signed the "Agreement Concerning Mutual Support during a Disaster" with local electricity providers. (Announced June 2019)



Deploying mobile sales

## Aeon Signs the "Disaster Response Cooperation Agreement" with the Japanese Government

Aeon store parking lots and other spaces are now designated bases of operation for disaster response teams, and Aeon will provide speedy support, such as Balloon Shelters (large emergency evacuation tents) and other necessary assistance for local governments. (Announced July 2019)

## Aeon Announces Its Participation in Loop, an Initiative for Sustainable Reuse of Product Containers

Aeon announced its participation in Loop, a shopping platform for the reuse of containers. The Company is planning to make it easy to participate in recycling initiatives by moving from "disposable" to "reusable." (Announced December 2019)

## Aeon Stops All Distribution of Free-of-Charge Disposable Plastic Bags

On April 1, 2020, Aeon stopped all distribution of free-of-charge disposable plastic bags at all directly managed sales floors, such as Aeon's general merchandise stores (GMSs), including clothing and household goods stores, and WELCIA drugstores. At these stores, disposable bags made from a combination of biomass materials have been available for purchase by customers in need of shopping bags. Also, Aeon has been promoting the replacement of the materials used to make these bags with FSC-certified paper and other environment-friendly materials. Since 2007, Aeon has been donating the proceeds of sales of disposable bags, and the amount collected has totaled approximately 840 million JPY. (Announced February 2020)



# Combined Capabilities Underpinning Aeon's Response to Change

## Approaching the "New Normal" with Our Customers

Since the 2011 Great East Japan Earthquake, Japan has been struck by a spate of natural disasters, including earthquakes, and heavy rains and typhoons caused by abnormal weather conditions, that have resulted in a considerable loss of life as well as significant damage to Aeon stores. Furthermore, during the current COVID-19 pandemic, we have been forced to forgo daily life as we knew it and society as a whole has experienced significant change.

"Creating products and stores that meet society's expectations" is one of Aeon's key issues listed in the Aeon Sustainability Principle. While this philosophy promotes supplying products and developing stores in pursuit of customer safety and assurance, it also promotes our mission as a retailer to act as a community lifeline in order to continue to safeguard local community life, even in times of emergency. Aeon leverages its diverse business portfolio and network that extends across Asia, as well as the strength of its Group companies and 580,000 Aeon People, to support the daily lives of communities.



Five Aeon stores in Wuhan City began delivering relief packages of fresh vegetables and essential supplies to customers who faced restrictions on leaving their houses. (February 2020)

### Practicing Aeon's "Customer-First" Philosophy

-Protecting Lifestyles in the COVID-19 Pandemic-



#### Our Response in China and ASEAN

1/27

While the COVID-19 outbreak continues to spread through Wuhan City, Aeon's five general merchandise stores continue to operate under reduced trading hours to maintain a community lifeline. As a result of working with clients and collaborating with Group shared function companies, Aeon is able to ensure a continuous supply of products.

1/29

Aeon Co., Ltd. provides masks, thermometers, and alcohol-based sanitizer gel to Japanese citizens residing in Wuhan City.

2/10

Through the Aeon 1% Club Foundation, Aeon donates emergency relief funds to the Wuhan Municipal People's Government. Additionally, at the request of three institutions, Aeon provides emergency supplies in the form of food and masks.

2/21

Aeon expands its product preparation and services to the delivery of relief packages of fresh vegetables and essential supplies to customers' houses.

4/1

**Aeon Mall stores throughout China resume normal operation.**

4/3

Aeon *Topvalu* China provides masks to all employees in the ASEAN region.

7/9

To support international students and technical interns in the ASEAN region, Aeon donates a total of 25 million JPY through the Aeon 1% Club Foundation.



#### Our Response in Japan

3/6

Aeon reinforces initiatives to prevent the spread of COVID-19/infection in stores and between employees and refrains from operating certain facilities.

4/7

**State of emergency is declared in 7 prefectures.**

4/16

State of emergency is expanded to the whole country.

4/24

Aeon begins "Fundraising for Children Affected by COVID-19."

5/13

Operations resume at 42 Aeon Mall stores across 19 prefectures. Aeon implements measures to prevent infection and ensure safety by enforcing the practice of social distancing.

5/28

**Operations resume at all 142 Aeon Mall across Japan.**

6/30

Aeon establishes the Aeon COVID-19 Outbreak Prevention Protocol, with the aim of realizing a society where outbreak prevention is a part of life.

#### Assurance as a Lifestyle Infrastructure

Our mission as a retailer is to continue to provide products and services even in times of emergency as an infrastructure that supports daily life. With customers feeling uncertain due to rumors and misinformation about COVID-19, the whole Group responded to their needs by ensuring full lineups of essential goods, buying products in bulk, and expanding its online supermarkets. We have provided our customers with a level of assurance that only Aeon can offer.



Toilet paper displayed in large quantities to dispel customer concerns about shortages

#### Measures to Prevent a COVID-19 Outbreak

Based on the principle of prioritizing the safety of our customers and employees, we have striven to create a store environment in which they have peace of mind. After the state of emergency was lifted in Japan, and restrictions continued to be relaxed in various other countries, we gradually reopened shopping malls while implementing outbreak prevention measures. Educational videos summarizing our outbreak prevention measures are being displayed on digital signage inside Aeon Mall stores. Additionally, we made it possible to participate remotely in the Company's May 2020 Annual General Meeting, during which we reported Aeon's initiatives to all our stakeholders.



Thoroughly disinfecting the area around cash registers



Protective acrylic shields installed at cash registers



## Practicing Aeon's "Customer-First" Philosophy ~Protecting Lifestyles in the COVID-19 Pandemic~

### Establishing the Aeon COVID-19 Outbreak Prevention Protocol\*1

We established the Aeon COVID-19 Outbreak Prevention Protocol with the goals of realizing a society where outbreak prevention is a part of life, safeguarding the lifestyles and health of customers and employees, and protecting the safe and assured lifestyles of local communities by continuously implementing outbreak prevention measures in cooperation with customers.

We have created this protocol under the editorial guidance of three experts\*2 in disease outbreak prevention. By establishing clear standards for outbreak prevention measures based on scientific evidence from experts—compiled from the start of countermeasures in Wuhan City (China) in January 2020 to the present and in accordance with the latest findings on the virus—this protocol will be used to continuously educate employees and inform customers about outbreak prevention. Specifically, Aeon is making efforts to mitigate the following two risks.

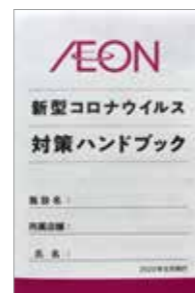
- Risk of infection from employees
- Risk of droplet infection and infection through contact within facilities

While conveying our standards for mitigating these risks, we have also asked our customers to cooperate with implementing outbreak prevention measures.

Also, under the assumption that these countermeasures will continue in the long term, we are making efforts to respond to the so-called "With COVID-19" era. These initiatives include creating English- and Chinese-language versions of the protocol so that we can implement employee training in various countries and make use of this training to inform customers as well as creating a task team with the purpose of operating stores and pursuing outbreak prevention in parallel.

#### Aims of the protocol

- **AEON will implement infectious disease control measures by using scientifically-based advice and the latest knowledge from experts.**
- **AEON will implement infectious disease control measures by working together as one with all of its employees.**
- **AEON will stand together with customers in building an infectious disease control structure.**
- **AEON will implement measures to reduce points of contact with customers by utilizing digital means and will make investments, such as changing to facilities that ensure social distancing.**



Countermeasures hand-book owned by every employee



Outbreak Prevention Protocol QR code

\*1 Aeon will implement the protocol at least until December 2020, revising it as necessary.

\*2 Editorial Supervision

Kazuaki Miyagishima: Former Director of the Department of Food Safety and Zoonoses, World Health Organization (WHO) Advisor at AEON Co., Ltd.

Koji Wada: Professor, Department of Public Health, Faculty of Medicine, International University of Health and Welfare

Itsuko Horiguchi: Professor, Faculty of Pharmaceutical Sciences, Tokyo University of Science

### Supporting Production Areas through Efforts to Revitalize Local Communities

From March to May 2020, people refrained from leaving their houses and restaurants were forced to close temporarily to prevent the spread of infection. Aeon has implemented initiatives at various stores, including Aeon, Daiei, and MaxValu, to support producers of agricultural and marine products who have been adversely impacted by declines in demand. To support producers in local communities, we sent out "little luxury gourmet ingredients" and "delicious local ingredients" to customers who refrained from leaving the house and spent more time at home.



Eat and Support Sale at Aeon Otaka



Ganbarou Crab Support Sale at Aeon Matsue



Eat and Support! Cheer Up Farmers campaign at Aeon Hamamatsu Ichino

## Undertaking "Fundraising for Children Affected by COVID-19" and Donating to Three Organizations

In efforts to help support children who have encountered difficult circumstances during the pandemic, we collected donations at Aeon stores nationwide and approximately 8,600 offices between April 25 and May 24, 2020. The money collected was used to support activities including the delivery of food supplies to households in need of aid. Through these fundraising activities, Aeon customers raised 28,495,266 JPY, which was donated to three charity organizations and used for such purposes as food deliveries to homes, food pantries for accepting and handing out food, and the opening of a children's cafeteria.

Further, on April 30, prior to these fundraising activities, the three charity organizations received emergency funding totaling 20 million JPY through the Aeon 1% Club Foundation.

### Three charity organizations supported by Aeon



NPO All-Japan Children's Cafeteria Support Center MUSUBIE



Certified NPO Single Mothers Forum



Certified NPO Florence

## Supporting International Students and Technical Interns Affected by COVID-19 ~ Aeon 1% Club Foundation Initiatives ~

Due to the COVID-19 pandemic, various embassies in Japan have been receiving consultations from large numbers of young people in need of livelihood support. These young people include international students who lost part-time employment and whose lifestyles have been adversely affected, young people whose periods of stay in Japan have expired and who cannot return home due to cancelled flights or restrictions for entering or leaving the country, and technical interns who have lost their jobs at placement companies due to failed management. The Aeon 1% Club Foundation donated a total of 25 million JPY to five countries—5 million JPY each to Vietnam, Laos, Cambodia, Indonesia, and Myanmar—to support international students and technical interns in need of financial assistance. We sincerely hope that young people can return to safe and assured lifestyles and strive toward achieving their personal dreams.

#### [Locations for the Presentation of Donated Funds]

- Embassy of the Socialist Republic of Vietnam (presented June 30, 2020)
- Embassy of Laos PDR (presented July 1, 2020)
- Embassy of Cambodia (presented July 2, 2020)
- Embassy of the Republic of Indonesia (presented July 2, 2020)
- Embassy of Myanmar (presented July 14, 2020)



Presentation at the Embassy of the Socialist Republic of Vietnam on June 30, 2020

(From left) First Secretary Mr. Phan Tien Hoang  
Foundation Chairman Mr. Hiroshi Yokoo  
Ambassador Extraordinary and Plenipotentiary His Excellency Vu Hong Nam  
Foundation Director Mr. Soichi Okazaki

Aeon has continued to grow by ceaselessly responding to various changes in economic and social circumstances. With the COVID-19 pandemic, it is predicted that global values and lifestyles will shift even further, driven by such factors as heightened awareness of health and wellness, accelerated digitalization led by increasing demand for online shopping, and the evolving ways we connect with people. Even in the face of such changes, Aeon will continue to leverage the strength of its diverse business portfolio and respond to customer needs Groupwide, as well as in the so-called "With COVID-19" and "Post-COVID-19" eras.



# For the Future of the Global Environment, Continuing to Cooperate with Our Customers Now and into the Future

We believe that what Aeon can do to protect the global environment is to think and act in concert with customers. Going forward, we will work with our customers to continuously take action to protect the future of our global environment.

## Aiming to Halve Food Waste by 2025

In order to reduce food waste, it is necessary to cooperate with all manufacturers of food products and to work together across the entire supply chain. In addition to initiatives already under way to reduce waste at its stores, Aeon has begun two new initiatives, as described below.

### Launch of the Japanese Project for the "10x20x30" Food Loss and Waste Initiative\*

Aeon, as the only Asian retailer, participated in the "10x20x30" Food Loss and Waste Initiative, launching the Japanese project with 21 domestic food manufacturers. Aeon deals with not only food producers and related companies but also companies engaged in a range of other industries. Based on the methods proposed by the World Resources Institute (WRI) to set targets, make calculations, and take action, Aeon will capitalize on its advantages to link companies across the supply chain through such actions as providing information necessary for each manufacturer to implement relevant measures and introducing them to partners, thereby contributing to a reduction in food wastage.

11 global retailers participating in the project

- AEON Co., Ltd.
- Ahold Delhaize
- Carrefour
- IKEA Food
- Kroner
- Metro Group
- Pick n Pay
- The Savola Group
- Sodexo
- Tesco
- Walmart

\*"10x20x30" Food Loss and Waste Initiative: The initiative was called for by the WRI and stands for 10 of the world's biggest food retailers and providers working together with 20 of their clients with the aim of halving rates of food loss and waste by 2030.



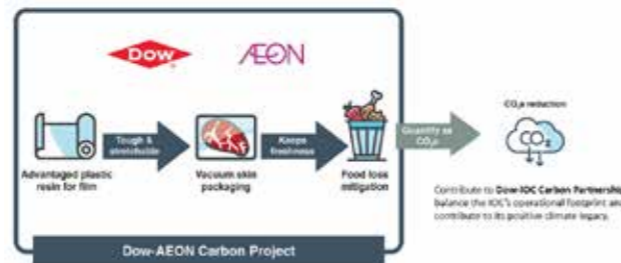
December 2019 Press Conference to Announce the Start of the Initiative

### Aeon and Dow Sign Carbon Project Agreement

In July 2020, Aeon and the Dow Chemical Company (hereinafter, Dow) signed the Carbon Project Agreement to reduce greenhouse gas (CO<sub>2</sub>) emissions. Based on this agreement, Aeon will adopt the use of vacuum skin packaging (VSP) for several types of food in its stores owned by Group companies. Utilizing electrical technology, supported by an ionomer resin from Dow, this packaging extends the shelf life of products and offers better protection during shipment, leading to a mitigation of food loss.

In November 2019, Daiei began a trial sale of four beef products utilizing VSP, and it will expand trials to other products. Also, Aeon has plans to increase the store count while adding further products.

The project overview graphic



It exhibits unique properties of both toughness (puncture-resistant) and elasticity (stretches without pressurizing the contents).

## Aiming to Reduce the Usage of Disposable Plastic

As of July 1, 2020, it became mandatory in Japan to charge a fee for providing plastic shopping bags. Thirty years prior, in 1991, Aeon reduced the use of disposable plastic by launching the Bring Your Own Shopping Bag Campaign, which encouraged customers to bring their own bags to promote the recycling of resources. By June 2020, almost all Group stores had stopped providing free shopping bags.

### Aeon's Progress in Reducing Plastic Bag Usage

- 1991 Began the Bring Your Own Shopping Bag Campaign
- 2007 Began an initiative to stop the provision of free plastic shopping bags at cash registers
- 2008 Began an initiative to direct proceeds from plastic bag fees to environmental conservation efforts
- 2019 Began selling a new personal shopping bag made from recycled materials
- 2020 Stopped providing free shopping bags

Total amount donated: approximately 841.6 million JPY



### "Aeon x Yoshimoto Everyone's #MyBagCampaign" Begins

In collaboration with Yoshimoto Kogyo Co., Ltd., Aeon has released the message "Everyone's #MyBagCampaign," with all Aeon stores nationwide displaying a promotional video calling on customers to bring their own shopping bags. In July 2020, we began selling a Yoshimoto collaboration shopping bag. We plan more store initiatives to raise customer awareness.

(Campaign running from April 2020 to March 2021)



Collaboration with Yoshimoto Kogyo "Everyone's #MyBagCampaign" promotional video distributed

### Aeon Announces Participation in "Loop" Initiatives—From "Disposable" to "Reusable"

Aeon will become the first Japanese retailer to participate in Loop, a shopping platform for the reuse of containers. We can easily participate in recycling efforts by having customers purchase products that are packaged in reusable containers and then return the used container when they visit a store. In the future, we will begin sale of reusable product containers and packaging and the collection of used containers at Aeon and Aeon Style stores in Tokyo.



### Annual Sales of Approximately 360,000 My Baskets!

In order to move away from the use of plastic shopping bags, Aeon is selling My Bag personal shopping bags made from recycled materials and My Basket personal shopping baskets, which customers can take home. Thanks to the support of our customers in this initiative, we sold a total of approximately 360,000 My Baskets in FY2019.



Aeon's My Basket





**Even During an Emergency,  
We Will Act on Our Mission  
Grounded in our Basic  
Principles with the Aim of  
Becoming a Corporate Group  
Truly Needed by Customers  
and Society.**

Kahori Miyake  
Executive Officer, CSR & Communication

### An Unchanging Retail Business Mission Grounded in Our Basic Principles

Amid the spread of COVID-19, Aeon places the highest priority on the safety of our customers and employees in our mission to support the daily lives of our customers through the provision of products and expanded services.

In recent years, in addition to the COVID-19 pandemic, there have been many other problems, such as flood damage caused by typhoons and abnormal weather that reaffirm my sense of gratitude for being able to live a normal life. Aeon's basic principles include the keywords "peace, people and local communities." The word "peace" has its origin in the words "open in scorched earth," which were written in a flyer distributed by Honorary Chairman Okada announcing the opening of a store in a burnt field after the war. Upon reading the flyer, a customer offered words of support, saying "thank you, this means peace has returned." This is when he realized that "the retail industry will not prosper unless there is peace."

COVID-19 is not a local phenomenon like natural disasters, it affects everyone and it appears there is no end in sight. However, no matter what the emergency may be, we always put customers first, as Aeon is grounded in the basic principles of pursuing peace, respecting human beings and contributing to local communities. We engage in our daily activities with a recognition of the significance of being closely connected to the everyday lives of our customers.

### Responding to Changing Times

Our business has been significantly impacted by COVID-19, but this does not mean that Aeon's work or business will change. To adapt to changes in society in line with our basic principles, I think it is important to utilize Aeon's comprehensive strengths to advance further innovations.

30 years have passed since Aeon launched the "Aeon Group" in 1989, and at present, we have grown to developing eight businesses in 14 countries. This is because, in line with changes in customer needs and society, Aeon is infused with the DNA of constant innovation. In response to economic deflation, a declining birthrate and an ageing population in the 1990s, we promoted the development of large shopping centers and drug stores in suburban areas, and in the 2000s, we responded to lifestyle diversification with "WAON" electronic money and established AEON Bank. Since 2010, we have responded to diversification in the consumption environment, including increases in the elderly population and working women, while responding to megatrends by strengthening business development in growing Asian markets. Ascertaining global changes and changes in customer lifestyles, as well as viewing environmental and social issues from a long-term perspective, Aeon's sustainable management is able to quickly adapt to changes and achieve sustainable growth from a long-term perspective, which we believe will lead to Aeon becoming a corporate Group that contributes to local communities.

**In addition, in order to put this sustainable management into practice, we are continuously strengthening the creation of a global CSR foundation. In addition, in order to put this sustainable management into practice, we are continuously strengthening the creation of a global CSR foundation. In 2004, we announced our participation in the United Nations Global Compact, the first retailer in Japan, and are proceeding with various initiatives.**

### Climate Change Initiatives from the Perspective of the Supply Chain

In 2018, Aeon announced the "Aeon Decarbonization Vision 2050" and has since been promoting initiatives to this end. The realization of economic value through business activities and contributions to the creation of social value are essential for the long-term sustainable growth of companies.

Aeon Decarbonization Vision 2050 efforts are centered on conserving energy by reducing the amount of energy use in stores and shifting to renewable energy. We are making steady progress, including the 2020 launch of two stores operating on 100% renewable energy. However, our goal is not to achieve decarbonization by ourselves, but to achieve decarbonization in a sustainable manner for Japan as a whole. Compared to 2018, when we announced this vision, society's awareness of decarbonization has increased, but looking at the ratio of renewable energy used in Japan, my sense is that there are still many issues to be resolved.

Further, typhoons caused by climate change and floods caused by heavy rains impact food procurement, distribution and continued store operations, which we recognize are important issues. Regarding climate change initiatives, we conducted scenario analyses in line with TCFD in 2019 to examine risk assumptions and business continuity countermeasures. As a result, it became clear that climate change has a substantial impact on the food needed to sustain everyday life and that we needed to formulate a strategy that considered the impact of climate change on supply chains. At TCFD there were a variety of discussions between corporations and investors involving the 2°C target, and the most important factor for Aeon is making plans for product procurement and supplies that take climate change into consideration. Going forward, we will continue to examine supply chain risks from a global perspective in consideration of life with COVID-19.

### Strengths Unique to the Retail Industry's Direct Contact with Customers

In July 2020, mandatory fees for plastic shopping bags went into effect in Japan, but there are various opinions regarding the reduced usage of plastic shopping bags. For companies, are plastic shopping bags a problem because they pollute the oceans, or because they emit CO<sub>2</sub>. My sense is that the solution is different depending on how the problem is perceived, and the lack of a clear consensus on the appropriate measures only complicate the issue.

We have spent a year discussing approaches to the plastic issue within the Company. To take action as a retailer, it is important to take advantage of the most significant trait of the retail industry and involve customers in the decision-making process. Leveraging our strength as a Company that interacts directly with its customers, Aeon asked customers to join us in thinking about this problem,

which will enable us to take action together. In 1991, Aeon launched the "Bring Your Own Shopping Bag Campaign," and as of the end of February 2020, the number of stores that stopped distributing plastic shopping bags for free increased to 2,256. At these stores, the percentage of customers declining plastic shopping bags is 74.6%, showing strong customer support. I hope the mandatory fees for plastic shopping bags will give even more people the opportunity to think about environmental issues.

In terms of efforts going forward, Aeon places importance on (1) reducing and getting rid of as much as possible and (2) creating a recycling-oriented society. Although there are various technical and other issues involved in the recycling of plastic, as retailers we can become sales and collection bases that want to further promote recycling-oriented societies alongside our customers.



### Practicing Sustainable Management

Today, the expansion and complicated nature of various global challenges are at an unprecedented level. Given these circumstances, I feel that there is an urgent demand to contribute as much as possible to environmental issues as well as local communities and to grow as sustainably as possible.

During the heavy flooding disasters of the past few years, customers showed up to our stores because they thought our multi-story car parks would be a safe place, resulting in a situation in which our physical stores were used as evacuation centers. While we of course support everyday life, Aeon itself cannot survive unless we are useful and necessary for our customers, even in times of emergency.

Aeon aims to become the corporate Group that contributes the most to customers and local communities, aiming for corporate growth as well as the resolution of environmental and social issues. Going forward, Aeon will continue to put the lives of our customers first amid all environmental and social changes, while practicing sustainable management with the aim of realizing a sustainable society and Group growth.



## Ongoing Innovations Responding to Customer Changes

Aeon maintains a "customer first" attitude, looks ahead to changes in market and customers and promotes sustainable management contributing to sustainable growth and local communities from a long-term perspective in an effort to enhance corporate value.

As the retail environment changes at an unprecedented rate, Aeon is promoting initiatives in accordance with the Aeon Sustainability Basic Policy to respond to changes in society and diversification of consumer needs as a "corporate Group that constantly innovates."

We are incorporating the resolution of social issues at a global level into management from the perspective of ESG and engaged in long-term efforts to resolve environmental and social issues through our business.

	FY2015	FY2016	FY2017	FY2018	FY2019
Operating Revenue (billions of yen)	8,176.7	8,210.1	8,390.0	8,518.2	8,604.2
Operating Income (billions of yen)	176.9	184.7	210.2	212.2	215.5
Stores/locations	20,633	21,268	21,742	21,996	19,094*
Number of Group employees	500,000	520,000	550,000	580,000	580,000
Number of trees planted (million)	11.17	11.44	11.66	11.93	12.12

\* Does not include friendship alliance companies

### Origin of Aeon sustainability activities

#### Embodying the Aeon Basic Principles through Tree Planting

## Carrying the Source of Wealth Forward into the Future

In the 1960s, Takuya Okada, then president of Okada, Inc. (present day Aeon) and current honorary chairman and advisor of Aeon, noticed that the Nandina (heavenly bamboo) berries in the garden of his home had stopped growing. 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 lead to a loss of source of wealth. In response, the Aeon Hometown Forests Program was started in 1991 as a tree-planting activity around Aeon businesses and as an initiative that leveraged the advantages of retailers to bring them into close contact with their region. By planting trees with local customers, the Company was able to work side by side with residents, deepen connections, and share a peaceful sense of joy, while recognizing the importance of nature. Mr. Okada's idea was to express the Aeon Basic Principles ("pursuing peace, respecting humanity and contributing to local communities, always with the customer's point of view as its core") through tree-planting activities.

Cumulative total of 12,121,780 trees\*planted since 1991.

1991



The JUSCO Malacca store (now Aeon Malacca Shopping Center), the starting point of the Aeon Hometown Forests Program

1992



The JUSCO Shin Hisai Store (currently Aeon Hisai), the first store in Japan under Aeon Hometown Forests Program

1998



Aeon Environmental Foundation conducted first tree planting project to revitalize the forests at the Great Wall of China

2012



Aeon Joining Hands Hometown Forests Program (Aeon Town Shiogama) tree planting in areas affected by the Great East Japan Earthquake

\* Total trees planted by Aeon Hometown Forests (Public Interest Incorporated Foundation) Aeon Environmental Foundation and Aeon Tohoku Reconstruction Hometown Forests Program

\* Results from 1991 to February 29, 2020

### Initiatives from 1989-2001

- 1989 Established the Aeon Group 1% Club Foundation (public name: AEON 1% Club)
- 1990 Established the JUSCO Earth-Friendly Committee  
Established the Aeon Group Environmental Foundation (public name: 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 and launched the experimental "Collecting Recyclable Resources at Stores" Campaign
- 1993 Started development of organic and other agricultural produce for Gurinai (now TOPVALU Gurinai) private label
- 1994 Formulated the independent Aeon Heart Building Design Standards based on the Heart Building Law (the New Barrier Free Law from December 2006)  
Opened JUSCO Minamikata Store as the first building in Japan certified under the Heart Building Law
- 1995 Introduced returnable food container and reusable hanger systems
- 1996 Launched the Environment Committee  
Founded JUSCO Children's Eco Club (currently Aeon Cheers Club)
- 2000 Acquired ISO 14001 certification, the international standard for environmental management
- 2001 Changed company name to Aeon Co., Ltd. and started Aeon Day  
Started the Aeon Happy Yellow Receipt Campaign

### Building a Sustainability Management Structure and Launching New Initiatives

## Starting with Trees—Embarking on Many Activities Leading to Today's Sustainability 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 that consistently delivers vital value in the form of "richness," Aeon has proceeded to build a framework for engaging in CSR activities as an organization since the late 1980s. In 1989, the Aeon Group 1% Club (the present AEON 1% Club Foundation) was established (P.102) and in 1990 the JUSCO Earth-Friendly Committee was formed, along with the Aeon Group Environmental Foundation (the present AEON Environmental Foundation) (P.98). Building on this framework, in 1991 we launched the Aeon Hometown Forests Program, the Bring Your Own Shopping Bag Campaign, and the Collecting Recyclable Resources at Stores Campaign. In addition to receiving the international standard ISO 14001 certification for our environmental management system in 2000, we have launched many other activities leading up to today's sustainability initiatives, including the start of Aeon Happy Yellow Receipt Campaign, upon the change of our company name in 2001, to also designate the 11th of each month as "Aeon Day."

1992~



JUSCO Shin Hisai Store (currently Aeon Hisai), the first store in Japan under the Aeon Hometown Forests Program

2001~



Started Aeon Happy Yellow Receipt Campaign to give back to the local Community

### Initiatives from 2003-2007

- 2003 Formulated the Aeon Supplier Code of Conduct (CoC)  
Began use of biomass packaging materials
- 2004 Formulated Basic Policy for the Prevention of Global Warming  
Endorsed the United Nations Global Compact  
Acquired SA8000 certification, an international standard related to human rights and labor conditions  
Achieved SA8000 certification for TOPVALU supplier management and Aeon headquarters operations  
Commenced sales of Fairtrade Coffee under TOPVALU label
- 2005 Opened first Eco Store, Aeon Chikusa SC (currently Aeon Town Chikusa)
- 2006 Acquired chain of custody certification at stores and shopping centers for processing and distribution of MSC-certified products (MSC-CoC), becoming the first general retailer in Japan to receive such certification
- 2007 Began Stop Free Plastic Shopping Bag Program, at JUSCO Higashiyamanijou Store

### 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 sustainability, in 2004 Aeon became Japan's first retailer to sign the United Nations Global Compact. The "Aeon Supplier Code of Conduct (CoC)," formulated in the previous year in 2003, is based on the 10 principles outlined in the United Nations Global Compact and the requirements of the SA8000 Standard.

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.

2006~



Began handling MSC-certified products

2007~



Became the first national chain store operator in Japan to cease provision of free shopping bags





Initiatives from 2008-2010

- 2008 Formulated the Aeon Manifesto on the Prevention of Global Warming, becoming the first retailer in Japan to name a specific goal for reducing CO<sub>2</sub> emissions
- 2009 Commenced trial sales of Carbon Footprint product labeling for nine varieties across seven TOPVALU products  
Participated in Japan Climate Leaders' Partnership as a founding member  
Opened the first FSC®-certified convenience store in Japan
- 2010 Formulated the Aeon Biodiversity Principle



2009~



Opened the first FSC®-certified convenience store in Japan (Ministop Co., Ltd.)

Creating an Organization That Promotes Sustainability and Launching New Initiatives

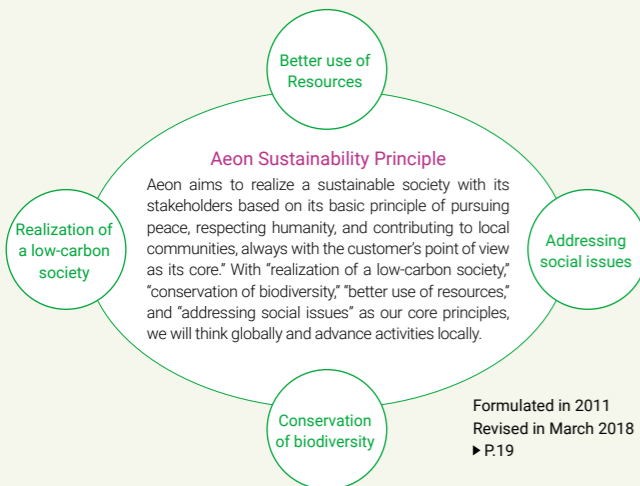
Formulating the Aeon Group Principles with Regard for Biodiversity and the Prevention of Global Warming

In 2008, we announced the Aeon Manifesto on the Prevention of Global Warming, becoming the first Japanese retailer to set specific targets for reducing CO<sub>2</sub> emissions. 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 surpass the 30% (1.85 million tons-CO<sub>2</sub>) reduction target for FY2012, in comparison with FY2006 levels, one year early by achieving a 2.08 million tons-CO<sub>2</sub> reduction in FY2011. Since 2012, we have not only been reducing CO<sub>2</sub> emissions, but have also added the Aeon Eco Project as part of our efforts for stores to act as 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 marine and other biodiversity-responsive products with MSC (Marine Stewardship Council), ASC (Aquaculture Stewardship Council), and FSC (Forest Stewardship Council) certifications, and create stores with regard for protecting ecosystems.

Initiatives from 2011-2013

- 2011 Formulated the Aeon Sustainability Principle  
Announced the Aeon Natural Refrigerants Declaration
- 2012 Established the Sustainable Management Committee  
Started the Aeon Eco Project



Formulated in 2011  
Revised in March 2018  
▶ P.19

2011~



Promoting the use of natural refrigerant Equipment

2012~



Launched the Aeon Eco Project as an environmental target

Striving for Groupwide Growth and Societal Development through the Aeon Group's Four Key Issues for Sustainable Management

As the globalization of our business continues to make great strides and our impact on the environment and society rises to new levels, we are more actively promoting sustainability initiatives throughout the Group. We formulated and announced the Aeon Sustainability Principle in March 2011, seeking to achieve sustainable management combining both growth of the Group and development of societies.

In formulating the principle, we took into account worldwide megatrends, the changing values of people, social issues addressed in the UN Millennium Development Goals (MDGs), guidelines regarding social responsibility such as ISO 26000, as well as the basic content of our new medium-term management plan. Deliberations were made by stakeholders inside and outside the Company, such as our Environmental Advisory Board, outside directors, and Aeon People involved with sustainability activities. Along with determining the Four Key Issues for the Aeon Group, we set medium- and long-term key performance indicators (KPIs) for each key issue, and publicize our progress every year in our Sustainability Data Book.

Initiatives from 2014-2017

- 2014 Formulated the Aeon Sustainable Procurement Principle  
Concluded the Global Framework Agreement  
Started sales of Aquaculture Stewardship Council (ASC) certified products
- 2015 Aeon Yumemirai Nursery School in Aeon Mall Makuhari New City acquired certification in Chiba City  
Commenced sales of first Completely Farm-Raised Bluefin Tuna Japanese private brand product
- 2016 Launched sales of TOPVALU Gurinai "Organic," "Natural," and "Free From" products
- 2017 Formulated the Aeon Sustainable Procurement Policy and 2020 Goals  
Formulated the Aeon Group Food Waste Reduction Targets



2014~



Began handling ASC-certified products

2015~



Creating Infrastructure to Support the Balance between Work Life and Child Raising

Putting Sustainability Management into Practice (1)

Revising 2020 Materiality Targets and Activity Categories

To further advance sustainable management, in 2014 Aeon classified the results of its sustainability activities into three stages. At Stage I, social, environmental and economic risks are controlled. At Stage II, growth opportunities function as a process for resolving social issues. At Stage III, sustainability activities and business activities combine to realize CSV. Having self-assessed Aeon as being at Stage II, we aim to engage in further efforts to reach Stage III by 2020.

In 2015, the United Nations General Assembly adopted the Sustainable Development Goals (SDGs), and the United Nations Framework Convention on Climate Change (COP21) agreed on the Paris Agreement. Based on global trends and opinions gathered through dialogues, we conducted another materiality assessment perspectives of "environment" and "society, and in April 2017, we revised "Aeon's Basic Policy on Sustainability" and identified four priority issues from a societal perspective. In terms of the environment, we formulated the "Aeon Sustainable Procurement Policy and 2020 Sustainable Procurement Goals" and the "Aeon Group Food Waste Reduction Targets."

Initiatives from 2018-2019

- 2018 Formulated the Aeon Decarbonization Vision 2050
- 2019 Concluded "Collaborative Agreement on Disaster Response" with the Cabinet Office  
Launched the "10 x 20 x 30 Food Waste Reduction Initiative" Japan Program  
Participated in planning of "Loop," the first sustainable reuse container product shopping system in the Japan retail industry
- 2020 Opened the first Aeon store using 100% renewable energy  
Ended free provision of plastic shopping bags

2018~



Began development of next-generation Smart Aeon to help realize a decarbonized society

2019~



Launched the "10 x 20 x 30 Food Waste Reduction Initiative" aimed at cutting food waste in half

Putting Sustainability Management into Practice (2)

Formulated a new medium- to long-term environmental policy to realize a sustainable society

In 2018, we revised social priority issues to three items and enhanced efforts in this area. In terms of the environment, we formulated and announced "Aeon Decarbonization Vision 2050." First, we aim to achieve the interim target of reducing the total amount of CO<sub>2</sub> emissions 35% by 2030 (compared to 2010), mainly through energy saving and conversion to renewable energy. In March 2020, Aeon's first 100% renewable energy store was opened.

In 2019, we participated in the "10 x 20 x 30 Food Waste Reduction Initiative" as the only retailer in Asia, launched with 20 domestic manufacturers focused on achieving this goal.

In addition, we solidified our commitment to deplasticization at the earliest stage possible, and have been working with our customers on the "Bring Your Own Shopping Bag Campaign" for 30 years since 1991. Prior to the introduction of fees for plastic shopping bags in July 2020, starting on April 1, 2020, we ended the free distribution of plastic and paper shopping bags at all directly managed GMS "Aeon" stores nationwide.

Going forward, we will make an effort to establish medium- to long-term numerical targets and work together as a Group to achieve them, contributing to the realization of a sustainable society through our business activities.



## Sustainability Management Structure

We strive toward sustainable management that ensures growth of the Aeon while helping to realize a sustainable society.

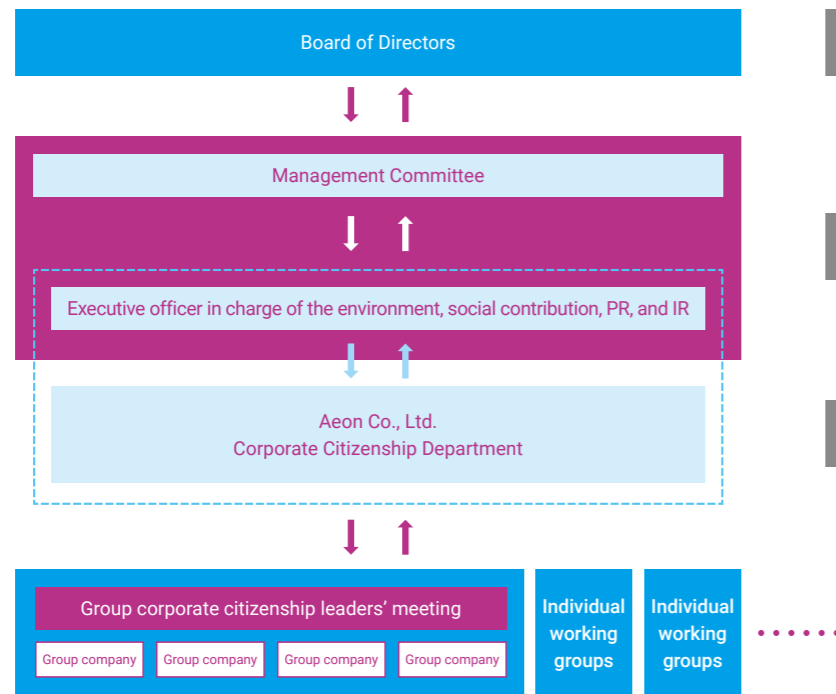
As a member of the Board of Directors, the Director and Chairman, Representative Executive Officer, is in charge of the decision-making regarding the Company's execution of operations. As the Company's representative, he is also responsible for supervising those operations. Based on authority vested by the Board of Directors, this system represents the highest level of responsibility for decision-making on sustainability-related issues.

The Director and Chairman, Representative Executive Officer\*, chairs the Aeon Management Committee (MC), whose members include all executive officers. The MC addresses sustainability-related risks and opportunities and responds to important matters. The executive officer in charge of the environment, social contribution, PR, and IR, who is the chief officer for sustainability, submits proposals and reports to the MC. As the Company's highest decision-making body, the Board of Directors resolves and approves the results of the MC's deliberations, which are then acted upon. Details on resolutions and approvals are disseminated to Group companies, ensuring the thorough sharing of information.

We have established the Aeon Co., Ltd. Corporate Citizenship Department to take responsibility for promoting sustainability at Aeon. As the secretariat for sustainability promotion, the Corporate Citizenship Department submits documents and reports to the executive officer in charge of the environment, social contribution, PR, and IR. This department also disseminates information to Group companies, as well as providing instruction and support. The department regularly holds a corporate citizenship leaders' meeting, examining and considering countermeasures for challenges facing the Group overall and individual Group companies. The department collaborates with Group companies to promote execution of the PDCA cycle. Furthermore, as the ISO 14001 secretariat, the department works to operate and maintain an environmental management system across the entire Group.

\* Effective March 1, 2020

### Aeon's Structure for Promoting Sustainable Management



## Sustainable Management

### Key Issues

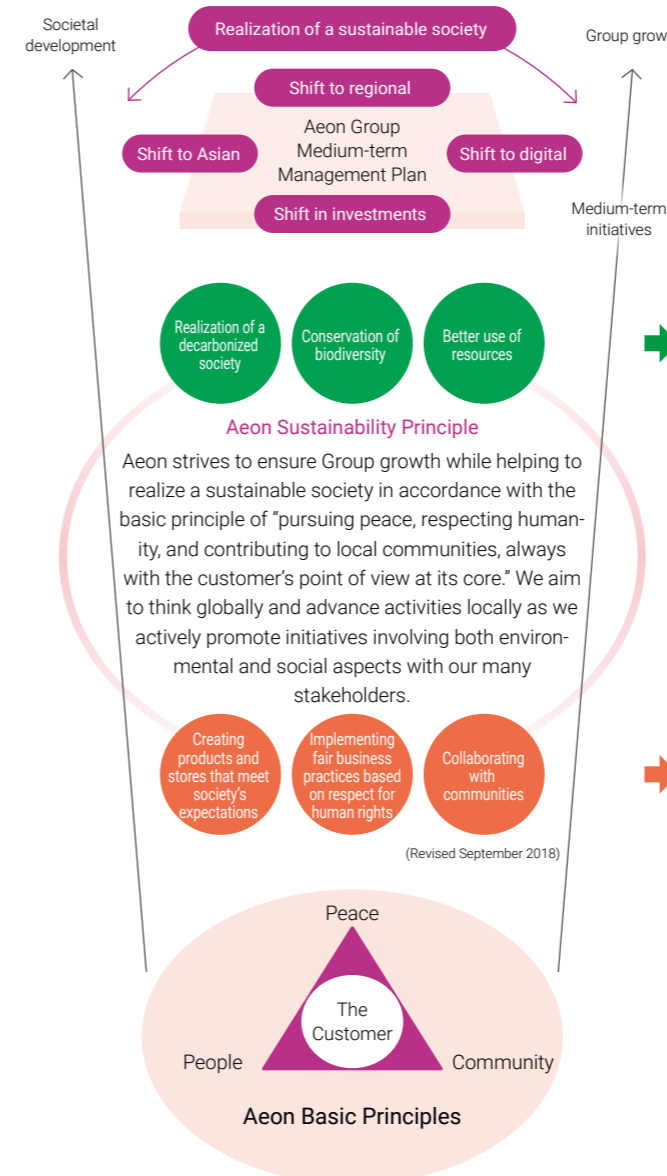
We have formulated Aeon's Basic Policy on Sustainability with the aim of ensuring that the Company continues to be valued by customers and society. Guided by the long-term perspective of the value we provide to society through our business activities and by engaging in debate with internal and external stakeholders, we identified six key issues (materiality items).

We then performed materiality mapping, looking at specific initiatives based on these key issues from the consideration of their impact on society and impact on Aeon's management. At the same time, we determined key performance indicators (KPIs) for each key issue. We assigned responsibility for each KPI to a department and an individual and put in place a structure to determine and manage the success of activities. In addition, we review the KPIs periodically, taking into account changes in the internal and external environments. When reviewing the KPIs, we incorporate the opinions of outside specialists and government officials. The departments and individuals responsible for individual KPIs make proposals, which are deliberated by the Aeon

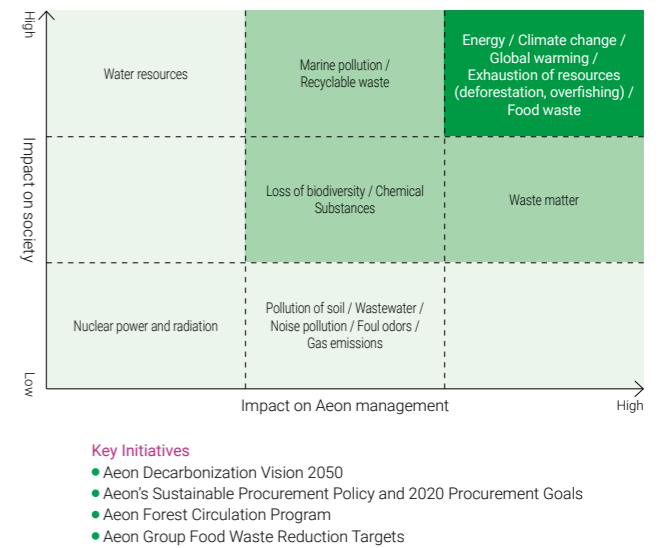
Management Committee (MC), a management council. The KPIs are then determined by resolution and approval of the Board of Directors.

Furthermore, each year we publish annual reports describing the progress on the KPIs and various initiatives based on the key issues, disseminating the information extensively in our Environmental and Social Report (the Aeon Report in FY2017 and FY2018 and the Aeon Sustainability Data Book in FY2019 and FY2020). We also incorporate the feedback we receive from stakeholders when disseminating this information, as well as the input we receive in the course of our routine activities, when reviewing and formulating materiality items. In this manner, we strive to enhance Aeon's sustainability-related activities.

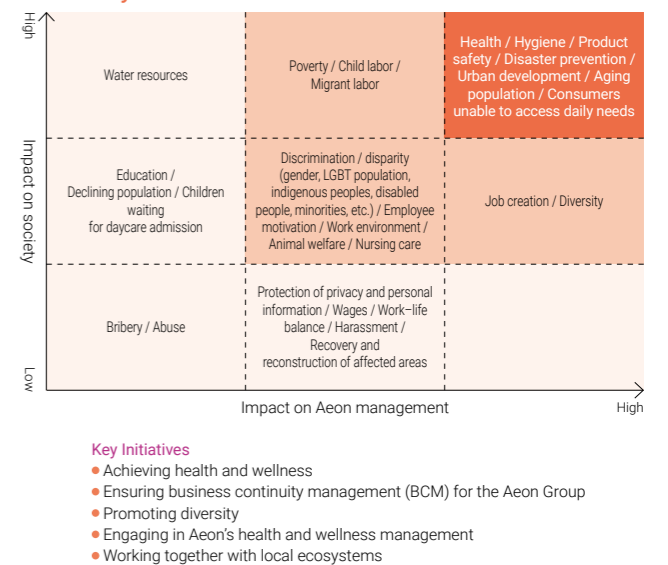
### Aeon's Basic Principles and Sustainable Management



### Environment



### Society





We formulated KPIs based on Aeon's Sustainability Principle and established a system for routinely ascertaining and managing the degree to which our efforts are bearing fruit. The state of progress toward each KPI is reported in this publication and shared with related departments. We also promote efforts toward the realization of sustainable management by reviewing KPIs as appropriate in consideration of changes in the environment within and outside the company.

## Key Issue 1 Realization of a Decarbonized Society

### Recognition of challenges

Aeon conducts business at 19,094 stores/locations in 14 countries around the world. Among the biggest impacts from our business activities on global warming are greenhouse gas emissions caused by the use of energy such as gas and electricity in stores and offices, as well as the use of alternative CFC refrigerants in air conditioners and refrigerator cases. Thus, we made the realization of a carbon-free society that emits no greenhouse gases a key issue, toward which we are making various efforts to reduce our own greenhouse gas emissions.

### Aeon's Approach

Regarding the prevention of global warming, Aeon has steadily achieved the goals set forth in the 2008 Aeon Manifesto on the Prevention of Global Warming and the 2012 Aeon Eco Project, efforts through which we strive to reduce greenhouse gas emissions. In 2011, we announced the Aeon Natural Refrigerant Declaration,\* which promotes the introduction of natural refrigerants (CO<sub>2</sub>) with low global warming potential in refrigerator and freezer cases.

In 2018, we established the Aeon Decarbonization Vision 2050, an initiative for achieving a carbon-free society involving the entire value chain, including customers and business partners.

## Key Issue 2 Conservation of Biodiversity

### Recognition of challenges

The blessings of nature that constitute our resources are in a state of crisis with overfishing damaging the ecosystem and global warming causing abnormal weather. The world continues to lose its tropical forests while the number of endangered fauna and flora species continues to grow unabated. Also, Aeon's business operations are based on the recognition that they cannot be sustained without the ecosystem services of agricultural and marine products, thus biodiversity conservation is considered to be a key issue.

### Aeon's Approach

To promote the sustainable use of resources while conserving biodiversity, Aeon promotes various initiatives in accordance with the Aeon Biodiversity Principle Code action guidelines.

#### • Sustainable Procurement

We formulated the Aeon Sustainable Procurement Principle in order to aim for compatibility between the continuous development of business and the sustainability of natural resources. Based on the Aeon Sustainable Procurement Policy and 2020 Sustainable Procurement Goals announced in April 2017, we procure marine products, agricultural products, livestock products, paper/pulp/wood and palm oil products.

#### • Aeon Forest Programs

We have been planting trees with customers since 1991 as an activity that embodies the Aeon Basic Principles. In addition to "planting" activities, we are expanding forest "nurture" and forest resource "thrive" activities.

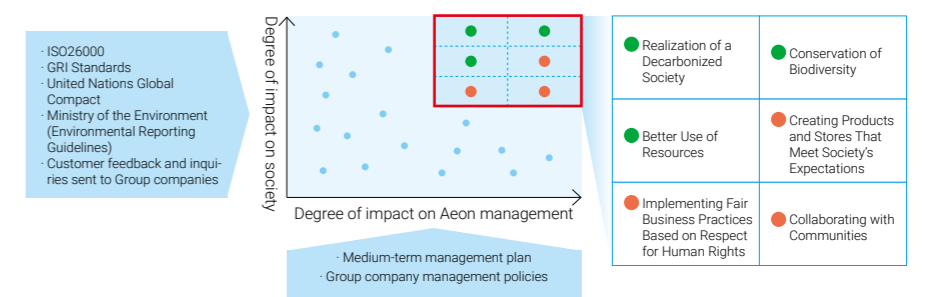
### KPI progress (FY2019 Report)

Note: March 1, 2019–February 29, 2020

Key Issues	Main Category	Subcategory	KPI	Scope Covered	Target	FY2019 Results	Summary of Actions/Initiatives Undertaken in FY2019	
Key Issue 1 Realization of a Decarbonized Society	Reducing CO <sub>2</sub> emissions from store	Reducing CO <sub>2</sub> emissions	Total annual CO <sub>2</sub> emissions factor (CO <sub>2</sub> emissions/total floor area)	Consolidated Group companies in Japan and overseas (Japan, China, and ASEAN)	FY2010: 0.102t/m <sup>2</sup> (Results) ▼ FY2019: 0.074t/m <sup>2</sup>	0.0734 t/m <sup>2</sup> (Expected)	<ol style="list-style-type: none"> <li>Ungraded and installed energy-saving equipment</li> <li>Promoted energy-saving activities through operational improvements (lighting, refrigerated / frozen cases, air conditioning, etc.):                             <ul style="list-style-type: none"> <li>Underwent inspection for rational energy management</li> <li>Utilized energy advisory system</li> <li>Reviewed our energy-saving checklist and use operating manual</li> <li>Received feedback from energy-saving activities in the SM business, shared positive case studies</li> <li>Promoted eco-tuning</li> </ul> </li> <li>Launched introduction of solar power generation equipment under the PPA model to expand utilization of renewable energy</li> <li>Conducted energy management activities throughout the Group</li> </ol>	
		Improving energy efficiency	Total annual energy use factor (amount of heat/total floor area)		FY2010: 2.776GJ/m <sup>2</sup> (Results) ▼ FY2019: 2.110GJ/m <sup>2</sup>	2.010 GJ/m <sup>2</sup> (Expected)		
	Preventing leakage of fluorocarbons and promoting use of natural refrigerant equipment [Natural Refrigerant Declaration]	Comprehensively assess replenishment volume of fluorocarbons in air conditioning and cold storage equipment and prevent leakage	Consolidated Group companies in Japan	FY2019: Operation of management system compliant with the Fluorocarbons Recovery and Destruction Law	Implemented leakage management for major companies within the Group, centered on Group Company Aeon Delight Co., Ltd.	<ol style="list-style-type: none"> <li>Underwent simple inspections on equipment along with regular follow-ups</li> <li>Conducted regular reporting and management of fluorocarbon leakage volume</li> </ol>		
		Installation of refrigerated display cases using natural refrigerants	Consolidated Group companies in Japan for GMS, SM and small store businesses	Plan for installation FY2019: introduction in all new stores	Installed at 220 stores including 129 GMS and supermarkets, and 88 drugstores (cumulative total of 855 stores)	<ol style="list-style-type: none"> <li>Continued to promote introduction of non-fluorocarbons</li> <li>Examined the increased introduction of refrigerator / freezer cases with built-in CO<sub>2</sub> refrigerants</li> <li>Increased introduction at supermarkets and drugstores</li> </ol>		
	Reducing CO <sub>2</sub> emissions from products and logistics	Reducing CO <sub>2</sub> emissions through visualization in logistics	CO <sub>2</sub> emissions per case during delivery from distribution centers to stores	Aeon Global SCM Co., Ltd.	FY2019: Reduced CO <sub>2</sub> emissions per case by 1%, from 121.9g/case in FY2018.	CO <sub>2</sub> emissions per case in FY2019: 114.8g of CO <sub>2</sub> /case (Down 2.4% from FY2018)		<ol style="list-style-type: none"> <li>Revised the delivery network by reorganizing centers</li> <li>Continued eco-driving courses and driving</li> <li>Excellent driver awards</li> </ol>
	Generating electricity at stores	Generating renewable energy	Power generation capacity of renewable energy (purchased power only)	Consolidated Group companies in Japan and overseas (Japan, China, and ASEAN)	Generating renewable energy	Cumulative total output of approximately 69,000 kW		Installed solar panels in 18 stores (Total 1,040 stores)
Key Issue 2 Conservation of Biodiversity	Using sustainable resources	Promoting sustainable procurement (products)	Sustainable procurement initiatives in agricultural products	Consolidated Group companies in Japan	FY2020: <ul style="list-style-type: none"> <li>Conduct management through the Good Agricultural Practice (GAP) based on the Global Food Safety Initiative (GFSI) for all private brands</li> <li>Have organic products account for 5% of agricultural product sales</li> </ul>	<ul style="list-style-type: none"> <li>Sales of products with GAP certification based on GFSI: 99% (of private-brand products)</li> <li>Sales of organic products: Reached 41% of the total</li> </ul> Note: Compared to target	<ol style="list-style-type: none"> <li>Launched Aeon Organic Alliance (AOA), the first domestic organic retailer</li> <li>Expanded TOPVALU Gurinai Organic brand to 351 items, making it the largest lineup of organic products in Japan's retail industry (perishable and processed products)</li> <li>Opened organic section at 328 Aeon Retail Co., Ltd., stores</li> </ol>	
			Sustainable procurement initiatives in livestock products		FY2020: <ul style="list-style-type: none"> <li>Conduct management through Food Safety Management System (FSMS) based on GFSI or management through GAP based on GFSI for all private brands</li> </ul>	<ul style="list-style-type: none"> <li>Food Safety Management System (processing plant) product sales: 76% (of PB products)</li> <li>Food Safety Management System (farm) product sales: 33% (of PB products)</li> </ul> Note: Compared to target	<ol style="list-style-type: none"> <li>Decided to seek Safe Quality Food (SQF) certification</li> <li>Advanced measures for Tasmanian beef and Junkikei (healthy chicken)</li> </ol>	
			Sustainable procurement initiatives in fishery products		FY2020: <ul style="list-style-type: none"> <li>Have all consolidated subsidiaries that operate GMS or SM obtain Marine Stewardship Council (MSC) or Aquaculture Stewardship Council (ASC) Chain of Custody (CoC) certification</li> <li>Provide sustainability-proven private brand products for all major fish species</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of CoC certification: 82% (Group total)</li> <li>Sales of MSC- and ASC-certified products: 80% (of marine products)</li> <li>Percentage of sustainability-proven products: 38% (private brand products)</li> </ul> Note: Compared to target	<ol style="list-style-type: none"> <li>MSC certification: 43 items spanning 25 fish species</li> <li>ASC certification: 20 items spanning 11 fish species</li> <li>Established Fish Baton sections carrying only MSC- and ASC-certified products at 67 Aeon Retail Co., Ltd., stores</li> </ol>	
			Sustainable procurement initiatives in paper, pulp, and timber		FY2020: <ul style="list-style-type: none"> <li>Use sustainability-certified (Forest Stewardship Council (FSC®) or equivalent) raw materials for all private brands in major product categories</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of FSC®-certified materials used in major categories</li> <li>Health and beauty care: 64%</li> <li>Stationery: 54%</li> </ul> Note: Compared to target	<ol style="list-style-type: none"> <li>Launched approximately 80 FSC®-certified stationery products and H&amp;BC private brand products</li> <li>Used FSC®-certified paper for tags on private-brand apparel and food packaging</li> </ol>	
			Sustainable procurement initiatives in palm oil		FY2020: <ul style="list-style-type: none"> <li>Use sustainability-certified (Roundtable on Sustainable Palm Oil (RSPO) or equivalent) raw materials for all private brands</li> </ul>	<ul style="list-style-type: none"> <li>Use of RSPO-certified materials: 100%</li> </ul> Note: Compared to target	<ol style="list-style-type: none"> <li>Held RSPO in-house seminars</li> <li>Investigated usage volumes in private brand products</li> <li>Continued to purchase RSPO certification credits</li> </ol>	
	Promoting the Aeon Forest Circulation Program	Preserving biodiversity at the individual store level	Maintenance management of Aeon Hometown Forests Program planting zones	Companies to implement the Aeon Hometown Forests Program	100% implementation of planting zone management in Aeon Hometown Forests Program (150 planting zone management class participants)	<ul style="list-style-type: none"> <li>200 planting zone management class participants (planting zone management classes at 11 venues)</li> </ul>	<ol style="list-style-type: none"> <li>Raised employee awareness</li> <li>Checked progress of each GMS under management plans and ensured rigorous implementation</li> <li>Used Clean &amp; Green Activities to ensure rigorous implementation of weeding and cleaning by employees at each general merchandise store</li> <li>Enhanced the competence of facility managers through training in planted zone management</li> </ol>	

### KPI Formulation Approach

When setting KPIs, with the aim of achieving both the realization of a sustainable society and Group growth, we carefully examine Initiatives from the two aspects of impact on society and impact on Aeon management to manage 37 items whose progress can be quantitatively ascertained.





## Key Issue 3 Better Use of Resources

### Recognition of challenges

In addition to waste generated from its business activities, Aeon is also tied to waste resulting from customer use of plastic shopping bags and food containers. Thus, we are engaged in various initiatives in recognition of promoting the recycling 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 promoting the recycling of resources.

Additionally, as reducing food waste at retailers that handle food is an important issue, in 2017 we established the Aeon Group Food Waste Reduction Targets, with the aim of halving food waste by 2025—five years ahead of the SDGs' 2030 target. Furthermore, in 2019, we participated in WRI's Food Waste Reduction Initiative as the only retailer in Asia to reduce food waste throughout the supply chain as a whole and launched a project in Japan with 21 domestic food manufacturers.

## Key Issue 4 Creating Products and Stores That Meet Society's Expectations

### Recognition of challenges

Customer safety and assurance is always the top priority in any era. As the supply chain has expanded globally in recent years, ensuring product quality and safety has an increasingly significant challenge for society. In addition, the value that customers demand varies widely depending on the country and region. To continue responding to these demands, it is essential to actively create mechanisms facilitating dialogues with customers as well as mechanisms for the development of products, services and stores that reflect the opinions of customers.

### Aeon's Approach

To fulfill Our Promise to Our Customers as part of the Aeon Code of Conduct, we promote the creation of safe and reliable products in partnership with our domestic and overseas suppliers for the Aeon *TOPVALU* brand. Furthermore, we make efforts through such means as establishing traceability systems and creating labeling rules for ingredients so that customers can use products with security. In terms of our store facilities, we are striving in tangible and intangible ways to create safe and pleasant stores. Moreover, to respond to diverse voices in a society that is changing with the times, we have created mechanisms to periodically collect the opinions of customers and have focused efforts in recent years on the development of products, services, and stores under the themes of "the elderly," "health" and "local products."

### KPI progress (FY2019 Report)

Note: March 1, 2019–February 29, 2020

Key Issues	Main Category	Subcategory	KPI	Scope Covered	Target	FY2019 Results	Summary of Actions/Initiatives Undertaken in FY2019	
Key Issue 3 Better Use of Resources	Initiatives for zero waste in stores and products	Reducing the amount of materials used in packaging and containers	Amount for third-party processing to remake into product, required under the Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging (amount per 100 million JPY in net sales)	Domestic consolidated companies specified in the Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging	FY2010: 1.175 tons ▼ FY2019: 20% reduction compared with FY2010	FY2019: 1.094 tons 20% reduction compared with FY2010	1) Revised standards for using plastic shopping bags, promoted efforts to stop providing these bags free of charge, and reduced the amount of packaging in private-brand product containers 2) In FY2020, planned to eliminate the free provision of plastic shopping bags in all businesses	
		Reducing waste	Reduction of waste emissions	Consolidated Group companies in Japan and overseas (Japan, China, and ASEAN)	Expansion of initiatives	Consolidated and shared information on the initiatives of Group companies (ongoing)	Group company examples 1) Reduced waste generated by the Company ● Aeon Mall: Sorted waste into 18 basic categories. With the cooperation of specialty stores, operated a system that quantifies the waste in each category. Aimed for visualization and worked toward reduction of waste 2) Collected and recycled sold products. Contributed to reducing waste generated by customers ● Aeon Retail Co., Ltd., Self + Service Co., Ltd., Cox Co., Ltd., GFoot Co., Ltd., etc.	
		Reducing food waste	Food waste emissions (basic unit per million yen in net sales)	Domestic consolidated GMS and SM businesses (food-related companies)	Reduce generation per unit (generation per 1 million JPY in sales) 25% versus that of FY2015 by 2020 and reduce 50% by 2025	29.80kg/1 million JPY Formulated guidelines for establishing targets on food waste for each company *Food retail businesses	1) Reduced selling price changes resulting from disposal of goods (food) 2) Sorted resources thoroughly 3) Conducted visualization through introduction of a weighing machine, uniform management 4) Introduced area working and shared best practices among regions	
			Food waste recycling rate		FY2015–FY2019 55% * Abide by the basic policy related to promotion of food circulation resource recycling, etc. * Increase of 1 percentage point year on year	62.3% *Food retail businesses	1) Contracted recycling service providers to recycle waste oil and fish leftovers 2) Built and operated recycling loops	
	Together with customers	Reducing the number of plastic shopping bags	Construction of food recycling loop		By FY2020: Construct at over 10 locations nationwide (targeting more than 1,000 stores)	Created recycle loops at 12 locations Collected food residue collection at 252 stores	Expanded the number of food residue collection stores throughout Aeon Group companies	
			Percentage of customers declining plastic shopping bags (nationwide store average)	Domestic consolidated GMS and SM businesses	FY2017: Over 70% FY2020: Over 80%	74.6% (80.0% in April 2020)	1) Worked to end the provision of free plastic shopping bags at GMS and SM as well as small urban supermarkets, drugstores, convenience stores and specialty stores 2) Even after the mandatory charge for plastic shopping bags in July 2020, promoted a policy eliminating the free distribution of plastic shopping bags at all retail stores and the disposal of paper as a resource	
	Strengthening the management system	Management system for waste emissions	Completion of internal training course to improve management of waste emissions		FY2019: 710 seminar participants (total since FY2011)	71 employees participated in training for waste managers Total of 715 employees have participated since FY2011	Provided training through external specialist institutions. Used teleconferencing and actively publicized training in head office-related departments	
			Electronic manifest introduction rate	Consolidated Group companies in Japan	Increase electronic manifest introduction rate of Group companies	Introduction rates of Group companies (95% or more) 25 companies (50% or more, less than 95%) 7 companies (less than 50%) 8 companies	1) Made operations more efficient and precise by outsourcing to specialized management service providers and introducing framework for centralized management of electronic manifests and outsourcing contracts 2) Implemented review of division of roles and communication rules between stores, head office, and management contracting company, and built checking system for internal audits, etc.	
	Key Issue 4 Creating products and stores that meet society's expectations	Creating products and stores that meet society's expectations	Quality control and disclosure	Number of TOPVALU products removed due to serious incident	Consolidated Group companies in Japan and overseas (Japan, China, and ASEAN)	FY2020: 52 (apparel: 12; food: 30; living/HBC: 10)	FY2019: 61 (apparel: 30; food: 21; living/HBC: 10)	Product withdrawals increased, as we introduced through efforts to respond swiftly to address notifications of even minor defects, particularly for food products. We also resolved defects by holding TOPVALU customer feedback committee meetings, aggregating requests and opinions from customers, and focusing discussions on issues that were particularly in need of resolution. As a result of efforts to solve problems, the overall number of product-related notifications trended downward.
			Health and allergy measures	Health-conscious product initiatives		Expanded product development and sales in line with Health & Wellness concept	The cumulative number of items sold in the TOPVALU Gurinai Free From series of processed products that take into consideration additives, raw materials, and ingredients that customers are concerned about, reached 100.	1) Expand sales of a wide range of products in the TOPVALU Gurinai Free From series, including instant ramen noodles and delicatessen items 2) Promote a new style of dining that replaces rice with vegetables by offering TOPVALU frozen Cauliflower/Broccoli Mixture that substitutes for Rice.
Catering to the elderly			Training of personnel able to assist customers with dementia			FY2020: 80,000 personnel	Cumulative total as of FY2019: 79,086 personnel	1) Held seminars on assisting customers with dementia as part of prior training when opening new stores or renovating stores 2) Collaborated with government to hold seminars on assisting customers with dementia 3) Had in-house instructors conduct seminars on assisting customers with dementia
Taking disaster prevention measures			Number of seismically reinforced stores	Domestic consolidated GMS, SM and DV businesses	Attach fireproof sheets to hanging smoke barriers * GMS, SM, DV, and DrgS stores	Total of 266 stores as of FY2019 Completed construction of 66 malls	1) Gave top priority to measures for attaching fireproof sheets to hanging smoke barriers 2) Also began reviewing costs of measures	
			Number of stores that can serve as temporary shelters	Domestic consolidated GMS businesses	FY2020: 100 stores nationwide that can serve as temporary shelters	Completed installation at 58 stores by end-FY2019	Established disaster-prevention facilities at 8 stores, including Aeon Style Okayama Ace, Aeon Ujina, Aeon Amagasaki, Aeon Fujiddera Shopping Center, Aeon Mall Higashiura, Aeon Mall Natori and Aeon Mall Takasaki	
Mechanism for dialogues with customers			Number of complaints and compliments received	Consolidated Group companies in Japan and overseas	Number of service complaints FY2020: 20,000 Number of compliments FY2020: 2,900	Number of service complaints FY2019: 19,813 Number of compliments FY2019: 2,309	1) Opinions received via Internet and email continued to rise. Considered a mechanism for enhance FAQs so that customers can easily obtain the information they want to know 2) Reported status of customer feedback to related departments and promptly took necessary actions and countermeasures. Also discussed and disseminated recurrence prevention measures with related departments.	

### Three Medium- to Long-term Environmental Targets

**Aeon Decarbonization Vision 2050**

- Reduce the total amount of CO<sub>2</sub>, etc., generated by stores and business processes to zero by 2050
- As an intermediate target, reduce CO<sub>2</sub> emissions 35% by 2030 (compared to 2010)

(Formulated March 2018)

**Aeon Sustainable Procurement Policy and 2020 Sustainable Procurement Goals**

- Promote the procurement of sustainable products produced from agricultural, livestock and marine products, paper / pulp / wood, and palm oil based on global standards.

(Formulated April 2017)

**Aeon Group Food Waste Reduction Targets**

- Reduce food waste 25% by 2020 and 50% by 2025 (compared to 2015)
- Build a food resource recycling model at more than 10 locations and more than 1,000 stores nationwide by 2020

(Formulated October 2017)



## Key Issue 5 Implementing Fair Business Practices Based on Respect for Human Rights

### Recognition of challenges

Amid the globalization of corporate activities and the establishment of extensive supply chains, in order to conduct sustainable businesses in as many countries and regions as possible, companies must comply with local laws and regulations and promote fair business practices in accordance with the United Nations Guiding Principles on Business and Human Rights and other international norms.

Further, respecting the human rights of all people from a variety of backgrounds and leveraging this diversity to create new value is becoming firmly established as an indispensable personnel strategy for corporate growth.

### Aeon's Approach

To realize business management based on respect for human rights, we have established Aeon Human Rights Policy applicable to all stakeholders.

Recognizing that suppliers are important business partners, we engage in fair transactions and practice social responsibility in our procurement, as set forth in the Aeon Supplier Code of Conduct.

We also established the Basic Principles on Personnel, which outlines our overall personnel approach for our employees. We value diverse values, regardless of sex, age, nationality, or other characteristics, and conduct human rights education around the world to ensure the implementation of the aforementioned policies and principles.

## Key Issue 6 Collaborating with Communities

### Recognition of challenges

As each region faces distinctive social challenges, local governments, NPOs and NGOs, and international organizations have been working together to provide solutions. However, in recent years, there have been more active moves attempting to continuously demonstrate even greater power through the effective harnessing of corporate resources such as technology, knowledge, information, funds, and management know-how. Meanwhile, there has been a growing recognition among corporations that the development of local communities is essential for sustainable corporate growth.

### Aeon's Approach

With the basic principle of being rooted in local community life and dedicated to making a continuing contribution to communities, we have been working to solve social challenges in each region by interacting with people in Japan, China, and the ASEAN region over many years.

We have also put our efforts into developing a value chain that aims to stimulate industries in the regions where we do business, including actively developing and selling products that match the local food culture.

We aim to be a good corporate citizen, working together with the community for its growth and the improvement of quality of life.

### KPI progress (FY2019 Report)

Note: March 1, 2019–February 29, 2020

Key Issues	Main Category	Subcategory	KPI	Scope Covered	Target	FY2019 Results	Summary of Actions/Initiatives Undertaken in FY2019
Key Issue 5 Implementing Fair Business Practices Based on Respect for Human Rights	Implementing fair business practices based on respect for human rights (suppliers)	Fair business practices	Promotion of the Aeon Supplier Code of Conduct Number of Aeon accredited auditors for second-party audits	Consolidated Group companies in Japan and overseas	Maintaining the number of auditors suitable for the target factory and improving skills	Domestic: 9 people Overseas: 23 people	1) Appointed one domestic auditor, retired one overseas auditor, maintained appropriate number of auditors for target plant. 2) Conducted training also able to function as a plant survey 3) Formulating training to maintain auditor skills at specified level (scheduled to start in FY2020)
			Trading volume of Fairtrade International certified cacao beans	TOPVALU products	A tenfold increase in the volume of Fairtrade International certified cacao beans versus FY2012	59.3 tons (9.1 times compared to FY2012)	Expanded introduction of chocolate and jam varieties
	Implementing fair business practices based on respect for human rights (employees)	Promotion of diversity and respect for employees' human rights	Female manager ratio		50%	26.9% 10,151 people Compared to FY2018 +707 people	Conducted level-based training 1) In senior management training program, targeted female managers to develop female candidates for executive positions 2) In management training program, sought to change the mindset of male and female managers 3) In career advancement training program, fostered female managers who can balance family and work commitments
			Number of employees on international personnel exchanges with the Group		FY2020: Cumulative total of 1,500 people	Total 634 people (FY2013–FY2019)	1) Discovered human resources through open recruitment 2) For ASEAN operations, cultivated personnel with quality control responsibilities (20 per year)
		Creation of pleasant, comfortable workplaces	Number of employees on international personnel exchanges with the Group	Consolidated Group companies in Japan and overseas	FY2020: Over 3.0%, 10,000 people	Employment rate of people with disabilities: 2.56% (as of December 31, 2019) Number of people with disabilities employed: 8,412 people	1) Regularly managed progress of employment situation 2) Shared information on challenges for employment of people with disabilities among Group companies, and adopted and formulated measures
			Number of companies certified to use the Kurumin logo		Promote initiatives under the "General Business Owner Action Plan" for Japan's Act on Advancement of Measures to Support Raising Next-Generation Children (expand number of companies certified to use the Kurumin logo)	Platinum Kurumin: 3 companies Kurumin: 21 companies	1) Created Companywide General Business Owner Action Plan for Japan's Act on Promotion of Women's Participation and Advancement in the Workplace enforced on April 1, 2016, General Business Owner Action Plan for Japan's Act for Measures to Support the Development of the Next Generation Children, and Daimanzoku plan to bring together Aeon's initiatives aimed at promoting diversity. 2) Promoted Groupwide acquisition not only of Kurumin logo, but also Eruboshi certification based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace.
Key Issue 6 Collaborating with Communities	Community involvement	Making contributions to local communities	Aeon Happy Yellow Receipt Campaign submission rate	Domestic consolidated GMS, SM and DS businesses	FY2019: Submission rate of 20% or more at all GMS Submission rate of 15% or more at all SM/DS FY2020: Submission rate of 30% or more at all GMS Submission rate of 20% or more at all SM/DS	GMS businesses: Submission rate of 20% or more at 313 stores (58.7% overall) SM/DS businesses: Submission rate of 15% or more at 778 stores (65.2% overall)	1) Strengthened communication in stores 2) Strengthened communication utilizing media 3) Conducted proper management
			Handling of region-specific products	Domestic consolidated GMS and SM businesses	Expand handling of region-specific products Expand handling of artisanal food products Promote sixth industrialization using artisanal food ingredients	Artisanal food products: One road, one metropolitan prefectures, 28 prefectures, 41 items	Through food artisan activities, launched initiative in FY2019 focused on Akabareisho potatoes from the Aki-tsu region of Higashi-Hiroshima City
	Great East Japan Earthquake reconstruction assistance	Making contributions to local communities	Number of activities by the Aeon Cheers Club	Consolidated GMS companies and some SM companies in Japan	Conduct activities more than four times at all stores carrying out activities	Stores with more than four activities per year: 321 stores (71.7% overall)	1) Focused rigorously on fundamentals and strengthened foundations ● Held Aeon Cheers Club opening ceremony at all stores ● Conducted trial on training to make wall newspapers 2) In addition to the one-off Aeon TOPVALU Agricultural Eco-experience Project and Aeon Agri Experience Farm Program, we conducted an ongoing educational program, the Aeon Cheers Club Farmers' Program, at nine locations in Japan. → Proposed adoption at stores struggling with activities 3) Strengthened publicity
			Regeneration of coastal forests in affected area		Plant 300,000 trees within 10 years (FY2012–FY2021)	FY2019: 19,540 trees (total 316,41 trees) * Reached target of 300,000 trees in March 2019	In cooperation with national, prefectural and municipal governments and local residents, we conducted tree planting activities and tended planted trees to restore coastal forests lost due to the tsunami
		Participation of Group employees in volunteer activities	Promotion of volunteer activities among Group employees as disaster relief	Consolidated Group companies in Japan and overseas	Have 300,000 employees participate in volunteer activities within 10 years (FY2012–FY2021)	FY2019: 48,171 people (total 377,150 people)	1) Conducted local volunteer activities in affected areas 2) Conducted volunteer activities at Group companies and in local communities enabling the provision of support without having to go to the Tohoku area 3) Promoted the Aeon Future Co-creation Program with the aim of supporting solutions to local challenges through interpersonal exchanges 4) Supported Company activities resulting from the Aeon Future Co-creation Program

### "Everything we do, we do for our customers."

Customers are the starting point of Aeon's business activities. This principle will remain unchanged no matter how times may change. To improve the lifestyles of our customers, we established the Aeon Code of Conduct indicating actions we should take to make the next generation of Aeon even more reliable.

We share these values with Aeon People to establish deep bonds of trust every day in an effort to realize customer satisfaction.

Aeon Code of Conduct Our Promise to Our Customers

Aeon Code of Conduct Local Communities and Aeon (Its Partners and Aeon)

Aeon Code of Conduct Business Partners and Aeon (Its Partners and Aeon)

Aeon Code of Conduct Partners and Aeon (Its Partners and Aeon)

Aeon Code of Conduct with Aeon People

[https://www.aeon.info/en/company/code\\_of\\_conduct/](https://www.aeon.info/en/company/code_of_conduct/)



## Reducing CO<sub>2</sub> Emissions from Stores

### Aeon Decarbonization Vision 2050

In order to realize a decarbonized society, Aeon has established the Aeon Decarbonization Vision 2050, as well as an interim target of a 35% reduction in CO<sub>2</sub> by 2030 aimed at reducing total emissions of CO<sub>2</sub> and other greenhouse gases from its stores to zero. To this end, Aeon is working with all stakeholders, including customers and business partners, across the supply chain (such as manufacturers and logistics companies), for the realization of a decarbonized society.

For the attainment of its interim target, Aeon will foster energy conservation measures for the use of electricity, which accounts for about 90% of the total CO<sub>2</sub> emissions generated from its stores and business operations, thereby meeting its goal of reducing CO<sub>2</sub> emissions by at least 1% per year while continuing to achieve business growth. The interim target was set in line with the criteria provided under the Science Based Targets (SBT) international initiative launched to help reach a target upheld in the Paris Agreement. The interim target is SBT certified as a rational, "science-based" target.

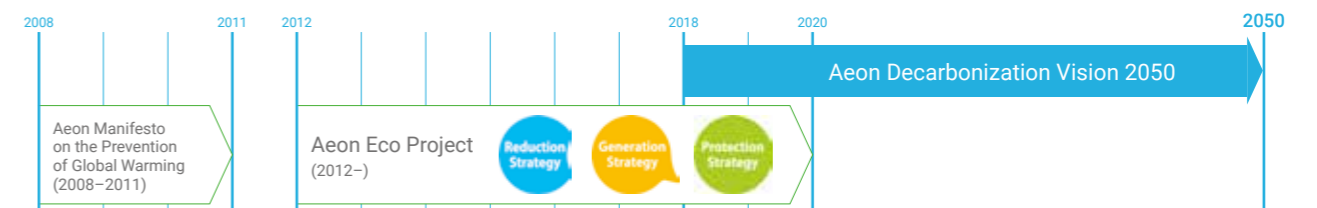
**Aeon Decarbonization Vision 2050** In order to realize a decarbonized society, Aeon has established the Aeon Decarbonization Vision 2050, as well as an interim greenhouse gas emission reduction target to be achieved by 2030.

Aeon will help realize a decarbonized society through its following three-pronged approach for reducing greenhouse gas (hereinafter "CO<sub>2</sub>") emissions.

<b>Stores</b>	<b>Products and Logistics</b>	<b>Hand in Hand with Customers</b>
We will reduce the total CO <sub>2</sub> emissions from our stores to zero by 2050.	We will continue our efforts to achieve zero CO <sub>2</sub> emissions from our business operations.	We will cooperate with our customers for the realization of a decarbonized society.

<b>Interim Target</b>	We will reduce the total CO <sub>2</sub> emissions from our stores by <b>35%</b> by 2030 (compared with 2010).
<b>Our Approach</b>	90% of Aeon's CO <sub>2</sub> emissions is generated from electricity → Reduction of electricity use at stores and shift to renewable energy
	<div style="background-color: #FFC000; padding: 2px;">Energy conservation</div> <div style="background-color: #92D050; padding: 2px;">Renewable energy</div>

#### Our Initiatives to Date



Reducing CO <sub>2</sub> Emissions and Improving Energy Efficiency	Generating Renewable Energy
<b>FY2019 Results</b>	
Reduction in CO <sub>2</sub> emissions Down by approximately 9% (compared with FY2010 levels) Energy use (unit basis) Energy consumption expected to be reduced by approximately 28% (compared with FY2010 levels)	Solar panels Installed at 1,040 stores Electricity generation capacity of approximately 69,000 kW (total up to FY2019)
<b>Example Initiatives</b>	
Switch from basic lighting, spotlights and common lighting to LED lighting at approximately 7,500 stores across Japan (total up to FY2019)	Installation of solar panels

We have set targets for energy use and generation: improving energy efficiency by promoting the conservation of energy through smart usage and generating renewable energy, centering on solar power generation. We have also set the objective of establishing temporary local shelters, which involves turning stores into disaster-prevention facilities that function as lifelines in times of emergency, and we are promoting initiatives toward these goals.



Solar wall (Aeon Mall Zama)

## Realization of a Decarbonized Society



### Reducing CO<sub>2</sub> Emissions and Improving Energy Efficiency

Aeon stores consume a large volume of energy\*<sup>1</sup> for air conditioning and lighting to offer a comfortable shopping environment, as well as for refrigerator and freezer cases. For Aeon, which has a store network spanning Japan as well as other countries in Asia, the reduction of CO<sub>2</sub> emissions from stores\*<sup>2</sup> contributes significantly to reducing emissions for the entire Company. Accordingly, we place particular emphasis on reducing CO<sub>2</sub> emissions from our stores.

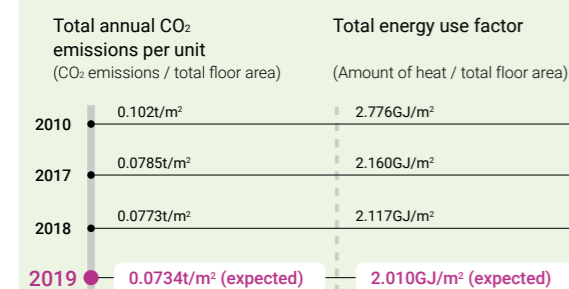
We continued to proactively shift to LED lighting, and LED is now being used for basic lighting and spotlights in around 7,500 stores. In addition, we undertook initiatives such as the introduction and updating of energy-saving equipment and verification of rational energy management techniques. For example, facility managers from Aeon Retail Co., Ltd. worked with store energy advisors to share and roll out energy-saving best practices of supermarkets at stores with low efficient use of energy. Aeon's electricity use in FY2019 is forecasted to be approximately 28% lower than in FY2010.

In FY2020, we aim to reduce energy use even further by introducing new energy-saving equipment and improving energy-saving operations. We have begun full-fledged initiatives to reduce our total energy use, and are building a framework to meet our long-term goals

\*<sup>1</sup> Based on amount of heat, electricity accounts for 95% of energy consumption, while the remainder consists of city gas, LP gas, and heavy oil.

\*<sup>2</sup> All CO<sub>2</sub> emissions from stores are generated through energy consumption. Specifically, around 7% comes from direct emissions through city gas, LP gas, and combustion of heavy oil (Scope 1) and around 93% comes from indirect emissions through power consumption (Scope 2). The calculation of CO<sub>2</sub> emissions from power consumption uses calculation standards and an emissions factor pursuant to the Act on Promotion of Global Warming Countermeasures.

#### FY2019 Results and Target of KPI



For companies newly joining the Group due to business reorganization and other reasons, figures have been recalculated back to reflect those for FY2010.

### Improving Energy Management Practices

Aeon Retail Co., Ltd. has systematized an in-house Energy Advisor Program aimed at leveraging its Aeon Decarbonization Vision 2050 to further develop human resources at its retail stores. Through the acquisition of knowledge about equipment and energy saving, legal regulations and compliance issues, energy-saving promotion systems and methods, and store energy management know-how, Energy Advisors help assess the status of energy use in stores and work to propose and promote ideas toward more efficient usage. As of the end of February 2020, a cumulative total of 773 Energy Advisors had been certified.

In the future, 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 Refrigerant Equipment

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)\*<sup>1</sup> and the problem of leaking into the atmosphere, which prompted calls to switch to natural refrigerants with low GWP. Under the Kigali Amendment adopted in October 2016, alternative fluorocarbons are newly subject to the provisions of the Montreal Protocol and clear reduction targets have been established for the production and consumption of alternative fluorocarbons, which need to be addressed.

In 2009, Aeon became Japan's first retailer to start introducing refrigerators and freezers that use a low-GWP natural refrigerant\*<sup>2</sup> (CO<sub>2</sub>). Following this, we announced the Aeon Natural Refrigerant Declaration in 2011 and have been installing natural refrigerant-based refrigerators and freezers in every new store. As of the end of February 2019, we have installed natural refrigerant-based refrigerators and freezers at 635 stores, including new GMSs, supermarkets, convenience stores, drugstores, and others. We are considering the switch to natural refrigerants on a gradual basis, even in existing stores.

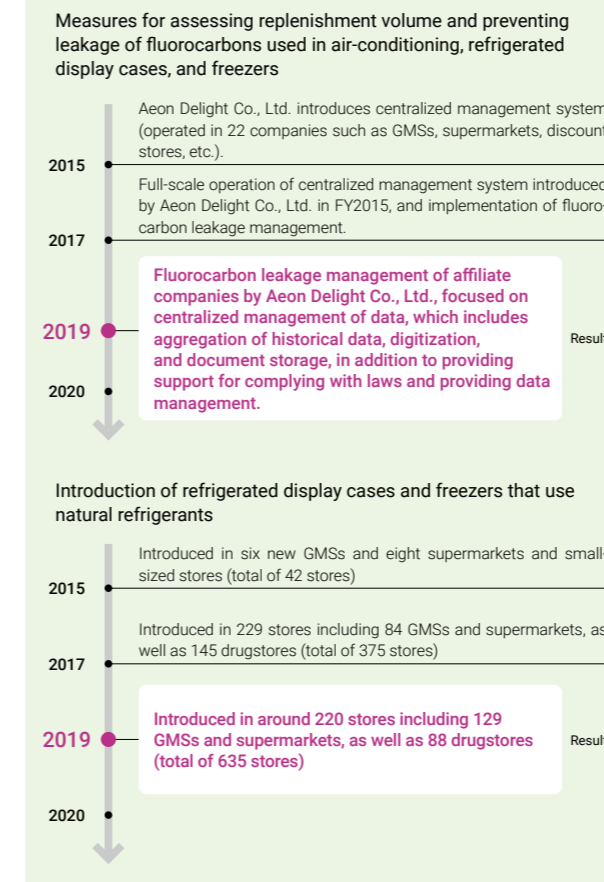
\*<sup>1</sup> Global warming potential: Coefficient indicating the degree of impact on global warming. If CO<sub>2</sub> is 1, the alternative fluorocarbons being used in refrigerator cases are several thousand times that amount.

\*<sup>2</sup> Natural refrigerants: Substances known as natural refrigerants include ammonia and carbon hydride as well as CO<sub>2</sub>.



Aeon Style Okayama Aoe

#### FY2019 Results and Target of KPI



### Installation of Recharging Stations for Electric Vehicles

In response to the increasing use of electric and plug-in hybrid vehicles, we have installed recharging stations at a majority of new shopping centers opened since 2008.

We are actively working to establish WAON authentication and billing services and to install recharging stations at existing stores, and as of the end of February 2020 there were 2,415 stations (1,847 in Japan, 568 overseas) installed at 232 stores in Japan and overseas.

Furthermore, Aeon Mall Co., Ltd. joined the global initiative EV100 to coincide with the completion of installations at all of its shopping centers across Japan.

\* EV100 is a global initiative for the promotion of electric vehicles undertaken by the international NGO The Climate Group since 2017. This initiative is aimed at increasing the use of electric vehicles by companies and improving the environment.

#### Number of installed recharging stations for electric vehicles

2,415 stations  
(1,847 in Japan,  
568 overseas)  
at 240 stores  
in Japan and  
overseas

(as of the end of February 2020)



### Development of Eco Stores [Shifting from Smart Aeon to Next-Generation Smart Aeon]

Working to build environmentally friendly stores, Aeon has defined Eco Stores as outlets that achieve at least 20% lower CO<sub>2</sub> emissions in comparison with conventional stores, and a CASBEE\*<sup>1</sup> ranking of A or higher. Since the opening of our first Eco Store, the Aeon Town 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 our next-generation (Smart Aeon) Eco Stores. In addition to building stores with lower environmental impacts, we also formulated five criteria (Smart Energy; Integration of E-Money and the Internet; Traffic Situation (Smart Mobility); Biodiversity and Landscape; and Disaster Prevention and Regional Infrastructure) from the perspective of civic- and community-building efforts carried out in cooperation with local regions, and we are pursuing related initiatives.

Starting with the opening of the first Smart Aeon store, Aeon Mall Yahata Higashi, in March 2013, the number of Smart Aeon stores has increased to 12\*<sup>2</sup> as of the end of February 2020.

\*<sup>1</sup> CASBEE: An environmental performance evaluation system for architecture that was developed by the Ministry of Land, Infrastructure, Transport and Tourism in 2001. It is used as an index that objectively evaluates and displays such performances as consideration for the global and surrounding environment, waste in running costs, and comfort for users.

\*<sup>2</sup> 12 stores: 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, Aeon Mall Kisarazu, Aeon Mall Okinawa Rycom, Aeon Mall Shijonawate, Aeon Mall Sakai Teppochō, Aeon Mall Zama and Aeon Fujiidera Shopping Center



#### Participation in RE100

Along with the announcement of Aeon Decarbonization Vision 2050, we have participated in RE100 since 2018 with the goal of using renewable energy for all Company power consumption by 2050.

RE100



### Store Development Using 100% Renewable Energy

"Next-generation Smart Aeon" is a further evolution of the Smart Aeon environmentally-friendly model store from the perspective of decarbonization. In September 2019, we opened the Aeon Fujidera Shopping Center, the first Aeon store to operate on 100% renewable energy. The store uses an open network system that integrates management of all the equipment necessary for the facility's operation, allowing both on-site and remote monitoring.

This system allows data on the facility's operation to be gathered and analyzed to achieve greater energy savings. Under the PPA model,\* some of the electricity used by the facility is provided by solar panels on the facility's roof, which is in line with Aeon's efforts to expand the use of renewable energy. The open network system, which streamlines facility operations, and the use of renewable energy optimize overall energy generation and conservation.

\* Under the power purchase agreement (PPA) model, a PPA provider agrees to erect a solar power generation system. The counterparty provides space for the system on its site—on a roof, for instance—and agrees to purchase the electricity generated by the system. Introduced at 4 stores as of the end of February 2020.



Aeon Fujidera SC Inspections by facility managers and use of cutting-edge technologies to achieve efficient facility operations

Aeon Fujidera SC Generation of enough electricity to power around 30 households for a year

### Open Network System Operation

Aeon Delight Co., Ltd., in charge of Aeon facilities management, introduced an open network system (building automation) that integrates and manages equipment required for facility operation and remotely controls various equipment inside and outside the facility. In addition to meticulous and efficient management by equipment managers, cleaners, and security guards, we promote further energy conservation by collecting and analyzing various equipment data.

### TOPICS

#### The first Aeon store to use 100% renewable energy

Following the opening of the Aeon Fujidera Shopping Center, the second store to use 100% renewable energy for its electricity needs, Aeon Style Ebie (operated by Aeon Retail Co., Ltd.), was opened in March 2020.

In addition to engaging in new energy-saving initiatives, these two facilities will consume solar power in-house with the introduction of the PPA model. Electricity not supplied by solar power is procured through the Kansai Electric Power Company Renewable Energy ECO Plan.



Aeon Style Ebie, opened on March 28, 2020

#### [Utilization of the Renewable Energy ECO Plan]

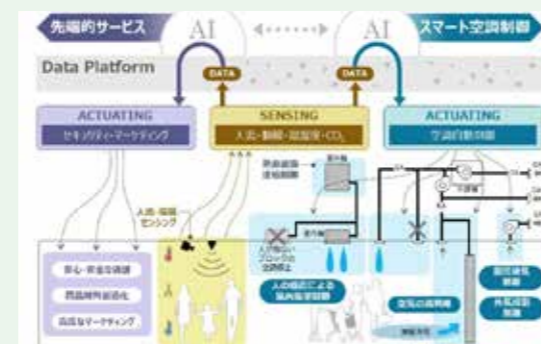
The Renewable Energy ECO Plan provided by the Kansai Electric Power Company facilitates the use of CO<sub>2</sub>-free electricity derived substantially from renewable energy, and in accordance with the greenhouse gas emissions calculation, reporting and publication system within the Act on Promotion of Global Warming Countermeasures, CO<sub>2</sub> emissions (adjusted) can be calculated for all or part of the electricity used, with the CO<sub>2</sub> emission factor set to zero.

#### [Demonstration Test of Air Conditioning Energy Reduction System Using Human Flow Data and AI]

A consortium of five industry-academia entities\*1 will launch demonstration tests of the world's first supermarket air-conditioning energy reduction system\*2 utilizing human flow, other data and AI. In this demonstration, thermometers and other sensors are positioned throughout the facility to collect and store sensing data such as human flow, flow lines, temperature, humidity and CO<sub>2</sub> concentrations. AI is used to provide smart air conditioning control and advanced services.

The smart air-conditioning control will demonstrate the energy-saving capabilities of implementing optimal automatic air-conditioning control using AI to (1) bring in/shut-off outside air, (2) reuse air and (3) control of wind direction and volume in line with crowd density.

This demonstration will also verify the effectiveness of cutting-edge services used to ensure safe and secure stores, eliminate queues and provide solutions contributing to progressive marketing.



\*1 Industry-academia entities: Aeon Retail Co., Ltd., Kansai Electric Power Company, K-Opticom Corporation, Kobe University and Nikken Sekkei Research Institute.

\*2 State-of-the-art AI air-conditioning system developed by a research teams including Kobe University and Nikken Sekkei Research Institute used in the Ministry of the Environment's CO<sub>2</sub> Emission Reduction Measures Enhanced Guided Technology Development and Demonstration Project.

### Developing and Selling Products That Help Reduce CO<sub>2</sub> Emissions

Aeon is working to develop and sell products that help reduce CO<sub>2</sub> emissions under its TOPVALU brand. Our TOPVALU "Less is More" organic Yukigura potatoes from Toya, Hokkaido Prefecture are one example of our efforts. These potatoes use the cooling power of snow for preservation after harvest, which reduces electricity use and helps reduce CO<sub>2</sub> emissions. Aeon handled 30% of all potatoes shipped by JA-Toyoko, and CO<sub>2</sub> emissions have been reduced by about 47 tons through this initiative.



TOPVALU "Less is More" organic Yukigura potatoes from Toya, Hokkaido

### Initiatives at Group Companies

#### Use of Woody Biomass to Reduce CO<sub>2</sub>

At the Saitama Kuki Farm operated by Aeon Agri Create Co., Ltd., woody biomass has been used to supply 30% of the fuel for heating boilers in intensive cultivation greenhouses since the farm opened in 2017. In January 2019, we applied for registration and received certification with J-Credit, a government certification system. That same month, we conducted monitoring according to the submitted plan, and in the future, we will proceed with the certification procedure via a third-party institution with regard to the issuance of J-Credits corresponding to the amount of CO<sub>2</sub> reduced. This initiative is expected to reduce CO<sub>2</sub> emissions by 150 tons annually.

Going forward, we will promote efforts to reduce CO<sub>2</sub> emissions through the J-Credit system, aiming to achieve environmental protection as well as business opportunities through the sale of J-credits.



#### Efforts to Prevent Global Warming and Support Environmental Conservation in Affected Areas through Carbon Offsetting

Maruetsu, Inc. engaged in carbon offsetting over a four-month period from October 2019 to January 2020 to compensate for CO<sub>2</sub> emissions created through procedures such as the manufacture of plastic bags. These emissions are offset by conservation of the Tohoku forest, which absorbs the CO<sub>2</sub>.

In 2019, Maruetsu purchased CO<sub>2</sub> credits from the three prefectures of Iwate, Miyagi, and Fukushima, areas affected by the Great East Japan Earthquake, in order to promote the environmental activities associated with the prevention of global warming and to support disaster-affected areas. These offset credits were purchased by using proceeds from the sale of recyclable resources such as paper cartons and PET bottles, which were collected from stores with the help of customers. As in FY2017 and FY2018, Maruetsu provided additional donations exceeding this collected amount. In addition to these efforts, customers are cooperating with the company's efforts to reduce plastic bags by bringing their own. Maruetsu will continue to promote such efforts to prevent global warming.

Amount of CO<sub>2</sub> emissions offset: 240 tons  
Value of CO<sub>2</sub> emissions offset: 2,620,000 JPY

\* As part of our efforts to reduce CO<sub>2</sub> emissions (greenhouse gases) from the company, we purchase credits that function as emission rights to offset emissions that are difficult to reduce. These credits offset emissions by funding forest conservation efforts or other activities that absorb or reduce emissions and thus compensate for the CO<sub>2</sub> produced.

### Reducing CO<sub>2</sub> Emissions from Products and Logistics

#### Reducing CO<sub>2</sub> Emissions through Visualization in Logistics

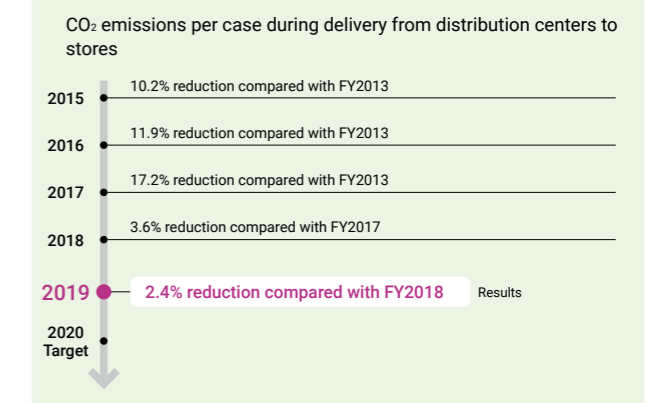
Aeon Global SCM Co., Ltd., which handles Aeon logistics, prescribed "CO<sub>2</sub> emissions per case during delivery from distribution centers to stores" as a KPI, and is working to reduce CO<sub>2</sub> emissions through its "visualization" in logistics.

As a result of our continued efforts such as the relocation of distribution sites, promotion of eco-driving,\*1 reduction in frequency of deliveries through enhanced loading efficiency of delivery vehicles, and introduction of environmentally friendly vehicles, in FY2019 our CO<sub>2</sub> emissions per case during delivery from distribution centers to stores were 114.8g CO<sub>2</sub>, a reduction of approximately 2.4% from FY2018.

In regard to contracted transport companies, we continue to request their cooperation on eco-driving, and provide and share information by periodically issuing "Eco Drive News." We also have an award system for safe driving. Awards are given each month to people who work 20 days or more and drive 3,000 km or more and are tracked as exhibiting zero signs of dangerous driving, which include rapid acceleration, rapid deceleration, and speeding. In FY2019, 29 out of the 23,798 people who were eligible received the awards. In FY2020, we will continue promoting tangible and intangible initiatives, such as safe driving workshops including the prevention of accidents when unloading and a system of awards for good drivers.

\*1 Eco-driving: Efforts to reduce CO<sub>2</sub> emissions when driving by conserving fuel such as through gentle steering and avoiding unnecessary idling

#### FY2019 Results and Target of KPI





**Using Arterial Transportation to Promote a Modal Shift through Collaboration with Companies in Other Industries**

Aeon Global SCM Co., Ltd., which is responsible for Aeon's logistics, aims to reduce CO<sub>2</sub> emissions through its Aeon Modal Shift Study Group. In addition to rail transport initiatives, Aeon Global SCM is conducting joint research with member companies on coastal transportation initiatives.

Efforts to make a modal shift toward rail transport tailed off in FY2019, affected by a succession of natural disasters. However, we continued working with Kao Corporation, Nestlé Japan Ltd., and Suntory Holdings Limited on the round-trip sharing of 31-foot containers.



Sharing of 31-foot containers with Kao Corporation, Nestlé Japan Ltd., and Suntory Holdings Limited

Using coastal shipping, in July 2017 Aeon began collaborating with the Sapporo Group on round-trip shipping using roll-on roll-off (RORO) cargo ships for freight transportation between the Port of Shimizu in Shizuoka Prefecture and the Port of Oita in Oita Prefecture. In addition to this initiative, which was the first in Japan, we added a route to accumulate products from business partners in northern Kyushu and transport them to the Kanto region. We also opened up new shipping routes spanning the region from Aichi Prefecture to the Tohoku area and the region from Mie Prefecture to the Kyushu area. These efforts increased the volume handled to the equivalent of 5,427 JR containers (up 108.9% year on year).



Shared round-trip transport using RORO cargo ships

In addition, we have continued our trailer relay transport initiative in collaboration with Kao Corporation. By conducting trailer load exchanges at intermediary relay points, we can facilitate efficient transport in an ongoing manner.



In FY2020, we extended lead times for long-distance arterial transport by one day. This move addressed the issues facing the transportation sector (driver shortages and improving the working environment for long-distance transportation). Through energetic efforts to achieve a modal shift and the promotion of white logistics\*2 initiatives, we will also work to reduce CO<sub>2</sub>.

\*2 White logistics: Improving the productivity of truck transportation, the efficiency of logistics and realizing a "whiter" working environment that makes it easier for women and drivers in their 60s to work.

**Tabulating CO<sub>2</sub> 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 CO<sub>2</sub> emissions, and priority areas have been subjected to regular thirdparty verification since FY2012. Aeon has calculated Scope 3 emissions\*1 from FY2012, and locations in priority areas periodically send results to a third party for verification.\*2 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 reductions in CO<sub>2</sub> emissions.

\*1 For calculations, we reference the Emissions Rate Index Database for Calculating GHG Emissions, etc. in an Organization's Supply Chain (Ver. 2.6).

\*2 In FY2016, verification by a third party was received with regards to Scope 3 emissions from transport and shipments (upstream). This procedure is set to continue moving forward.

**FY2019 Scope 3 Emissions**

Scope 3 Emissions Categories	Emissions (t-CO <sub>2</sub> e)	Composition (%)
1 Purchased products and services	3,619,562	53.4
2 Capital goods	1,484,312	21.9
3 Fuel and energy related activities not included in Scope 1 and Scope 2	337,580	5.0
4 Transport and shipments (upstream)	227,053	3.3
5 Waste from business activities	117,970	1.7
6 Business travel	81	0.0
7 Employee commutes	49,799	0.7
8 Leased assets (upstream)	0	0.0
9 Transport and shipments (downstream)	0	0.0
10 Processing of products sold	0	0.0
11 Use of products sold	132,596	2.0
12 Disposal of products sold	74,142	1.1
13 Investment leased assets (downstream)	725,340	10.7
14 Franchise	0	0.0
15 Investments	16,395	0.2
<b>Total</b>	<b>6,784,831</b>	<b>100.0</b>

**TOPICS**

**Verification of Greenhouse Gas Emissions by Third Party 1**

Between March and July 2020, we conducted third-party verifications at 37 consolidated Group companies, including Aeon Co., Ltd. We will continue to improve data reliability and reduce greenhouse gas emissions.

**1. Scope of Verification**

Energy-derived CO<sub>2</sub> emissions (Scope 1 and Scope 2) between April 1, 2018 and March 31, 2019 by 37 Group companies, including Aeon Co., Ltd.



**2. Methodology**

We received third-party verification based on the requirements of ISO 14064-3 (2006): Greenhouse gases-Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

**Verified greenhouse gas emissions**

Scope 1 category 209,800t-CO<sub>2</sub>e  
Scope 2 category 2,201,399t-CO<sub>2</sub>e

**Verification of Greenhouse Gas Emissions by Third Party 2**

In FY2019, we conducted a third-party verification of greenhouse gas emissions associated with the transportation activities of Aeon Global SCM Co., Ltd., which plays a central role in Aeon Group logistics.

**1. Scope of Verification**

A portion of greenhouse gases associated with the domestic transportation of products handled by Aeon Global SCM Co., Ltd., from April 1, 2018, to March 31, 2019.



**2. Methodology**

We received third-party verification based on the requirements of ISO 14064-3 (2006): Greenhouse gases-Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

**Verified greenhouse gas emissions**

Scope 3 category 226,776t-CO<sub>2</sub>e

**Generating Electricity at Stores**

**Generating Renewable Energy**

Aeon proactively engages in the generation of renewable energy, using solar panels installed at shopping centers, general supermarkets, supermarkets, and convenience stores. In FY2019, we installed solar panels with a generation capacity of 2,702 kW at 32 stores. This brings the total number of stores with installed units to 1,022, and our total generation capacity to 69,000 kW.\*

In addition to contributing to reductions in electricity use through self-consumption, we will sell the electricity generated by solar panels to power companies through a feed-in tariff system. The profit we earn from electricity sales offsets electricity rate hikes, contributes to our BCP, and enables us to make environmental investments.

To expand our use of renewable energy, in 2019 we began introducing the PPA model\*2 for installing solar panels at commercial facilities. Under this model, stores provide space on their roofs for PPA companies to erect solar panels, and the stores agree to purchase the generated electricity for their own use.



Solar panel installation

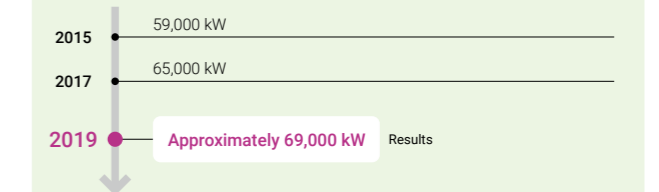
As we work to realize a decarbonized society, we will continue promoting various schemes to generate renewable energy, including the reduction of CO<sub>2</sub> emissions, by shifting toward renewable energy on electricity we purchase from other providers.

\*1 69,000 kW is equivalent to the capacity to cover the annual electricity use of approximately 15,700 households.

\*2 Under the power purchase agreement (PPA) model, a PPA provider agrees to erect a solar power generation system. The counterparty provides space for the system on its site—on a roof, for instance—and agrees to purchase the electricity generated by the system.

**FY2019 Results and Target of KPI**

Power generation capacity of renewable energy (electricity sales only)







## Conservation of Biodiversity

"Fish Baton" sales area with MSC and ASC certified products (Aeon Style Itabashi Maenocho)

### Using Sustainable Resources

#### Promoting Sustainable Procurement

The products Aeon handles are made possible by the bounty of nature and contain raw materials procured from producers and locations around the globe. Efforts toward the formulation of procurement guidelines began in 2011 in order to realize even higher levels of sustainable procurement. Through the work of the CSR Procurement Guidelines Committee, comprising managers from related Aeon departments, and tasked with gathering CSR procurement-related information, we formulated and published our Aeon Sustainable Procurement Principle. As a member of the retail industry, we will hold ourselves accountable for promoting more highly sustainable procurement at every stage of the product life-cycle—from the sourcing of ingredients to production, sale, use, and disposal.

#### Aeon Sustainable Procurement Principle

1. Eliminating illegal gathering or trading of natural resources and illegal fishing.
2. Establishing and managing Aeon standards from the perspective of biodiversity preservation and preventing the depletion of natural resources.
3. Minimizing the use of non-renewable resources.
4. Establishing traceability, including place of production and fishing methods, for agricultural products and marine resources.
5. Preventing the destruction of forest land with high conservation value.

Formulated in February 2014

#### Aeon Sustainable Procurement Policy and 2020 Goals and FY2019 Performance

Subcategory	KPI	Scope Covered	Target	FY2019 Results (Compared to target)	Summary of Actions/Initiatives Undertaken in FY2019
Promoting sustainable procurement (products)	Sustainable procurement initiatives in agricultural products	Consolidated Group companies in Japan	FY2020: • Conduct management through Good Agricultural Practice (GAP) based on Global Food Safety Initiative (GFSI)*1 for all private brands • Have organic products account for 5% of agricultural product sales	• Percentage of products with GAP certification based on GFSI: 99% (private brand products) • Organic products as a percentage of agricultural product sales: 41% achieved	① Launched the first domestic retailer, Aeon Organic Alliance (AOA) ② Expanded TOPVALU Gurinai Organic brand to 351 items, making it the largest lineup of organic products in Japan's retail industry (perishable and processed products) ③ Aeon Retail Co., Ltd., deployed organic sales areas at 328 stores
	Sustainable procurement initiatives in livestock products	Consolidated Group companies in Japan	FY2020: • Conduct management through Food Safety Management System (FSMS) based on GFSI or conduct management through GAP based on GFSI at plants that process private brands	• Food Safety Management System (processing plant) product sales: 76% (of PB products) • Food Safety Management System (farm) product sales: 33% (of PB products)	① Decided to seek Safe Quality Food (SQF) certification ② Advanced measures for Tasmanian beef and Jankikei (healthy chicken)
	Sustainable procurement initiatives in fishery products (*1)	Consolidated Group companies in Japan	FY2020: • Have all consolidated subsidiaries that operate GMS or SM obtain Marine Stewardship Council (MSC)*2 or Aquaculture Stewardship Council (ASC)*3 Chain of Custody (CoC) certification • Provide sustainability-proven private brand products for all major fish species	• Percentage of CoC certification: 82% (Group total) • Sales of MSC- and ASC-certified products: 80% (of marine products) • Percentage of sustainability-proven products: 38% (private brand products)	① MSC certification: 43 items spanning 25 fish species ② ASC certification: 20 items spanning 11 fish species ③ Established permanent Fish Baton area carrying only MSC- and ASC-certified products at 67 stores of Aeon Retail Co., Ltd.
	Sustainable procurement initiatives in paper, pulp, and timber (*2)	Consolidated Group companies in Japan	FY2020: • Use sustainability-certified (Forest Stewardship Council (FSC)*4 or equivalent) raw materials for all private brands in major product categories	Percentage of FSC®-certified materials used in major categories • Health and beauty care: 64% • Stationery: 54%	① Launched approximately 80 FSC®-certified stationery products and H&BC private brand products ② Used FSC®-certified paper for tags on private-brand apparel and food packaging
	Sustainable procurement initiatives in palm oil	Consolidated Group companies in Japan	FY2020: • Use sustainability-certified (Roundtable on Sustainable Palm Oil (RSPO)*5 or equivalent) raw materials for all private brands	• Use of RSPO-certified materials: 100%	① Held RSPO in-house seminar ② Investigated usage volumes in private brand products ③ Ongoing purchases of RSPO certification credits

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

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

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

\*2 MSC (Marine Stewardship Council): MSC is an organization that manages and promotes the MSC certification program, which certifies socially responsible and sustainable fisheries.

\*3 ASC (Aquaculture Stewardship Council): ASC is an organization that implements the world's leading certification and labeling program for responsibly farmed seafood.

\*4 FSC (Forest Stewardship Council): FSC is an organization established to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

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



### Promoting the Procurement of Sustainable Seafood

Aeon established the Aeon Sustainable Seafood Procurement Policy to help protect the limited marine resources and to pass down to future generations its traditional culture surrounding food sources from the water and sea.

We formulated the Seafood Assessment Committee comprising Aeon's Environment Division and other divisions at Aeon Group companies, shared function 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 plan key initiatives.

#### 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

Aeon is constantly devising and implementing measures to shift from endangered seafood to seafood with a sustainable backing into the future.

##### 1. Provision of Sustainable Products

- Actively sell sustainable seafood such as MSC-certified and ASC-certified products
- Strengthen handling of complete aquaculture

##### 2. Elimination of Illegal Trade

- Comply with international conventions, such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (the Washington Convention)

##### 3. Establishment of Traceability Measures

- Promote strengthening of resource management in Indonesia

##### 4. Regular Risk Assessments

- Launch organization to promote sustainable procurement Measures in organization development, such as "Assessment Meetings" and a "Sustainable Procurement Promotion Committee" for promotion, have begun.

Formulated in February 2014

#### Developing and Marketing Sustainable MSC- Certified and ASC- Certified Products

Given the rising pressure of demand on fishery resources worldwide, Aeon sells Marine Stewardship Council (MSC)\*- certified and Aquaculture Stewardship Council (ASC)\*-certified products to support fishing and aquaculture that are based on appropriate resource management.

We have been steadily expanding our lineup of MSC-certified products since we began carrying them in 2006. Aeon sell 43 MSC-certified items spanning 25 fish species—the largest number of items in Japan's retail industry—as of the end of February 2020. With a view to preserving natural fish for coming generations, we source products obtained from fishing that is consistent with stewardship of the sea's environment and resources.

\* The MSC manages the certification system for natural fishery products, certifies fishery products that have been caught in a manner that preserves the sea's environment and resources, and permits the use of MSC labels for such products.



TOPVALU Gurinai Natural Salted sockeye salmon



Further, in 2014 we became the first store in Asia to sell ASC certified fish. We offer 20 ASC-certified salmon items spanning 11 fish species as of the end of February 2020. Our goal is to realize sustainable procurement by popularizing "responsible" aquaculture products that do not place a large burden on the environment and that are cultivated with consideration for local communities and human rights.

\* The ASC manages the certification system for aquaculture products.



TOPVALU Gurinai Natural ASC-certified raw Atlantic salmon



#### Examples of Our Recently Launched MSC- and ASC-Certified Products

March 2018	Greenland halibut (MSC, first in Japan)
April 2018	Rice ball (salmon roe and spicy cod roe, MSC)
May 2018	Izumi sea bream (ASC, first in Japan)
October 2018	Fish Deli Osakana Sozai series (selling nine MSC and two ASC certified products)
June 2019	Delica Sushi series (selling six MSC and two ASC certified products)
January 2020	Raw oysters (MSC, first in Asia)
May 2020	Amberjack (ASC, first in world)

The Chain of Custody (CoC) certification system assures consumers of the legitimacy and traceability of the abovementioned MSC- and ASC-certified products. CoC certification had been acquired by 14 Aeon Group companies as of the end of February 2020.

Aeon will continue promoting sustainable procurement of fishery products that does not deplete resources by increasing the number of Group companies with CoC certification.

#### Developing and Marketing "Full-Cycle Aquaculture-Raised Fish"

In 2015, Aeon started supplying tuna and other full-cycle aquaculture-raised\* fish that are not dependent on natural resources from the perspective of resource depletion prevention and biodiversity conservation. As of the end of February 2020, Aeon sells 13 varieties of full-cycle aquaculture-raised fish.



TOPVALU Gurinai Natural ASC-certified raw Atlantic salmon

\* Full-cycle aquaculture-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.

#### Increasing the Establishment of "Fish Baton" Sales Areas

Based on the desire to "pass along a rich food culture to the next generation," the establishment of a permanent sales area called Fish Baton, which is composed of MSC- and ASC-certified products—indicating that they are sustainable marine products—started in FY2015. As of the end of February 2020, this sales area has expanded to 67 stores. Moreover, we plan for all of Aeon's consolidated subsidiaries operating general merchandise stores or supermarkets to acquire MSC and ASC CoC certification (distribution and processing certification) by the end of FY2020.

Going forward, Aeon will continue to propose products and sales areas that encourage customers' daily shopping, promoting efforts to ensure that the next generation will also enjoy the bounties of nature.

\* MSC- and ASC-certified products are also available in stores without Fish Baton sales areas.



#### First Retailer in Asia to Participate in the GSSI

In 2017, Aeon became the first retailer in Asia to participate in the Global Sustainable Seafood Initiative (GSSI)\*, an international partnership that implements measures aimed at spreading sustainable aquaculture and fishery products.

GSSI is tasked with vouching for the legitimacy of and improving the numerous certification systems for aquaculture and fishery products that exist around the world. To achieve these aims, GSSI conducts evaluations and provides accreditation based on the guidelines of the Food and Agriculture Organization of the United Nations (FAO). GSSI participants include fishery operators from respective countries, fishery related companies, and NGOs. Through our participation in the GSSI, we will contribute to the achievement of its aims while increasing the profile of efforts to ensure the sustainability of the unique fish species of Japan and Asia. Further, we are partnering with fishery operators and many other stakeholders to increase the distribution of sustainable aquaculture and fishery products.

\* The GSSI is the platform for an international partnership aimed at spreading sustainable fishery products. Participants include producers, fishery-related companies, NGOs, experts, governments from various countries, and the FAO. The GSSI aims to vouch for legitimacy in the supply and sales promotion of certified aquaculture and fishery products and to encourage improvement in aquaculture and fishery product certification systems. To these ends, GSSI has established a global benchmark tool for officially accrediting aquaculture and fishery product certification schemes that meet the FAO's guidelines on the eco labeling of aquaculture and fishery products.

### Promoting the Procurement of Sustainable Forestry Products

In 2016, we formulated the Aeon Forest Resources Procurement Principle. Based on this principle, we are making efforts aimed at contributing to the balanced utilization and conservation of forest resources.

#### Aeon Forest Resources Procurement Principle (Paper / Pulp / Timber)

We will continue to utilize store materials and product raw materials made of lumber and pulp produced from properly managed forests, and strive to prevent forest destruction.

#### Initiatives through Our Products

Identify risks and opportunities, consider viable methods, and aim for sustainable procurement through continuous improvement.

##### 1. Handling of Sustainable Products

Raw material from properly managed forests is authenticated and products that have acquired FSC® certification are handled assertively.

##### 2. Effective Use of Domestic Lumber in Japan

Efforts for the effective use of domestic lumber are undertaken in order to achieve sustainable recycling in Japan's forests.

##### 3. Ensuring of Traceability Measures

For high-risk countries and regions, confirmation of raw material traceability to forests are handled on a priority basis.

##### 4. Prevention of Illegal Deforestation

Confirmation of legality of lumber, etc., is conducted based on laws related to promotion of the use of legally harvested lumber.

##### 5. Preservation of Areas with High Conservation Value

Confirmation of the implementation of precautionary measures is conducted in order to maintain areas with high conservation value.



**Efforts in Products: Products Using FSC®-Certified Paper**

The Forest Stewardship Council® (FSC®) certifies wood products and paper manufactured with timber from properly managed sustainable forests. Aeon has been selling notebooks and other FSC®-certified paper products since 2008. In addition, we use FSC®-certified materials for price tags, tags, some cardboard, and other frequently used materials.

Up to now, about 80 stationery and H&BC category FSC®-certified products were sold, and we are also expanding the use of FSC®-certified materials to packaging and other items.

(FSC®C005942)



TOPVALU Best Price tissue paper using FSC®-certified paper

**Efforts in Stores: Stores Using FSC®-Certified Domestic Lumber**

Aeon practices store development with consideration for preservation of the ecosystem. For example, Ministop Co., Ltd. opened a Ministop store using 100% FSC®-certified domestic lumber in 2009, as the first FSC®-certified convenience store in Japan. As of the end of February 2020, 284 Ministop stores were FSC®-certified. Going forward, we plan to actively increase the number of environmentally friendly stores.



A Ministop store under construction



A properly managed FSC®-certified forest in Yamanashi Prefecture

**Developing Reused Stores That Employ FSC®- Certified Domestic Lumber**

As part of a new initiative, in January 2018 Ministop Co., Ltd. opened a reused store that uses FSC®-certified domestic lumber and is the first commercial facility of its kind anywhere in the world.

Moreover, Ministop has chosen a store design that anticipates reuse. At the construction stage, for example, we use bolts for the joints between wooden parts so that they can be disassembled and reused. The building of a reused store must meet certain environmental friendliness and cost conditions. These include the distance between the closing store and the opening store (with the aim of curbing CO<sub>2</sub> emissions) and the lead time between store closing and store opening (with the aim of shortening storage periods).

We constructed a reused store that meets these conditions utilizing wood from a closed store. We can reuse roughly 73% of wooden pillars and beams when reusing wood between stores of the same size. To ensure strength, we use new wood for the base, studs, and braces. (The reuse percentage of our first reused store was 33% because we relocated the old store to build a new store with a larger floor area.)

**Promoting Initiatives for Procuring Sustainable Palm Oil**

Palm oil, which is widely used in processed foods and other products, is the world's most widely produced plant oil. A number of issues have been associated with the rapid and large-scale development of plantations in countries that produce palm oil. These problems include the destruction of tropical forests, large-scale greenhouse gas emissions, and the use of forced labor and child labor on plantations.

As part of its efforts toward procuring sustainable palm oil—taking the environment and human rights into consideration—Aeon is a member of the Roundtable on Sustainable Palm Oil (RSPO), an international certifying body. We also participated in the establishment of the Japan Sustainable Palm Oil Network (JaSPON), whose members include 18 domestic retailers, manufacturers, and NGOs.



Photo credit: Kyodo News Service

**Advancing Sustainable Procurement of Agricultural Products**

Aeon Agri Create Co., Ltd. operates Aeon's directly managed farms, all of which have obtained the world's most widespread certification for safe farm management, GLOBALG.A.P. Farm management entails various risks, including residual pesticides, agricultural accidents, and environmental damage. Therefore, GLOBALG.A.P. not only requires product safety but also emphasizes the need to ensure the safety of the employees who work on farms, the safety of local residents, and the conservation of the local ecosystem. Aeon farms use GLOBALG.A.P. as a tool for the sustainable management of agriculture in relation to the need for food safety, environmental conservation, occupational safety, and sound management.

We stepped up these initiatives, for some agricultural products, including TOPVALU items, indicating when they are produced on farms with GLOBAL G.A.P. certification. We have thus become the first company in Japan to place GLOBAL G.A.P. Number (GGN) labels on products. Offering GGN-labeled products makes it easy for customers to select products produced at farms engaging in agricultural production process management that complies with international standards. We launched a dedicated website that allows customers to determine where in the world a product was produced and by whom, simply by entering its GGN (certification number).

<https://aeon.ggn.org/agri/>



Under the TOPVALU Gurinai Organic brand, we offer an extensive lineup of environment-friendly products that have been certified as organic in Japan and overseas. Boasting the largest number of organic products of any retail private brand in Japan, the TOPVALU Gurinai Organic lineup comprises 351 fresh and processed organic food products as of the end of February 2020.

Further, we are advancing the development and procurement of organic products in Japan and overseas in response to growing consumer interest in health and food safety and reliability as well as to requests from customers for more organic products. In these efforts, we use our Japanese Agricultural Standard (JAS)\* certification as an importer of organic agricultural products and processed food products, issued by Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF). As of February 29, 2020, Aeon Retail Co., Ltd. had set aside sales areas for organic products in 328 of its stores. In addition to food, these areas offer products made from organic cotton in the home and leisure categories, including underwear, bedclothes, and towels.



TOPVALU Gurinai organic Organic in-shell peanuts



\* 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.

**Acquisition of Organic JAS Certification as a Subdivider of Agricultural Products**

We are taking steps to acquire Japanese Agricultural Standard (JAS) certification for food manufacturing and processing centers as a subdivider of agricultural products.

At present, the Aeon Food Supply Co., Ltd., Minami-Kanto and Chubu Centers have acquired this certification. We plan to have all of our centers in Japan acquire certification.

**TOPICS**

**Launching the AEON Organic Alliance**

To meet the recent growing consumer demand for domestic organic products, in October 2019 Aeon launched the AEON Organic Alliance (AOA) platform, which centrally manages the production, procurement, processing, distribution and sales functions of agricultural products. As Only 0.2% of all farmers in Japan have organic JAS certification, supply is not able to meet growing customer needs, and in addition to cultivation costs, inefficient distribution costs are a major burden for producers. Furthermore, the reality is that opportunities for acquiring new technologies and exchanging information between producers are limited. With the aim of realizing the creation of a strong and efficient supply chain in the organic market, AOA is partnership promoting collaboration between organic businesses and Aeon Group companies. We recruit a wide range of organic businesses able to support Aeon's efforts utilizing a dedicated website that, as of February 29, 2020, comprised over 100 member producers. Going forward, we will continue to promote AOA activities to expand the organic market.

**Aeon developed a line of Skincare Cosmetics with Internationally Recognized Organic Certification**

We launched TOPVALU Gurinai Organic Geo Organic, the inaugural series of skincare cosmetics under the TOPVALU line with internationally recognized organic certification.

Geo Organic has received international organic certification from ECO CERT® COSMOS ORGANIC for its demonstration of environmental friendliness across a host of processes, from ingredients to production, packaging, and shipping. This skin care series is made from natural ingredients; all production processes are considerate of people and the environment; it contains no synthetic raw materials, such as petroleum surfactants, synthetic scents, paraben, phenoxyethanol, or silicone; nor does it use genetically modified substances.



ECO CERT® COSMOS ORGANIC



### Promoting Sustainable Procurement of Livestock Products

Aeon raises TOPVALU Gurinai Natural Tasmania Beef without the use of antibiotics, growth hormones, or genetically modified feed at a directly managed ranch on the island of Tasmania in Australia. With respect to the safety of this method of rearing cattle, the ranch is audited by a third-party organization and has obtained Safe Quality Food (SQF) certification. SQF is an international food safety standard and management system recognized by the Global Food Safety Initiative (GFSI).



#### Tasmania Beef

Raised on a ranch in Tasmania directly managed by Aeon



SQF is an international management scheme to ensure food safety and quality.



- No antibiotics
- No growth hormones
- No genetically modified feed
- No bone meal feed

\* A directly managed ranch with SQF certification

Similarly, TOPVALU Gurinai Natural Junkikei (healthy chicken) is raised without using antibiotics or synthetic antibacterials. Moreover, some of the farms that rear this healthy chicken have received SQF certification.



#### Junkikei

Raised without haste, without stressing the chickens

純輝鶏 (Wellness Chicken [Junkikei])



- No antibiotics
- No synthetic antibacterials

\* SQF-certified (some farms)

In addition, our TOPVALU Gurinai Natural Natural Pork is very safe and reliable. Our pork is unique because it is produced without using antibiotics, synthetic antibacterials, or genetically modified feed—an approach that was considered to be extremely difficult for pork.



#### Domestically produced Natural Pork

Produced by overcoming the extremely difficult challenges for pork.



- No antibiotics
- No synthetic antibacterials
- No genetically modified feed

### Initiatives at Group Companies

#### Acquisition of SQF Certification by Directly Managed Farms of Kagoshima Sunrise Farm

Takamaki Feedlot, a feedlot operated by Kagoshima Sunrise Farm KK, our directly managed farm that rears beef cattle and pigs, became the first feedlot in Japan to acquire SQF certification for both beef cattle and pigs. SQF is an international standard and management system that ensures the safety and quality of food products. After that, another of our directly managed farms, Tsukino Central Farm, acquired the same certification.

With the aim of providing customers with tasty beef at affordable prices, The Daiei, Inc. established Kagoshima Sunrise Farm (called Daiei Central Ranch Co., Ltd. at the time) in Kagoshima Prefecture in 1970. In the same year, we began the contract fattening of Wagyu cattle. We established the Takamaki Feedlot in 1973 and the Tsukino Central Farm in 1985. Since then, we have been producing Japanese Black beef and brand pork. Taking advantage of its expertise and experience garnered over many years, Daiei has developed Satsuma Himogyu Japanese Black beef and Satsuma Outon brand pork, both of which are original, domestically reared meats that have been established as the firm favorites of many customers due to their premium quality and flavor.



### Promoting the Aeon Forest Circulation Program

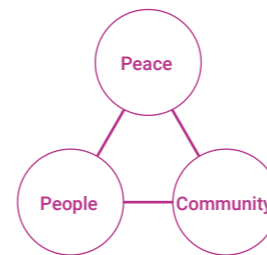
#### Aeon's Tree Planting Activity

When we open a new store, the Aeon Hometown Forests Program joins our customers to plant trees on the new site. Since the start of this program at our JUSCO Malacca store in Malaysia in 1991 (renamed and currently, Aeon Malacca SC), we have been planting trees with our customers, reaching more than 10 million trees. We have leveraged this activity to launch the Aeon Forest Circulation Program under the theme of "plant," "nurture," and "thrive." We continue to promote this program with our "plant" objective, which targets tree planting that improves the quality of life in regions across the globe and tree planting that protects areas from tsunami and other natural disasters; our "nurture" objective, which targets activities to develop and manage planted trees and foster successor forests; and our "thrive" objective, which assertively promotes the utilization of forest products such as lumber as resources for our products and building materials for our stores.



#### Letting Forests Grow—Plant, Nurture Aeon's Tree Planting Activity

Aeon has positioned its tree planting activity as one that embodies its Basic Principles, which state "Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core."



#### Building Foundations for Peace

Environmental issues are a common challenge for humanity, which poses a threat to our healthy and peaceful lives. Aeon, which operates a business that is closely linked to people's lives, is striving to resolve environmental issues by planting trees based on the awareness that businesses will grow only when there is a peaceful society.

#### Humanity

**Communicating Vibrantly**  
Tree planting brings together many people from both young and old. Greetings and conversations start, and smiles spread. Aeon hopes to further expand such forms of vibrant communication through tree planting.

#### Growing Together with People from the Community

Aeon aims to nurture forests that are rooted in the community by mainly planting native tree varieties. Further, we hope to share the wide-ranging awareness obtained through the tree nurturing process with many people and continue to grow constantly.

We want our new stores to be community hubs and encourage the spread of greenery. With these thoughts in mind, Aeon has been conducting the Aeon Hometown Forests Program to plant trees at the site of new stores when they are opened.

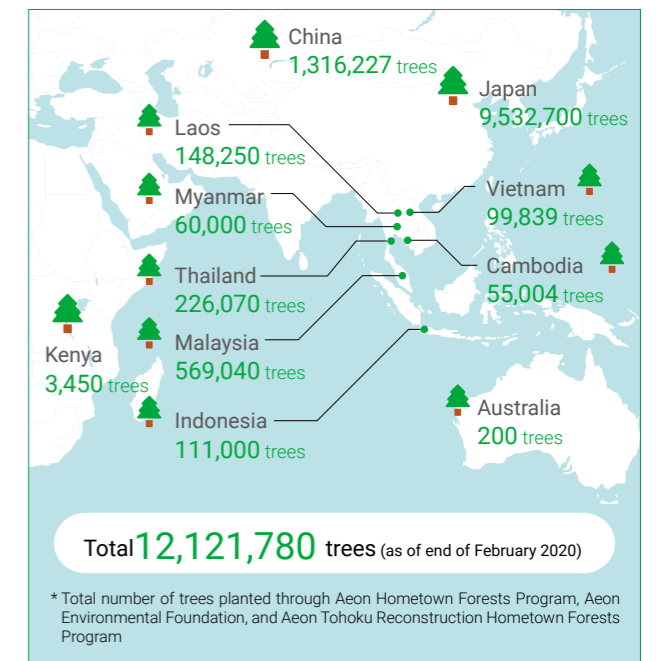
The Aeon Environmental Foundation undertakes tree planting with a view to regenerating forests in regions worldwide that have been devastated by natural disasters or logging. Under the Aeon Tohoku Reconstruction Hometown Forests Program, the foundation is restoring forests destroyed as a result of the tsunami of the Great East Japan Earthquake. Since 1991, the foundation has planted 12.1 million\* trees. In addition, through Clean & Green Activities, conducted mainly on Aeon Day on the 11th of each month, stores carry out cleaning and weeding under the Aeon Hometown Forests Program.

Further, we are deeply grateful to the customers who have participated in our tree planting efforts, and we look forward to the next group of trees that we will plant and nurture alongside our customers and local communities.



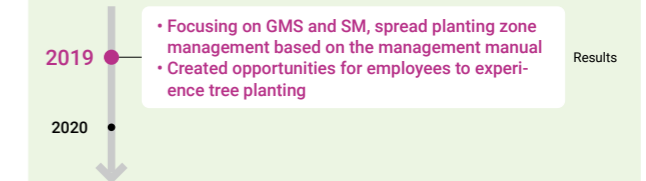
Aeon Town Yokkaichi-Tomari tree-planting festival

#### Letting Forests Grow



#### FY2019 Results and Target of KPI

Maintenance management of Aeon Hometown Forests Program planting zones





### Creating Forests Where Wild Birds Can Gather

To objectively assess the ecological value of Aeon's treeplanting activities, we selected 15 stores from the Aeon Hometown Forests Program and conducted surveys of wild birds there. We identified 34 varieties\* of wild birds in a comparative survey of the stores and surrounding areas. Of these, 15 varieties (★) were essentially consistent across all 15 stores. Of these, seven varieties (★★) were wild forest birds. From the survey, it was also clear that the Aeon Hometown Forests zone functions as a feeding ground and resting area for wild birds.

Based on a study held about 10 years after planting, the forests showed a clear increase in the species of wild birds compared with neighboring residential areas. These findings confirmed that the forests were effective in securing a bountiful natural environment.

#### Effectiveness of Aeon Hometown Forests Program at Maintaining Regional Biodiversity

Survey period: October–December 2017, April–June 2019  
 Survey method: Counting, within certain standards, the number of bird species and their types of behavior (line census)  
 Stores surveyed: 15 stores in Japan, at one, three, nine, and 15 years after forests were planted

In 2019, we conducted an additional survey habitat survey during the breeding season from spring to summer. The results confirmed that the Aeon Hometown Forest is a habitat for birds throughout the year, and that it is also used as a breeding ground

### Holding a Planting Zone Management Workshop

We began conducting manual-based on-site training the year after publishing our planning zone management manual for the Aeon Hometown Forests Program in 2011.

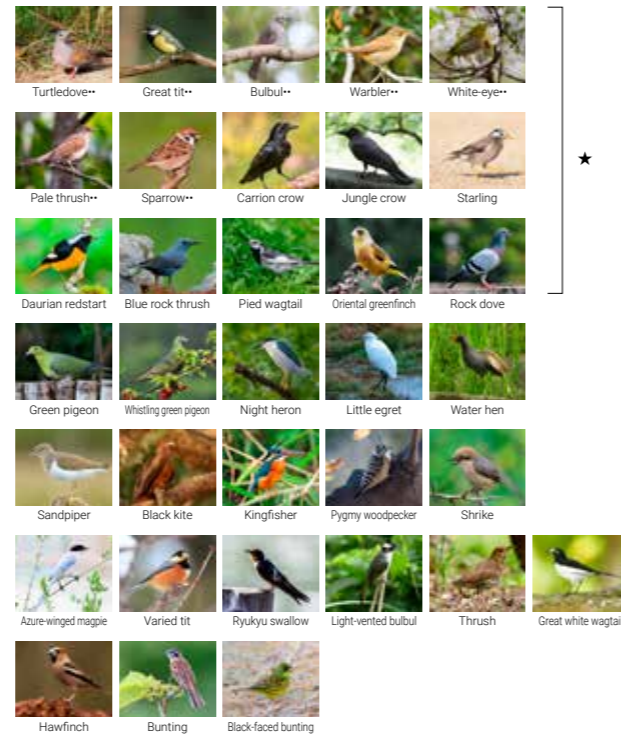
As of the end of FY 2017, approximately 800 people have attended this training, including employees involved in managing planting zones, as well as other staff and business partners. We intend to increase the number of employees involved in planting management to 1,200, and we expect all of them to complete training during the three-year plan period since FY2018.

As the number of employees without experience in tree planting is increasing, we have begun conducting systematic training on afforestation, including lectures to impart basic knowledge about planting. In FY2019, we held this training for 200 people at 11 locations, mainly Aeon Mall Co., Ltd., and Aeon Retail Co., Ltd., stores.



Training being held at planting zone

\* The 34 varieties of wild birds observed



for some birds. The nesting condition survey uses the planting zone to qualitatively evaluate its importance as a place supporting the lives of wild birds as well as the degree to which it contributes to the ecosystem.

### Letting Forests Grow—Thrive Utilization of Forest Resources

In addition to the rollout of FSC®-certified products and the construction of stores using 100% domestic FSC®-certified lumber, we are working on the promotion of utilizing forest resources through a variety of measures at stores. Moreover, we are promoting the introduction of desks and chairs made of FSC®-certified lumber and locally produced materials at Aeon Yumemirai (Dreams for the Future) Nursery School, the Group's on-site childcare facility, in order to teach children about the positive qualities of wood. We aim to foster a richness of spirit for thinking about the connections between people and trees and forests through contact with trees from early childhood.

Additionally, we are promoting the use of wood in public spaces at each mall as a proactive measure to utilize locally-produced timber.



A desk made of Japanese cypress

#### Initiatives at Aeon Mall

#### Promoting the use of wood in public spaces as a proactive measure to utilize locally-produced timber.

##### <Aeon Mall Miyazaki Obi Cedar Park>

Using obi cedar trees found near the city of Nichinan, Miyazaki Prefecture, we set up the Obi Cedar Park as a place for children to play and enjoy the sense of warmth conveyed by the trees of that region. The park is meant to nurture children's natural inquisitiveness and provide a safe and secure playground for as many as three generations.



Obi Cedar Park in Aeon Mall Miyazaki, built using obi cedar, a specialty product of the city of Nichinan

##### <Aeon Mall Kumamoto "Mutual Education" Corner>

This new community area is a space that can be enjoyed by both parents and children alike. Themed on tree cultivation and in collaboration with the Oguni Forestry Cooperative in Kumamoto Prefecture, the space makes extensive use of regional materials, offering a new play area suffused with the warmth of wood.

Note: "Mutual education" is a coined term representing our thoughts on the environment and describes a type of learning that enables both the teacher and the student to grow together.



"Mutual education" corner in Aeon Mall Kumamoto, built using obi cedar from Kumamoto

##### <Aeon Mall Higashiura Mokuiku Square>

Themed on tree cultivation, we have created the Mokuiku Square as a play area with plenty of space for many babies and larger children, and infused with the warmth of wood, offering a place of comfort for both parents and children.



Mokuiku Square at Aeon Mall Higashiura

### Initiatives through Our Stores

#### 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 assessment 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 the installation of biotopes at some of our shopping centers.

As part of store biodiversity assessment, since FY2013 we have acquired ABINC® certification from the Association for Business Innovation in harmony with Nature and Community (ABINC).

Recently, Aeon Mall Zama and THE OUTLETS HIROSHIMA acquired ABINC® certification, while Aeon Mall Tokoname, Aeon Mall Shijo Nawate, and Aeon Mall Sakai Teppocho acquired an ABINC® certification that is renewed every three years. To date, nine of our shopping centers have acquired ABINC® certification.



Biotope  
Biotope introduced on some store premises and rooftops helps to promote environmental education and raise awareness on environmental protection.



Rain Garden™  
Rainwater is contaminated with substances contained in exhaust gas and involves the risk of disrupting the ecosystem if it flows directly into seas and rivers. Rain Garden™ reduces the negative impact on the ecosystem by allowing rainwater to penetrate into the ground and purifying it.





## Better Use of Resources

Shopping with Aeon's original "My Basket" (MaxValu Yokkaichi Tomari Shop)

### Initiatives for Zero Waste in Stores and Products

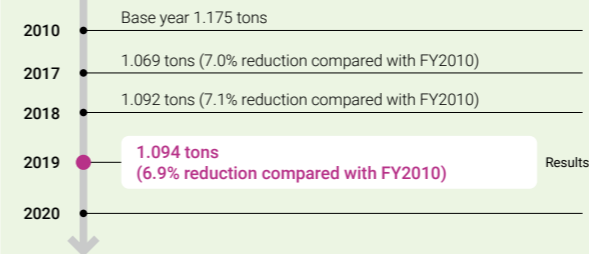
#### Reducing the Amount of Materials Used in Packaging and Containers

When developing TOPVALU products, we closely examine the packaging and containers, and after careful consideration of their impact on the quality of product contents and safety during shipment, we attempt to make product containers lighter and thinner, and switch to recyclable materials. Additionally, we are striving to develop refillable containers and change packaging materials based on customer feedback. In recognition of the fact that contributing to the elimination of waste through reductions in container and packaging materials is an important responsibility of retailers selling products closely related to everyday life, in addition to reducing container and packaging materials and the use of plastic shopping bags, we are proactively engaged in reducing the thickness of food trays and introducing thinner and more eco-friendly trays.

As a result of these efforts, we were able to reduce the amount of packaging and containers for recycling by a third party (per 100 million JPY in net sales) required under the Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging by 6.9%, to 1,094 tons, in FY2019 compared with FY2010.

#### FY2019 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 (amount per 100 million JPY in net sales)



#### TOPICS

##### First Japanese Retailer to Participate in "Loop"

Aiming to transform lifestyles from "disposable" to "repeated use," Aeon is the first Japanese retailer to announce its participation in "Loop"<sup>\*1</sup>, a shopping platform for products provided in reused containers. We plan to launch pre-sales of products provided in reused containers, including daily consumables and food from manufacturers participating in this project, at Aeon and Aeon Style stores in Tokyo, where we will also collect used containers.



<sup>\*1</sup> Loop™  
Loop is a new product supply system developed by TerraCycle, an international recycling company. In the system, disposable containers and packages conventionally used for detergents, shampoos and other consumables and foods are replaced with more durable alternatives, such as stainless steel and glass containers, so that they can be reused repeatedly.

### Efforts to Reduce Disposable Plastic Materials

Within our business activities, we are promoting reductions based on the idea that, as we use large amounts of plastic, we must first reduce, then replace packaging with materials having less of an impact on the environment.

#### Plastic Reduction Example (1)

Aeon has been handling an increasing number of environmentally friendly products since June 2019 from the perspective of reducing disposable plastics and conserving forest resources, which have been growing concerns in recent years.

We launched sales of reusable My Bags and shopping bags made with recycled materials, as well as straws, spoons and forks made with paper and wood as alternatives to plastic. In addition, we launched sales of 23 items (including limited-time items) such as paper plates and cups receiving FSC certification, tissues and toilet paper containing pulp from bamboo, which grows faster than wood.



#### Plastic Reduction Example (2)

Since May 2020, TOPVALU sandwiches have used environmentally friendly package film, the thickness of which was reduced from 40μ to 35μ, eliminating the amount of plastic used by approximately 11%. Additionally, botanical ink is used for the film ink.



#### Plastic Reduction Example (3)

Since June 2020, TOPVALU Sodium Sesquicarbonate Citric Acid for Cleaning and from July 2020 TOPVALU Baking Soda for Cleaning have been provided in environmentally friendly packages. By using kraft paper and removing measuring spoons, the amount of plastic used has been reduced by 45%.

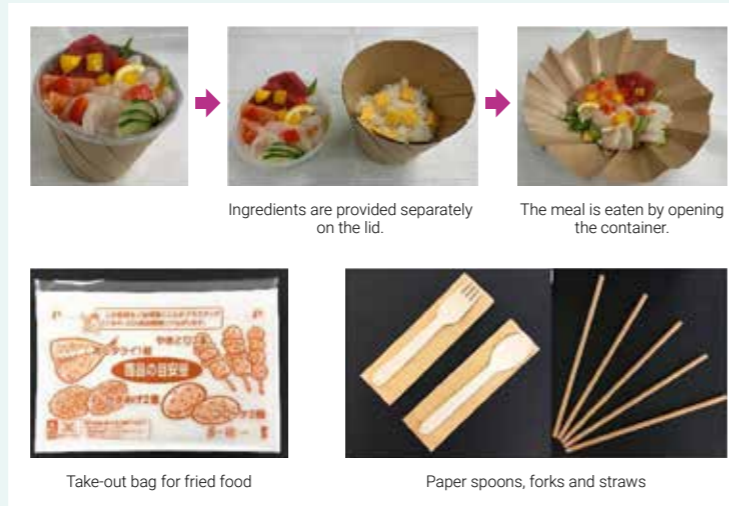




Group Company Initiatives

**Aeon Retail Co., Ltd.**

Straws and cutlery provided at the time of purchase for in-store dining are being gradually switched to materials with less impact on the environmental. Aeon Style Ebie, which opened in March 2020, is working to reduce disposable plastics by using paper and wooden items such as trays used for some fresh foods and delicatessen items.



Take-out bag for fried food

Paper spoons, forks and straws

**Aeon Mall Co., Ltd., AeonTown Co., Ltd.**

Developers Aeon Mall and AeonTown are engaged in working with staff at the specialty stores they have created to eliminate disposable plastics. For example, many restaurant specialty stores are complying with the call to discontinue use of plastic straws, which began at Aeon Mall stores on March 16, 2020 and at Aeon Town on July 1, 2020 (excludes some locations). Environmentally friendly alternatives such as paper straws are provided customers in need.

According to the results of an experiment conducted by Aeon Mall at two pilot stores in October 2019, the consumption of plastic straws was reduced by 40%. We plan to continue and deepen cooperation to promote further reduction efforts.



For business partners with shops in our stores Notice that plastic straws to be discontinued at Aeon Town

For customers Poster notifying customers at Aeon Mall

**Aeon Eaheart Co., Ltd.**

In March 2020, the provision of disposable plastic straws ended at all stores, including food courts, with biodegradable straws now offered to customers who want them. When making the switch, the types of straws provided were organized, enabling a 70% reduction in deliveries.

**Aeon Delight Co., LTD.**

Responsible for Group materials procurement, Aeon Delight procures various materials that contribute to the reduction of disposable plastic materials.

Paper straws, which are also provided to specialty stores, use FSC®-certified paper, and we are expanding these efforts with consideration for durability and safety.

Reducing Waste

In response to growing social demands for waste reduction overseas and in Japan, Aeon declared its aim to achieve zero waste by eliminating the direct disposal, incineration, and landfill of waste and established the AEON Zero Waste Initiative Concept. In addition to the targets for waste management and food waste reduction that were incorporated into the Sustainable Development Goals (SDGs), the European Union is introducing stricter regulations, particularly for plastic garbage and food waste. Japan has also been strengthening waste-related regulations through such laws as the Law for Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources and the Waste Management and Public Cleansing Law.

Our Group companies are pursuing a variety of initiatives to reduce waste. For instance, Aeon Mall Co., Ltd. has formulated a medium-term environmental plan covering the period through FY2020. Aiming to realize zero-emission malls, the Group companies established maintaining its waste recycling percentage at above 80% and educating the employees of specialty stores as the main pillars of this plan. With the cooperation of specialty stores, we have "visualized" waste by introducing a system that separates waste into 18 basic product categories and measures waste volume based on these categories. For the separated waste, we make every effort to recycle items that are recyclable, and we calculate recycling percentages for each product category.

In addition, the specialty stores occupying Aeon Mall facilities provide information on and manage the amount of waste generated (by weight) in different categories in line with sales figures, as well as information on the recycling of food waste. As a result, in FY2019 we reached a recycling rate of 89.4%, exceeding our target.

**Aeon "Zero Waste" Initiative Concept**

We will continue our efforts to completely eliminate waste through disposal / burning and landfills with our 3R approach of "Reduce," "Reuse," and "Recycle." We will collaborate with our stakeholders and customers toward the construction of a recycling-oriented society.



- Through stores / products**  
Reduce food waste in the supply chains of stores and products through visualization, ISO 14001, reduction of the food waste-to-sales ratio, separation, and recycling.
- Through communication with customers**  
Reduce food waste together with customers through food education and campaigns at stores.
- Together with local communities**  
Reduce food waste through donations to food banks, etc., and construction of a recycling loop in cooperation with stakeholders in the region.

Reducing Food Waste

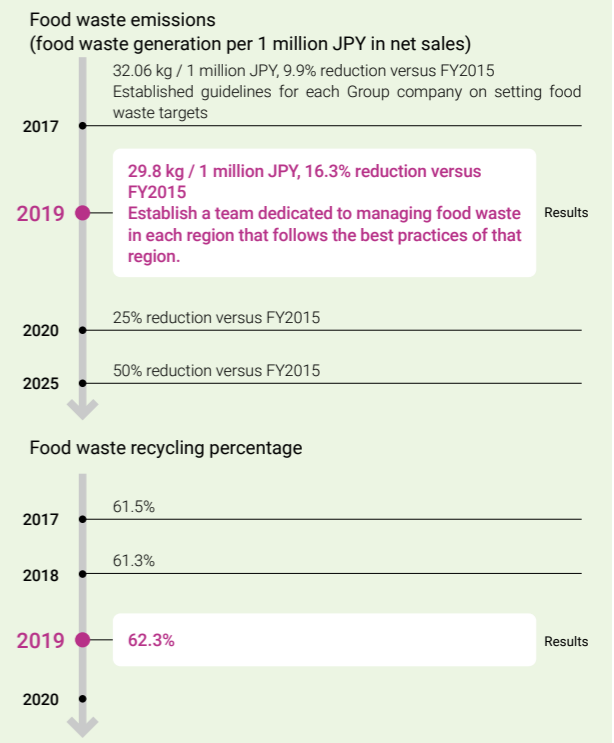
While engaging in initiatives using the 3R approach to eliminate waste, the Group is working to achieve the Aeon Group Food Waste Reduction Targets by 2025.

**Aeon Group Food Waste Reduction Targets**

- **Halve food waste by 2025**  
Reduce generation per unit (food waste generation per 1 million JPY in net sales) 25% versus that of FY2015 by 2020 and reduce 50% by 2025
- **Build food resource recycling models**  
Build at more than 10 locations (more than 1,000 stores) nationwide by 2020

To eliminate disparity in the progress of Group companies, Aeon has established guidelines and set food waste reduction targets based on the progress of each Group company. Further, given the regional differences in food waste situations, we have established eight working groups tasked with promoting initiatives at Group companies in their respective regions, and the working groups have begun activities aimed at meeting targets. As well as examining the construction of resource recycling models that are rooted in local communities, the working groups are enhancing their performance by sharing information and best practices throughout the Aeon Group. In this way, Aeon is working to reach its targets.

**FY2019 Results and Target of KPI**

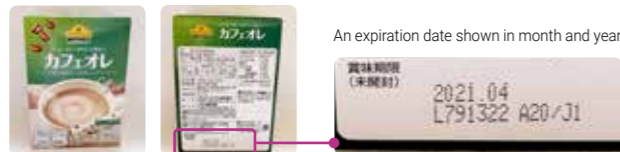




**Measures Focused on Products and Stores**

Although the Food Sanitation Act does not require companies to display expiration dates for products with expiration periods of three months or more, we have displayed such data voluntarily to date. However, few customers are concerned on a day-by-day basis about the freshness of products with expiration periods of one year or more. Moreover, displaying expiration dates for such products has resulted in Aeon disposing of food that was about to reach its expiration date.

In an effort to reduce food waste, a forum focused on the integration of manufacturing, distribution, and retail organized by The Distribution Systems Research Institute and the Distribution Economics Institute of Japan recommends that labels should only display the month and year of the expiration date. As a retailer, we endorse this recommendation and have begun conducting measures accordingly. Aeon is transitioning to labels that display expiration dates only in months and years for TOPVALU processed food products with expiration periods of one year.



An expiration date shown in month and year

**Together with Customers**

Within food waste, food loss (food that can still be eaten but is thrown away) amounts to around 6.12 million tons per year.\* Households account for some 46% of this figure. We address this situation by introducing recipes that minimize ingredient waste and providing cooking demonstrations at Aeon Retail cooking stations—in-store areas designed to disseminate food-related information—Kasumi Cooking Communication and Daiei “dai-dokoro” among other efforts aimed at calling on customers who visit stores to reduce food loss.

Also, in fresh food sales areas we showcase TOPVALU HÔME CÔORDY products and other storage containers suitable for freezing as ways to help reduce food waste in day-to-day life.

\* From “Estimated Amounts of Food Waste and Food Loss in Japan (Fiscal 2017),” by the Ministry of the Environment and the Ministry of Agriculture, Forestry and Fisheries

Examples of food storage containers and bags



TOPVALU HÔME CÔORDY storage containers, which can be used in microwave ovens



TOPVALU SLIDER BAG



Disseminating information at the cooking station



POP display created in collaboration with the city of Kobe calls on customers to reduce food loss

**Together with Local Communities**

Aeon collaborates with local communities to advance initiatives for the effective use of resources. For example, in collaboration with national and local governments, we call for an awareness of food waste reduction through POP displays and leaflets at stores. In areas where we have established partnerships with reliable operational management bodies we also cooperate with their food bank\*activities based on certain conditions. As of the end of February 2020, five Group companies—Maxvalu Nishinohon Co., Ltd., Kasumi Co., Ltd., Maxvalu Tokai Co., Ltd., The Daiei, Inc., and Sanyo Marunaka Co., Ltd.—regularly provide goods to local food banks.

Currently, Aeon Retail Co., Ltd., Aeon Kyushu Co., Ltd., Aeon Tohoku Co., Ltd., and The Daiei, Inc. also conduct food drives.\*2 Sanyo Marunaka Co., Ltd., and Aeon Ryukyu Co., Ltd., also held a Food Loss Elimination Month in October 2019. Going forward we will continue to reduce food waste through joint efforts with local communities and customers.

\*1 Food banks provide facilities and people in need with food that, despite still being edible, would otherwise be disposed of for various reasons.

\*2 In food drives, people bring food that can be spared from their home to their workplace or other location, where it is gathered and donated to charitable organizations, facilities, or food banks.

**TOPICS**

**Efforts to reduce food loss and waste across the entire supply chain**

**Launch of the Japan Project “10×20×30 Food Loss and Waste Initiative”**

Food waste must be addressed not only at retail sites, but throughout the supply chain, including in the manufacturing process of products we sell. To this end, Aeon and 21 domestic food manufacturers launched the Japan Project “10×20×30 Food Loss and Waste Initiative,” which aims to reduce food loss and waste across the entire supply chain based on calls from the World Resources Institute (WRI), a think tank in the United States engaged in policy research and technological development related to the global environment and development.

“10×20×30” symbolically represents the efforts of 11 of the world’s biggest food retailers and providers, each engaging with 20 of their leading suppliers, with the aim of halving rates of food loss and waste by 2030. They also work together to conduct this initiative throughout the entire supply chain.



**Initiatives Undertaken by Group Companies**

**The Maruetsu, Inc. Initiatives**

The first step in reducing waste emissions is to identify the categories of garbage and the volumes of garbage in each category that are being emitted. With this in mind, we are “visualizing” waste emissions by introducing a waste accounting system mainly at Maruetsu stores. Employees use the system to measure and digitize waste volumes. This process helps lower waste by heightening each employee’s motivation to achieve reductions.



Measurement data from stores is managed online

**Aeon Mall Co., Ltd. Initiatives**

Aeon Mall Co., Ltd. has been using its own system to provide information on the amount of waste, including food waste, generated each year by the 11,174 specialty stores occupying its 71 malls in Japan. By having specialty stores provide information on the amount of waste generated in different categories and food waste recycling, along with their sales figures, Aeon Mall can better manage progress in specific areas and promote reduction measures.

**Aeon Food Supply Ltd. Initiatives**

Aeon Food Supply Ltd., which manufactures food products, provides employees with thorough instruction on how to separate the raw garbage (animal and plant residue) it generates during production. Aeon Food Supply collaborates with waste processing companies to reuse this waste as fertilizer and for other purposes. Its current reuse ratio is 93.8%.

Additionally, in line with the Food Loss Reduction Promotion Act, Aeon Retail, Daiei, Maruetsu, Koyo and each of our Group companies have strengthened reservation sales of seasonal products such as the “eho-maki” enabling us to manufacture products according to the reserved amount, which leads to a substantial reduction in food loss.

**Constructing Food Recycling Loops**

Aeon Agri Create Co., Ltd., which manages Aeon’s directly operated farms, and Daiei Kankyo Co., Ltd., which is engaged in the recycling business, concluded the Agreement on the Promotion of Food Recycling Loop aimed at building and expanding a composting recycling loop connecting farms, stores and composting treatment facilities.

Daiei Kankyo processes food waste generated from vegetables, meat, and other foods gathered from stores. The produced compost is then used on the Aeon Miki Satowaki Farm. The vegetables grown and harvested using this compost are sold in Aeon stores. In this way, Aeon is constructing a self-contained food recycling loop. In 2019, this food recycling loop shipped approximately 342 tons of agricultural products, including cabbages, daikon radish, Chinese cabbage, spinach, and cherry tomatoes.

Based on the concept of education for sustainable development, we are also proactively conducting environmental education activities for children, who will be the leaders of the next generation. These activities include study tours of food recycling facilities, environmental studies, and presentations on food recycling loops.

Food resource recycling models, one of the Aeon Food Waste Reduction Targets, were created at 12 locations through Japan as of the end of FY2019. 252 stores from each Group company will participate as we continue aiming to deepen the food resource recycling mode.



Spinach shipped from Aeon Miki Satowaki Farm

**FY2019 Results and Target of KPI**



**● Advancement of Aeon’s Self-Contained Food Recycling Loop**

Food residue collection: Increase steadily from the level of approximately 2,547 tons per year (targeting Aeon Group stores)  
Compost production: Increase steadily from the level of approximately 340 tons per year (FY2019)



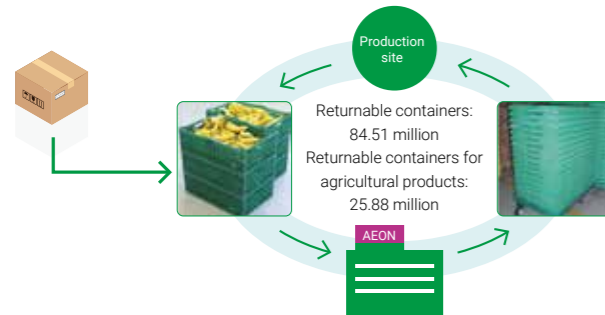


### Using Returnable Containers

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 FY2019, we reduced cardboard waste by using 84.51 million returnable containers\* and 25.88 million returnable containers for agricultural products.

\* Aeon's own containers only

#### ● Usage of Returnable Containers



### Reusing and Recycling Hangers

We are reducing the number of cardboard boxes and hangers used in the transportation of apparel by using the same reusable hangers when transporting and displaying them in sales areas.

Aeon Retail Co., Ltd. and Aeon Retail Store Co., Ltd. have begun using a collection and circulation system through collaboration with hanger manufacturers and the use of the National Permit System.\* We have expanded this system to cover almost all types of hangers of certified companies. Moreover, we have used this initiative as an opportunity to unify hanger management rules at stores, thereby reducing the number of man-hours and amount of space required for hanger management. We reviewed and revised facilities in an effort to further increase the recycling rate. As a result, we were able to reduce the amount of waste plastic to essentially zero.

\* The National Permit System is a special system under the Waste Management and Public Cleansing Law that encourages the reuse of resources by allowing manufacturers to process products that they previously manufactured. In response to requests from businesses that need to dispose of manufacturers' products, manufacturers collect, process, and conduct integrated management of their products across wide areas.

### Promoting Green Purchasing

Aeon has been pursuing its Green Purchasing initiative since 1996. When purchasing stationery and other office supplies, we adequately consider their necessity and make purchasing decisions by 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.

When developing new general merchandise stores, we strive to use construction materials procured through green purchasing and to increase the range of items subject to green purchasing.

## Together with Customers

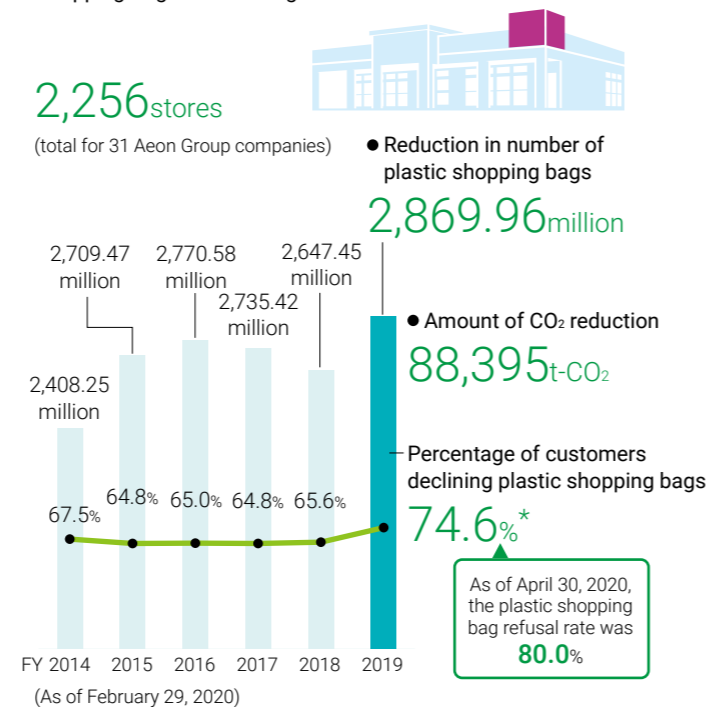
### Initiatives aimed at halting the free distribution of plastic shopping bags

In recent years, the problem of plastic waste flowing around the ocean has gained international attention, and numerous companies are mounting efforts to reduce this waste. For more than thirty years, Aeon has engaged in efforts to conserve petroleum, a raw material of plastic bags, and cut CO<sub>2</sub> emissions from the production of plastic bags.

Regarding plastic shopping bags, in 2007 we stopped distributing free plastic shopping bags in food sales areas at JUSCO Higashiyamanijou Store (now the Aeon Higashiyamanijou Store), then rolled out this effort nationwide in 2013. As of February 29, 2020, we have expanded it to 2,256 stores. The use of plastic shopping bags at these stores has declined 74.6%\*, which is the result of support from many of our customers.

From April 1, 2020, we ended the free provision of plastic and paper shopping bags at all GMS Aeon stores nationwide, including My Basket small urban-style stores and Welcia drug stores.

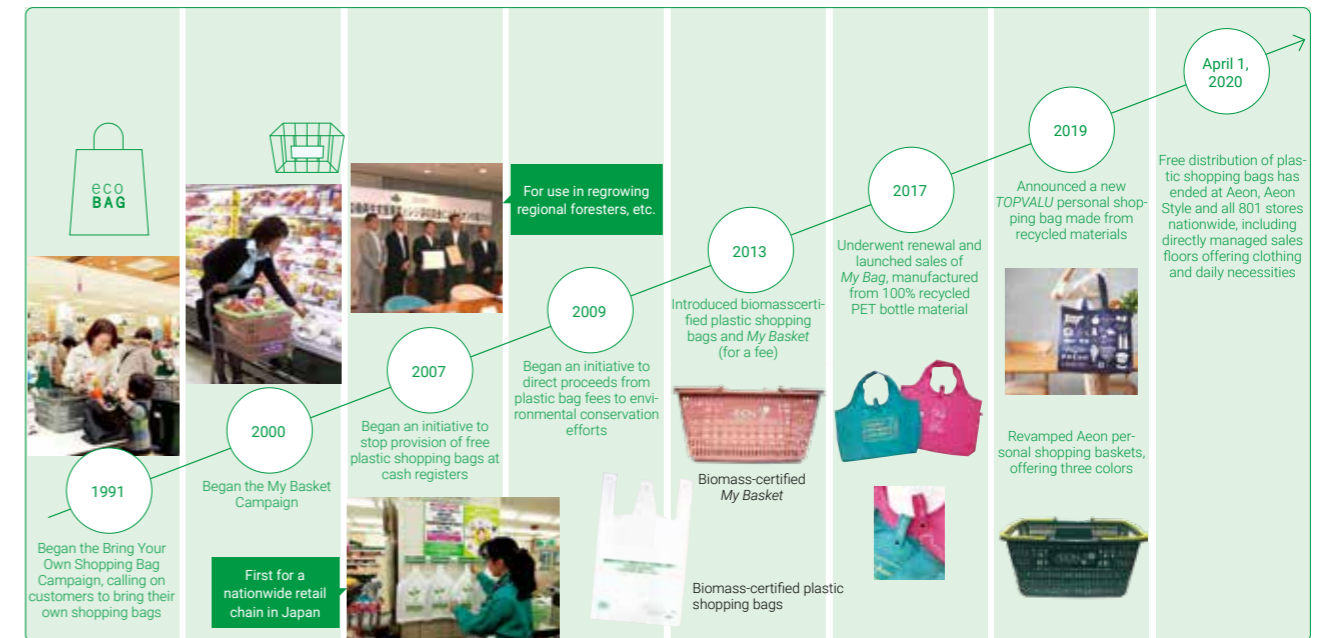
#### ● Number of Stores That Have Stopped Providing Free Plastic Shopping Bags at Cash Registers



Meanwhile, plastic shopping bags are provided for a fee to customers who want to use them. These proceeds\*1 contribute to the local environmental conservation activities of municipal authorities and other bodies. In FY2019, proceeds totaled 139.99 million JPY, bringing cumulative proceeds from plastic bag fees to approximately 841.61 million JPY since 2007.

\*1 Plastic bag proceeds: Amount obtained by subtracting the shopping bag cost from the selling price (excluding tax)

#### ● Progress of Plastic Bag Reductions



#### Group Company Initiatives

At Western Japan-area supermarkets, Maxvalu Nishinoh Co., Ltd., Marunaka Co., Ltd., and Sanyo Marunaka Co., Ltd., prior to halting the free distribution of plastic shopping bags at all stores (about 390 stores) in collaboration with the three companies before the business integration, we carried out a campaign to encourage customers to bring their own bags and baskets through store POP displays. "Aeon's My Basket" was particularly well received as customers in this area often visit stores by car.

Campaign calling on customers to bring their own shopping bags using "Momocchi and Uratchi" in Okayama Prefecture and "Kuraifu" in Kurashiki City. →



← Event announcing the end of free plastic shopping bags

We are promoting the sale of the take-home "My Basket," made with recycled plastic that can be used repeatedly in place of plastic shopping bags.

#### Aeon's My Basket



My Basket, which updated its original color scheme in 2019, sold about 360,000 pieces during the year. (Approximately 250,000 units sold in FY2018)

To further expand the "bring your own shopping bag campaign" started in 1991, the Aeon brand TOPVALU and Group companies began selling original My Bags that can be used in place of shopping bags ahead of the end of free plastic shopping bag distribution.

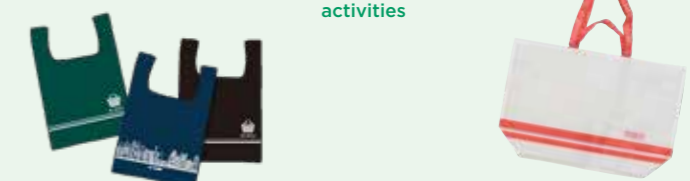
#### Group company original My Bag collection

Welcia Holdings Co., Ltd  
Welcia × TAKARAJIMASHA, Inc.  
"kippis" eco-bag



My Basket Co., Ltd.  
Easy-to-use eco-bags sold at an affordable price (198 JPY)

Mega Sports Co., Ltd.  
The simple design makes it useful for sports or leisure activities





TOPICS

Launch of the Aeon x Yoshimoto Everyone #MyBag Campaign

Shopping with your own bag is cooler than using a plastic shopping bag. Aeon launched the "Everyone #MyBag Campaign" in collaboration with Yoshimoto Kogyo Co., Ltd. We broadcast PR videos at Aeon stores nationwide to send out a message proposing lifestyles that do not waste resources by shopping with "My Bag" reusable shopping bags. In July 2020, we will release an original My Bag\* designed by Jimmy Onishi at Aeon stores nationwide, and we are planning initiatives such as educational events using stores in the future.  
(Campaign duration: April 2020–March 2021)



PR video in collaboration with Yoshimoto Kogyo Co., Ltd.



My Bag designed by Jimmy Onishi

Note: The Aeon TOPVALU My Bag is made from 50% recycled materials. 10% of sales will be used for environmental conservation through the Aeon Environmental Foundation.

Reducing Waste by Collecting Resources in Stores

To recycle valuable resources, Aeon stores have collection bins for drink cartons, food trays, aluminum cans, and PET bottles. Drink cartons and aluminum cans are used as raw materials for TOPVALU brand products. Through these efforts, Aeon is moving toward the creation of a recycling-based society.



Collection boxes at an Aeon store



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 range cooktop. Made of at least 80% aluminum remelted from aluminum cans collected at stores

Results for FY2019 (Total for 25 consolidated subsidiaries)

<p><b>Drink cartons</b></p> <p>Approx. <b>154.70</b> million</p> <p>Collected amount: <b>4,641</b> t</p> <p>CO<sub>2</sub> reduction: <b>2,331</b> t-CO<sub>2</sub></p>	<p><b>Food trays</b></p> <p>Approx. <b>447.70</b> million</p> <p>Collected amount: <b>3,133</b> t</p> <p>CO<sub>2</sub> reduction: <b>19,744</b> t-CO<sub>2</sub></p>
<p><b>Aluminum cans</b></p> <p>Approx. <b>347.38</b> million</p> <p>Collected amount: <b>5,558</b> t</p> <p>CO<sub>2</sub> reduction: <b>47,800</b> t-CO<sub>2</sub></p>	<p><b>PET bottles</b></p> <p>Approx. <b>190.19</b> million</p> <p>Collected amount: <b>11,982</b> t</p> <p>CO<sub>2</sub> reduction: <b>43,136</b> t-CO<sub>2</sub></p>

Weight conversion: Drink cartons (1,000 ml): 1 carton = 30 g, food trays: 1 tray = 7 g, aluminum cans (350 ml): 1 can = 16g, PET bottles: 1 bottle = 63g  
\* CO<sub>2</sub> reduction rate index (per 1 kg of collected material): Drink cartons: 0.50 kg-CO<sub>2</sub>, food trays: 6.3kg-CO<sub>2</sub>, aluminum cans: 8.6 kg-CO<sub>2</sub>, PET bottles (material recycling): 3.6kg-CO<sub>2</sub>  
Source: Ministry of the Environment's "Tools for Visualizing 3R Activities"

Launch of WAON-Linked Initiative to Collect Waste Paper and Plastic Bottles

Aeon conducts resource-recovery efforts (waste paper and plastic bottles) that provide WAON points to customers who contribute to resource recovery, with the aim of encouraging the recovery of resources and increasing convenience for customers.

We are promoting this initiative with a focus on stores in municipalities where there are infrequent collections of recycling waste. As of the end of May 2020, we have introduced this initiative at 390 locations, where it has met with a favorable reception from customers. In introducing this initiative, we established a clear division of roles with recycling businesses to create a system that can carry out recovery efforts on an ongoing basis.



A recycling station for collection of waste paper and plastic bottles

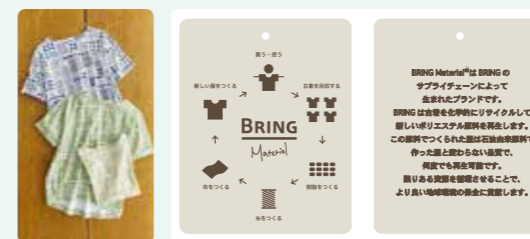
Initiatives Undertaken by Group Companies

Aeon Retail Co., Ltd.

Collecting and Promoting the Reuse of Clothing

Fashion shop Self + Service run by Aeon Retail Co., Ltd., collects\* unwanted clothing for ladies and children and participates in the BRING Project for 100% recycling of clothing. Fibers from collected clothing are recycled into ethanol and used to make new clothing. For the first time, this year recycled fiber collected was made into products and sold.

\* Collections conducted only at certain stores



2020 spring collection

Tag explaining BRING initiative

Cox Co., Ltd.

Collecting and Promoting the Reuse of Clothing

Aeon collects used down clothing for further reuse, through participation in the Green Down Project. We also sell products made of recycled down. By using recycled feathers, it is not necessary to recycle or incinerate feathers that are no longer needed, leading to a reduction in CO<sub>2</sub>.

In addition, to reduce CO<sub>2</sub> emissions in the production and disposal of corrugated cardboard boxes, we introduced the reusable "EcoBizBox" enabling the reduction of approximately 280,000 corrugated cardboard boxes annually. We will continue to promote resource recycling while working toward the SDGs.

\* Tags incorporating a system that enables the contactless reading and writing of tag data through the use of radio waves (electromagnetic waves)



An EcoBizBox container used for shipping products to stores

GFoot Co., Ltd.

Reusing and Recycling Shoes

GFoot Co., Ltd., is engaged in the reuse and recycling of trade-in shoes left at stores to fully utilize the value of shoes in consideration of environmental burdens. Approximately 137 tons of shoes were collected in FY2019. Trade-in shoes are reused or recycled through affiliated companies to promote recycling and waste reduction.

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 FY2019, 71 personnel participated in training for waste managers, and 715 personnel have participated in these seminars since FY2011. Continuation of this training will pave the way to improvements in the Group's level of waste management.

Meanwhile, we provide combined training and testing for persons in charge, with the aim of having them 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 electronic manifests\* in stages. For example, to process waste Aeon Retail Co., Ltd. contracts Aeon Waste Management Center, which is jointly operated by Aeon Delight Co., Ltd. and specialized companies. We are introducing an IT system that enables the unified management of the periods of processing service agreements and licenses in relation to contracted waste processors. We are establishing systemic capabilities that clarify the roles of companies emitting waste, contracted waste processors, and contracted management companies, and that facilitate checking. As well as strengthening compliance, these capabilities have helped reduce man-hours and costs. As of February 2020, 40 Group companies had introduced electronic manifests, and 10 companies (816 business locations) were using waste management centers.

In 2019, we conducted an internal audit of the Aeon Waste Management Center, confirming that improvements are underway. While communicating with contracted companies we are steadily putting in place rules to reflect the circumstances of individual companies. We plan to introduce these systems at more companies going forward.

Manifest: A control document issued to ensure that processing has been performed when discharging industrial waste. Though conducted traditionally in paper form between emitters and processing companies, the exchange of electronic manifests through networks has become common thanks to the digitization of manifest information in recent years.

FY2019 Results and Target of KPI

Electronic manifest introduction rate (as of the end of July 2020)







## Creating Products and Stores That Meet Society's Expectations

Delivering the joy of shopping to local customers through "mobile sales"  
(Mobile sales truck from Aeon Food Style Konandai Store)

### Ensure Product Security and Safety

#### Quality Control of TOPVALU Brand Products

Aeon developed its own TOPVALU brand of products to improve its customers' daily lives. We are working to create products by taking the point of view of our customers into consideration throughout each phase, from product planning and design to the selection of subcontractors, determination of product specifications, production management, and sales.

#### ● The TOPVALU Brand Portfolio



TOPVALU products provide customer satisfaction and enrich daily life.



TOPVALU Select features exclusive, premium-quality products.



TOPVALU Best Price realizes product quality that exceeds customer expectations while offering the lowest prices in each trading area.



TOPVALU Gurinai offers safety and peace of mind through products that are good for health and the natural environment.



TOPVALU Gurinai Organic comprises organically cultivated products that have earned official organic certification.



TOPVALU Gurinai Natural includes perishables produced without the use of synthetic chemicals as well as processed food products made from these perishable products.

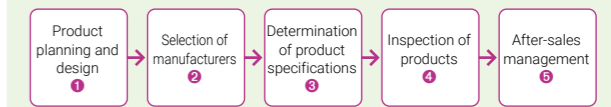


TOPVALU Gurinai Free From products do not contain additives, constituents, and ingredients that can lead to cause for concern for customers when shopping for food.

#### The Process of TOPVALU Products to Customers

##### The Process of Creating Products

TOPVALU products are created by taking the point of view of our customers into consideration throughout each phase, from product planning and design to the selection of manufacturers, determination of product specifications, product inspection, and sales.



#### ① Product planning and design

We do not develop products that may have issues with safety or present the risk of health hazards. In addition to achieving the product performance expected by customers by reflecting their feedback, our development staff, quality control staff, and customer service staff study issues such as the safety of raw materials, the reliability of suppliers, the use of additives, and appropriateness in the production process.

#### ② Selection of contract manufacturers

We conduct factory surveys at contract manufacturers to confirm factory quality (exemptions apply for GFSI-certified factories) and conduct audits based on the Aeon Supplier Code of Conduct to ensure that all of the products we consign are produced at factories that can ensure safety and security.

#### ③ Determination of product specifications

Completed prototypes are evaluated by "customer monitors," employees, etc. In addition, we also reevaluate the selection of raw materials, use of additives, and manufacturing processes to finalize the product specifications and contract manufacturers.

#### ④ Inspection of products

The products manufactured in accordance with their specifications are inspected to see whether they meet the initially expected quality standards. Products that pass inspection are sold to customers.

#### ⑤ After-sales management

Based on the agreement with the manufacturer, we inspect each production lot at the plant for the items agreed upon and keep records. We also carry out product inspections periodically to find out whether they meet the specified quality standards and manage manufacturers, including through plant hygiene investigations.

#### 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.



We are implementing initiatives aimed at ensuring product safety and security. In case a defect or flaw is discovered in a product despite these efforts, Aeon informs the public of the fact as quickly as possible and recalls and withdraws the product in question.

In FY2019, Aeon withdrew 61 products due to serious incidents involving TOPVALU products. Aeon will strive to prevent product accidents through efforts that include identifying problem areas based on customer feedback to avoid recurrence of an issue, strengthening relationships between related departments, and reviewing areas of concern in the production and shipment phases of a product.

**Examples of TOPVALU Product Incidents in FY2019**

**TOPVALU Compact Stroller**

**Cause:** Discovered that the button on the stroller's plastic buckle part, which fastens the seatbelt, had the potential to break when pushed to unfasten the seatbelt

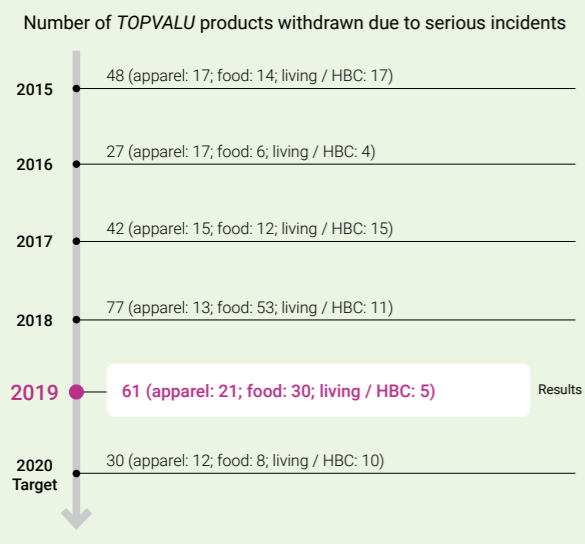
**Response:** Product withdrawal and voluntary recall (recall announcements at points of purchase at stores and through websites, newspaper advertisements, and toll-free numbers)

**TOPVALU Glamatical Whitening Serum**

**Cause:** Discovered that certain stores were displaying and selling the product, as well as handing out free samples, before it received approval as a quasi-drug

**Response:** Voluntary recall of the product and its free samples (recall announcements at points of purchase at stores and through websites and toll-free numbers)

**FY2019 Results and Target of KPI**



**Acquisition of ISO 9001 Certification**

The companies of the Aeon Group are working to acquire ISO 9001 certification, provide consistent products and services, and increase customer satisfaction.

**Group Companies with ISO 9001 Certification (As of the end of February 2020)**

Company
Maxvalu Chubu Co., Ltd. Head office, Kawaimachi Store, Kawaguchi Store
Aeon Credit Service Co., Ltd.
Aeon Delight Co., Ltd.
Research Institute for Quality Living Co., Ltd. Central Institute
Guangdong Aeon Teem Co., Ltd.
Kasumi Meat Processing Center, Ltd.
Chiyoda Plant of Rose Corporation Co., Ltd.
Kasumi Green Co., Ltd.
Aeon Pet Co., Ltd. Pet inn Royal Narita Airport
Aeon Credit Service (Asia) Co., Ltd.
Aeon Credit Service (M) Berhad
Aeon Thana Sinsap (Thailand) PCL.
Qingdao Aeon Dongtai Co., Ltd.
Aeon Topvalu Co., Ltd.
Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd.
Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd.

**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.

As of the end of February 2020, 23 companies from our GMS Business and SM Business have implemented the Aeon Food Sanitation Certification System while a total of 11,043 sections have obtained certification.

**Quality Keepers**

Aeon has assigned "Quality Keepers" at its stores to verify store sanitation levels and product quality. Quality Keepers check store products and food preparation areas at stores, and call for improvements if a problem is found. In addition, the sales staff inspect a list of items related to sanitation and quality control, including a temperature management chart that is used to record temperature management information for display cases, refrigerators, and freezers, sell-by dates that are set for each product, and freshness checks on fresh produce.

**Revamping Tools and Programs for Educating Employees about Hygiene**

The Aeon Standard for Managing In-Store Food Hygiene stipulates Aeon's hygiene management criteria. Given the fact that hazard analysis and critical control points, or HACCP, is becoming mandatory, we have revised this standard and other regulations related to hygiene management as well as our educational manuals on hygiene.

Also, employees working in food sales areas at Aeon stores receive education based on the Aeon Standard for Managing In-Store Food Hygiene at least once a year.

**Carrying Out Hygiene Inspections of Food Preparation Areas**

We carry out hygiene inspections at least twice a year to confirm the hygiene management status in food preparation areas. Audits are continued until certain specified standards are met.

**Labeling and Disclosing Product Information**

For TOPVALU products, we consider what information should be displayed to give customers peace of mind. We make a thorough effort to display manufacturer information and perform quality control on products, including through voluntary inspections.

We also have in place a system that helps us respond to the numerous questions we receive from customers.

**Labeling of Genetically Modified Ingredients**

In April 2001, legislation in Japan enacted a labeling system for genetically modified ingredients. However, even before this, in September 2000 Aeon began labeling TOPVALU brand products that contain genetically modified ingredients in response to demands from its customers. We have expanded the scope of labeled items and are striving to provide labeling even for items not mandated by law.

Additionally, label accuracy of products subject to labeling (separate items) is confirmed through certification of proper separation of production and distribution (IP handling) or testing for genetically modified DNA.

**Disclosing the Places of Origin of Processed Food Ingredients**

We receive numerous inquiries from customers regarding the places of origin of processed food ingredients. Labels showing the places of origin of processed food ingredients have been mandatory in Japan since October 2006 for 22 food product categories, including dried mushrooms, green tea, and konnyaku (jelly made from devil's-tongue starch), as well as for four individual items. In response to customer requests, the labels of TOPVALU brand offerings show the places of origin of ingredients not only for food products in the mandatory categories but also for as many other products as possible.

名称	塩昆布
原材料名	昆布(北海道)、しろうゆ(大豆・小麦を含む)、食塩、たん白加水分解物(大豆を含む)、調味料(アミノ酸等)、甘味料(ソルビトール、カンゾウ)、カラメル色素、増粘多糖類
内容量	28g
賞味期限	反対面下部に記載



**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, a two-dimensional bar code. The data includes the places of origin as well as the differentiated measures taken by producers and how the item was grown.



A product labeled with a QR code

**Disclosing Information on Domestic Beef**

Prior to enforcement of the Beef Traceability Act,\* in 2002 Aeon established the Domestic Beef Safety Confirmation System in order to provide peace of mind to customers buying beef. The system allows customers to find out information about beef products produced from cattle raised in Japan, including where the cow was raised, who raised it, and what kind of feed it was raised on. The system can be accessed through our website.

\* Enforced in December 2004, the official name of the law is The Law for Special Measures Concerning the Management and Relay of Information for Individual Identification of Cattle.

**Disclosing Information Related to Radioactivity and Radioactive Material**

We have been voluntarily inspecting radioactivity and radioactive materials in Japanese beef, seafood, agricultural goods, and other foodstuff since March 2011.

The results of these inspections are published on our 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 as the distributor on all product packaging.



Consumers can check the names and addresses of plants that manufacture food products and additives using a unique code comprising numbers and letters\*2 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.

\*1 "Free" means "absent" or "non-existent," and "free from" in food indicates that additives and ingredients that can lead to cause for concern for customers are not used.

\*2 If the distributor is effectively responsible for food product safety, the distributor must apply to the Consumer Affairs Agency and receive permission to use unique symbols in the event the sale of foods or additives falls under the provisions of Article 10 of the Cabinet Office Ordinance related to standards outlined in accordance with Article 19-1 of the Food Sanitation Act.

For imported foods and additives, the Food Sanitation Act and the Act for Standardization and Proper Labeling of Agricultural and Forestry Products (JAS Act) provide for the stating of the country of origin and location of the importer.



Search screen of Search System for Manufacturing Plant Codes  
<https://www.topvalu.net/seizosyo-kensaku/>

## Health and Allergy Measures

### Launching Food Products without Certain Additives and Ingredients

Since 2016, we have been developing and bringing to market TOPVALU Gurinai Free From\*1 confectionery, bread, ham, sausages, seasonings, instant noodles, and other products. We produce these foods without the use of 109\*2 additives and ingredients that can lead to cause for concern for customers when shopping for food. To date, we have developed more than 100 such products.

Aiming to meet the needs of people who want to provide food with less additives to their children as well as the needs of health-conscious customers, we conducted a questionnaire and decided on the additives and ingredients to exclude based on the results. We aim to develop high-quality products that respond to customers' needs.

In addition to food products, we continue to sell such everyday necessities as shampoo, body soap, and laundry detergent. We launched a lineup of skin-protection products that includes ultraviolet (UV) cream and body milk. To reduce CO<sub>2</sub> emissions, we have begun using biomass-derived ingredients for some product packaging\*3, such as bottles and refill pouches.

In 2018, we also began developing products in the delicatessen categories. Keeping in mind additives and the desire to develop a flavoring stock unique to the AEON series that would conjure up the flavor of home cooking, we launched such Japanese side dishes as simmered hijiki seaweed and golden burdock. We also expanded the range of products that can be enjoyed with everyday meals, such as potato salad and macaroni salad.

\*1 "Free" means "absent" or "non-existent," and "free from" in food indicates that additives and ingredients that can lead to cause for concern for customers are not used.

\*2 29 synthetic colorings, 15 synthetic preservatives, 3 coloring agents, 5 fungicides, 10 artificial sweeteners, 23 flavor enhancers (amino acids), 6 flavor enhancers (nucleic acids), 3 anti-oxidants, 3 bleaching agents, 6 manufacturing agents, and 6 foods that contain a lot of trans-fatty acids

\*3 Shampoo, conditioner, foaming body soap, facewash foam, liquid laundry detergent, and softener



### Labeling of Food Allergens

Aeon uses standardized icons on the outside of all food product packaging to ensure consumers can easily identify food allergens contained in products.

The information covers the use of seven ingredients\*1 that are officially designated by law to be displayed on the outside of product packaging. The back label of products also contains the 20 secondary items\*2 recommended for inclusion in product labeling, bringing the total number shown to 27 ingredients.

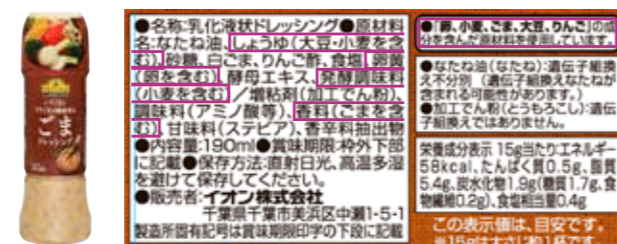
We also strive to include, where possible, food allergens that are handled in the manufacturing process and therefore could be found in trace amounts in the product.

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

\*1 Items for which inclusion on labels is mandatory: wheat, milk, eggs, peanuts, buckwheat, prawns, and crab (7 items)

\*2 Secondary items for which inclusion on labels is recommended: Almonds, 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 (21 items)

In September 2019, almonds were added as a secondary item for inclusion on labels, and since then we have been gradually working to update labeling accordingly.



Labeling of food allergens

## Developing and Selling Food for Allergy Sufferers

The TOPVALU Yasashi Gohan series was launched in November 2016 to meet customer demands related to products that consider food allergies. The series was planned and developed without the use of seven specific ingredients\* based on the concept of "meals for everyone in the family and that are gentle on the body." As of the end of February 2020, the lineup featured a range of 24 varieties. The series offers a rich selection that includes powder mixes and white sauce that can be made into a variety of dishes as well as easy-to-prepare gratin and pasta sets. For the first time ever, the series now includes bread and a range of snacks that can be enjoyed as is. The series also features mild chocolate that does not contain milk and can be used as an ingredient in baking. Through this extensive lineup, we will present meals that allow everyone to enjoy the same menu, even in households that include people with food allergies, as well as strive to provide assurance and trust rooted in daily life.

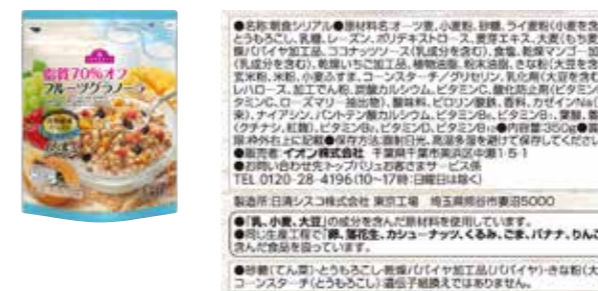
\* eggs, milk, wheat, peanuts, buckwheat, prawns, and crab



### Labeling of Nutritional Content

Over the years, we have taken such initiatives as prominently labeling food allergens on the outside of TOPVALU product packaging. Since 2014, we have been asking customers what sort of labeling they thought was necessary, and displaying nutritional content\* such as energy and fat on our packaging. By arranging and printing nutritional content information in a fixed position on the outside of product packaging, we aim to provide customers who want to consume healthy balanced meals every day with a yardstick for managing their health through diet.

\* Energy, protein, fat, carbohydrates (sugars and dietary fiber), and salt equivalents



## Catering to the Elderly, People with Disabilities, and People Unable to Shop

### Initiatives for the Senior Generation

We use the name Grand Generation (G.G) in reference to seniors who are active and aggressive consumers—and responds to the shopping needs of seniors with such initiatives as 'G.G Mall' and 'G.G Card' targeted for seniors. For example, we have launched a service providing special G.G benefits to customers aged 55 or older using WAON e-money. We plan to gradually expand this offering throughout Japan.

In addition, Aeon is developing Aeon Pharmacy sections within Aeon general supermarkets, attracting general clinics with medical facilities as tenants to respond to rising medical needs against the backdrop of Japan's aging society. Also, we are focusing on developing Food for Specified Health Uses (FOSHU) to meet the health needs of our customers.

### Creating a Convenient and Comfortable Store Environment for Everyone

Aeon developed its own building standards based on the Heartful Building Law of 1994 (revised and renamed as the Barrier Free Law\* in December 2006). We use these standards when building new stores or remodeling existing locations. As of the end of February 2020, over 760 of our facilities had been certified as compliant with the Barrier Free Law.

We are also committed to incorporating universal design concepts 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 on Buildings Accessible and Usable by the Elderly and Physically Handicapped, 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



Care-Fitters

We encourage Aeon employees to acquire the 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 the Aeon Group numbered 11,112 as of the end of February 2020.

\* 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, the Aeon Group has been participating in the Dementia Supporter Caravan jointly promoted by the Ministry of Health, Labour and Welfare and the non-profit organization Community-Care Policy Network, in order for its employees to correctly understand dementia and provide appropriate support.

Thus far, we have run Dementia Supporter Training Courses to educate Dementia Supporters\*1 in addition to training instructors (in-house Caravan Mates) for the courses.

Employees also undergo training during the preparation phase for opening a new store, encouraging them to become Dementia Supporters before the store opens. As of the end of February 2020, cumulative Dementia Supporters numbered 79,086, the most of any company in Japan, and 899 "Caravan Mate\*2" instructors for the training course.

\*1 Dementia Supporters: Individuals certified through a prescribed curriculum implemented by municipalities and other groups. They have an understanding of dementia and are able, within their capabilities, to give care to, watch over, and provide support to people with dementia and their families.

\*2 Lecturers in seminars on assisting customers with dementia



Dementia Supporter mark and orange band



Seminar on assisting customers with dementia in session

TOPICS

Holding Dementia-Awareness Events throughout Japan

Working with pharmaceutical manufacturer Novartis Pharma K.K. and with support from the Japanese Society for Dementia Care, Aeon holds dementia-awareness events for the residents of communities throughout Japan.

These events foster initiatives for realizing the Japanese dementia strategy (New Orange Plan)\* formulated by the Ministry of Health, Labour and Welfare. In communities with Aeon commercial facilities, events include lectures by dementia support doctors in the community and consultations with dementia care specialists. We held such events at 10 stores across Japan in FY2019, which were attended by a total of roughly 590 customers.

We aim to expand this effort to include initiatives targeting people with dementia and the family members who support them, creating communities where all residents can live with peace of mind.

\* Strategy formulated chiefly by the Ministry of Health, Labour and Welfare for creating communities friendly to seniors with dementia

Enhancing the Shopping Experience

Online shopping is becoming a familiar and convenient way to shop due to a diversification in shopping needs, which include improved store access and shopping outside of normal business hours. The Aeon Group is strengthening its omnichannel strategy by developing Aeon store e-commerce platforms through the "Aeon Square" website portal, taking advantage of the network of stores nationwide and enabling links between store and Internet services, and expanding its home delivery service for goods bought in stores and store pickup service for goods ordered over the Internet.

Aeon is also promoting measures to meet diverse shopping needs such as increasing openings of small urban-style stores that offer perishables and delicatessen items as well as processed food and daily essentials, primarily in the urban areas of Tokyo and Kanagawa where there is only a limited number of our stores.

Providing Shopping Support through Mobile Sales Trucks

Anticipating an increase in the elderly population, we began operating mobile sales trucks to serve as a shopping aid for senior citizens. Further, the initiative is part of our efforts to foster "local community ecosystems" by developing social infrastructure that helps residents lead physically and emotionally healthy daily lives. We are extending our routes to include areas with significant need for this service, such as parking lots in residential areas and facilities for the elderly.

The number of initiatives has gradually increased. In July 2019, we began offering our mobile sales service in Sayama, Saitama Prefecture (the first in this prefecture) and in the outskirts of Kobe, Hyogo Prefecture (the first in western Japan), increasing the number of sales points.

Case Study: Within the City of Sayama

Twice a week, between Monday and Friday, we offer some 300 items (such as perishables, seasonings, delicatessen items, and daily sundry items) for sale in four designated sections of Kashiwabara Newtown. If customers request items that are not available, we can bring them along for sale the next time the truck visits.

Case Study: On the Outskirts of Kobe

Tsukushigaoka Ward, to the north of Kobe, has a higher percentage of people aged over 65 than the Kobe average. Upon request from a local residents' association, we operate sales truck in this area that is used by many customers.



Mobile Sales Trucks

Catering to Customers with Diverse Values

The Evolution of Measures for Halal-Certified Products

Based on customer feedback and sales trends in response to the measures we undertook for halal-certified products, we have been further evolving such measures. We attach certification marks to products produced at halal-certified plants overseas. In Japan, meanwhile, we are considering commercializing products at plants that have acquired halal certification.

We will use websites and social networking services (SNS) to communicate with Muslim customers in Japan and provide them with information on halal food products.



Examples of Aeon products sold in Malaysia

Commencing Initiatives toward Animal Welfare

In consideration of animal welfare,\*1 we launched TOPVALU Green Ai Free-Range Eggs, which are produced by chickens raised in cage-free environments where they can move freely around the poultry house, on February 19, 2020. Through the use of feed that does not include antibiotics, antibacterial agents, and fertilizers, we were committed to ensuring that this product is chemical free. TOPVALU Green Ai Free-Range Eggs are currently being offered at 24 stores (as of May 31, 2020), and we aim to expand the sales area of this product going forward.

\*1 Animal welfare is the general belief in protecting the psychological well-being of animals by minimizing the suffering that people inflict on them, including pain and stress. Animal welfare provides a means for raising animals so that they can live healthy lives while maintaining their natural behavior.

TOPICS

Launching new products from a hit series that exceeded its six-month sales volume forecast in only a month after release!

A growing health awareness is causing more people to focus on low-carbohydrate diets.

In November 2018, we launched Cauliflower / Broccoli Rice Substitute, which features a cauliflower / broccoli mixture that has been diced to the size of rice kernels and then frozen. After its launch, Cauliflower / Broccoli Rice Substitute reached its expected six-month sales volume targets in only about a month, receiving high praise as an easy-to-enjoy substitute for various rice dishes. In the same series, we launched TOPVALU Six-Vegetable Rice Substitute at a total of 3,600 Group stores throughout Japan in December 2019. On the official TOPVALU website, we introduce ways to prepare TOPVALU Six-Vegetable Rice Substitute, such as mixing it with rice to make rice balls and mixing it into a soup to make a dish similar to rice gruel, so that people with different taste preferences can enjoy the product with ease. Further, TOPVALU Six-Vegetable Rice Substitute can be eaten on its own as a tasty replacement for rice. With its crunchy and firm texture, TOPVALU Six-Vegetable Rice Substitute provides a healthy meal that can satisfy customers without requiring them to reduce the amount of food they eat.



Nutritional comparison with regular rice

	Rice 150g	Cauliflower Rice Substitute 150g	Broccoli Rice Substitute 150g
Carbohydrate	53.7g	2.1g	2.4g
Energy	252kcal	27kcal	34kcal
Dietary fiber	0.5g	3.2g	4.2g



## Taking Disaster Prevention Measures

### Establishing Temporary Local Shelters

The role of disaster-prevention facilities is to provide a temporary refuge during times of disaster, to serve as a hub for rescue and first-aid activities, and to provide access to daily essentials. To fulfill this role, we aim to set up temporary local shelters at 100 locations throughout Japan by FY2020. Stores serving as a temporary local shelter are equipped with backup generators and sometimes water tanks in to provide an emergency water supply.

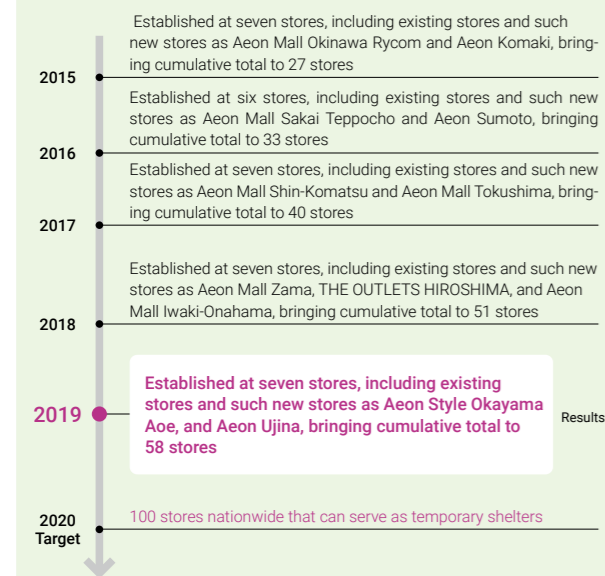
In FY2019, we established disaster-prevention facilities at seven stores—Aeon Okayama Aoe, Aeon Ujina, Aeon Amagasaki, Aeon Fujiidera Shopping Center, Aeon Mall Higashi-ura, Aeon Mall Natori, and Aeon Mall Takasaki—bringing the total number of Group stores with these facilities to 58 as of the end of February 2020.



Aeon's private power generators

#### FY2019 Results and Target of KPI

##### Number of temporary local shelters



## TOPICS

### Signing of a Partnership Agreement on Disaster Response with the Cabinet Office

In July 2019, we entered into a partnership agreement on disaster response with the Cabinet Office. Under this agreement, in addition to closely collaborating with the Cabinet Office during normal times, we will realize smooth coordination with the Cabinet Office in the event it needs to respond to disaster-stricken areas following a natural disaster. By doing so, we aim to implement more effective disaster response measures.

#### Overview of the Agreement

From the perspective of enacting more effective disaster response measures, the Cabinet Office and Aeon will work in collaboration toward the items listed below. Also, to ensure that this collaboration goes smoothly, we will work to secure a system for maintaining contact with the Cabinet Office and implementing disaster drills and other measures during normal times.

- (1) Utilize Aeon store premises and other locations as bases for support teams
- (2) Provide support to those affected by disasters through the utilization of equipment possessed by the Aeon Group

This partnership agreement will enable the smooth provision of support to local municipalities during a disaster in such ways as utilizing Aeon store parking lots as bases for support teams and Group equipment such as balloon shelters to provide disaster relief.

Going forward, in order to support local customers and fulfill our role as a part of social infrastructure during times of emergencies, we will continue to implement disaster prevention measures with the aim of creating safe and secure local communities.

### 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 resulted in 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. Since the 2016 Kumamoto earthquakes, we have expanded the scope of our efforts in our aim to improve safety and earthquake resistance at all of our stores.

In addition, since the 2016 Kumamoto earthquakes, we have expanded the scope of our efforts to include all stores. At Aeon Retail Co., Ltd., construction work had been completed at 266 stores by the end of FY2019. In FY2020, Aeon Retail plans to implement safety-related construction work at four additional stores (including stores of Aeon Retail Store Co., Ltd.).

Further, at Aeon Mall Co., Ltd. construction work at 66 malls, including malls in leased properties, was completed by the end of FY2019. In FY2020, Aeon Mall plans to further implement earthquake-related safety measures, which will entail the attachment of fireproof sheets to hanging smoke barriers, at 13 malls located in leased properties.

#### FY2019 Results and Target of KPI

##### Number of seismically reinforced stores



## Disaster and Fire Prevention Measures

As an operator of commercial facilities used by a large number of customers, we take measures and conduct drills so that we can rapidly ensure the safety of customers and personnel in the event of a disaster.

In FY2019, we conducted initial response training, which covers discovery, notification, initial fire extinguishing, and evacuation guidance, at 144 shopping centers nationwide. The aim of this training was to ensure that all employees understand the prioritization of the Aeon Group's responsibilities. In other words, our first priority is the lives of our customers and employees, the second is our stores and facilities, and the third is our brand and corporate value.

### Groupwide Disaster Prevention and Safety Drills

Taking lessons from the experience of the Chuetsu Earthquake, Aeon has been conducting earthquake disaster drills since 2005 to ensure quick action toward the safety of its customers and employees in the event of a large-scale disaster. In March 2014, we established the Aeon Komaki Crisis Management Center, based at the Aeon Komaki Store (Komaki, Aichi Prefecture). This center is designed to gather early-stage information and serve as an alternative headquarters if Aeon's head office in Makuhari is unable to perform headquarters functions due to disaster. In July, we conducted a drill with the Aeon Komaki Crisis Management Center functioning as the alternative head of operations based on the scenario that our 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 strengths 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

At Aeon stores, safety and disaster preparedness measures are checked on a daily basis, in addition to final inspections conducted by security staff and store managers 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 decided to increase the number of earthquake response drills to twice per year from 2012. We strive to make these drills as realistic as possible by devising scenarios based on a variety of possible disasters. Full-time store employees and tenant employees participate in the drills. They are conducted to help us provide timely responses and ensure the safety of customers in the event of a fire or earthquake.

## Concluding Disaster Prevention Agreements

We expect our store personnel to act as members of local communities at all times, and this expectation extends to disasters. With the aim of helping local residents in the event of a disaster, we are concluding disaster prevention agreements pledging cooperation with and support for municipal authorities nationwide.

We have concluded disaster prevention agreements with 700 municipal authorities and private companies as of the end of February 2020. Under the agreements, we will provide relief supplies and allow the use of our parking lots as evacuation areas during disasters. We are also stepping up collaboration on an everyday basis with local communities in their disaster prevention efforts by conducting joint disaster prevention drills with the parties to these agreements.

## TOPICS

### Aeon × The Scout Association of Japan Holding the Nationwide Fire Prevention Caravan

Together with the Scout Association of Japan, we hold the Nationwide Fire Prevention Caravan at Aeon Malls and Aeon Towns across Japan. Through the Nationwide Fire Prevention Caravan, we offered a hands-on fire prevention program in 2019 for the fourth year in a row. This program sought to provide children, who will become the leaders of the future, and their parents with fire prevention knowledge and skills that are useful during the event of an emergency, including how to easily make a stretcher and how to effectively use rope to suppress a fire. During FY2019, this program was offered at approximately 70 Aeon Malls and Aeon Towns across Japan, starting with Aeon Mall Kurashiki.

Nationwide Fire Prevention Caravan 2019  
—Creating a Mindset to Always Be Prepared, Together—



### Introducing Balloon Shelters

Aeon has promoted the installation of "balloon shelters"—large tents for use in emergency evacuations—since 2004 to be prepared in the event of an earthquake or other major natural disaster. As of the end of February 2020, the tents have been placed at a total of 30 locations, primarily shopping centers around the country.

The tents are lightweight and easy to carry, so those stored close by can be brought to locations affected by disasters.



Balloon Shelter  
Balloon shelters can be easily inflated with a special blower and be ready for use in around 40 minutes. Each set comes with one tents and a single tent can accommodate nearly 50 people.



### Proposing Rolling Stock

We call on customers to make preparations that can be continually practiced in their daily lives to the extent possible in order to achieve even the slightest reductions in damage in the event of a disaster.

As it is said that a food stockpile lasting anywhere from a minimum of three days up to a week is required for an at-home evacuation scenario immediately following a disaster, Aeon proposes rolling stock using TOPVALU. In times of emergency, customers can use the items they stock up on in their daily shopping through a cycle of regularly buying and keeping extras of items they consume and always making additional purchases of what they have eaten.

Going forward, we will continue to propose disaster reduction initiatives through our stores and products in order to fulfill our role as a lifestyle infrastructure for customers.

### Measures to Assist People Who Are Unable to Return Home

Aeon, which has shopping centers around Japan, has in the past provided assistance when people were unable to return home.

Specifically, we provide water, restrooms, information, and places to rest. At stores and offices, where many people would likely be unable to return home in an emergency, we have put in place a response system. We have prepared a manual of countermeasures and conduct regular drills.

### Raising the Safety Levels of Store Facilities and Fixtures

We work to enhance the safety of the facilities and fixtures used in its stores to prevent accidents involving its customers.

#### Safety Measures for Escalators

There has been an increasing number of accidents in recent years involving children getting caught in the gap between the escalator and walls of shopping centers and department stores. In response, Aeon stores work to prevent escalator-related incidents by setting up barriers or dividers to prevent exposure to such gaps.

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.



A safety measures for escalators

### Establishing Parking Pole Lot Guardrails

Accidents often occur in the parking lots of retail complexes as a result of drivers mixing up the gas and brake pedals. We have therefore established parking pole guardrails at our parking lots to prevent cars from crashing into stores and ensure the safety of our customers.



Parking pole



Parking lot guardrails

### Installing Automated External Defibrillators (AEDs)

We are promoting the installation of AEDs at each of its stores.

These devices generate electric shock as a means of resuscitating people who have suffered sudden cardiopulmonary arrest. In addition, we are providing emergency lifesaving training for people responsible for sales areas and security staff.

In FY2019, we endeavored to increase the installation of AEDs, where there are only a few devices installed. As a result, installations reached 1,914 devices at 1,116 stores throughout the entire Aeon Group.

### Crime Prevention Measures

There have been a number of incidents at supermarkets over the past several years involving food products containing needles or other dangerous objects. We have 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 stores of Group companies 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 and liaising with police to ensure the safety of customers in the event of an incident or accident at our store.

## Dialogue with Customers

### System for Listening to Customers

We put our customers' perspective at the heart of management and strive to provide an environment in which customers feel free to provide suggestions. We also endeavor to promptly incorporate customer comments into enhancing our product lineup and services, environmental conservation activities, and other areas.

#### Suggestion Boxes and Communication Boards

Each Aeon store has set up a box where customers can submit their opinions as well as a communication board disclosing these 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

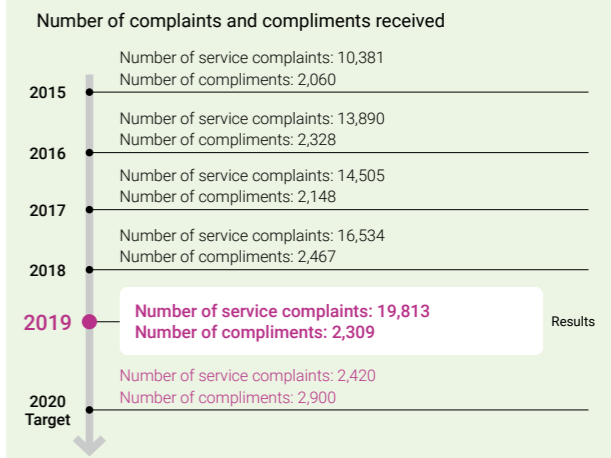
#### Customer Service Department

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 we receive via phone, the 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 where we collect suggestions from customers. This information is reported to responsible department, and shared with employees of relevant departments through systems that manage customer feedback.

In FY2019, Aeon's headquarters received 101,285 opinions and inquiries from customers, up 102.5%, or 2,516, year on year. Feedback received via e-mail continued to increase. The number of service complaints was 19,813, up 119.8% from FY2018. Throughout the Group, the number of compliments we received was 2,309.

Going forward, we will listen carefully to the opinions of each and every customer to provide them with better services and products.

### FY2019 Results and Target of KPI

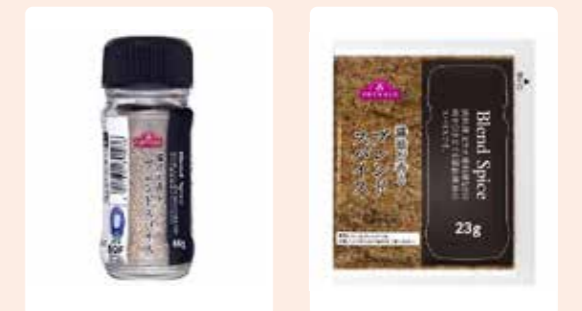


### TOPICS

#### Examples of Product Development and Improvements Reflecting Customer Feedback

##### Example of Product Development

Product Name: Shoyu Ga Kaoru Blend Spice  
 Sale of Refill Pack for Shoyu Ga Kaoru Blend Spice (JAN4901810899036)  
 23g Shoyu Ga Kaoru Blend Spice Refill Pack (JAN4549414017755)  
 Customer opinion: "Shoyu Ga Kaoru Blend Spice is an all-purpose spice that we use in our house more than salt and pepper. We use up the spice so quickly that we hope a refill pack will become available soon"



##### Example of Product Improvement

Medicinal Use Foam Hand Soap 250ml (JAN4549741649070)  
 With the original product, the stopper was transparent, so many customers did not even know it was there. We intend to change the stopper from being transparent to having a white color so that it stands out more to customers (change scheduled for the second half of 2020).







## Implementing Fair Business Practices Based on Respect for Human Rights

Aeon's diversity promotion keyword is "daimanzoku" (satisfaction)

### Initiatives to Respect Human Rights

#### Aeon Human Rights Policy

Initiatives focused on respecting human rights are central to the resolution of a range of social issues. In Japan and overseas, laws and guidelines call on companies to play leading roles in addressing human rights issues.

In 2003, Aeon established the Aeon Code of Conduct to realize business management that is founded on respect for human rights, which is one of Aeon's basic principles. To advance the Aeon

Code of Conduct, the Company established Aeon Human Rights Policy in 2014. Further, given the recent developments in social situations worldwide, we revised Aeon on Human Rights Policy in October 2018 to include suppliers in the scope of activities.

The overriding goal of the revised policies is to help realize a society that respects human rights. To this end, the policies clarify Aeon's commitment to implementing human rights measures based on domestic laws, international laws, and international agreements and clarify the policies' applicability to all business partners and other stakeholders involved in Aeon's business activities. Moreover, the policies state the Group's intention to develop a due diligence process for human rights.

#### Aeon Human Rights Policy

In accordance with this policy, all of Aeon's executives and employees (Aeon People) will further their understanding of human rights and help realize a society that respects these rights.

We will adopt this policy for all Aeon People and share it with all business partners.

#### 1. Our Approach to Human Rights

For everyone affected by our business activities, we will comply with domestic laws on human rights and labor, the International Bill of Human Rights, and the rules on human rights set forth in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work in accordance with the Aeon Basic Principles, the Aeon Code of Conduct, and the United Nations Global Compact, which we joined in 2004. Further, we will support and follow the United Nations Guiding Principles on Business and Human Rights.

#### 2. Respect for Human Rights in Business Activities

We will respect the privacy of individuals as well as their diverse values and personalities and never discriminate against anyone for any reasons, including discriminatory treatment based on race, nationality, ethnicity, gender, age, place of birth, religion, educational background, physical or mental disability, sexual orientation, or gender identity. Further, we will remain mindful of the positions of others and respect them as our equals.

- We will treat all customers in a fair and impartial manner and provide them with safe, reliable products and services as well as related information.
- We will actively communicate with local community members to ensure that we are respecting their human rights.
- We will comply with sound corporate ethics and workplace environment-related laws, regulations, and international standards in our business activities by dealing with business partners fairly. Moreover, we will continually improve our performance in this regard.
- We will listen to our coworkers, respect each coworker's human rights, and create workplace environments that are harassment free, safe, and employee friendly. At the same time, we will train and educate all Aeon People to further their knowledge and understanding of human rights.

#### 3. Implementation of Human Rights Due Diligence

Regarding the impact of our business activities on human rights, we will contribute to the realization of a society in which human rights are respected through the implementation of human rights due diligence.

Revised October 2018

On August 21, 2001, timed to coincide with the change of our Group name from the Aeon Group to Aeon, we formulated the "Aeon Corporate Commitment" (P. 0) clarifying the path we must follow going forward.

Aeon's original vision, everything we do, we do for our customers, is a principle that remains unchanged despite changes in world around us. We also recognize Aeon's tradition and mission as always staying one step ahead without becoming complacent so that we can improve the everyday lives of our customers. To further strengthen the next generation of Aeon, we established the Aeon Code of Conduct to share these values with Aeon People in an attempt to form a strong bond of trust.

Going forward, Aeon will continue to engage in innovations in every area based on its "Customer-First" philosophy.

#### Aeon Code of Conduct

1. Aeon People are always grateful to the many other individuals who provide support and help, never forgetting to act with humility.
2. Aeon People value the trust of others more than anything else, always acting with integrity and sincerity in all situations.
3. Aeon People actively seek out ways to exceed customer expectations.
4. Aeon People continually challenge themselves to find new ways to accomplish the Aeon ideals.
5. Aeon People support local community growth, acting as good corporate citizens in serving society.



## Aeon Supplier Code of Conduct

Aeon makes it a policy to remain responsible for the entire supply chain from the procurement of product raw materials to their commercialization. We work with suppliers (outsourcing manufacturers) to ensure product safety and reliability based on this policy.

### Aeon Supplier Code of Conduct (Revised in 2019)

#### 1. Laws and Regulations

Suppliers shall comply with all applicable legislation, bylaws, and regulations of the countries and regions in which business is operated. Suppliers shall also demand that all of their suppliers, subcontractors, and contractors comply with legislation, bylaws, regulations, and our Supplier Code of Conduct.

#### 2. Child Labor

There shall be no use of, or support of use of a child who is not yet the older of either age 15 or the age at which a child is allowed to be used in that country. For individuals who have not yet reached the age of 18 or who are at or above the age at which it is legally permitted to use or employ them, education shall be given priority where there are compulsory education laws, and they shall not be placed in a situation where they would be subjected to physical or mental health or developments risks or danger.

#### 3. Forced Labor

The use and employment process shall not be forced or be complicit in force that is against an employees' will by means of violence, intimidation, restraint, mental or physical means or of unjustly limiting their freedom of conduct.

#### 4. Working Hours

Suppliers shall comply with legislation relating to working hours, breaks and holidays and other industry standards. Overtime work must be voluntary, and should not be demanded regularly. In terms of work exceeding statutory working hours, a determinate overtime allowance shall be paid.

#### 5. Wage and Benefit Packages

Suppliers shall comply with legislation on national wages and benefits. Wages and various benefits shall be paid and deducted in accordance with the relevant legislation, and records shall be kept. Wages shall be in excess of the amount required to meet employees' basic needs. The paid wages shall include overtime allowances and shall be described in a manner comprehensible to employees.

#### 6. Abuse and Harassment

Suppliers shall not engage in, have any involvement in or be complicit in any punishment of employees, use of mental or physical force or use of abusive language. Suppliers shall not permit any acts of harassment including gestures, language or physical contact in any workplace within the business activity.

#### 7. Discrimination

Suppliers shall not discriminate or be complicit in employment discrimination relating to recruitment, wages, promotion, training, termination or retirement on the grounds of race, nationality, ethnicity, gender, age, origin, religion, academic background, physical or mental disability, sexual orientation or gender identity. All decisions pertaining to employment shall be based on criteria relating to the ability to accomplish the required task.

In accordance with the Aeon Supplier Code of Conduct (Aeon Supplier CoC), as a Company developing global business, we confirm that the employment of workers is appropriate, the environment in which they work is safe and that there is compliance with laws and regulations at production bases in each country, which leads to improvements. We currently require suppliers of *Topvalu* and *Topvalu* Collection to comply with Aeon Supplier CoC, and we improve issues through external, second-party and first-party audits.

#### 8. Freedom of Association and the Right to Collective Bargaining

Suppliers shall respect employees' right to organize, join and manage a labor union chosen by the employees themselves, and for the employees' representative to enter into collective bargaining with the company. Where there are legal and regulatory restrictions imposed on the right to freedom of association and collective bargaining, suppliers shall establish as an alternative measure a complaint handling system where management and employee representatives can take their concerns and to respond in good faith.

#### 9. Health and Safety

Suppliers shall provide employees with a safe and healthy working environment compliant with applicable legislation, in addition to providing effective steps to prevent disease including accidents, injuries and emotional issues relating to potential health and safety. Suppliers shall apply similar health and safety standards to dormitories and cafeterias provided to employees.

#### 10. Environment

It shall not be sufficient to only comply with all legislation relating to the environment of the nation and the region in which manufacturing is being undertaken, instead maximum consideration shall be given to the environment. There shall be confirmation that the raw materials and the products used conform to the legislation of the nation and region from which they are obtained, that international treaties and protocols are being applied and that the environmental policies specified by Aeon are satisfied.

#### 11. Business Transactions

Suppliers shall comply with the laws relating to the country of origin of the final product and its components and of business transactions of the exporting country and region.

#### 12. Integrity and Transparency

Suppliers shall never be involved in unethical actions such as bribery, falsification, manipulation or concealment of records, evidence or testimony in any business activity. Information relating to business activities shall be correctly disclosed in accordance with the applicable regulations and standard business practices.

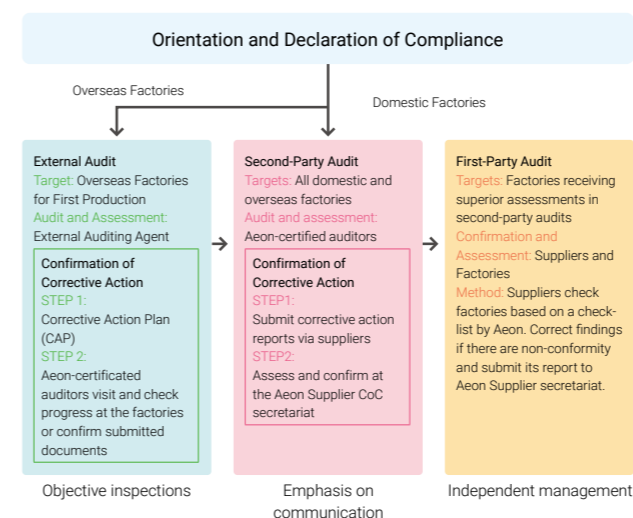
#### 13. Engagement

Suppliers shall integrate the requested content of Aeon's Suppliers Code of Conduct into their own company or their own organization's management system, and work throughout the entire organization to resolve social issues occurring throughout the whole supply chain.

Full text of the Aeon Supplier Code of Conduct  
[https://www.aeon.info/sustainability/social/coc/coc\\_download/](https://www.aeon.info/sustainability/social/coc/coc_download/)

## Contract Manufacturer Auditing

### Flow of Management under "Aeon Supplier Code of Conduct"



#### External Audits

We outsource audits and assessments by an external auditing agent to ensure the objective inspections when overseas factories manufacture *Topvalu* products first time. The factory make a corrective action plan (CAP) for findings at the audit and submit it to Aeon. Six month after the audit, an Aeoncertificated auditor visits at the factory again to confirm the finding improvements according as CAP.

#### Second-Party Audits

The subject to the Second-Party audits is the second and subsequent audits for the factories located in overseas and all audits from the first time for factories located in Japan. These audits and assessments are conducted by Aeon-Certificated auditors. Because we hope suppliers keep managing their own factories, audit and corrective action reports are performed via suppliers.

A "Pre-Questionnaire sheet" which covers essentially all of the items to be confirmed during the audit is sent out, and the factories respond them before audits.

After audits are conducted, pre-questionnaire sheets can be used as in-house management tools. For audits in Japan, especially at factories where technical intern trainees are hired, Aeon asks for details regarding the country-of-origin organization that sent the trainee as well as details about their acceptance to train Japan, and based on this information, we confirm conditions while communicating more thoroughly during the audit. We intend for the first-party audit to lead from management by Aeon to management by the suppliers themselves.



#### First-Party Audits

Factories confirmed as having established their own management systems move to the first-party audits. Suppliers use the Aeon audit checklist we provide to check the condition of their factories, take corrective actions if issues are discovered and report to Aeon. Our goal is for suppliers to continue managing their own companies and suppliers themselves rather than having Aeon conduct audits. We hope that this first-party audit will be taken to suppliers own management from Aeon management.

#### Orientations for New Suppliers

We have monthly orientations for new suppliers doing business with Aeon for the first time for the purpose of understanding the importance of respecting human rights and cooperating with the Aeon Supplier Code of Conduct. Compliance with the Aeon Supplier Code of Conduct is included in agreements with suppliers so that we can respond to social issues and grow alongside our partners.

At the orientations, we will also inform suppliers about corporate social responsibility in the supply chain, Aeon's efforts, specific audit application methods and contact points for inquiries. After the orientation, we gather feedback through questionnaire given to participating suppliers with the aim of ensuring the orientations are even more comprehensive.



Orientation for new suppliers

#### Feedback from Participants





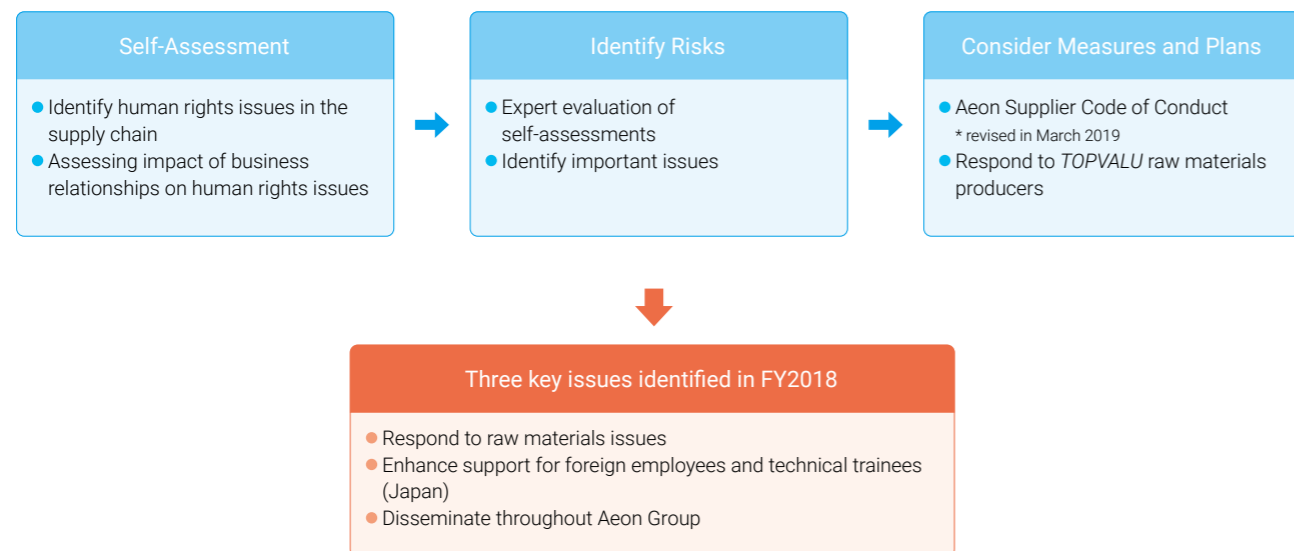
### Human Rights Due Diligence\* in the Supply Chain

Since FY2018, we conducted human rights due diligence in supply chain management based on the United Nations Guiding Principles on Business and Human Rights. In FY2018, we identified negatives impact on human rights in Aeon's business activities and analyzed

gaps in current efforts. After conducting this in-house assessment, we exchanged opinions with experts and identified important human rights issues to be prioritized.

\* Formulating human rights policy, assessing the impact of business activities on human rights, and tracking and disclosing performance in order to recognize, prevent, and address negative impacts related to human rights

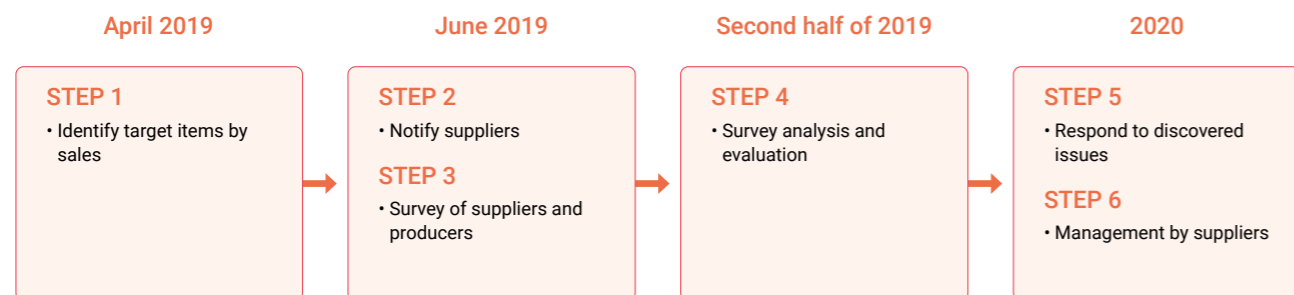
#### The Human Rights Due Diligence Process



### Key Issue Initiatives

In FY2019, we began full-scale efforts to address key issues. Although Aeon had continuously audited manufacturing plants for

social issues, we had not confirmed raw materials, so first we decided to investigate TOPVALU raw materials producers. We began by trying to approach raw materials producers with short supply chains. We investigate raw materials producers in collaboration with The Global Alliance for Sustainable Supply Chain (ASSC) an NGO in Japan.



#### STEP 1 Use sales to identify target items

For the top items in three categories of perishables such as agricultural items, livestock, and marine produce, we picked up them by sale of 65% or higher. We then listed up potential human rights risks by item and country or region of origin, referring mainly to a

U.S. Department of Labor report. After checking that the these items production factories had experience to Aeon Supplier CoC audits or authenticated external audits which satisfied human rights element, we analyzed its situations and assess risks in which case the factories have not been the subject to audit ever.

#### Human Rights Risk by Category in Sales of Perishables

Type	Sales (FY2017)	Item	Country or region of origin	Human rights risk assessment			
				Human rights issue	Country x Product	Aeon Audit x External Audit	Primary assessment
Agricultural products	Sales ratio of principal items: 65.1%	A	Philippines, Colombia	Child labor	x	x	x
		B	Australia	—	o	x	△
		C	Mexico, China	Working Hours, Forced Labor	x	x	x
		D	Japan	Working Hours, Technical Intern Trainees, Others	x	x	x
13 other items							
Livestock products	Sales ratio of principal items: 74.7%	E	Australia	—	o	x	△
		F	Japan	Working Hours, Technical Intern Trainees, Others	x	x	x
		G	Japan	Working Hours, Technical Intern Trainees, Others	x	x	x
		H	Japan	Working Hours, Technical Intern Trainees, Others	x	x	x
Marine products	Sales ratio of principal items: 68.5%	J	Korea, China, Taiwan, Japan	Child Labor, Forced Labor, Migrant Labor, Technical Intern Trainees	x	x	x
		K	Russia	Child Labor, Forced Labor, Migrant Labor	x	x	x
		M	Norway	—	o	x	△
			Japan	Child Labor, Forced Labor, Migrant Labor	x	x	x

In addition, we determined that confirmation was unnecessary for seven types of fish (natural) raised by an aquaculture producer that had received ASC certifications that included human rights.

#### STEP 2 Notify suppliers

Prior to the survey, we conducted a briefing on the Aeon Supplier Code of Conduct in June to share Aeon's awareness of issues with suppliers. At the same time, we learned about human rights risks in the supply chain from Masaki Wada, an ASSC director.



Supplier briefing

#### STEP 3 Survey of suppliers and producers

In the past, other than producers subject to environment-related or fair-trade certifications, we had never conducted surveys or audits, so we first had to confirm what kind of issues were involved. To ascertain conditions, we conducted a survey of suppliers and producers engaged in agriculture and fishing to confirm awareness regarding human rights and employment issues.

#### Survey summary

- ◆ Targets: Suppliers in Japan (53) and overseas (11) Producers in Japan (892) and overseas (80)
- ◆ Period: June–October 2019
- ◆ Method: Responses submitted online via QR codes or URLs, surveys were also emailed in Excel format
- ◆ Languages supported: Japanese, English, Chinese and Spanish



- ◆ Survey questions
- 1. Suppliers We confirmed the status of supplier promotion of sustainability (consideration for human rights, working environments and the global environment). For example, whether policies or guidelines are in place, the status of requests to and management of raw material suppliers, risk assessment and improvement activities status, communication with raw material suppliers and site visits among other issues.

- 2. Producers Producers were asked to provide an overview of their organization, including the number of employees, their type of employment, nationality and gender, cultivated area size and yield, and number of vessels owned. There were a total of 25 questions on items such as whether human rights policies or guideline are in place, initiatives aimed at preventing child labor, status of working hour and holiday management, whether there are any concerns regarding commissions or forced labor involved in the employment of foreigners, and occupation safety and health management.

- ◆ Response rate: The supplier response rate in Japan was 86.8% and 90.1% overseas; the producer response rate in Japan was 59.1% and 77.5% overseas.



**STEP 4 Survey analysis and evaluation**

From the survey responses, we learned the following.

**1. Communication**

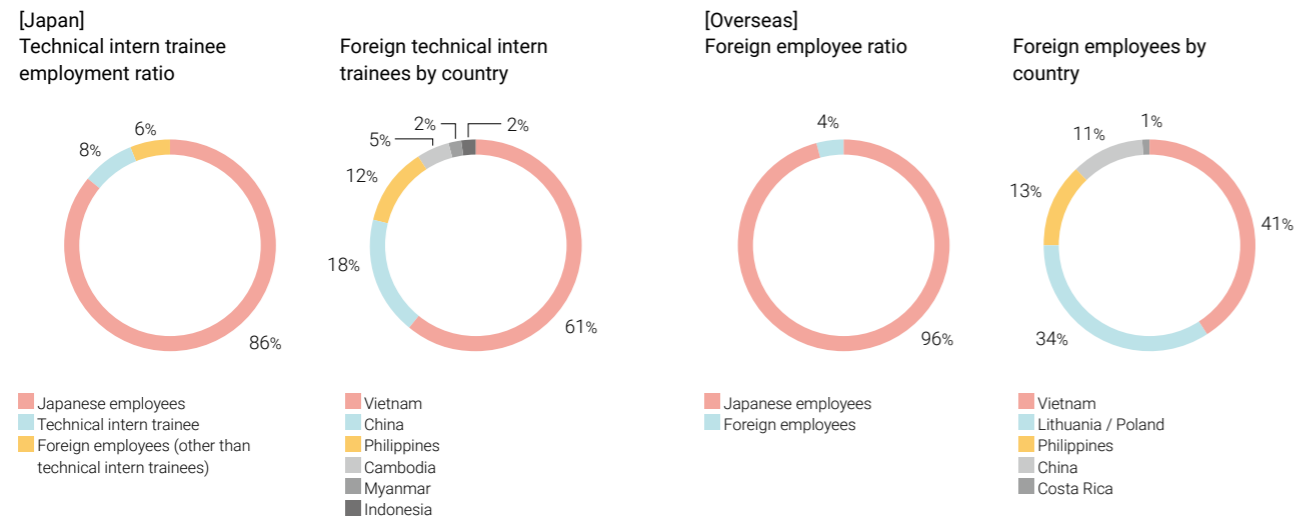
Most prominent was the lack of communication as seen in the low response rates. Aeon was unable to reach producers, resulting in few responses. Possible reasons for this include a certain number of producers with whom we have intermittent dealings, who transact business with multiple partners sporadically depending on the time of year, rather than regular transactions with Aeon alone.

Some producers are in the middle of the supply chain and could not be tracked down as the purchase comes from the market rather than a specific producer. It is also possible some producers did not understand the purpose of the survey. Above all, the survey made us aware that the highest priority is to establish lines of communication between Aeon, suppliers and producers.

**2. Employment of foreigners**

Among responses received from producers in Japan, 14% employed foreigners (including technical intern trainees), while 4% of overseas producers employed foreigners. Although some producers were not familiar with the agents in countries where technical intern trainees were sent, there were no major issues regarding

proper employment of foreigners. While there were no concerns in terms of disparities or discrimination with regard to working hours or workplace environments in the employees' own countries, Aeon recognizes the need to further confirm conditions that remain unseen due to non-responses or the nature of the survey itself.



**3. Working hours**

Since the working hours of fresh food producers fluctuate depending on natural conditions, the laws and regulations regarding working hours are often flexible in many countries and regions, including Japan, leading to substantial concerns that awareness of working hours among business operators might place burdens on

employees. Many businesses manage working hours based on their own regulations that demonstrate consideration for employee health. However, as there is a possibility of long working hours for a small number of overseas fishery producers, we plan to conduct follow-up surveys on an individual basis.

**STEP 5 Respond to discovered issues**

We will confirm the reasons why we did not receive responses from producers and are considering follow-up surveys to confirm actual conditions and, if necessary, site visits and interviews with local NGOs. We also plan to introduce a mechanism for handling grievances to establish an environment for responding to employee feedback.

**STEP 6 Management by suppliers**

We will provide tools enabling suppliers to manage risks facing their companies to facilitate ongoing management.

**Future initiatives**

1. Support fresh food producers
  - We will ascertain actual conditions, identify and respond to issues pertaining to fresh food raw materials.
2. Support fresh food raw materials producers other than fresh food producers
  - We will expand study sessions (P. 74) held in conjunction with the Human Resources Department in 2019, promote it as an initiative for human rights due diligence throughout the entire Aeon Group.
3. Spread to Aeon Group companies
  - We will expand study sessions (P. 74) held in conjunction with the Human Resources Department in 2019, promote it as an initiative for human rights due diligence throughout the entire Aeon Group.

**Reflecting on the survey**

The survey was relayed from Aeon to suppliers, and from suppliers to producers, and as this was our first attempt, there are many points to reflect on. Thus, we asked companies that cooperated with the survey to provide feedback that will be incorporated into future efforts.

**Agricultural products**

**Supplier A (Japan)**  
As we are also required to support the SDGs, our company provides information to cooperating factories, many of which are SMEs or microenterprise enterprises that lack information and manpower for social movements and response examples. We would like to have a guide that can be followed step by step according to actual conditions at SMEs and microenterprises.

**Livestock Supplier B (Japan)**

It would have been easier to understand if the survey was subdivided as it corresponds to a wide variety of raw material producers. There is a shortage of human resources at our production site, where many foreign workers, including technical intern trainees, are working. As you can see in our survey response, we would like to communicate properly with all our employees, deepen mutual understanding and provide good products.

**Fisheries**

**Supplier C (Japan)**  
Although we were working to publish guidelines for manufacturers and suppliers and establish a system for sustainability procurement, we potentially procure products from hundreds of fishermen thus implementing a survey was too difficult. Through this survey, we reaffirmed our recognition that the Code of Conduct should be applied not only to our company, but to all suppliers, which was very useful.

**Fisheries Supplier D (Japan)**

In the procurement of raw materials, we have been engaged in sustainable efforts with regard to marine resources. Going forward, we have a social responsibility to tackle and resolve issues related to the human rights and working environment of everyone involved in production activities. By managing our suppliers as well as ourselves, we believe we can resolve social issues throughout the supply chain. This survey was a good opportunity to improve the supply chain.

**Livestock Producer a (Japan)**

There is an ongoing shortage of human resources in the poultry industry, where many technical intern trainees are currently working. We strive to provide a safe and healthy work environment in which human rights are protected for all employees, including technical intern trainees having different lifestyles.

**Fisheries**

**Producer b (Overseas / Norway)**  
We are glad to connect with Aeon through this survey. In Norway, biomass research is progressing and we are systematically working on sustainable fisheries. We see advantages in the opportunity to share various information with the Japanese market.

**Fisheries Producer c (Overseas / India)**

Our company also conducts social audits every year. The Aeon survey was designed well and covered detailed information, which was very helpful. The Excel format also made it easy to respond.





June 25, 2020  
**Masaki Wada**  
 NPO The Global Alliance for Sustainable Supply Chain



Regarding the Survey on Responsible Procurement

As the number of producers was specified in this survey of contractors, it demonstrates the positive relationship between Aeon and its contractors. It also showed that the Aeon Supplier Code of Conduct (CoC) has been utilized to communicate with contractors and promote an understanding of supply chain management, including the importance of the CoC.

On the other hand, the producer survey response rate seems to be quite low. Considering the involvement of wholesalers and middlemen in the food retail supply chain, it is difficult to identify all producers, thus there are limited opportunities to communication by going upstream in the supply chain. For this reason, we can assume that it will take time and effort to identify and resolve human rights issues in the supply chain, but it is important to continue such efforts, as they will enhance the trust consumers place in Aeon.

Survey responses confirmed that foreign workers are engaged in the supply chain, the number and nationality of

whom were clarified. Additionally, since the working environment, safety and health conditions of all workers, regardless of nationality, are becoming clearer, we can expect that concrete measures will be implemented. In general, foreign workers in the supply chain are vulnerable, and as often reported in the international media, it may not be possible for workers to return to their home countries because of COVID-19, thus additional measures need to be implemented both in Japan and internationally.

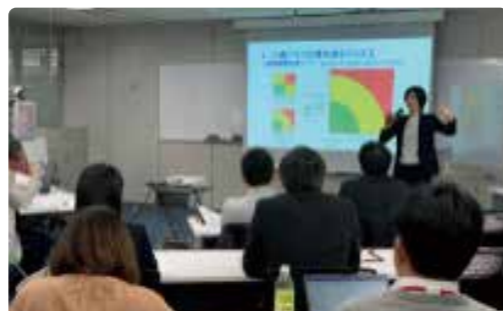
With regard to measures in particular, in the short-term it is important that Aeon continues its engagements and audits through these surveys of its contractors and producers. It is important in terms of supply chain management to be able to ascertain conditions that cannot be understood by auditing alone, then take appropriate measures based on the information obtained by establishing direct communication with workers in the supply chain. For this reason, it is necessary to construct a so-called "grievance mechanism."

**Aeon Group Human Rights Due Diligence In-House Study Meetings**

With the revision of Aeon's Human Rights Policy in October 2018, each Group company is determined to address all stakeholders involved in Aeon business activities and implement human rights due diligence. We conduct study meetings to spread these activities throughout the Group.

Having held a briefing for 111 employees, including managers from each Group company, at the Aeon Group Human Resources Managers' Meeting on November 14, 2019, a study meeting was held on November 29 for 59 employees in charge of human rights issues at each Group company. The lecturer was Associate Professor of Osaka University of Economics and Law and Professor Sugawara of the Global Compact Research Center, who explained what human rights are and how to understand the prioritization of human rights risks. The workshop-format meeting

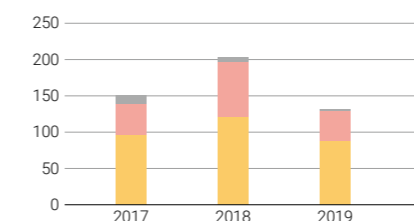
deepened employee understanding of the human rights due diligence that Aeon plans to implement in the future, which will include the identification of human rights issues in each Group company.



In-house briefing for Human Resource managers

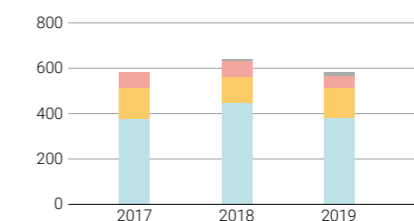
FY2019 Audit Results

External Audits, by Region



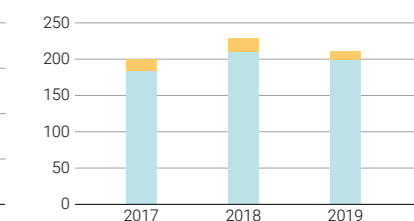
China Asia Other

Second-Party Audits



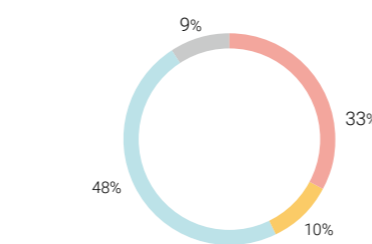
Japan China Asia Other

First-Party Audits



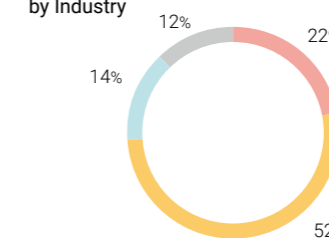
Japan Overseas

Percentage of External Audits, by Industry



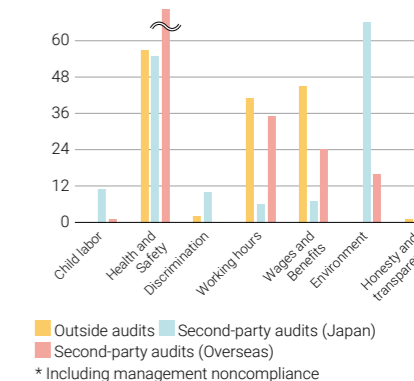
Apparel Food Living H&BC

Percentage of Second-Party Audits, by Industry



Apparel Food Living H&BC

Cases of Nonconformity in 2019



Outside audits Second-party audits (Japan) Second-party audits (Overseas) \* Including management noncompliance

Fairtrade-Certified Products

Responding to customers' desires to make contributions through their purchases to the world's underprivileged, Aeon developed and began marketing Japan's first Fairtrade\*- certified coffee in 2004 and Fairtrade-certified chocolate in 2010, both under the private brand.

In order to make these products available to a greater number of customers, Aeon has been participating in the new Fairtrade Sourcing Program launched by Fairtrade International in January 2014. We have also announced a plan to increase the purchase of Fairtrade-certified cacao beans up to ten times the trade volume of 2012, by 2020.

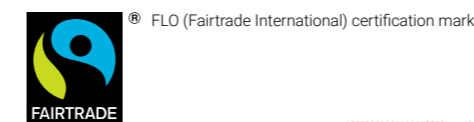
In fall 2016, we renewed our lineup of products that use cacao bean ingredients certified by Fairtrade International, and results are

surpassing our procurement plans. Going forward, we plan to continue rolling out a wide range of Fairtrade International-certified products.

In the future, we plan to expand Fairtrade-certified products even more broadly by acquiring certifications for other products such as raw cane sugar.

In addition, Aeon has been visiting junior high and high schools across Japan to provide the younger generation with 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.



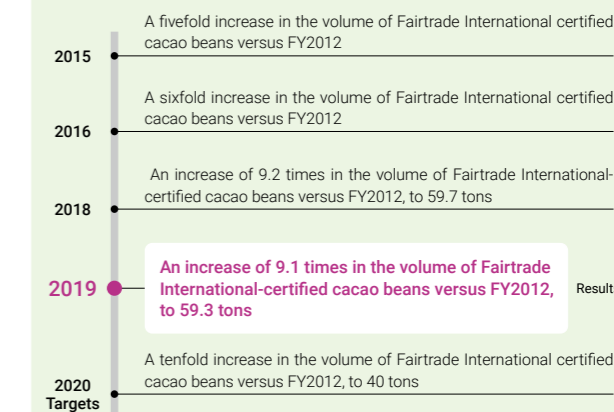
TOPVALU Fairtrade milk chocolate and dark chocolate



Fairtrade Sourcing Program label (cocoa)

FY2019 Results and Target of KPI

Trading volume of Fairtrade products





## Promoting Diverse Working Styles

Since founding, Aeon has striven to be a company in which diverse human resources play active roles and that never discriminates against anyone based on their nationality, race, gender, age, educational background, religion, physical or mental disability, or any other attribute. Our basic principles for human resources outline our objective of avoiding discrimination based on nationality, age, gender, or employee category. Rather, personnel matters highlight the importance of respecting individuals, and are based on capabilities and results. As of March 2020, we had some 580,000 employees in 14 countries, including Japan, China, and ASEAN nations. We aim to grow along with our employees, which are the driving force that enhances customer satisfaction.

### 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

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

### Five Human Resources Principles

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



## Promoting Diversity

The keyword in Aeon's activities for promoting diversity is daimanzoku, which means "very satisfied" in Japanese. Daimanzoku is about satisfying employees and their families, customers, and the Company through diversity. With a view to realizing daimanzoku, in FY2019 we held diversity promotion seminars and our sixth in-house awards.

We also expanded the opening of Company-led nursery schools to facilities in all prefectures to help employees make a smooth transition back to work when returning from childbirth or child rearing and provide support for employees who are working while raising children. We also conduct our own IkuBoss testing, which aims to foster caring bosses (P84) who respect subordinate work-life balance and support career establishment. As of April 2020, we had established systems at around 70 Group companies, and the Group is working together to promote diversity.



### Building Diversity Promotion Systems—Daimanzoku Summit

Aeon has designated a person responsible for diversity promotion, a leader to promote exceptional opportunities for women, and a leader to promote diverse and active roles at its 70 Group companies. All Aeon companies are now analyzing their status, identifying issues, and implementing their own ideas to solve the issues. The Group regularly holds the Daimanzoku Summit, which is attended by leaders and people responsible for diversity promotion, to share information between Group companies to be utilized in activities within their own company.

The Daimanzoku Summit was held four times in FY2019. One of these was designated as a review meeting for the presentation of the Group's diversity awards at which we formed networks and shared the initiatives of each company.



### Daimanzoku Meeting for Top Management Including the President—A Venue for Reconfirming the Significance of Diversity

In April 2019, we held our first "daimanzoku" meeting for top management to serve as a venue for reconfirming the significance of diversity and accelerating our diversity initiatives, and in FY2019, these meetings were also held at each Group company. Approximately 330 of the Group's top managers and executives took part, directly sharing opinions and awareness with regard to diversity management.



Daimanzoku meeting for top management and Presidential hearing

### Conducting Diversity Training—Daimanzoku College

Aeon conducts diversity training to address issues that are common to the whole Group.

In FY2019, we jointly conducted level-specific training for female employees and cross-training to build vertical connections.



Senior management training program  
Targeting incumbent female managers, this program develops female candidates for executive positions.



Management training program  
This program changes the mind-set of male and female managers.



Career advancement training program  
This program fosters female managers who can balance family and work commitments.



Career design training program  
This program helps female managers plan their careers and continue to work after such life events as marriage and having children.

### Establishing a Commendation Program—The Daimanzoku Awards

To recognize the achievements of Group companies in promoting diversity, Aeon holds the annual Daimanzoku Awards.

At the sixth awards in FY2019, we presented commendations to six companies in three categories that correspond to important initiatives for promoting diversity.



6th Award-Winning Company  
Daimanzoku Award Grand Prize  
Aeon Ryukyu Co., Ltd.

Diversity and Inclusion Management Category  
Encouraging the Empowerment of Women in the Workplace  
Category Award  
Claire's Nippon, Co., Ltd.

Diversity and Inclusion Management Category  
Promoting Human Resource Diversity Category Award  
Aeon Big Co., Ltd.

Wellness Management Category  
Workstyle Reforms Category Award  
Aeon IBS Co., Ltd.

Special Prizes  
Special Jury Prize GFoot Co., Ltd.  
Observe Award The Daiei, Inc.

3rd IkuBoss Individual Awards  
Top Management Category  
Hiroko Yamada (COO, AEON.com Co., Ltd.)

Management Category  
Makoto Mikawa (Cox Co., Ltd.)

### VOICE

3rd IkuBoss Individual Awards Recipient Comment  
I try to provide support to subordinates throughout the Company. I do not negate the opinions of subordinates and flexibly accept that each person has different values. I am conscious of disclosing my own values to subordinates.



Hiroko Yamada  
AEON.com Co., Ltd.

### Feedback from Past Recipients of IkuBoss Individual Awards

Comments from a Grand Prize Winner in the First IkuBoss Individual Awards  
I am always thinking about how to get the most out of a variety of individuals with different capabilities so that we can strengthen teamwork at the store. I was probably rated as an IkuBoss because my management style is strongly focused on people. As a caring boss, I will continue creating workplaces that allow personnel to leverage their capabilities.



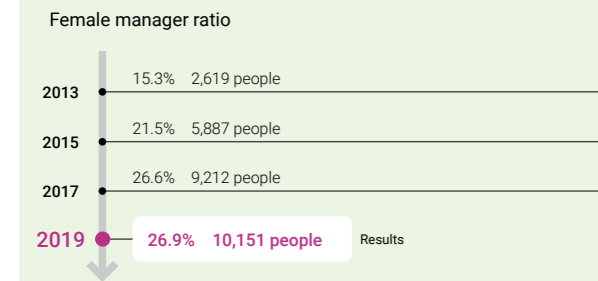
Naoko Iwakiri  
Store Manager,  
Daiei Takarazuka Nakayama  
The Daiei, Inc.



**Encouraging the Empowerment of Women in the Workplace**

Aeon is working to promote activities with the goal of increasing the ratio of female managers in the Group to 50%. As of the end of February 2020, the ratio of female managers was 27% (including consolidated subsidiaries), totaling 10,151 women. At the General Meeting of Shareholders in May 2013, we announced a goal of increasing the ratio of female managers to 50% by 2020. Currently, more than 10,000 women are active in managerial positions, and we will focus on further promoting diversity in order to achieve our initial goal in the next medium-term plan.

**FY2019 Results and Target of KPI**



**TOPICS**

**Aeon and Aeon Mall Selected as Nadeshiko Brand Companies in 2020**

Aeon Co., Ltd. and Aeon Mall Co., Ltd. were included in the list of Nadeshiko Brand companies for FY2020 on March 3, 2020. This was the third consecutive time for Aeon and the fourth for Aeon Mall.

In addition to receiving high marks for our Group promotion structure, the holding of the Daimanzoku Award to recognize companies that promote diversity, and level-specific seminars, Aeon was recognized for its promotion of IkuBoss development and the introduction of an assessment that quantifies the status of efforts for diversity based on quantitative and qualitative information such as the ratio of female managers at each Group company.

Aeon Mall was selected for its support of a balance between work and child-rearing through the establishment of Aeon Yumemirai Nursery School facilities at 22 operating bases, while the introduction of an original childcare leave assistance system created an environment in which it was easy to participate in childcare, leading to an increase in the number of male employees taking childcare leave.

The Group will continue moving forward with diversity-focused management with a view to developing personnel, enhancing workplace environments, and empowering a range of different personnel.



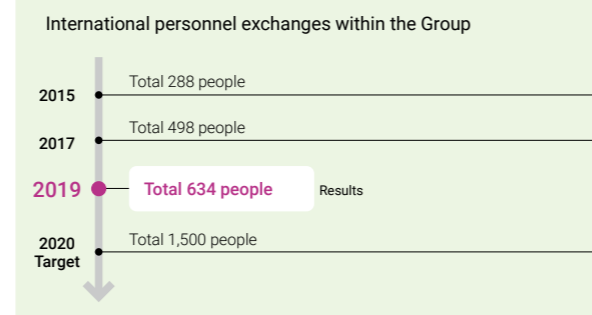
**Hiring Employees of Foreign Nationalities, Conducting International Personnel Exchanges within the Group**

Based on the shift to Asian strategy set out in the Aeon Group Medium-term Management Plan, Aeon is actively hiring young people who will become tomorrow's leaders in Japan, China, Malaysia, Thailand, Indonesia, Vietnam, and other Asian countries.

As well as actively hiring globally competent personnel, Aeon is increasing international personnel exchanges throughout the Group. A total of 634 employees participated in international personnel exchanges between FY2013 and FY2019.



**FY2019 Results and Target of KPI**



**Employment for People with Disabilities**

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

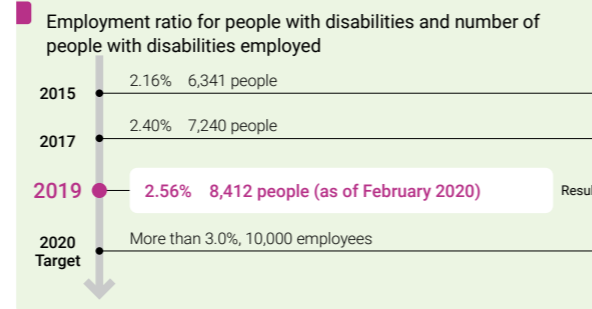
Abilities JUSCO Co., Ltd., established in 1980, has expanded to four Scrum CD/DVD & Books stores, where people with disabilities work alongside able-bodied staff, and 12 business establishments for employment transfer support. Furthermore, Aeon Supercenter Co., Ltd. has adopted a telecommuting system for people with disabilities as a part of its diversity promotion action plan in cooperation with Abilities JUSCO.

We will continue to advance our efforts in order to reach our targeted 2.56% employment ratio for people with disabilities, or 8,412 people, for 2020.



Employees working at Scrum

**FY2019 Results and Target of KPI**



**TOPICS**

**Expanding Ikiiki Aeon, a Workstyle Enabling People with Disabilities to Maximize Their Skills and Continue Working, Holding Aeon's First Group Joint Interview**

In January 2019, we launched the Ikiiki Aeon initiative enabling people with disabilities to make the most of their skills and continue to work actively. Under this initiative, Aeon Group companies welcome people with disabilities, create appropriate working environments, and conduct post-induction training support with support from Abilities JUSCO Co., Ltd.,\* a special subsidiary of Aeon. By conducting joint company briefings, workplace tours, and practical training, we provide consistent training and support for employees with disabilities as a team that works at different companies.

Abilities JUSCO provides a variety of support to help people with disabilities transition to the workplace. Through the Ikiiki Aeon initiative, Abilities JUSCO aims to leverage its accumulated expertise to help employees with disabilities work independently at the companies with which they are affiliated. Abilities JUSCO also holds study sessions to highlight topics employers should take into consideration.

To further expand Ikiiki Aeon, in January 2020, the first joint interview with 19 AEON Group companies was held at AEON MALL Makuhari New City AEON Hall, attended by 300 people, which greatly exceeded our expectations.

\* Abilities JUSCO Co., Ltd. Abilities JUSCO, a special subsidiary of Aeon Co., Ltd., was established in 1980 with the management ideal of creating a society in which it is a matter of course for people with disabilities to work.

**LGBT Initiatives**

Responding to the increasing attention on the human rights of sexual minorities (LGBT: Lesbian, Gay, Bisexual, and Transgender), Aeon is holding workshops on LGBT to provide the latest knowledge on human rights and to create a workplace where employees can work in their own ways.

Since FY2015, we have incorporated this training into new employee orientation, and roughly 15,650 new employees have participated in the workshops to date.

Also, in FY2017 we began holding the Universal Manners Test and Training on Catering to LGBT Individuals, which was conducted by Mirairo Inc. Approximately, 7,400 employees participated in the test and training.

Aeon Co., Ltd. and Aeon Topvalu Co., Ltd. both received a Silver Award in the PRIDE Index, formulated by work with Pride,\* Japan's first index for the evaluation of LGBT initiatives. In 2020, we will participate in the Tokyo Rainbow Pride online event in conjunction with five Group companies proactively engaged in this area. We will continue to collect and disseminate positive examples of these efforts with the aim of expanding them throughout the Group.



\* work with Pride: A private organization that supports the promotion and consolidation of LGBT diversity management

**Promoting an Awareness of Human Rights**

With a view to promoting Aeon Human Rights Policy (P. 67) and increasing an understanding and awareness of human rights among all executives and employees, the Group has established an in-house system for advancing human rights training. By continuing such training activities, Aeon will address various issues related to human rights and become a corporate group with an employee friendly workplace environment that enables a range of different personnel to contribute to operations. Aeon holds training programs for a variety of issues, including issues pertaining to social discrimination, foreign residents, abuse of power, diversity, people with disabilities, and work-life balance, to increase the understanding and awareness of all of our employees.

- 1) Human Rights Awareness Promotion Committee (convenes once every six months)**  
Discusses, determines and evaluates the direction, issues, and annual initiatives involving Aeon human rights enlightenment efforts. Also responsible for promoting human rights at each Group company.
- 2) Human Rights Enlightenment Study Group (convenes once every six months)**  
Shares and promotes understanding and conducts training on the promotion of human rights awareness to educate individuals responsible for promoting human rights at each Group company.
- 3) Human Rights College (convenes four times a year)**  
Curriculum for systematically learning the basics of human rights throughout the year. Individuals responsible for or in charge of the promotion of human rights participate to receive basic education
- 4) Aeon Code of Conduct and Human Rights Promotion Leader Training (approximately 10 days each year)**  
The Aeon Human Rights Enlightenment Office and Corporate Ethics Team work together to develop leaders who will play a central role in promoting the Aeon Code of Conduct and human rights.

We also published a Human Rights Enlightenment Guidebook in 2015 as a tool to promote basic knowledge about human rights. So far, we have distributed 160,000 copies to facilitate awareness and develop training materials using guidebooks.

In light of recent international social conditions, we revised the Aeon Human Rights Policy (P. 67) in October 2018 and revised a portion of the guidebook in March 2019.



Human Rights Enlightenment Guidebook



## Promoting Wellness Management

### Aeon's Health Management

In the retail industry, the ongoing chronic labor shortage and aging of employees has made ensuring health management issue. Against this backdrop, Aeon promotes health management based on sustainability management and the belief that the promotion of employee health is a cornerstone of corporate activity. Moreover, we believe healthy employees are better able to provide services that contribute to the health and happiness of local customers.

Aeon announced the Aeon Health Management Declaration, aiming for the physical and mental health of our employees and their families and the continuous development of human resources able to continue working over the long term.

#### Aeon Health Management Declaration

Aeon will support the health of employees and their families  
Aeon will achieve health and happiness in the local community together with employees

(Formulated in FY2016)

#### Promotion Structure

The Group has established the Aeon Health Promotion Section, in which the executive officer in charge of human resources and management at Aeon Co., Ltd. is responsible for advancing measures. The section comprises the executive officer responsible for advancing measures, the head industrial doctor, public health nurses, members of the corporate planning department, and managers responsible for the human resources departments of Group companies, Aeon's corporate health insurance society, and the Aeon Good Life Club. Keeping in mind management strategies, the section considers and implements measures aimed at maintaining and promoting employee health. Furthermore, each Group company has appointed a manager responsible for health promotion and takes autonomous health promotion measures. Health issues are also addressed by the Group Labor-Management Roundtable, where management and the labor union exchange opinions on internal issues and health management policies, as well as set KPIs and confirm the progress of initiatives.

#### Activities

In FY2017, Aeon began holding a regular health promotion conference among principal Group companies, and the first Aeon-wide health management conference was held twice in 2019. The conference's special lecture was conducted by Mr. Yoshihide Esaki of the Ministry of Economy, Trade and Industry, and Taeko Utsugi, former coach of the Japan Women's Softball Team, who were invited to give lectures on health management.

The Aeon Health Promotion Section conducts health management activities to enable the achievement of numerical targets throughout the Group, establishing criteria for selecting which employees are subject to priority health management. To support these activities, Aeon's corporate health insurance society issues health report cards that show the health ages and issues of Group companies.

When employees reach the age of 35, we encourage the checking of additional parameters during their routine medical checkups to help them recognize any lifestyle issues at an early stage. In FY2018, we introduced stomach cancer risk classifications (ABC medical examination) for mobile medical checkups, changing the content of testing to make it easier for employees to receive diagnosis. As Group employees have a high percentage of health issues in the three areas of (1) high blood pressure, (2) hyperglycemia and (3) high rates of smoking, we have selected the following priority management targets.

[The Aeon Health Promotion Section's criteria for selecting employees for priority health management]

Systolic blood pressure of 180 mmHg or higher or diastolic blood pressure of 110 mmHg or higher  
Blood sugar of 250 mg/dL or higher (regardless of whether postprandial) or HbA1C of 9.0% or higher

We set the following health management promotion targets for FY2020.

#### 2020 Health Management Group Priority Goals

Item	details
1. White 500	Challenge Company-wide certification
2. High blood pressure	Improve rates of hypertension retests (systole 160 or more, diastole 100 or more)
3. Smoking	Reduce employee smoking by 25% compared to the previous year

Since July 1, 2019, the Makuhari Head Office has been made completely non-smoking in an effort to prevent second-hand smoke.

#### Health Promotion Measures

As a Companywide initiative to heighten health awareness among employees, we conduct the Health Challenge Campaign program for a two-month period each year. All employees participate in this program and choose a challenge from among the options. The number of campaign participants was 15,630 in FY2015, 27,180 in FY2017 and 27,230 in FY2019, a substantial increase since the Aeon Health Management Declaration.

In April 2018, we launched the PepUp health portal to heighten the health literacy of employees and support their independent health improvement efforts. Through PepUp, employees aged 40 and above can check their own health check results, identify their "health age" based on their own health information, and seek advice. If health improvements are confirmed, employees receive health points, which they can exchange for WAON points. Employees who took part in a health walking event introduced through PepUp were 25% more likely to answer positively in their next medical checkup about "making it a habit to exercise 30 minutes or more" than employees who had not taken part. As of July 2020, 49,904 people had registered for this program and were engaging in health improvement behavior. Additionally, to improve employee health literacy, in 2019 we lent wearable devices free of charge to those who wanted to use PepUp, which as of April 2020, had been used by more than 16,000 employees.

#### COVID-19 Infection Countermeasures

In terms of measures aimed at preventing COVID-19 infections, the Group Countermeasures Headquarters was established in January 2020, and in June 2020, Aeon COVID-19 Pandemic Prevention Protocols (P8) were formulated. Group companies are working together on various measures to fulfill their mission as a lifeline supporting communities.

In addition to providing safety and peace of mind to customers, we work with our specialty shop company partners to ensure that Group employees can also work with peace of mind and support customers. We manage the physical condition of all Group employees, which includes checking temperatures upon arrival at work,

using apps to monitor health, strictly enforcing hand washing and alcohol disinfection, and the wearing of face coverings by staff handling food and departments in direct contact with customers to ensure stores can be visited with peace of mind.

#### TOPICS

### 14 Group companies certified under Health and Productivity Management Organization 2020

In 2019, Aeon supported the acquisition of Group Health and Productivity Management Organization 2020 certification, with 14 Group companies receiving Health and Productivity Management Organization 2020 certification, which was started jointly by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi.



From FY2019, the top 500 companies that have acquired Health and Productivity Management certification are positioned as the "White 500," with Aeon Financial Services and Aeon Credit Services have been certified as White 500 companies.

#### Certification System for Enterprises with Outstanding Health and Productivity Management

This is a system for citing major corporations and small and medium-sized companies that have outstanding health and productivity management. More specifically, the system recognizes corporate measures that address the health issues of local communities or that support the health promotion initiatives of Nippon Kenko Kaigi.

\* Nippon Kenko Kaigi: This organization was formed to conduct practical measures in collaboration with private-sector organizations and with comprehensive support from the government focused on extending the healthy lifespan of each Japanese citizen and realizing appropriate medical care. The organization's mission is to have private-sector organizations, such as economic bodies, medical bodies, and insurers, collaborate with municipal authorities to realize concrete measures in workplaces and local communities.

Note: The following companies have been certified.

#### Health and Productivity Management (Large Enterprise Category)

Aeon Financial Services, Aeon Credit Services (White 500)  
Aeon, Aeon Retail, Aeon Kyushu, Aeon Mall, Aeon Bank, Aeon Insurance Services, Aeon Product Finance, ACS Credit Management

#### Health and Productivity Management (SME Category)

Aeon REIT Management, Aeon Mortgage Services, Aeon SS Insurance Co., Ltd., ACS Lease

### Ensuring Work-Life Balance

Based on Aeon's human resource basic principle "business management based on respect for human rights," at Aeon Retail Co., Ltd., we aim to create an environment where employees with diverse abilities can continue to work and grow according to their lifestyles, feeling more active and rewarding with careers that make the most of their personal aims and aptitudes.

Aeon's personnel system offers a "careerstyle plan" system that supports personal own growth and a "lifestyle plan" system that supports long-term work even in the face of life stage changes.

As a new initiative, in fiscal 2019, we introduced "life support leave" enabling employees to take a leave of absence to undergo fertility treatments with peace of mind.

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

#### TOPICS

### Two Comprehensive Financial Services Businesses Certified as White 500 by the Ministry of Economy, Trade and Industry for the Second Consecutive Year!

Aiming for healthy and active human resources by providing various workstyles for diverse human resources, Aeon's comprehensive financial business promotes health management, the realization of a rewarding and comfortable working environment, utilization and training of human resources and other initiatives.



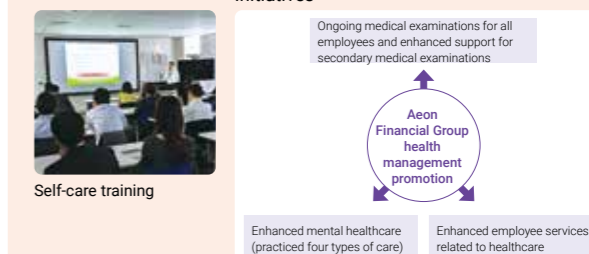
Based on the recognition that improved customer and employee satisfaction requires health enabling each employee to work energetically, Aeon's comprehensive financial business promotes health management as a business within the company. As a result, in March 2020, Aeon Financial Services and Aeon Credit Services were certified as Health and Productivity Management 2020 White 500 companies.

Note: Top 500 companies out of 2,328 entry companies (964 listed companies) certified as White 500

#### Initiatives

- Ongoing medical examinations for all employees and enhanced support for secondary medical examinations
  - Assigned a general occupational physician and occupational health nurse to the Health Support Center (established in 2019)
  - Utilized a health diagnosis result database shared throughout the Group
  - Encouraged and followed up with employees who needed secondary consultations
- Enhanced mental health care (practiced four types of care)
  - Formulation and practice of mental health promotion plan
  - Strengthened prevention (self-care and line care training)
  - Strengthened support for returning to work
  - Enhanced consultation system (interviews at Health Support Center, e-mail consultations)
- Enhanced employee services related to healthcare
  - Introduction of hospitals and doctors
  - Mass vaccinations against influenza

#### Initiatives



#### Aeon Retail Co., Ltd. "3 career paths" and "Employee working area"

- <Career paths>
  - General path
    - A path that aims for career development across a wide area while building up diverse experiences
  - Unit path
    - A path that aims for specialization while advancing specialist knowledge and skills
  - Professional path
    - A path that aims for an advanced profession
- <Employee working area>
  - Category N employee: In principle, transfers nationwide and overseas
  - Category R employee: Transfers within a certain block
  - Category L employee: No transfers that require moving house
  - Community employee and part-time: No transfers that require moving house / part-time only



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 allows all employees to utilize the same training and hiring programs. Based on the Community Employee Program, the system eliminates differences in roles, expectations, and treatment depending on employee classifications (permanent employee or part-time employee) and enables the continuous growth of all employees based on ability, performance, and motivation.

The program eliminates differences in educational and hiring opportunities. It also makes it possible for anyone to advance to the position of daily- or monthly-paid employee or higher, including ambitious employees whose duties are currently based in local communities, if they fulfill certain conditions set by the company.

Childcare and Nursing Care Support Systems

To help employees combine childcare and work, Aeon Retail Co., Ltd. has established a childcare leave system and a "childcare-and-work" period that lasts until April 20 of the year that an employee's child enters middle school. Japan's Child Care and Family Care Leave Act calls on companies to provide a childcare-and-work period that lasts until an employee's child begins elementary school. However, given that employees sometimes need to take time off to attend to their children who are at elementary school, we provide a longer period.

In addition, for employees with family members requiring nursing care, we have established a nursing care leave system and a "nursing care-and-work" system that provide time off and shortened working hours, respectively.

Developing Our Employment System for Senior Citizens

With the aim of becoming a company in which the "Grand Generation" (G.G), in other words the senior generation, can enjoy an active life and contribute significantly, in March 2018 Aeon Retail Co., Ltd. introduced the G.G Partner and G.G Expert System. Under this system, we reemploy personnel between the ages of 65 and 70 and pay them by the hour. Those who so desire can continue working at Aeon Retail, where they can contribute by drawing on the knowledge, skills, and experience they have accumulated. The system enables employees to lead fulfilling daily lives and work energetically and youthfully until the age of 70.

\* As of the end of February 2020, number of employees aged 65 or older  
Approximately 12,180 (employees paid by the hour)  
\* As of the end of February 2020, number of employees aged 60 or older  
Approximately 30,760 (employees paid by the hour, day, or month)

Supporting the Balance between Work Life and Child Raising

We are 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.

Aeon Group companies have been advancing initiatives under a "General Business Owner Action Plan" pursuant to the Act on Advancement of Measures to Support Raising Next- Generation Children. As a result, Aeon Co., Ltd., Kasumi Co., Ltd., and The Daiei, Inc., have earned Platinum Kurumin certification, and 22 Group companies have been certified to display the Platinum Kurumin or Kurumin logos.\*

\* Three companies that have acquired Platinum Kurumin certification: Aeon Co., Ltd., Kasumi Co., Ltd., The Daiei, Inc.

Companies that have acquired Kurumin certification: Aeon Eheart Co., Ltd., Aeon Kyushu Co., Ltd., Aeon Bank, Ltd., Aeon Credit Service Co., Ltd., Aeon Global SCM Co., Ltd., AeonTown Co., Ltd., Aeon Topvalu Co., Ltd., Aeon Big Co., Ltd., Aeon Product Finance Co., Ltd., Aeon Hokkaido Co., Ltd., Aeon Mall Co., Ltd., Aeon Ryukyu Co., Ltd., Origin Toshu Co., Ltd., Kohyo Co., Ltd., Sunday Co., Ltd., Maxvalu Kyushu Co., Ltd., Maxvalu Tokai Co., Ltd., Maxvalu Nishinohon Co., Ltd., Reform Studio Co., Ltd.

Kurumin

This is a system through which the Ministry of Health, Labour and Welfare certifies companies that implement initiatives to help employees combine work and child-rearing. The system is based on the Act on Advancement of Measures to Support Raising Next-Generation Children. To receive certification companies must prepare a "General Business Owner Action Plan", achieve the plan's targets, and meet certain standards. Companies that satisfy these accreditation criteria are granted a logo certifying their support for child-rearing, normally referred to as the Kurumin logo.



Acquiring Eruboshi Certification

Currently, 26 Group companies have received Eruboshi certification\* under the Act on Promotion of Women's Participation and Advancement in the workplace.

\* Eruboshi-certified Group companies

Three stars: 19

Aeon IBS Co., Ltd., Aeon Kyushu Co., Ltd., Aeon Credit Service Co., Ltd., Aeon Compass Co., Ltd., Aeon Supercenter Co., Ltd., Aeon Delight Co., Ltd., Aeon Big Co., Ltd., Aeon Insurance Service Co., Ltd., Aeon Hokkaido Co., Ltd., Aeon Marketing Co., Ltd., Aeon Mall Co., Ltd., Aeon Ryukyu Co., Ltd., Aeon Co., Ltd., Aeon Bank Ltd., Kasumi Co., Ltd. Claire's Nippon, Co., Ltd., Maxvalu Kyushu Co., Ltd., Ministop Co., Ltd., Reform Studio Co., Ltd.

Two stars: 7

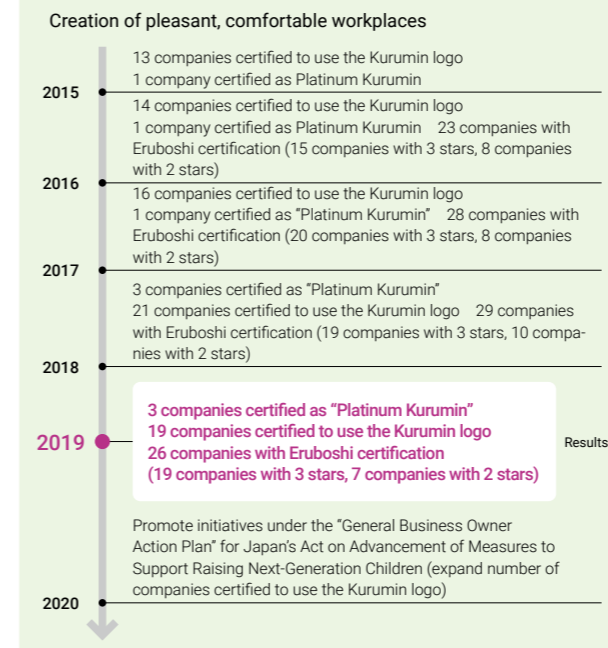
Aeon Fantasy Co., Ltd., Aeon Product Finance Co., Ltd., Cox Co., Ltd., GFoot Co., Ltd., Maxvalu Tokai Co., Ltd., Maxvalu Nishinohon Co., Ltd., The Maruetsu, Inc.

Eruboshi

This is a system under which the Ministry of Health, Labour and Welfare provides certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace. The criteria for evaluating companies' performance in empowering women are the hiring of women, the retention of female employees, working hours and other aspects of work style, the percentage of female managers, and the diversity of career paths. There are three levels of certification, each of which reflects the number of these criteria that companies have met. Further, the stars on each Eruboshi logo, ranging in number from one to three, indicate a company's level of certification.



FY2019 Results and Target of KPI



Aeon Yumemirai Nursery <https://www.aeon.info/diversity/action/yumemirai.html>

Nursery School Name	Construction Date	Location
Aeon Yumemirai Nursery	December 23, 2014	Chiba City, Chiba Prefecture
Aeon Yumemirai Nursery	August 1, 2015	Nakagami, Okinawa Prefecture
Aeon Yumemirai Nursery	December 1, 2015	Tokoname City, Aichi Prefecture
Aeon Yumemirai Nursery	April 1, 2016	Shonan Chigasaki, Kanagawa Prefecture
Aeon Yumemirai Nursery	April 1, 2016	Lake Town, Saitama Prefecture
Aeon Yumemirai Nursery	June 1, 2016	Saga Yamato, Saga Prefecture
Aeon Yumemirai Nursery	November 18, 2016	Natori City, Miyagi Prefecture
Aeon Yumemirai Nursery	November 30, 2016	Nagoya Chaya, Aichi Prefecture
Aeon Yumemirai Nursery	December 1, 2016	Nagakute City, Aichi Prefecture
Aeon Yumemirai Nursery	December 20, 2016	Mito City, Ibaraki Prefecture
Aeon Yumemirai Nursery	March 16, 2017	Shinkomatsu, Komatsu City, Ishikawa Prefecture
Aeon Yumemirai Nursery	April 1, 2017	Fukuoka East, Ashiya-gun, Fukuoka Prefecture
Aeon Yumemirai Nursery	April 1, 2017	Aira City, Kagoshima Prefecture
Aeon Yumemirai Nursery	April 17, 2017	Tokushima City, Tokushima Prefecture
Aeon Yumemirai Nursery	July 27, 2017	Otojana, Fukuoka Prefecture
Aeon Yumemirai Nursery	September 8, 2017	Matsumoto City, Nagano Prefecture
Aeon Yumemirai Nursery	September 11, 2017	Kobe City, Hyogo Prefecture
Aeon Yumemirai Nursery	December 16, 2017	Shimajiri-gun, Okinawa Prefecture
Aeon Yumemirai Nursery	March 7, 2018	Zama City, Kanagawa Prefecture
Aeon Yumemirai Nursery	April 1, 2018	Shunan City, Yamaguchi Prefecture
Aeon Yumemirai Nursery	April 18, 2018	Hiroshima City, Hiroshima Prefecture
Aeon Yumemirai Nursery	May 28, 2018	Iwaki-Onahama, Fukushima Prefecture
Aeon Yumemirai Nursery	June 20, 2018	Hiroshima Gion, Hiroshima Prefecture
Aeon Yumemirai Nursery	July 18, 2018	Kashima City, Kumamoto Prefecture
Aeon Yumemirai Nursery	October 29, 2018	Tsu City, Mie Prefecture
Aeon Yumemirai Nursery	April 9, 2019	Higashiura City, Aichi Prefecture
Aeon Yumemirai Nursery	April 14, 2019	Uki City, Kumamoto Prefecture
Aeon Yumemirai Nursery	July 1, 2019	Fuji Minami, Shizuoka Prefecture
Aeon Yumemirai Nursery	December 1, 2019	Ishigaki City, Okinawa Prefecture
Aeon Yumemirai Nursery	November 1, 2019	Yokkaichi City, Mie Prefecture
Affiliated Nursery School Facilities		
Aeon Yumemirai Nursery	October 18, 2014	Kisarazu City, Chiba Prefecture
Aeon Yumemirai Nursery	March 1, 2015	Kyoto Katsuragawa, Kyoto Prefecture

Nurseries Other than Aeon Yumemirai Nurseries Operated by Principal Aeon Group Companies

Nursery School Name	Construction Date	Location
Kasumi line no mori Nursery School	July 16, 2017	Tsukuba City, Ibaraki Prefecture
Well Kids Tsukuba nursery school	October 1, 2017	Tsukuba City, Ibaraki Prefecture

Creating Infrastructure to Support the Balance between Work Life and Child Raising

Expanding Use of In-House Nursery School Locations Across Japan

We established Aeon Yumemirai Nursery Schools at Group company facilities so that our employees, employees of tenants inside of Aeon Mall and local residents are able to work and receive childcare with peace of mind. As of the end of June 2020, 30 such facilities were in operation in Japan. For the purposes of employees' smooth return to work from childbirth and subsequent child-rearing, and to support employees working while raising children, the nursery is open from 7 a.m. to 10 p.m. almost every day, including Saturdays, Sundays, national holidays, and year-end and New Year holidays. In accordance with employee working hours, childcare fees are calculated based on hours of care regardless of the day or time period in order to reduce the economic and physical burden on employees.

Since FY2020, in collaboration with Nichii Gakkan, employees can also use 84 in-house nursery schools operated by Nichii Gakkan in all prefectures.

Nursery School Operators: 14 companies

Iteno Support Co., Ltd.	7
Kids Corporation Inc.	1
Esuchairu Co., Ltd.	1
Taiken Social Welfare Service Corporation	2
Frontier Co., Ltd.	2
Like Kids Inc.	2
Eight Co., Ltd.	3
Apical Inc.	4
Nichii Gakkan Co., Ltd.	4
HITOWA Kids Life Co., Ltd.	3
Serio Co., Ltd.	2
Kasumi Co., Ltd.	1
Aigran Co., Ltd.	1
Seiha Network Co., Ltd.	2
Total	35





**IkuBoss Alliance**

To realize workplaces where diverse human resources can play active roles, it is important to have an "IkuBoss" who respects the life work balance of his subordinates, supports the establishment of careers and recognizes diversity. Aeon Co., Ltd., and The Daiei Inc., were the first retailers to join the "IkuBoss\* Alliance." As of June 2020, 39 Group companies were members of the IkuBoss Alliance. The number of successful applicants for Aeon's original "IkuBoss Test" is increasing, with 23,874 beginners and 4,729 intermediates.



\*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 careers and lives while producing outcomes for the organization and being able to enjoy his or her own work and private life.

**Employee Satisfaction Survey**

Aeon conducts an employee satisfaction survey on morale targeting all Aeon Group employees every other year. 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. Aeon objectively identifies the situation and works to further enhance employee satisfaction by drafting and implementing concrete measures to enhance satisfaction based on the results of the survey.

**Welfare Programs**

The Aeon Good Life Club, Aeon's mutual aid society, has an enrollment list of nearly 280,000 Aeon Group employees. Programs include the payment of gift money for celebratory occasions or condolences (mutual assistance), subsidies for childcare and nursing care, various forms of insurance (selfhelp support), and support for leisure activities and health (motivational assistance). We aim to administer various programs contributing to the achievement and enhancement of common welfare to enable Group employees to have a sense of security, solidarity, and pride.

**Labor Union**

Aeon emphasizes dialogue between labor and management, and discussions are held with the labor union through health and safety committees and the labor management council. The labor union has encouraged part-time employees to become members, and as of the end of April 2020, the labor union had roughly 284,000 members, including 230,000 parttime employees.

Additionally, we are establishing labor unions in Group companies that do not have unions to create a system enabling labor and management to resolve issues.

**Conclusion of a Global Framework Agreement and Implementation of Related Verification Activities**

In November 2014, Aeon Co., Ltd. concluded a Global Framework Agreement on labor, human rights, and the environment with the UNI Global Union, which is an international labor organization, the UA ZENSEN, and the Federation of Aeon Group Workers' Unions. At verification meetings held annually, we conduct mutual checks on the progress of initiatives in relation to labor, human rights, and the environment with respect to notification, performance, and verification. Based on the agreement, the four aforementioned parties are cooperating toward the advancement of initiatives for labor, human rights, and the environment with a view to establishing a model for favorable labor-management relations in Asia.



**Educational Systems to Support Growth**

**Training Programs Supporting the Growth of Employees**

Aeon believes that the greatest form of welfare is education. This phrase embodies the thought that education, in addition to wages and benefits, is key to enriching the lives of its employees. Given this, we have created a wide range of training programs that support the growth of employees and their desire for advancement.

In addition, we have created a system for employees to meet twice a year with their supervisors to discuss and reflect on their work performance and work challenges, and to look ahead to their future aspirations. There are also regular assessments of individual work results and career achievements.

**Aeon Fundamental Education**

This is provided for the first three years following employment with the Company using the same curriculum Groupwide. In addition to sharing Aeon's basic philosophy and set of values, the education aims to have employees 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 Group. In FY2019, the system was implemented targeting the senior management level at 69 Group companies.

**Sending Personnel to Graduate Schools in Japan**

To develop personnel who will lead the Group's business management, Aeon invites applications from Group company employees who meet certain requirements and sends successful candidates to enroll in MBA courses at graduate schools in Japan. The aim is 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 the ASEAN region in order to train the future leaders of its overseas business and provide human resources with the ability to act at the global level. The aim is to acquire essential knowledge and skills through practical experience and training overseas.

**Aeon Business School**

The Aeon Business School offers courses that allow personnel to acquire the knowledge needed for the positions for which they aspire through self-learning. The school's system supports the self-actualization of motivated personnel. In FY2019, there were 250 participants in the eight courses offered by the school.

**Group Recruitment System**

This system allows any employee—irrespective of the business or company to which they belong—to be ambitious and apply for other positions or positions in other businesses.

In FY2019, we recruited ICT human resources needed to develop human resources as a Group, and staff for new businesses such as the new online supermarket business, discount business and overseas business (China and ASEAN region).

**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.



A skills competition for masters of fresh fish preparation

**Internal Certifications and Number of Holders\* (As of the end of February 2020)**

Master of fresh fish preparation (grade 1)	23
Master of fresh fish preparation (grade 2)	1,785
Master of fresh fish preparation (grade 3)	3,083
Baby advisor	828
Fashion advisor	1,238
Liquor advisor	687
Fish advisor	463
Digital advisor	250
Home appliance advisor	68
General appliance advisor	41
Cycle advisor	629
Senior cycle advisor	168
Beauty advisor	965
Handcraft advisor	547
Senior care advisor	48
Hot deli master	2,610
Sushi master	2,049
Aeon gardening master	298
Aeon farm product master	1,125
Aeon greenery master	648
Aeon energy advisor	574
Aeon beauty stylist	49
Aeon flower advisor	82
Aeon pet care advisor	43
Aeon glasses advisor	19
Aeon room style advisor	194
Travel advisor	409
Mobile advisor	193
Livestock master	323

© Denotes qualifications accredited by the Ministry of Health, Labour and Welfare.

\* Total for Aeon Retail Co., Ltd., Aeon Retail Store Co., Ltd., Aeon Hokkaido Corporation, Aeon Kyushu Co., Ltd., Aeon Store Kyushu Co., Ltd., Aeon Supercenter Co., Ltd., Aeon Ryukyu Co., Ltd., Aeon Bike Co., Ltd., Aeon Liquor Co., Ltd., Maxvalu Hokkaido Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Kyushu Co., Ltd., Maxvalu Minami Tohoku Co., Ltd., Maxvalu Kanto Co., Ltd., Maxvalu Nagano Co., Ltd., Maxvalu Hokuriku Co., Ltd., Aeon Big Co., Ltd., Kohyo Co., Ltd., and Aeon Food Supply Co., Ltd. (20 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. The Group CEO himself is an instructor at the university.

In FY2019, we started providing guidance for 20 13th term and 14th term students selected from a group of applicants. Approximately 210 employees have been trained and are active in each Group company as of the end of February 2020.



DNA University class





## Collaborating with Communities

### Community Involvement Making Contributions to Local Communities

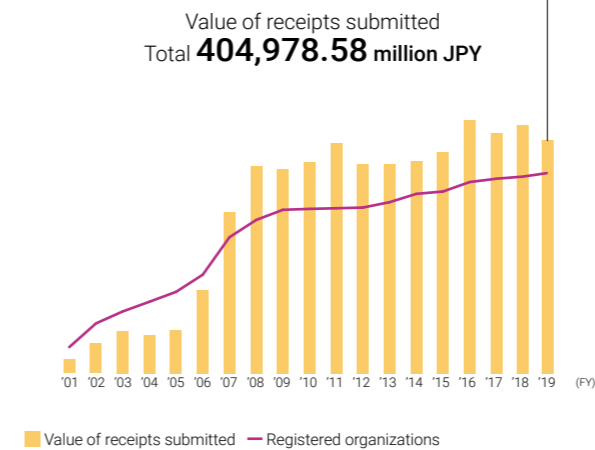
#### Aeon Happy Yellow Receipt Campaign

Local communities in Japan is in need of support. At the same time, there is a countless number of Aeon customers who 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 together customers and volunteer organizations. The Aeon Happy Yellow Receipt Campaign started from these feelings.

In FY2019, we established as KPIs a receipt submission rate of at least 20% for GMS companies and at least 15% for SM and DS companies. We achieved these targets at 63.2% of stores participating in the campaign. In the 19 years since launching the campaign in 2001, cumulative donations have totaled 4,059.14 million JPY, provided to some 346,200 organizations. Aeon China launched this program in 2012, followed by Aeon Thailand and Aeon Cambodia in 2015.

Performance to Date of the Aeon Happy Yellow Receipt Campaign

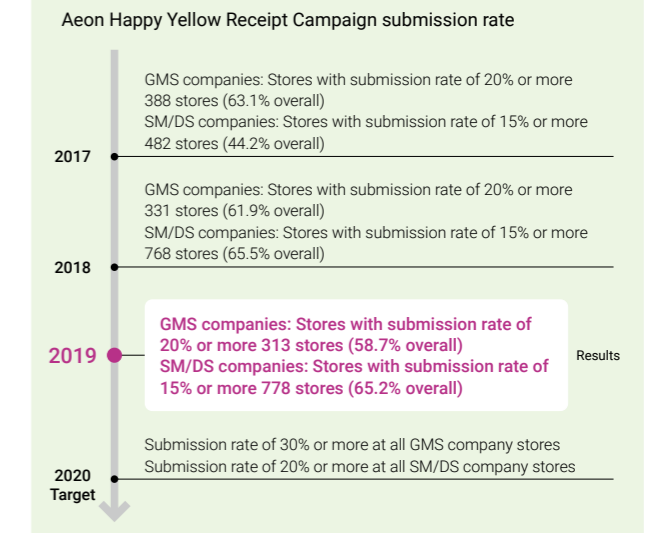
**FY2019**  
Value of receipts submitted: **30,548.09 million JPY**  
Registered organizations: **26,425**



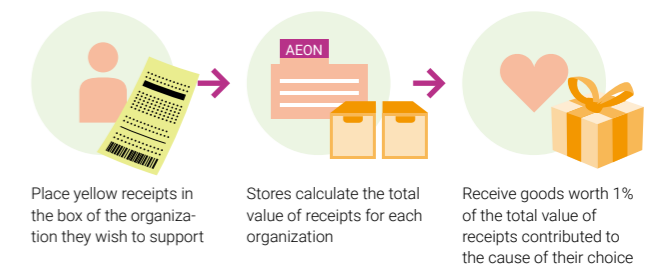
**FY2019**  
**China: 190 stores**  
594 organizations gifted approximately RMB 2,556,000 (approximately 38.62 million JPY)  
**Cambodia: 2 stores**  
20 organizations gifted approximately KHR 5,634 (approximately 600,000 JPY)  
**Thailand: 78 stores**  
24 organizations gifted approximately THB 667,534 (approximately 2.2 million JPY)

With a view to achieving our KPIs and encouraging more customers to submit receipts, we are proactively increasing the profile of this campaign. For example, the personnel at cash registers ask customers if they would like to participate, and we invite volunteer organizations to conduct activities in our stores. Further, we receive the cooperation of the members of local communities by introducing volunteer organizations that conduct activities in local communities to social welfare councils or volunteer centers.

#### FY2019 Results and Target of KPI



#### How the Aeon Happy Yellow Receipt Campaign Works



As of February 2020, a total of 4,059.14 million JPY in goods have been donated since 2001.

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



### Clean & Green Activities

We are 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 on Aeon Day, the 11th of every month, since 2001 at all general merchandise stores and supermarkets as well as the head office and other business offices.

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

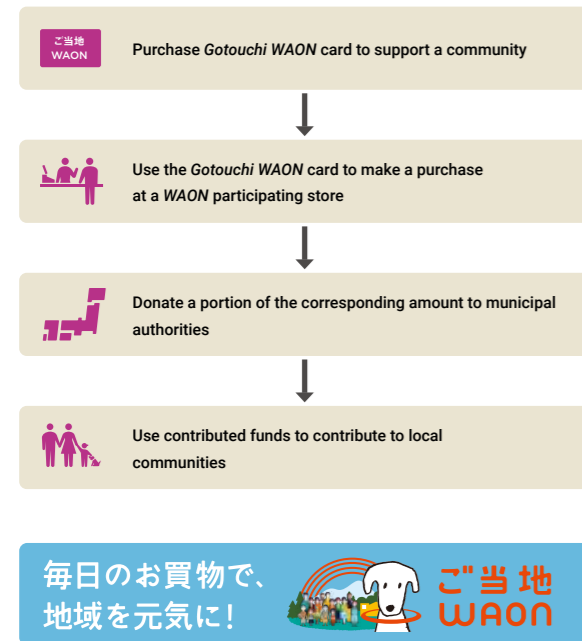
### Issuing Gotouchi (Regional) WAON Cards

WAON is a system of e-money prepaid cards available at over 676,000 participating stores throughout Japan. In the case of Aeon's *Gotouchi (Regional) WAON* cards, a part of the proceeds from sales goes to social contributions for communities.\* The social contributions that result from using that cards are wide ranging, and include community environment conservation efforts, promotion of tourism and sports, preservation of cultural assets, and animal welfare. As of the end of February 2020, we have issued 151 different cards, which reflect distinctive regional identities and include donation functions. The total amount of local contributions comes to about 1,758.58 million JPY.

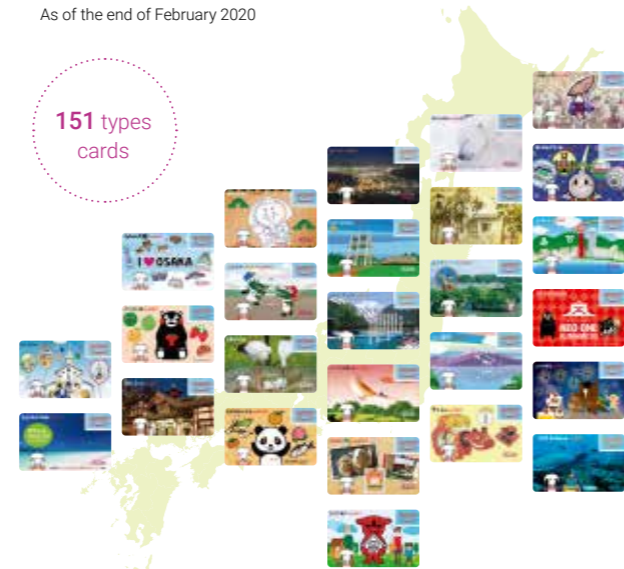
Going forward, we will continue offering customers the convenience of *Gotouchi WAON* cards while at the same time actively contributing to the support of local communities.

\* Some exceptions apply

### Gotouchi WAON Framework



### Types of Gotouchi WAON Cards



Gotouchi (Regional) WAON card "Borneo Conservation WAON" is born Aeon issued the "Borneo Conservation WAON" for the purpose of supporting bio-diversity conservation activities in the Borneo region of Southeast Asia. (Announced in October 2019)

### Concluding Comprehensive Cooperation Agreements

We have entered into 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 *Gotouchi WAON* cards, to stimulate commerce and tourism.

Starting with an agreement concluded with Osaka Prefecture in June 2010, as of the end of February 2020, we have concluded agreements with 120 local governments (one road, two metropolitan prefectures, 44 prefectures, 19 government-designated cities, 54 cities and towns and three wards).

Through these agreements, we provide emergency supplies and emergency shelters during times of disaster upon request, hold local product fairs and promote local tourism through our stores, and work 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 in Ishinomaki city Miyagi Prefecture

### Supporting Revitalization of Local Industries and Preservation of Traditional Food Culture

We actively contribute to local ecosystems and the preservation of local traditions.

### Direct Business Transactions with Fishery Cooperatives

Aeon has been transacting directly with fishery cooperatives since 2008 to provide customers with even fresher fish and to help sustain Japan's traditional fish cuisine. As of the end of February 2019, we conduct business directly with four fishery cooperatives.\* By arranging to provide fresh fish that landed in the morning to customers on the afternoon of the same day, we provide homes with enjoyment through fresh fish. We also offer delicious menu suggestions for children who do not like to eat fish.



Aeon purchases all fish caught by this fishing vessel



Fresh fish caught in the morning

In June 2018, the Fukushima Prefectural Federation of Fisheries Co-operative Associations and Aeon Retail Co., Ltd. began collaborating to sell fish from Fukushima Prefecture at six stores in the Tokyo metropolitan area under the name Fukushima Fresh Fish Delivery. Expanded to 13 stores in June 19, 2020. Going forward, through dialogue with the National Federation of Fisheries Cooperatives Association, Aeon will continue conducting initiatives that benefit customers as well as to help resolve issues associated with marine products.

In the fall of 2019, we launched trial sales of direct transactions with Oda Fishing Port (JF Shimane) to Minami Kanto companies. In particular, Shimane nodokuro is served as sashimi and enjoyed by our customers. Next fiscal year, we will identify issues based on reflections from this fiscal year and work to make Kanto-area customers happy with fresh seasonal fish from Shimane Prefecture.

\*JF Shimane, JF Hiroshima, JF Ishikawa, JF Katase-Enoshima

### Promoting the Food Artisan Project

We have conducted the Food Artisan Project since 2001 with many producers across Japan dedicated to preserving local flavors. The project seeks to preserve and build local culinary cultures as brands. Everyone involved pools their wisdom and works to publicize the ingredients and traditional techniques that support exceptional local culinary cultures in an effort to protect, preserve, and create new brands.

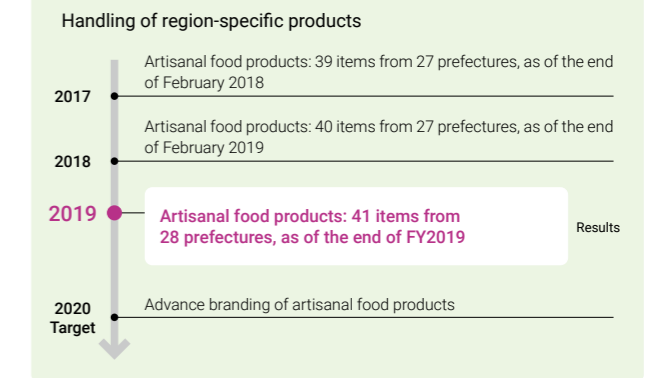


As of the end of February 2020 our artisanal food products cover 27 prefectures and 41 dishes, whose unique local flavors are delivered to customers across Japan.



Maru Akabare Sho This fine-fleshed potato cultivated in the red soil of the Akitsu district of Higashi-Hiroshima City and has a low water content and a strong taste. It is a variety of *Dejima* that is a hybrid of *Danshaku* and *May Queen*, distinctive for its good taste and remaining intact when boiling.

### FY2019 Results and Target of KPI



### Aeon Welfare Fund

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 monthly contributions of 50 JPY per employee matched by the employer. As of the end of February 2020, 70,000 Aeon employees from 93 companies are participating in this program.

In FY2019, neighborhood welfare facilities for people with disabilities were presented with welfare vehicles upon opening new stores. This brings the total number of donated special vehicles to 105 since the inception of the Welfare Fund. In addition, our volunteer activities included roughly 880 visits to welfare facilities, with events such as Christmas parties. About 14,000 facilities have been visited thus far.



A welfare vehicle presentation ceremony (Aeon Town Isahiya Seibudai, Isahaya, Nagasaki Prefecture)



### Establishment of Voting Centers

For the 25th nationwide local government elections held on July 21, 2019, we established early and same-day voting centers at 103 Aeon commercial facilities nationwide. Each day, large numbers of customers visit Aeon stores to shop or have a meal. Customers responded favorably to our establishment of voting centers due to the convenience of being able to vote while out shopping.

Further, having voting centers in stores serves the public good because it helps boost voter turnout by making elections feel more accessible to customers visiting our stores, who belong to a wide range of age groups.

### Creating Local Ecosystems

In 2016, we launched programs to construct "local community ecosystems" as an initiative to implement the concept that the retail business is a community industry, based on the Aeon Basic Principles. Local community ecosystems initiatives involve collaboration among community residents, governments, companies, and other stakeholders to resolve issues facing the community while increasing community appeal and competitiveness. We aim to structure lifestyle and industry platforms that enable continuous community development. The keywords are digitalization, health and wellness, mobility, and value.

We launched this initiative in Chiba Prefecture, home to the headquarters of Aeon Co., Ltd., and are taking on the challenges of various new initiatives in collaboration with communities and governments in designated zones in Chiba to test future urban concepts. By expanding local community ecosystems, we plan to contribute toward the development of local communities and help create a bright future for them.

**Digitalization**

**Stress-free through digitalization**

- Omni-channel for all regions
- Evolution of online supermarkets
- Hands-free shopping in shopping centers and communities
- Information in multiple languages
- Various forms of payment, etc.

**Mobility**

**Evolution of transportation and movement within regions**

- On-demand transportation, circulator buses
- Personal mobility
- Pick-up and logistics networks
- 1-hour delivery within the region, same-day delivery
- Park and fly, etc.

**Four pillars of local community ecosystems**

**Health & wellness**

**Physically and emotionally fulfilling neighborhoods**

- Comprehensive health support service through IT
- Mall walks, health points (service)
- Concierge services, shopping support
- 24-hour healthcare and medicine, in-home services
- Child-rearing support, etc.

**Value**

**Expansion of local economy and value and benefits to the community**

- Sixth phase of industrialization, everything consumed is locally produced
- Support for tourism and visitors from overseas
- Unique characteristics of each community
- Use of big data
- Investment in regions, people, companies, donations, etc.

## Community Involvement Developing the Human Resources of the Future

### Aeon Cheers Club

The Aeon Cheers Club provides hands-on opportunities for first-grade to ninth-grade students to learn about the environment.

Children take part in a variety of activities related to the environment.

The theme in FY2019 was "The Sun." Approximately 450 clubs and 7,200 children participated in this activity nationwide.

In 2019, the 9th Aeon Cheers Club met in Okinawa in July and Hokkaido in August to hold hands-on nature programs. A total of 50 clubs, representing the top clubs selected at regional meetings, and 221 awardees gathered, with each club reporting on learning outcomes for the year.



Coral seedling creation activity (Okinawa meeting)



Horse carriage tour (Hokkaido meeting)

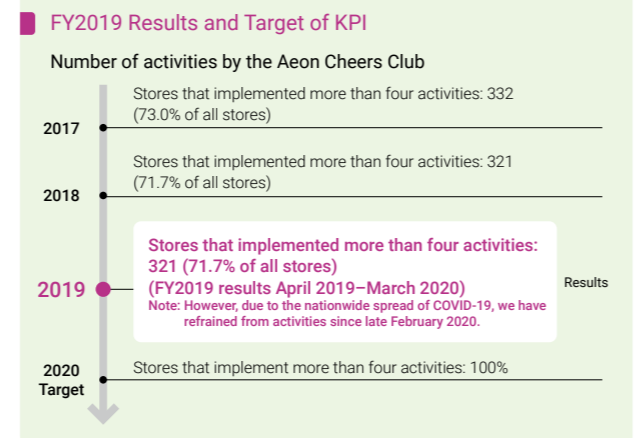
In FY2020, which marks the 25th anniversary of the start of support for this activity, the shared theme of the activity was set to the wide-ranging "environment and society." Specific theme for each year will be determined freely by each club to facilitate activities that more strongly reflect local issues and children's awareness of problems.



Learning about solar power generation mechanism and generation rates



Wall newspaper announcements at regional meetings



### Expansion in China and ASEAN Region

The Aeon Cheers Club began activities at Aeon Malaysia in 2012 and at Aeon China in 2014. Approximately 1,567 children have participated in activities at about 32 clubs in Aeon Malaysia, while around 4,064 children have participated in activities at about 74 clubs in Aeon China.

In 2019, a painting contest was held as an activity commemorating the fifth anniversary of the Cheers Club in China. 42 works from Beijing, Tianjin, Hebei, Shandong, Jiangsu, Zhejiang, Hubei, Guangdong and Hong Kong were selected for final consideration and the award ceremony was held at Beijing Aeon Fengtai on August 10.



Production of handprint art by members participating in the award ceremony



Bonsai making experience

### Farming Experience Program

Since 2012, we have been conducting the Agricultural Eco-experience Project for children who belong to the Aeon Cheers Club. The aim of the project is for children to visit TOPVALU production sites around Japan and learn about environmentally friendly vegetable production, innovations for safety and security, and the commitment to taste, through the experience of farming, including vegetable harvesting and packaging. In FY2019, 305 children from 26 Aeon Cheers Clubs took part in 15 visits to 11 production sites. A cumulative total of 6,045 children have participated in visits to 151 production sites as of FY2019.

The Aeon Cheers Club Farmers' Program offers opportunities for children to continue experiencing and studying the growth processes of crops. Aeon Mie Inabe Farm, Aeon Hyogo Miki Satowaki Farm, Aeon Hokkaido Mikasa Farm, Aeon Saitama Hanyu Farm, Aeon Tokushima Awa Farm, Aeon Oita Usuki Farm, Aeon Iwate Hanamaki Farm, Aeon Ishikawa Kahoku Farm and eight other farms, as well as the Home of Flowers and Greenery and Agriculture (Shibayama, Sanbu District, Chiba Prefecture) of The Public Interest Incorporated Foundation for the Agriculture of Flowers and Greenery, the city of Isumi in Chiba Prefecture, and the city of Oyama in Tochigi Prefecture, with 625 children from 26 Aeon Cheers Clubs participating in the program at 11 locations nationwide.



Harvesting carrots planted and cultivated by the children themselves at the Aeon Oita Usuki Farm

### TOPICS

#### Hands-on Dietary Education Experience Targeting Cheers Club Members at Kasumi Co., Ltd., Stores

In November 2019, 16 members of the Tsukuba and Tsuchiura Aeon Cheers Club participated in a hands-on dietary education experience at the Kasumi Food Square Kasumi Oho store in Ibaraki Prefecture.

This activity involves 5 A DAY dietary instructors with solid knowledge and teaching know-how, including registered dietitians working at Kasumi Co., Ltd., who aim to cultivate people able to realize healthy dietary habits. Children were taught in an easily understandable manner using magnets and other tools to explain the red, yellow and green three-color food group, balanced meals and the importance of vegetables.

In addition to lectures, Cheers members also experienced supermarket tours where they could actually see, touch and eat as well as make salads.



Learning about three-color food groups



Attending supermarket tour

### Aeon Sucusuku Laboratory

These activities support those raising children in the community and provide opportunities to become familiar with Japanese nursery rhymes and songs. Since 2008, Aeon Malls nationwide have been the main venue for these activities targeting infants aged 0–3 and their families. The program consists of two parts: a seminar on childcare advice by Professor Katsumi Tokuda of the Faculty of Medicine of Tsukuba University, a leading expert in childcare, and a nursery rhyme concert by sisters Saori Yuki and Sachiko Yasuda who sing along with parents and children at the venue.

In FY2019, this event was held at two locations with 137 adults and 48 children, a total of 185 people in attendance. As of March 31, 2020, the cumulative total of presenters was 54 people with about 10,160 participants overall (the 55th Sucusuku Lab was scheduled to be held in Tottori City in February 2020, but was canceled due to the spread of COVID-19).



Child-rearing seminar by Katsumi Tokuda, Professor, Faculty of Medicine, University of Tsukuba



### PET Bottle Cap Collection Campaign

Aeon has been collecting PET bottle caps at its stores from customers since 2008. The caps are collected as recycling resources and converted into money, which is then donated to three international support organizations.\*1 This effort plays a role in supporting the children in developing Asian countries.

In FY2019, 4,753,726 JPY from 376.00 million bottle caps\*2 was donated to these organizations. The funds will provide vaccines, nutritious food, and books to children in Asia.

\*1 The three international support organizations:  
Plan International Japan  
Save the Children Japan  
Japan Committee, Vaccines for the World's Children

\*2 Number of caps collected between March 1, 2019 and February 29, 2020



Children reading books in front of the library



Providing dietary supplements to Hmong children



Children brought for vaccination



### TOPICS

#### Donating Around 240,000 Meals to Children in Need in Asia and Africa

Aeon participated in Riceball Action 2019, a campaign sponsored by the NPO TABLE FOR TWO International.\*1 Over a 14-day period from October 7 to 20, 2019, some 540 Aeon and Aeon Style stores donated a portion of their revenues from riceball-related products to provide food to children in need in Africa and Asia. Through TABLE FOR TWO, in 2019 the campaign provided children in Africa and Asia with 345,880 nutritious meals\*2.

\*1 This NPO aims to correct an imbalance between obesity and hunger around the world by promoting improvements in eating habits in developed countries and making donations to developing countries.

\*2 20 JPY per meal



#### ● Fundraising Activities (FY2019)

Activity	Activity period	Number of participating stores and locations	Donations from customers and employees nationwide (JPY)	AEON 1% Club donations (JPY)	Donations through TOPVALU products (JPY)	Total (JPY)	Donees
Donation for support of school establishment in Myanmar	April 1 2019 to May 26 2019	7,088	34,286,816	19,713,184	—	54,000,000	ADRA Japan Japan Committee for UNICEF
24-hour television 42 fundraising	June 15 2019 to September 1 2019	10,337	275,699,097	—	—	275,699,097	24-Hour Television Charity Committee
Aeon and UNICEF Safe Water Campaign Fund	September 14 2019 to October 13 2019	5,909	10,507,586	13,492,414	8,559,360	32,559,360	Japan Committee for UNICEF
Fundraising for support of people with disabilities in Asia	December 2 2019 to December 15 2019	6,898	13,353,166	13,353,166	—	26,706,332	Association for Aid and Relief, Japan (AAR Japan)
Fundraising for support of manufacturing by people with disabilities	February 8 2020 to March 8 2020	7,144	18,974,971	18,974,971	—	37,949,942	Association for Aid and Relief, Japan (AAR Japan)
<b>Total</b>			<b>352,821,636</b>	<b>65,533,735</b>	<b>8,559,360</b>	<b>426,914,731</b>	

#### ● Continuous Fundraising Activities

Activity	Activity period	Funds raised from customers and employees (JPY)	Cumulative total (JPY)	Donees
Red Feather Community Chest	October 1 2019 to December 31 2019	18,101,038	350,436,441	Central Community Chest of Japan

#### ● Emergency Relief Fundraising Activities

Activity	Activity period	Number of participating stores and locations	Donations from customers and employees nationwide (JPY)	AEON 1% Club donations (JPY)	Subvention from Aeon Group companies	Total (JPY)	Donees	
Support for the rebuilding of the Notre-Dame Cathedral	April 24 2019 to May 19 2019	32	93,533	2,500,000	2,500,000	5,093,533	Ambassade de France au Japon	
Emergency donations and support funds for victims of the floods in Myanmar	August 22 2019 to August 28 2019	18	*1	\$20,000	Aeon Orange \$2,000*1 Aeon Micro Finance \$2,000*1 Aeon Mall \$1,000 Aeon Thana Shinsap (Thailand) Plc. \$10,000	\$35,000	Ministry of Social Welfare, Relief and Resettlement, Republic of Myanmar	
Emergency donations in support of the heavy rain disaster in August 2019 (Kyushu area only)	September 6 2019 to September 23 2019	385	2,947,150	—	—	2,947,150	Saga Prefecture	
Emergency donations in support of damage caused by typhoon No. 15 in 2019 (limited to Tokyo and Chiba, Kanagawa and Saitama Prefectures)	September 15 2019 to October 15 2019	2,685	17,246,666	20,000,000	—	37,246,666	Chiba Prefecture	
Emergency donations in support of damage caused by typhoon No. 19 in 2019	October 13 2019 to November 17 2019	10,674	50,136,680	—	—	137,807,535	Iwate, Saitama, Kanagawa and Shizuoka Prefectures	
Shurijo Castle support	In-store donations	November 1 2019 to November 30 2019*2	2,087	47,630,321	—	—	65,794,705	Okinawa Churashima Foundation
	Donations via Gotouchi (Regional) WAON cards	November 1 2019 to February 29 2020	—	—	*3	14,567,357		
		December 1 2019 to December 31 2019	—	—	—	3,597,027		

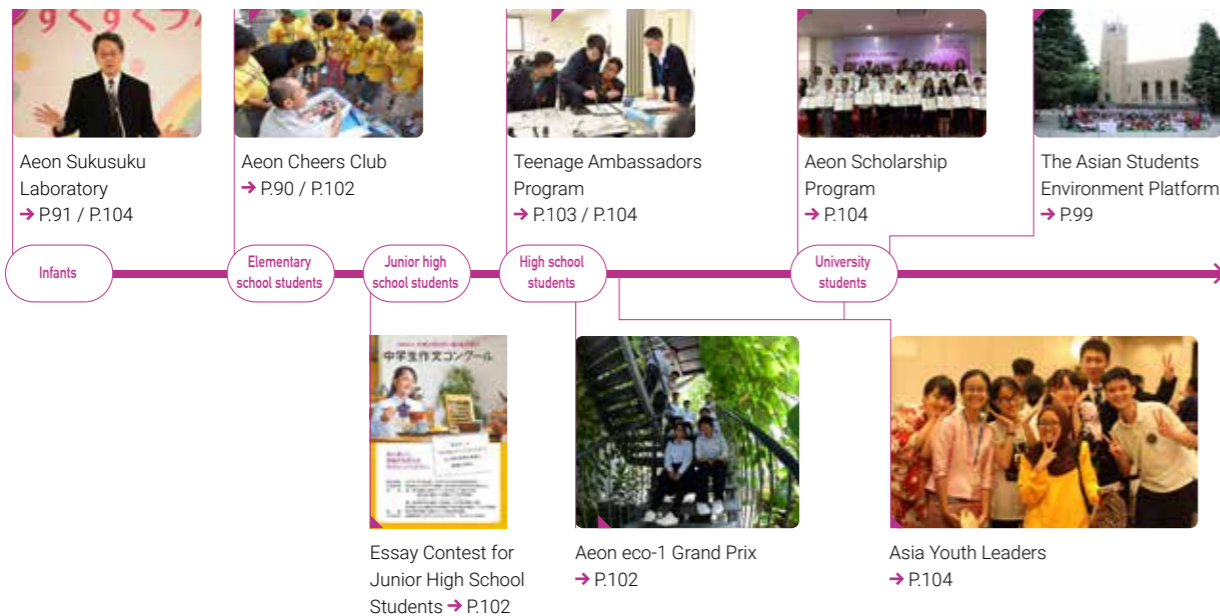
\*1. Includes donations from Aeon Orange, Aeon Microfinance and support from the Company.

\*2. Implemented by Aeon Ryukyu Co., Ltd., Aeon Credit Service Co., Ltd., Aeon Bank, Ltd., and Aeon Marketing Co., Ltd., until February 29, 2020.

\*3. In November 2019, the AEON Shurijo Castle Reconstruction Support Project was launched. We plan to donate 500 million JPY to Okinawa Prefecture over a five-year period.

#### Initiatives of AEON 1% Club Foundation for Developing the Next Generation

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





# Activity Report for Third Period of Project Aeon Joining Hands (FY2019)



Project Aeon Joining Hands was launched in March 2012. In the 10 years leading to FY2021, we are aiming to drive creativity and contribute to recovery after the Great East Japan Earthquake by utilizing the diverse resources gained through the management activities of all Aeon employees.

Since FY2016, we have been working with local communities in the Aeon Future Co-creation Program, which aims to support the resolution of community issues through exchange, while understanding that the sustainable recovery of local communities is a social challenge facing the disaster-afflicted areas of Tohoku. We are continuing to support Tohoku reconstruction and creation initiatives in disaster-afflicted areas, such as industrial cooperation, manufacturing support, community revitalization, and school education assistance. One pillar of these activities is the Aeon Tohoku Reconstruction Hometown Forests Program. Under this volunteer activity, we meet our initial targets of 300,000 volunteers planting 300,000 trees ahead of schedule.

## Project Aeon Joining Hands

### Basic Concept

Based on the three principles of Aeon—"Peace," "People," and "Community"—Aeon People are committed to utilizing the diverse resources made available through Aeon's business activities, exercising their creativity and taking the initiative in contributing to the recovery of the areas affected by the Great East Japan Earthquake. For Aeon People, this is an opportunity to both realize and experience firsthand 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.

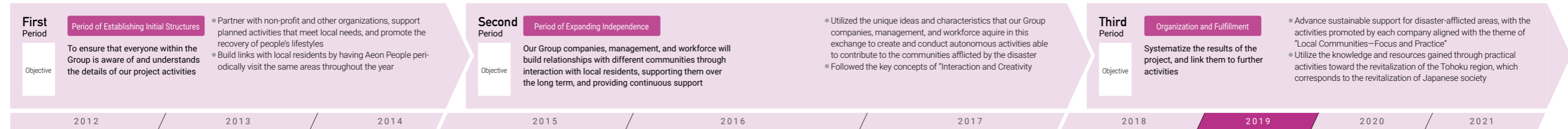
### Purpose of Supporting Recovery

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

### The Project's Vision

By combining the three principles of Aeon—"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 rebuild their communities.

## Project Aeon Joining Hands 10-Year Project



### Aeon Tohoku Reconstruction Hometown Forests Program

**Outline of First Period Initiatives**

- Conducted tree-planting activities on the coasts of Iwate, Miyagi, and Fukushima
- Engaged with everyone in the local community through tree-planting activities with the objective of revitalizing a homeland rich in nature

**Outline of Second Period Initiatives**

- Promoted interaction with local communities through tree-planting activities in each region of Tohoku
- Planted fruit and shrubs in addition to trees and supported reconstruction of industry and tourism
- Conducted recovery of the woods in the village shrine, a favorite spot for local residents, and planted trees in squares in front of stations, many of which were washed away

April 2016 Tree-planting ceremony at the Soma Matsukawaura coastal disaster prevention forest

October 2017 Reconstruction tree-planting ceremony for residents of Minamisoma City in memory of those who lost their lives in the Great East Japan Earthquake

March 2019 Tree-planting ceremony at Arahama, Sendai, to celebrate the planting of 300,000 trees

**Aeon's support of recovery efforts as of the end of February 2020**

**Number of trees planted in affected areas**  
Total **316,419**

### Deployment of Volunteers to Disaster Afflicted Areas

**Outline of First Period Initiatives**

- Implemented activities in Rikuzentakata City, Iwate Prefecture since FY2012, and in Minamisoma City, Fukushima Prefecture since FY2013
- Conducted volunteer activities for many Aeon People to visit disaster-afflicted areas to engage through their own efforts and experience what is happening on the ground firsthand
- Worked in a manner that is able to best match the hopes of everyone in the community

**Outline of Second Period Initiatives**

- Confirmed the challenges in disaster-afflicted areas on-site through activities in Hamadori, Fukushima to regenerate the local community and bring people back from the places they dispersed to after the nuclear accident
- Utilized the experience gained through these activities in the social lives and work of Aeon People

October 2016 Third group of volunteers from Tokyo dispatched to disaster-afflicted areas

September 2017 Fourth group of volunteers from Tokyo dispatched to disaster-afflicted areas

November 2019 Seventh group of volunteers from Tokyo dispatched to disaster-afflicted areas (Marumori Town, Miyagi Prefecture)

**Aeon's support of recovery efforts as of the end of February 2020**

**Employees who participated in the affected areas as volunteers**  
Total **3,969**

### Aeon Future Co-creation Program

**Outline of Second Period Initiatives**

- We will strive together with the regions afflicted by the disaster and our Group companies in the Aeon Future Co-creation Program, aiming to support the resolution of community issues through exchange, while understanding that the sustainable recovery of local communities is a social challenge facing the disaster afflicted areas\* of Tohoku

\* Nine regions in Iwate, Miyagi, and Fukushima prefectures

- Kamaishi City and Otsuchi Town, Iwate Prefecture
- Kome-dori, Tono City, Iwate Prefecture
- Oshima, Kesennuma City, Miyagi Prefecture
- Marumori Town, Miyagi Prefecture
- Minamisanriku Town, Miyagi Prefecture
- Namie Town (Nihonmatsu City), Fukushima Prefecture
- Odaka, Minamisoma City, Fukushima Prefecture
- Kagamiishi Town, Fukushima Prefecture
- Hirono Town, Iwaki City, Fukushima Prefecture

Commercialization of doburuku (unfiltered sake) to support marginal villages (Komedori District, Tono City)

Distribution and sale of FSC-certified wood in Minamisanriku

Commercialization and creation of a brand for Hirono Town's paper derived from banana peel and washi paper

### Volunteer Activities Conducted by Each Group Company

**Outline of First Period Initiatives**

- Designated a person in charge of advancing activities at each company within the Group, and continually implemented local training in disaster-hit areas
- Developed unique activities at each Group company, and with each member of our management and workforce
- Conducted Tohoku Recovery Markets and communicated the start of the project both inside and outside the Company through activities such as the screening of the Utagokoro documentary film in each region

**Outline of Second Period Initiatives**

- Promoted ongoing support able to be conducted from a distance in order for Group companies to generate recovery in Tohoku
- Advanced support encompassing local communities with voluntary and independent thinking toward generating recovery in areas afflicted by the disaster at each Group company

December 2016 "100 Santas Visit" Christmas event for reconstruction support

November 2017 Volunteering to harvest organic cotton in disaster-afflicted areas

October 2019 Sales of Minamisoma City products outside of katanibe (traditional storytelling) venues (Sapporo, Hokkaido)

**Aeon's support of recovery efforts as of the end of February 2020**

**Employees who participated in volunteer activities in and around the Company**  
Total **377,150**

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





## “Bustling Tohoku—Connect with Hometown Power” Efforts aimed at invigorating disaster-afflicted areas in Tohoku Main FY2019 Tohoku Reconstruction Support Activities

Aeon has carried out various support activities for disaster-stricken areas since immediately after the Great East Japan Earthquake. In March 2012, one year after the calamity, Aeon commenced recovery and reconstruction activities under the slogan, “Making our wishes for recovery from the 3.11 disaster come true.” Aiming for the “creation of local areas (hometowns),” Aeon has started efforts, under the catchphrase “Bustling Tohoku,” to help connect the energy of Tohoku throughout Japan and around the world. With this desire to create the future of Tohoku with “bustling energy,” and with our four policy pillars, we will walk together with everyone towards creation in Tohoku.

### 1. Revitalization of local industries through business

In order to make Tohoku even more vibrant than in the past, we are engaged in projects to bring amazing products developed by local Tohoku producers into the hands of customers, including not only local customers but also customers in Tohoku, across Japan, and around the world, thereby revitalizing local industries and the economy.

#### Opening the Aeon Namie Store, a Supermarket That Had Been Hoped for Since the Earthquake

It has been nine years since the Great East Japan Earthquake. In July 2019, a new Aeon store opened its doors in Namie Town (Fukushima Prefecture), where residents were forced to temporarily evacuate due to the nuclear accident. Residents are now able to do their daily shopping and purchase fresh food at a familiar store. Aeon Namie embraces the idea of enabling customers in the community to enjoy daily life. In the six months since the store's opening, customers have begun to return to Namie Town and visit the store, even on New Year's Day. Aeon will continue to implement reconstruction and creation initiatives in Tohoku as a member of the community, with the hope that the region will become even livelier.



Aeon Namie, which opened in July 2019



Aeon Namie fresh fish section



New Year Firefighters' Event at Udo fishing port, Namie Town, on New Year's Day 2020



Signing ceremony for the Commercial Environment Improvement in Namie Town Memorandum

### Four Policies for Recreating Tohoku

- 1 Revitalization of local industries through business
- 2 Creation of employment and creation of an environment that is easy to work in
- 3 Environmental and social contribution activities that “co-create” the future of the region
- 4 Development of towns where people can live with safety and peace of mind

### 2. Creation of employment and creation of an environment that is easy to work in

We are creating employment by opening stores in areas afflicted by the disaster. We are also working to build an environment that is comfortable for anyone to work, including employees who are raising children, with initiatives such as the establishment of nursery schools at our business facilities.

#### Opening of nursery school at Aeon Mall Iwaki-Onahama

We opened an Aeon Yumemirai Nursery School at Aeon Mall Iwaki-Onahama in May 2018 in light of the increasing number of children on waiting lists in Natori City due to factors such as families moving from other areas. We will continue working to build a secure environment in which everyone in the region can work with peace of mind now and into the future.



An Aeon Yumemirai Nursery School (Other Regions)

### 3. Environmental and social contribution activities that “cocreate” the future of the region

We are also working with the people of local communities on environmental and social issues through Project Aeon Joining Hands (P.94 / P.95). This is supporting the healthy growth of Tohoku, urbanization, and the children of the region.

#### Supporting Children through Tohoku Reconstruction Support WAON

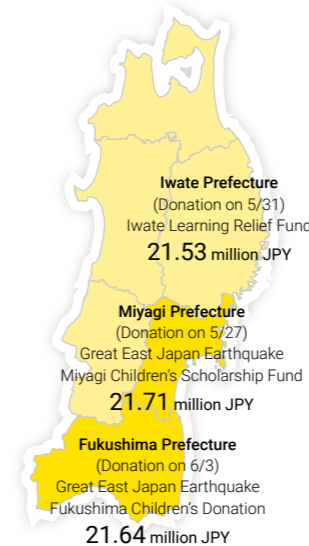
In May 2012, we issued Tohoku Reconstruction Support WAON through which we donate 0.1% of the amount used for scholarship funds to support the lives and learning of children in the three prefectures of Iwate, Miyagi, and Fukushima who were affected by the disaster. The total amount donated between 2013 and April 2020 was 39,482,038 JPY.



### Supporting the Tohoku Aeon Happy Yellow Receipt Campaign

We would like to encourage everyone affected by the earthquake in Iwate, Miyagi, and Fukushima with our customers throughout Japan.

On the 11th of every month, also known as Aeon Day, we conduct the “Aeon Happy Yellow Receipt Campaign.” Beginning in 2012, we extended our March campaign to three days, from the 9th to 11th. During this campaign period, we will donate 1% of the total amount on receipts given to us by our customers. Since starting in Tohoku in 2011, total donations toward initiatives to support Tohoku have amounted to 1,074.31 million JPY by 2020.



In March 2020, we donated approximately 64.89 million JPY to support the futures of children in Tohoku.

### Ministop's “Support Tohoku: Cheer Up Children with Soft Serve Ice Cream” Campaign (from March 9 to 11, 2020)

Between March 9 and March 11, 2020, convenience stores run by Ministop Co., Ltd. donated 1% of sales, totaling 266, 274 JPY, to support the lifestyles and education of children in disaster-afflicted areas of three prefectures.



### 4. Development of towns where people can live with safety and peace of mind

We are aiming to build safe and secure places for people to live by enhancing preventative measures based on our experience from the Great East Japan Earthquake.

#### Expanding Local Temporary Shelters

Aeon is strengthening safety measures that include securing energy supply systems such as independent power generation facilities, which allow shopping centers to be used as evacuation centers during a disaster.

We have already completed the installation of these facilities at 58 stores and aim to have more than 100 stores outfitted by 2020.



Aeon's private power generators

### TOPICS

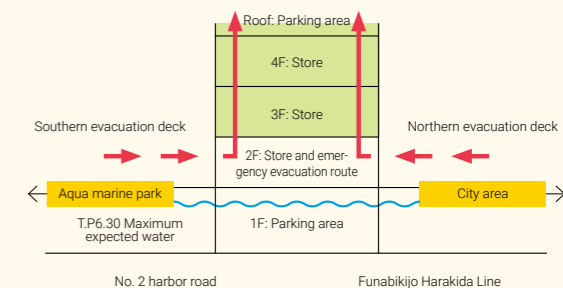
More than seven years have passed since the Great East Japan Earthquake. As a community industry member, Aeon has striven to put its philosophy into action through the reconstruction of Fukushima Prefecture.

#### Opening Aeon Mall Iwaki Onahama as a Disaster Prevention Mall

Learning from the experience of the Great East Japan Earthquake, we opened a “disaster prevention mall” to serve as a temporary evacuation shelter in time of disaster, providing a nearby place for residents of surrounding areas and a location for distributing supplies. In the event of an earthquake or other disaster, even after the store closes at night we will leave open the pedestrian deck and open in-store hallways and roof areas to provide temporary shelter for evacuees. The entire first floor is designed as a parking area, with the store area on the second, third, and fourth floors to provide protection from flood damage in the event of a tsunami. The piloti structure used on the first floor is designed to more than withstand the highest level of tsunami anticipated. We have our own emergency generators to provide power in the event of an outage, as well as water tanks to serve as an emergency source if water supplies are cut off. Our standard electricity supply also uses substation equipment located higher than the second floor. We are collaborating with NHK (Japan's national broadcaster) to swiftly provide disaster information using digital signage. In these ways, we aim to provide a venue that fosters local reconstruction by serving as a place where people in the community can gather with peace of mind.



Aeon Mall Iwaki-Onahama



Pedestrian decks connect land- and sea-facing directions, facilitating emergency evacuation both at night and during the day. In-store information displays are designed for ease of understanding.



Vital equipment, such as water tanks, emergency generators, and electrical substations, are located out of reach of expected water levels.



## AEON Environmental Foundation

The Aeon Environmental Foundation was established in 1990 with the aim of voluntarily developing various activities to protect the global environment providing support and subsidies to like-minded organizations. In addition to tree planting activities around the world, mainly in Asia, in recent years we have engaged in environmental education as well as collaborations with universities and international specialized institutions to conduct various environmental activities alongside local residents.

- 1990** Established Aeon Group Environmental Foundation (currently AEON Environmental Foundation)
- 1991** Launched the Environmental Assistance Project
- 1992** Supported the United Nations Conference on Environment and Development (Earth Summit)
- 1993** Held the First Japan-China International Symposium on Environmental Issues
- 1996** Tree-planting in Ratchaburi Province, Thailand (first overseas tree-planting activity)
- 1998** AEON Environmental Foundation conducted first tree planting project to revitalize the forests at the Great Wall of China
- 2002** Conducted tree-planting activities in Shiretoko, Hokkaido (first tree-planting activities in Japan)
- 2009** Established Japan Awards for Biodiversity  
Launched photovoltaic power generation system donations
- 2010** Established MIDORI Prize for Biodiversity (Number of trees planted reached one million for tree planting project to revitalize the forests at the Great Wall of China by the AEON Environmental Foundation)
- 2012** Started Asian Students Environment Platform
- 2017** Concluded a collaboration agreement with the Japan UNESCO Biosphere Reserve Network  
Held the First Aeon Future Earth Forum in collaboration with the University of Tokyo Institute for Future Initiatives and Future Earth
- 2019** Concluded a collaboration agreement with the Remote Sensing Technology Center of Japan
- 2020** 30th anniversary of foundation's establishment

## AEON Forest Programs

Together with citizen volunteers from all over the world, we are carrying out tree planting activities with the aim of regenerating forests lost due to natural disasters and logging.

In FY2019, we planted trees in Minamifurano, Hokkaido; Ishinomaki, Miyagi Prefecture; Aya, Miyazaki Prefecture; Kujukurihama, Sanmu City, Chiba Prefecture; and overseas in Wuhan, China; Jakarta, Indonesia; and Bidor, Malaysia.



Minamifurano, Hokkaido



Kujukuri Beach, Chiba Prefecture



Wuhan, China



Bidor, Malaysia

In FY2020, to prevent the spread of COVID infections among groups, and in consideration of customer safety, the tree-planting activities planned in Matusaka, Mie Prefecture, Kujukuri Beach, Chiba Prefecture, Minamifurano, Hokkaido, Jakarta, Indonesia and Ishinomaki, Miyagi Prefecture, have been postponed until FY2021. We will continue to reflect tree-planting activities and utilize the multifaceted functions of forests in AEON Forest Programs to contribute to regional revitalization.

## Environmental Assistance

Since its establishment in 1990, the Aeon Environmental Foundation has assisted organizations working around the world with the aim of achieving a sustainable society to pass on a rich natural environment to the next generation. Through these projects, we support community-based environmental activities centered on fieldwork. Since its establishment, the foundation has continuously provided a total of 100 million yen in grant money every year.

In FY2019, 96.91 million yen was awarded to 111 organizations in Japan and overseas that are engaged in tree planting, the regeneration of mountain villages and the nearby woodlands and ocean, cleanup of rivers, education on the natural environment, wildlife protection, and protection of endangered species. To date, a total of 3,059 organizations have been awarded grants, with a total of 2,779.79 million yen in grant money. In October 2019, we held an activity report by supported organizations at Aeon Lake Town.



NPO Fukuoka Wetland Conservation Research Group (Elementary school students engage in Eastern bird watching)



Activity report meeting (Aeon Lake Town)

## Overview of Support Provided

	Projects Supported	Total Amount (Millions of Yen)		Projects Supported	Total Amount (Millions of Yen)
1st	59	81.64	15th	151	148.42
2nd	74	80.03	16th	121	148.50
3rd	75	80.00	17th	116	100.00
4th	86	79.30	18th	93	96.25
5th	87	79.00	19th	62	69.50
6th	112	80.00	20th	65	67.55
7th	138	100.00	21st	60	64.94
8th	129	99.50	22nd	73	86.11
9th	130	100.00	23rd	107	98.65
10th	147	99.30	24th	102	99.74
11th	184	99.20	25th	80	92.90
12th	137	100.00	26th	99	97.97
13th	102	99.10	27th	102	95.00
14th	155	149.40	28th	102	90.89
			29th	111	96.91

**Total**  
Organizations supported to date: 3,059  
Cumulative grant money: 2,779.79 million yen (as of February 2020)

## Promoting Environmental Education



### Asian Students Environment Platform (ASEP)

The Asian Students Environment Platform (ASEP) has been held annually since FY2012. To develop human resources in the environmental field able to actively participate on the global stage, university students from Asian countries gather to learn about differences in the natural environments and values of each country while discussing and making proposals on global environmental issues across national borders. Up to now, 591 university students from 10 countries have participated in these activities.

In FY2019, the eighth year of these activities, we welcomed for the first time students from the University of the Philippines, who joined a total of 80 students from 10 universities in 10 countries under the theme "For Sustainable Peace" to engage in fieldwork on the history of Cambodia and changes in the natural environments in Phnom Penh and Siem Reap, Cambodia, focusing on the Angkor Wat ruins and surrounding forests, while at the same time learning about environmental changes from satellite images using remote sensing technology. Through related activities, the students contemplated the relationship between peace, nature and sustainable peace-building. On the final day when results were announced, they used catchphrases like "Earth is our only home" and "the purpose of peace is happiness."

Although we planned to hold the ninth activity in Indonesia in FY2020, it has been postponed until August 2021 due to COVID-19.

### Countries Participating in ASEP



8th Meeting of the Asian Students Environment Platform (ASEP) in Malaysia

## AEON Environmental Seminar

We hold the AEON Environmental Seminar, which began FY2016, in collaboration with Waseda University and environmental researchers and experts from various Asian countries. The purpose of the seminar is to develop regional societies Asia, while fostering environmentally oriented human resources.

In FY2019, the fourth seminar was held at Chulalongkorn University in Thailand, with lively discussions taking place with environmental experts on biodiversity of life and culture under the theme "sustainable cultural ecosystems."



AEON Environmental Seminar (Chulalongkorn University in the Bangkok suburbs)

## AEON Future Earth Forum

The Aeon Environmental Foundation, in conjunction with the University of Tokyo Institute for Future Initiatives (IFI) and Future Earth (FE), has held the Aeon Future Earth Forum since FY2017. The fourth forum in FY2019 was held at the University of Tokyo Yasuda Auditorium under the theme "Protecting Ocean's Environment and Resources." On the day of the event, after the keynote speech by a leading expert and additional presentations by high school and university students, information was disseminated across generations and viewpoints.



The Fourth Aeon Future Earth Forum at the University of Tokyo's Yasuda



**EcoPro 2019**

AEON exhibited at EcoPro 2019, one of Japan's largest environmental exhibitions, held at Tokyo Big Sight. At the third exhibition in 2019, in collaboration with the Remote Sensing Technology Center of Japan, with whom the Aeon Environmental Foundation commenced a collaboration agreement in July, we set up a booth where visitors were able to learn about environmental issues more scientifically and objectively under the theme "Learn about changes in the natural environment and the importance of forests through satellite images of the Earth observed from space!" Using satellite imagery data to visualize global environmental problems such as deforestation, global warming and desertification, we held mini-environmental classrooms, panel exhibitions and workshops to teach the importance of protecting the forests.



The Aeon Environmental Foundation's booth at EcoPro 2019

**Donating Solar Systems to Elementary and Junior High Schools**

Since 2009, the AEON Environmental Foundation has been donating solar systems to elementary and junior high schools with the aim of promoting and spreading the use of renewable energy, and to provide schools with the opportunity to utilize the systems for environmental studies. To date, systems have been donated to a total of 48 schools in Japan, Malaysia, Vietnam, and China.

Following on from FY2018, we also provided systems to three elementary and junior high schools in Hong Kong in FY2019.



Following the presentation ceremony, students and their teacher touring a rooftop solar power system Tung Wah Group of Hospitals Yiu Dak Chi Memorial Primary School (Hong Kong)

**Environmental Partnership**

**The Awards for Biodiversity**

The AEON Environmental Foundation inaugurated the "Japan Awards for Biodiversity" in 2009 to promote biodiversity conservation and sustainable use of biodiversity in Japan, as well as the MIDORI Prize for Biodiversity in 2010 in commemoration of the 20th anniversary of the Foundation's establishment. With these two awards, we publicly honor individuals and organizations every other year for outstanding environmental conservation activities.

In FY2019, we held the Sixth Japan Awards for Biodiversity, with a total of five companies and organizations receiving prizes. KOKUYO Product Shiga Co., Ltd., won the Grand Prix, while Aleph Inc., the World Heritage Site Shirakami Sanchi Beech Forest Monitoring Study Group, NPO Shishitsuka Natural History Association and Okazaki Shiritsu Oidaira Elementary School received Excellence Awards.

In FY2020, we will present the Sixth MIDORI Prize for Biodiversity.



Sixth Japan Awards for Biodiversity ceremony, held at the United Nations University (Tokyo)

**Collaboration with Japanese Biosphere Reserve Network**

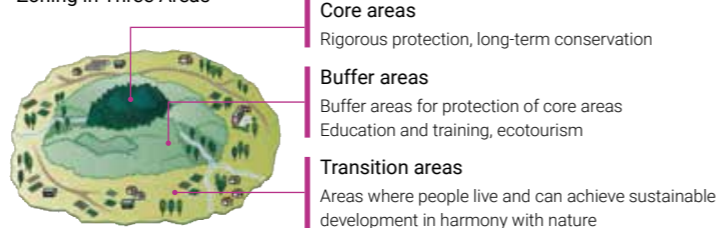
The Japanese Biosphere Reserve Network and the AEON Environmental Foundation concluded the first collaboration agreement in Japan related to the three functions (conservation, economic and social development, and academic research support) of Japanese biosphere reserves. The aim of this agreement is harmony between "ecological conservation" and "sustainable use."

This collaboration agreement was concluded on the basis of the philosophy of the UNESCO biosphere reserves, which calls for placing importance not only on the protection and conservation of ecosystems but also on a harmonious relationship between nature and human society.

**Three Functions**

- 1 Conservation (preserving diversity)
- 2 Economic and social development
- 3 Academic research reports

**Zoning in Three Areas**



Materials provided by: Japanese National Commission for UNESCO

**About UNESCO Biosphere Reserves**

Biosphere reserves program was started in 1976 by the United Nations Educational, Scientific and Cultural Organization (UNESCO). It has spread to every region of the world as one of the activities of the Man and the Biosphere Programme of UNESCO's Natural Sciences Sector. As of June 2019, there were a total of 701 registered UNESCO biosphere reserves in 124 countries. 10 regional reserves have been registered in Japan.

In order to deliver abundant nature to the children who will support the future, both parties will leverage the opportunity presented by this agreement and work together to implement initiatives in the following four areas.

**Areas of Collaboration**

1. Biodiversity Conservation
2. Sustainable use and development of resources
3. Environmental education utilizing UNESCO Biosphere Reserves
4. Raising awareness about the value and knowledge of UNESCO Biosphere Reserves

**Aeon Cheers Club Collaboration Program**

As one aspect of activities under the first collaboration agreement commenced in Japan, Aeon has been conducting hands-on learning programs in coordination with Aeon Cheers Club and UNESCO Biosphere Reserve since FY2018.

In FY2019, after learning about biosphere reserves at the first study session in programs conducted at the Minami Alps and Minakami UNESCO Biosphere Reserves, the second and subsequent activities involved visiting actual biosphere reserves and learning about biodiversity and coexistence with nature through outdoor hands-on learning.

A total of five events have been held, with the participation of 77 Cheers Club members from Kofu Showa, Takasaki and Ota.



Examining alpine plants at the Minakami UNESCO Biosphere Reserve



Second Shiga Highlands UNESCO Biosphere Reserve Fair (Aeon Lake Town)

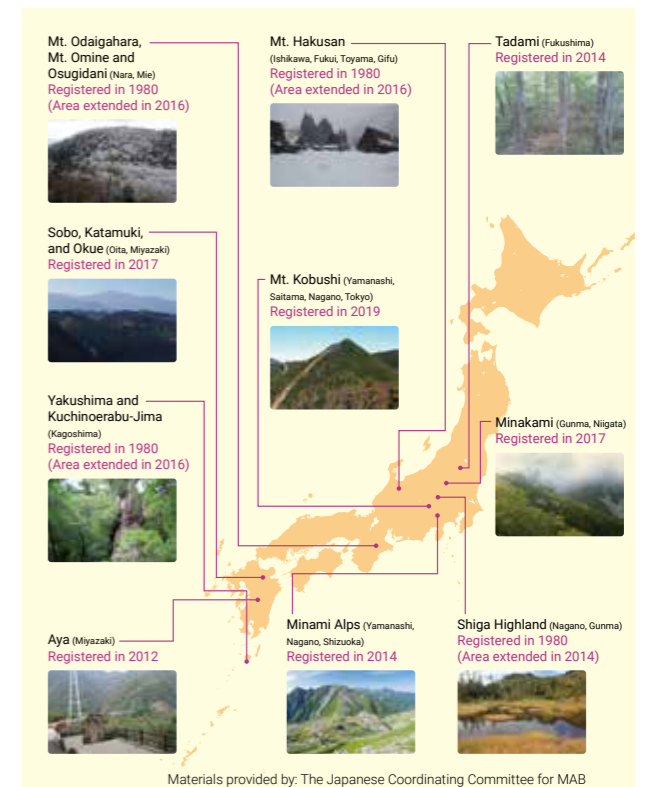


First Shirayama UNESCO Biosphere Reserve Fair (Aeon Okyozuka)



Shiga Highlands UNESCO Biosphere Reserve Fair and Midori Fureai Festival workshops (Hibiya Park, Tokyo)

**UNESCO Biosphere Reserves in Japan**



AEON Environmental Foundation  
<https://www.aeon.info/ef/en/>



### AEON 1% Club Foundation

The AEON 1% Club Foundation was established in 1989 on the concept of using profit received from customers to benefit local communities. In 2015, the club transitioned to a public interest incorporated foundation engaged in activities centered on three pillars: the sound upbringing of children who will lead the next generation, the promotion of international friendship and goodwill and the sustainable development of local communities. Major companies within the Aeon Group contribute 1% of their pretax profits.

- 1989 Established Aeon Group 1% Club (currently AEON 1% Club Foundation)
- 1990 AEON 1% Club started Small Ambassadors (currently Teenage Ambassadors) Program
- 2001 AEON 1% Club started support for construction of schools
- 2006 AEON 1% Club started Aeon Scholarship Program
- 2007 AEON 1% Club started Aeon Scholarship Program

- 2010 AEON 1% Club started ASEAN University Students Environmental Forum (currently Asia Youth Leaders) and Aeon-UNICEF Safe Water Campaign
- 2012 AEON 1% Club started Aeon eco-1 Grand Prix
- 2019 The foundation's 30th anniversary of establishment

## Sound Development of the Next Generation

### AEON Cheers Club

The AEON Cheers Club provides hands-on learning opportunities for first-through ninth-grade students. Young people engage in a variety of activities related to the environment.

The FY2019 theme was "the Sun." Approximately 450 clubs and 7,200 children participated in these activities nationwide. The 9th Aeon Cheers Club National Meetings were held in Okinawa in July 2019 and in Hokkaido in August, where nature experience programs were conducted. The meetings were attended by 221 people from 50 clubs who received prizes at district meetings where each club announced their learning outcomes for the year.

In FY2020, which marks 25 years since the launch of support for these activities, the shared theme of the activities was the wide-ranging "environment and society." Specific themes are selected freely by clubs each year, with activities intended to strongly reflect awareness of problems faced by local communities and children.



Experiencing rice harvesting in a farmers program

### AEON Eco-1 Grand Prix

The AEON Eco-1 Grand Prix recognizes commendable ecoactivities of high school students. The event offers a forum for high school students from across Japan to report results and share information on their environmental activities. The Grand Prix was started in 2012 with the hope that it would be an opportunity for the young people who will lead the next generation to think about and act on environmental issues.

In FY2019, new area meetings were held at two venues in Sendai and Fukuoka in an effort to expand the circle of eco-friendly activities.



Announcement of environmental education activities using swimming robots

### Junior High School Students Essay Contest

On the theme of "Food" that fosters healthy minds, bodies, and well-rounded humanity, we hold our Essay Contest for Junior High School Students in which students express their feelings of gratitude about memorable meals or dishes to a special someone through their essays. We are striving to heighten awareness of dietary education by honoring and widely publicizing outstanding essays from junior high school students around the country.

Continuing from the previous year, we solicited essays on the theme of "Thanking the Cook: Gratitude for Memorable Meals and Dishes," receiving 2,140 submissions in FY2019. Gold medal winners participated in a food culture experience held in Gunma Prefecture and had the opportunity to deepen their understanding of food education.



Reading aloud and introducing items receiving gold prizes

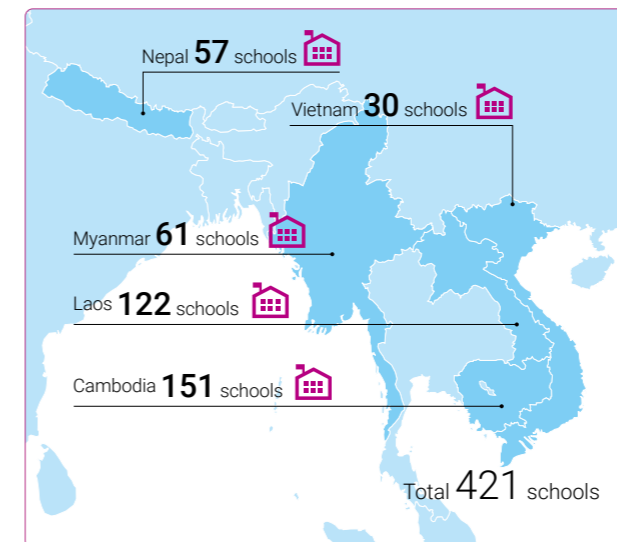
### School Construction Support Project

Under the belief that "enhancing basic education is indispensable for achieving a peaceful society," we have been conducting school construction support projects since 2000 in five Asian countries with lagging development of educational infrastructure.

Donations from Aeon customers across Japan and funding from the AEON 1% Club are utilized to build a total of 421 schools in five countries: Nepal, Vietnam, Laos, Myanmar, and Cambodia. In addition to physically building the schools and establishing plumbing facilities, we are also offering less tangible support in the form of faculty education and so on. In FY2020, we plan to support school construction and teacher training in Myanmar.



Children in Myanmar attend a lesson in a new school building



### AEON UNICEF Safe Water Campaign

In some areas of Cambodia, Laos, and Myanmar, it is difficult to obtain clean water, so water for daily use is drawn from unhygienic ponds or from groundwater that may contain unhealthy substances. Furthermore, children have to spend valuable time walking long distances to collect water, with some of them unable to attend school. The AEON UNICEF Safe Water Campaign was started in 2010 in order to support the health and education of children in this situation. Through the Japan Committee for UNICEF, donations from Aeon customers across Japan and funding from the AEON 1% Club go toward the supply of safe water and the building of water supply infrastructure. In FY2020, we plan to continue to carry out the campaign in Cambodia and Myanmar.



Children wash their hands in sinks at the Mae Boung elementary school in eastern Kayah State ©UNICEF/Myanmar/ Ye Min Aung

## Promotion of Friendship with Foreign Countries

### Teenage Ambassadors Program

The Teenage Ambassadors Program facilitates school visits for Japanese and foreign students and builds international understanding and friendship through exchange. Interaction takes place through ambassador activities, exchange activities, and history/culture activities that bring together students of similar age but different cultures, traditions, and lifestyles.

This program has been carried out every year since 1990, with 2,810 students from 18 countries (including Japan) participating to date. A commemorative program was held in 2019 to mark the 30th anniversary of the establishment of the AEON 1% Club Foundation. This program was attended by many guests, including successive generations of teenage ambassadors, making it an opportunity to expand circles of friendship across generations while looking back on 30 years of history.



Successive generations of teenage ambassadors representing their countries surround Aeon Co., Ltd., Honorary Chairman and Advisor Okada (founder of the Aeon 1% Club)

### Japan-ASEAN Teenage Ambassadors

Since Teenage Ambassadors Program was held in Malaysia in 1990, exchange programs have been conducted with eight ASEAN countries, including Indonesia, Cambodia, Thailand, the Philippines, Vietnam, Myanmar, and Laos.

High school students from Japan and ASEAN countries visit each other's home country through a program aimed at deepening mutual understanding and international friendships



Thai high school students learn Japanese calligraphy



● Japan-China Teenage Ambassadors

The Teenage Ambassadors Program held with China in 2009 brought students together from Japan and Beijing. The exchange received high praise from both the governments involved and from the participants themselves. To facilitate further friendship between Japan and China, the program has been held every year since 2009, with the program area expanding to include other areas. To date, a total of 1,411 high school students from Japan and China have become small ambassadors for building bonds of friendship. In FY2020, exchanges will be held with Beijing, Wuhan, and Suzhou.



Japanese and Chinese high school students pose for a commemorative photograph at the Great Wall of China

Asia Youth Leaders

Asia Youth Leaders is a program for bringing together youth from different Asian countries to address social problems in the host country by taking part in discussions after doing field work and listening to lectures by experts. Students with different backgrounds from nine countries (Indonesia, Cambodia, Thailand, China, Japan, Vietnam, Malaysia, Myanmar, and Laos) explore solutions to issues through debates and dialogues in English to foster global sensitivity and mutual understanding of diverse values.



Winning team leader hands a proposal to the Vietnamese student representative

In 2020 high school students from nine countries were invited to Japan under the theme "food hygiene."

AEON Scholarship

The AEON Scholarship is a subsidy program for college students from countries throughout Asia, as well as privately financed international students from Asia coming to study in Japan. The program started in 2006 with the hope that recipients would serve as a bridge between Japan and their home countries by helping these students actively engage in their future fields of specialty. In addition to economic support throughout the year in Japan, scholarship recipients are provided with assistance for furthering their growth as global human resources by holding training seminars and offering opportunities to participate in volunteer activities. At certificate award ceremonies in each country, scholarship students present speeches highlighting their dreams and aspirations.

To date, the program has supported 6,914 students at 37 universities in seven countries.



Holding up a certificate from Peking University for a commemorative photo

Sustainable Development of Regional Communities

Preservation of Home Town Culture

As a member of regional communities, the AEON 1% Club works to spread traditional culture and historically significant customs that need to be handed down to children in future generations, while providing opportunities for local residents to deepen ties and form better communities.

● Support for Regional and Community

Aiming to carry on traditional culture and history rooted in regional communities, Aeon supports festivals and citizen events across Japan. In 2019, in addition to supporting child-rearing assistance events in Shimada, Shizuoka Prefecture, we supported a "Traditional Crafts Exhibition" held under the theme "seeing, using, enjoying and buying" to familiarize people with traditional crafts.



Okinawa 10,000 person eisa dance group

● AEON Hometown Discovery

Seeking to help reacquaint children who will lead the next generation with the appealing aspects of their hometowns, we enlisted actress Atsuko Asano to perform readings of local folktales on stages erected at shrines and famous historical sites throughout Japan. The project started as a restoration support effort in the Tohoku region in 2012, then branched out to other regions. Currently, junior high school students are invited to attend local performances across Japan.



Scenes from the performance (Yukura Temple in Hakodate, Hokkaido)

● AEON Parenting Laboratory

The AEON Parenting Laboratory is an activity that supports people engaged in child-rearing in local communities and provides opportunities for participants to become familiar with Japanese nursery rhymes and songs. This activity has been implemented mainly at Aeon Malls throughout Japan since 2008 for children up to three years of age and their families.

The program consists of two parts. University of Tsukuba Faculty of Medicine Professor Katsumi Tokuda, who is known as a leading authority on child-rearing, conducts a seminar to offer child-rearing advice, and sisters Saori Yuki and Sachiko Yasuda lead a nursery rhyme concert in which they sing together with parents and children at the venue.



Nursery rhyme concert led by sisters Saori Yuki and Sachiko Yasuda



Child-rearing seminar taught by Katsumi Tokuda, Professor in Faculty of Medicine at University of Tsukuba

● Fundraising to Support for People with Disabilities in Asia

We are supporting the activities of the NPO Association for Aid and Relief, Japan (AAR Japan), which actively provides support for the education and employment of people with disabilities in Cambodia, Myanmar, and Laos, where social welfare programs are underdeveloped in comparison with those of other countries. We have been conducting fund-raising activities since FY2016.



Asian people with disabilities manufacturing donation presentation ceremony

Disaster Relief Assistance

We provide support for disaster relief and reconstruction so that people who have been affected by large-scale disasters can resume their normal daily lives as quickly as possible.

In response to the enormous damage to World Heritage Site Shuri Castle in Naha, Okinawa, caused by a large fire in November 2019, the foundation plans to donate 500 million yen over the next five years to assist a series of support activities conducted by Aeon Co., Ltd., in desire to help alongside customers with the reconstruction of cultural assets that will be passed down to the next generation.



Shuri Castle Main Hall in February 2019

● Future Agriculture Days

In cooperation with organizations working to revitalize agriculture, we started this activity in FY2016 as an initiative to support Japan's next generation.



Honobono Farm workers engaged in sustainable agriculture and living

● Fukushima Kids Morimori Project

Since the Great East Japan Earthquake, there has been concern that children in Fukushima Prefecture are not getting enough playtime outside and are not receiving enough experience with nature. In response, children were invited to Shinano Town, Nagano Prefecture, and the Afan Woodland in the Kurohime area of this town, because these locations are known for their advanced forest therapy. The program provides children with the opportunity to exercise and come in closer contact with nature.



Children in Fukushima play in the "Fukushima Kids Forest Project" Afan Forest

● Emergency Relief Support Fund

In order to be of service to recovery efforts in disaster-stricken areas inside and outside Japan, we are quick to seek contributions for emergency relief and recovery donations.

In FY 2019, we provided emergency assistance for damage caused by typhoons No. 15 and No. 19 in Japan, flooding in Myanmar and COVID-19 in Wuhan, China.



Emergency assistance for damage caused by typhoon No. 19 in 2019.

● Support Manufacturing by Persons with Disabilities

Aeon started this project in 2011 to support recovery efforts and revitalization in Tohoku. Through an NPO called the Association for Aid and Relief, Japan, donations have been provided to facilities in Iwate, Miyagi, and Fukushima prefectures to support employment opportunities for people with disabilities. The aim is to be of assistance in furthering the independence and social participation of people with disabilities.



Making tissue cases



AEON 1% Club Foundation  
<https://aeon1p.or.jp/1p/en/>



Group Management Organization Reforms

Aeon has a history of alliances and mergers with leading regional companies that began with the formation of JUSCO, while transforming Group management to increase the Group's scale with a nationwide chain of stores.

We used a federated approach to management based on an alliance and merger strategy after establishing JUSCO. Under this approach, we created streamlined management units at the head office to raise efficiency and address issues common to the Group companies through the entire Group. We also largely delegated authority to enable the Group companies to operate independently with close community relationships. We subsequently diversified and internationalized operations, leading us to revolutionize Group strategy in 1989 and change our name to Aeon Group from JUSCO Group. In this period of innovation, we formed a loose confederation that brought the Group closer together while respecting the autonomy of the Group companies and sharing expertise to support Group growth.

In 2008 we changed by moving to a pure holding company to clarify the holding company and operating company organization framework as we developed mall-type shopping centers, operated retail stores, implemented an M&A strategy, increased the Group's scale, and diversified with a focus on the retail business.

We have subsequently evolved our management organization in line with changes in the external operating and competitive environment and in accordance with the scale of Group businesses while maintaining our commitment to putting customers first, promoting close community relationships, and focusing on the front lines. Following these reforms, the GMS Business, the Supermarket Business, the Health & Wellness Business, the Financial Services Business, and the Shopping Mall Development Business have reached a nationwide business scale, Aeon grow into a corporate group with consolidated operating revenues of more than 8.6 trillion JPY in FY2019.

Basic Approach

Ever since its founding, Aeon has remained customer-focused and has adhered to the conviction that unstinting contribution to customers and local communities and realization of employee happiness are the eternal mission of the retail industry. In keeping with these values, Aeon has set forth the Basic Principles of "pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core" and uses them as a guideline for all corporate activities. On the basis of this recognition, we have set forth the basic concept of values, management stance and corporate governance to be emphasized in Aeon's corporate governance in the following Basic Stance on Corporate Governance and have enacted and published the Basic Policy on Corporate Governance, with the Basic Stance at its core, in order to continue into the future to practice management grounded in a long-term perspective built on the Basic Principle and Aeon's DNA of innovation.

Basic Stance on Corporate Governance

Value Creation through Customer Orientation and Frontline Focus

At Aeon, we consider helping customers to gain a sense of well-being to be our most important mission. We pursue optimal value creation adapted to changing customer needs by focusing tightly on the frontline of the business, our point of contact with customers, and by always thinking with customers as the starting point.

Respect for People, Our Most Important Management Resource

By respecting employees, placing importance on diversity, and actively providing education opportunities in keeping with the conviction that people are our most important management resource, Aeon aspires to be a company made up of employees who strive for self-growth, are linked by strong bonds, and find their greatest pleasure in contributing to customers.

A Posture of Developing Together with Local Communities

As a member of local communities and a caring corporate citizen, Aeon seeks to develop together with our fellow community

members, namely our customers, employees, shareholders, and business partners, and to contribute to the prosperity of local communities, sustainability of the natural environment, and peace.

Sustained Growth Based on a Long-Term Perspective and Ceaseless Innovation

To continue to meet the expectations of customers and local communities, Aeon strives for sustained growth accompanied by value creation from a long-term perspective and management focused on sustained value enhancement for the entire group by undertaking ceaseless innovation to cope with a changing business environment.

Pursuit of Transparent, Disciplined Management

Aeon strives for transparent and disciplined management by seeking proactive dialogue with customers and other stakeholders, taking their evaluation seriously, and being self-disciplined at all times.

Corporate Governance System

Aeon pursues "management based on a Basic Principle that incorporates a group-wide perspective," "management that is transparent, sustainable, and stable" and "ceaseless innovation with customers as the core." To put these into practice, Aeon has adopted a "company with a nomination committee and other committees system" as the optimal corporate governance system.

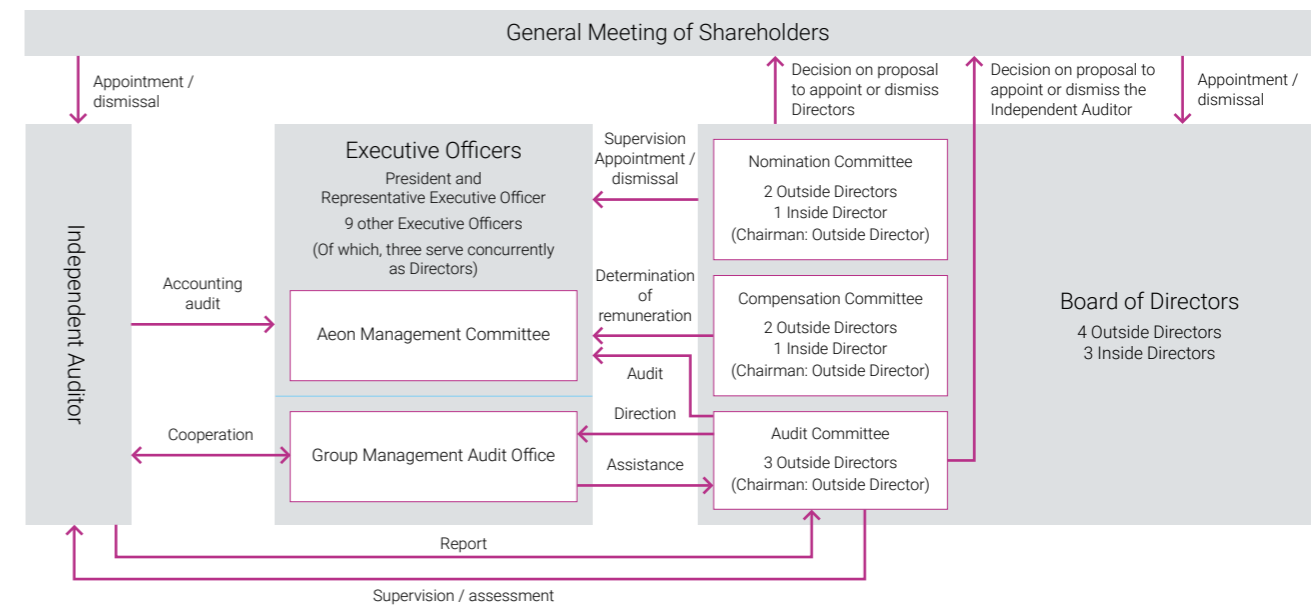
Under such system, the Company segregates management oversight and business execution and has instituted a governance system that realizes expeditious management decision-making through delegation of significant authority to executive

officers while having established the Nomination Committee, Audit Committee, and Compensation Committee, each consisting of a majority of outside directors, to ensure management transparency and objectivity.

Furthermore, as a pure holding company, Aeon is taking initiatives which go beyond the framework of the Group business and of each company and formulating a management policy which the Group is to pursue, optimizing the allocation of management resources and creating synergy across business.

Corporate Governance System

(As of May 22, 2020)



Corporate Governance Highlight

	FY2000	FY2001	FY2003	FY2007	FY2008	FY2009	FY2013	FY2016	FY2017	FY2018	FY2019	FY2020
Trade name	JUSCO Co., Ltd.	Aeon Co., Ltd. (since Aug. 2001)										
Organization form	Operating holding company				Pure holding company (since Aug. 2008)							
Corporate governance system	Company with a Board of Directors		Company with a Nomination Committee and Other Committees (since May 2003)									
Committees	Nomination Committee (Chairman: outside director) Compensation Committee (Chairman: outside director) Audit Committee (Chairman: outside director)											
Number of Directors	23	8	7	7	9			8		7		
(Of which, outside directors)	—*	4 (half of directors)	3	3	5 (more than half of directors)			5 (more than half of directors)		4		
(Of which, female directors)					1							
(Of which, foreign nationals)								1		2		
Operations of the Board of Directors, etc.								Assessment of the effectiveness of the Board of Directors				
								Outside Directors' Meeting				
Policies and code of conduct	Aeon Basic Principles (1989-)											
	Established Aeon Code of Conduct											
	Established Basic Policy on Corporate Governance											

\* The outside director system was introduced with the revision of the Commercial Code in 2003. Aeon had already invited outside officers prior to this.



**Role and Structure of the Board of Directors**

Aeon's Board of Directors is the decision-making body for all matters pertaining to management. It resolves legal issues and determines and approves basic management policies and key issues concerning business execution. The Board of Directors also supervises the performance of Directors and Executive Officers. In order to heighten its effectiveness, Aeon's Board of Directors consists of executives with diverse experience, abilities, and expertise. Moreover, to enhance its supervisory function, the Board of Directors consists mainly of Outside Directors.

**Outside Directors**

In light of its role of supervising the Company's management, Aeon's Board of Directors consists of seven Directors, four of whom are Outside Directors. Aeon has no special interests with its Outside Directors, and therefore it has notified the Tokyo Stock Exchange that all four Outside Directors are designated as independent directors. Additionally, the Compensation Committee and the Nomination Committee both comprise three members, and two of the members in each committee are Outside Directors. All three members of the Audit Committee are Outside Directors. Also, the chairpersons of each of these three committees are Outside Directors, thereby ensuring highly transparent management.

The Company has stipulated matters such as sharing of the views in Aeon's Basic Principles and Code of Conduct and having experience as a corporate manager or equivalent experience and knowledge as selection criteria for Outside Directors. The Company has also established criteria for determining the independence of Outside Directors. The Company appoints its Outside Directors based on these criteria.

**Election Criteria for Outside Directors**

1. The Outside Director shall subscribe to the Company's basic principles, code of conduct, etc.
2. The Outside Director shall have extensive experience as a chief executive officer or other corporate executive, or shall have comparable experience, knowledge and insight.
3. The Outside Director shall be able to make judgments independently of the Company's management.
4. The Outside Director shall be able to participate in most of the Company's Board of Directors' meetings and in the committees to which he or she is assigned.

**Criteria for Independence of Outside Directors**

To maintain independence, Outside Directors of the Company shall satisfy the requirements stipulated below.

1. A person who is not currently, and has not been during the past ten years, a Managing Director, Executive Officer, or employee (hereinafter "executing person") of the Company or a subsidiary of the Company.
2. A person who does not currently, and has not during the past three years, fallen under any of the following categories:
  - (1) A major shareholder of the Company (a person who directly or indirectly holds 10% or more of voting rights) or an executing person thereof.
  - (2) A partner of the Company's independent auditor or employee thereof involved in auditing of the Company.
  - (3) An executing person of a major lender to the Company (a lender from which the Company's borrowings exceed 2% of consolidated total assets).

- (4) An executing person of an important business partner of the Company (a business partner for whom transactions with the Aeon Group exceeded 2% of consolidated annual sales in said business partner's most recent business year)
- (5) A person who is an attorney at law, certified public accountant, licensed tax accountant, or other consultant and who has received compensation exceeding 10 million JPY from the Company other than remuneration as a corporate officer.
- (6) An executing person of a non-profit organization for which donations from the Aeon Group exceed 10 million JPY and the donation amount exceeds 2% of said organization's total revenue or ordinary income.
- (7) A spouse or relative within the second degree of kinship of any person who falls under items 1. and 2. (1) to (6) above.

\* However, even if a person falls under any of categories (1) to (7) above, if the Company has judged that there is substantive independence from the Company in light of the person's character, acumen, or the like, the Company may make the person a candidate for Outside Director, provided it explains the reason publicly.

**The Board of Directors in Action**

The Chairperson of the Board of Directors ensures a framework at the board meetings that facilitates lively discussion, appropriate decision-making, and fair supervision.

Outside Directors receive the necessary explanation, meeting materials, and information crucial to general management prior to the board meetings so that their thoughts, ideas, knowledge, and objectivity will be relevant.

The Directors also have sufficient opportunities and time apart from the board meetings to discuss important issues such as the medium-term management plan and key policies.

At the end of each fiscal year, the Board of Directors discusses the activities and results of the most recent fiscal year, shares the results with managers, and presents a summary of the outcomes.

**Reasons for Appointment of Outside Directors** (As of May 22, 2020)

Name	Responsibilities	Reason for Appointment
Takashi Tsukamoto	Director, Chairperson of Audit Committee, Compensation Committee member	Designated independent director to draw on his acute insights and extensive experience as a senior manager at a major financial institution as well as his international excellence in economics and finance to provide guidance in support of continued sound, transparent management and enhanced corporate governance.
Kotaro Ohno	Director, Chairperson of Audit Committee, Chairperson of Nomination Committee	Designated independent director to draw on his extensive experience as an attorney, Vice Minister of Justice, Superintending Public Prosecutor, and Prosecutor-General, as well as his insights into law and compliance to provide guidance for compliance management.
Peter Child	Director, Nomination Committee member, Compensation Committee member	Designated independent director to draw on his expert insights into the retail sector, gained primarily from serving as a leader of a consumer goods and retail group at a major, world-famous consulting company, to provide guidance in the promotion of the Company's global management.
Carrie Yu	Director, Audit Committee member	Designated independent director to draw on her international and expert insights into the accounting and retail sectors, gained primarily from serving as a member of CPA associations in various countries and as a leader of a retail and consumer group in the Asia Pacific region at a world-famous consulting company, to provide guidance in the promotion of the Company's global management.

**Board of Directors' Meetings and Committee Meetings** (FY2019)

	Times Convened	Main Functions
Board of Directors	8	<ul style="list-style-type: none"> <li>• Oversaw the execution of duties by Directors and Executive Officers.</li> <li>• Resolved matters to be decided by the Board of Directors as stipulated by Article 416 of Japan's Companies Act and matters that cannot be delegated to Executive Officers.</li> </ul>
Audit Committee	9	<ul style="list-style-type: none"> <li>• Audited the execution of duties by Directors and Executive Officers.</li> <li>• Resolved matters pertaining to the appointment, dismissal, or reappointment of the Company's accounting auditor for submission to the General Meeting of Shareholders.</li> </ul>
Nomination Committee	4	<ul style="list-style-type: none"> <li>• Resolved matters pertaining to the appointment and dismissal of Directors for submission to the General Meeting of Shareholders.</li> </ul>
Compensation Committee	2	<ul style="list-style-type: none"> <li>• Determined the compensation of each Director and Executive Officer.</li> </ul>

**Board of Directors' Activity Report**

The Board of Directors meets to discuss not only regularly submitted agenda items such as quarterly earnings reports but also key management issues such as the medium- to long-term issues for Aeon. In FY2019, the Board's discussions focused primarily on the Company's growth strategies and business portfolio. In particular, with regard to the Online Supermarket Business, an important project for promoting the shift to digital markets, the Board conducted a thorough discussion and evaluation of the latent growth potential of this business as well as its innovative business model, thereby fulfilling the Board's role in the promotion of the Company's growth strategies. Further, in addition to Board of Directors' meetings, the Board conducts policy deliberation meetings where it has important discussions on the direction that Aeon should take going forward in light of future market changes and various technological innovations. At the Board of Directors' meetings and policy deliberation meetings, Outside Directors provide useful opinions and proposals from a wide range of perspectives based on their diverse backgrounds, thereby facilitating vigorous and active discussion. In addition, at regular meetings between Outside Directors and the CEO, discussion took place on the extremely important theme of CEO succession planning, and a great deal of time was spent conducting highly objective and transparent discussions on the selection of successor candidates.

Also, the Board of Directors engages in discussions from an ESG perspective, which incorporates the environment, society, and governance, to promote sustainable management that contributes to enhancing the Company's corporate value over the medium to long term.

Taking all of these efforts into account, the Company has confirmed that the Board of Directors engages in useful discussions with the aim of raising the corporate value of the overall Aeon Group and that the supervisory function of the Board, which underpins the sustainable growth of Aeon, performing effectively.

Going forward, the Board of Directors will work to further strengthen the Company's corporate governance.

**Three Committees**

The Company appoints Outside Directors to chair the Nomination Committee, the Audit Committee, and the Compensation Committee in order to further enhance the objectivity and transparency of these committees.

Two of the three members of both the Nomination Committee and the Compensation Committee are Outside Directors.

The Audit Committee, which consists entirely of Outside Directors and is therefore completely independent from business execution, monitors the legality and validity of the execution of duties by Directors and Executive Officers. Moreover, we strive to enhance the functions of the Audit Committee through the support of the Internal Audit Department, which is independent of the units conducting business execution, and coordination with the external accounting auditor.

**Executive Officers**

Representative Executive Officers make decisions on matters delegated by the Board of Directors and are wholly responsible for business execution on behalf of the Company. Executive Officers report to the Representative Executive Officers, make decisions on matters delegated by resolution of the Board of Directors, and conduct business execution.

**Business Execution Decisions**

The Board of Directors delegates authority to Representative Executive Officers to enable quick decision-making, except for matters for which the Companies Act and the Articles of Incorporation require the Board of Directors to resolve. The Chief Executive Officer leads the Aeon Management Committee,\* which consists of Senior Executives and discusses important policies and matters relevant to business execution. The Chief Executive Officer makes decisions pursuant to these discussions, and delineates responsibilities and expedites management decision-making by clarifying the role and authority of each Executive Officer.

\* The Aeon Management Committee is a deliberative body chaired by the President and Group CEO, composed of Executive Officers, the Chief Corporate Planning Officer, and other members appointed by the President and Group CEO. The Committee deliberates and decides important matters pertaining to the management of the Aeon Group, including the Group's business strategies and investment plans.

**Organization for Internal Audits and Audits by the Audit Committee**

The Board of Directors and the Audit Committee are central to management supervision because Aeon is a company with a nomination committee and other committees. The Group Management Audit Office is an organization that is independent of business units and provides the Audit Committee with operational and administrative support. It also coordinates



with the full-time corporate auditors of Group companies, the Internal Audit Department, and the accounting auditor to conduct internal audits.

**■ Policies for Director and Executive Officer Compensation**

The Compensation Committee is chaired by an Outside Director and consists mainly of Outside Directors to ensure highly transparent, objectively determined policies for compensation of Directors and Executive Officers.

**■ Compensation Policy**

[Principle and Objective of the Compensation System]

- On the basis of the Basic Principles, the Company's Directors and Executive Officers shall continuously take on challenges without fear of risk as members of a corporate group with its ever-lasting innovative spirit, thereby contributing to the sustainable growth of the Group.
- The Company's Directors and Executive Officers shall receive compensation in accordance with the roles expected of corporate officers and the degree of achievement of management objectives.

**I. Basic policy on the compensation system**

- (i) The compensation system shall be highly fair and easy to understand, so as to be understood and endorsed by customers, employees, and shareholders and shall be decided by a transparent, appropriate process that ensures fairness.
- (ii) The system shall link compensation with the Aeon Group's medium- and long-term management strategies and performance, creating strong motivation to execute management strategy.
- (iii) The level of compensation shall be such that it secures, retains, and motivates human resources responsible for management of the Aeon Group.
- (iv) The compensation structure and levels shall be reviewed appropriately as needed, in light of economic and social conditions and the Aeon Group's business environment and financial performance.

**II. Director Compensation**

- (i) Directors shall receive base compensation.
- (ii) Directors concurrently involved in business execution shall not receive Director compensation.

**III. Executive Officer Compensation**

- (i) Base compensation  
Base compensation shall reflect the evaluation of each executive officer and fall within the standard compensation for each position.

(ii) Performance-based compensation

Performance-based compensation shall account for 30% to 50% of total Executive Officer compensation (base compensation performance-based compensation), and the percentage of performance-based compensation shall increase as a function of rank.

The percentage of performance-based compensation payable to executive officers is based on achievement of goals set at the beginning of the fiscal year.

Performance-based compensation payable to Executive Officers may range from zero to twice the standard amount depending on results for the recently completed fiscal year and the evaluation of the individual Executive Officer. Performance-based executive compensation consists of compensation linked to overall corporate performance and compensation linked to individual performance.

However, Representative Executive Officers only receive compensation linked to overall corporate performance.

3.2.1: Compensation linked to overall corporate performance  
Standard rank-based compensation is adjusted using a coefficient for the achievement of consolidated performance goals in consideration of overall performance.

3.2.2: Compensation linked to individual performance  
Standard rank-based compensation is adjusted using a coefficient for the individual achievement of divisional performance goals and management objectives.

3.3: Equity-based compensation in the form of stock options  
This form of compensation allocates stock acquisition rights as equity-based compensation that reflects performance in the form of stock options. It intensifies the link between share price, performance, and compensation because recipients share the benefits of share price increases and the risk of share price decreases. It is therefore designed to increase the will and motivation to consistently improve performance and increase corporate value. The standard number of stock acquisition rights allocable by rank is adjusted according to performance for the recently completed fiscal year.

**IV. Indicators for Performance-Based Compensation**

In regard to the indicators related to the payment of performance-based compensation and share compensation-type stock options, we have established the level of achievement of targets for ordinary income as the primary indicator, as ordinary income indicates our overall profitability. We also refer to the level of budget achievement for consolidated net income and consolidated operating income as well as the year-on-year change for all types or profit.

**Total Remuneration for Executive Officers in FY2019**

Position	Number of people	Base compensation in accordance with resolutions of the Compensation (millions of yen)	Performance-based compensation in accordance with resolutions of the Compensation (millions of yen)	Equity-based compensation in the form of stock options (millions of yen)	Total (millions of yen)
President and Representative Executive Officer	1	45	20	7	73
Other executive officers	10	281	76	36	393
Total	11	326	96	43	466

**■ Evaluation of the Effectiveness of the Board of Directors**

The Company analyzes and evaluates the effectiveness of the Board of Directors. In FY2019, this analysis and evaluation were conducted using the following methods.

- Exchange of views concerning the effectiveness of the Board of Directors at meetings of Outside Directors
- Individual Director interviews conducted by the Chairman of the Board of Directors
- Written questionnaire

The Company believes that the exchange of views among Directors on the proper nature and role of the Board of Directors and the conducting of individual interviews with Directors by the Chairman of the Board of Directors are in themselves highly effective in enhancing the effectiveness of the Board of Directors. Accordingly, at this time, evaluations by external third parties are not conducted. In FY2019, an internal self-evaluation was conducted, and the results were reported and discussed at a meeting of the Board held after the end of the fiscal year.

**■ Issues Identified in the Previous Fiscal Year's Effectiveness Evaluation**

- (1) Further deepening of discussion geared toward Groupwide value enhancement; business portfolio analysis and structural reform
- (2) Improvement of communication between officers responsible for oversight and those responsible for business execution
- (3) Strengthening of holding company functions and Group governance

**■ Evaluation of Efforts to Address the Above Issues**

(1) In FY2019, the Board of Directors engaged in discussion focused on Aeon's medium- and long-term issues and other important management topics, particularly growth strategies and the business portfolio. Notably, the Board proceeded with the Online Supermarket Business, an important project for promoting the shift to digital markets, while factoring in advice grounded in the considerable knowledge of Outside Directors. This outcome was accomplished by engaging in sufficient discussion and evaluation together with Outside Directors and continuously following up on progress even after Board resolutions have been made.

Also, the Board of Directors proposed a clear course of action for the next fiscal year, when Aeon should complete its structural reform. As a result, the Board believes that it realized "aggressive and proactive governance" for sustained growth in the future.

(2) In FY2019, the number of regular meetings between Outside Directors and the President and Representative Executive Officer increased. At these meetings, sufficient time was provided for highly objective and transparent discussion of the extremely important strategic decision of planning for a successor to the President and Representative Executive Officer, which resulted in the appointment of a new President and Representative Executive Officer in FY2019. During FY2019, the Company newly convened meetings where Executive Officers provide reports to give Outside Directors a deeper understanding of Aeon's businesses. Another objective for these meetings, at which Executive Officers report to Outside Directors on initiatives in individual businesses rather than the agenda of Board of Directors' meetings, is fostering a mutual understanding between Outside Directors and officers responsible for business execution. These meetings were assessed as a useful forum for reporting that helps promote understanding of Aeon among Outside Directors by giving them a feel for frontline operations, and, as such, the Company will continue with the meetings in FY2020.

(3) In FY2019, although efforts were made to strengthen governance, such as enhancing compliance training for officers, inappropriate accounting occurred at Group companies in Japan and overseas. In light of this governance-related issue at Group companies, Aeon will work to further strengthen Group governance by means including Groupwide monitoring of measures to prevent any reoccurrence of the issue and reporting on the effectiveness of monitoring to the Audit Committee.

**■ Invigoration of Discussions by the Board of Directors**

The Company distributes materials in advance of meetings of the Board of Directors to better facilitate deliberation by the Board and support discussion focused on key points. The Company endeavors to enhance the understanding of Outside Directors by providing sufficient beforehand explanations concerning financial results and other important reporting matters. The Company prepares concise briefing materials and limits time spent on reporting, in conjunction with the shift to paperless meetings, and conducts proceedings in a manner that allows sufficient time for questions and discussion.

**■ Future Issues for the Board of Directors**

- (1) Enhancement of discussion geared toward Groupwide value enhancement by the Board of Directors in conjunction with medium-term management plan preparation, and, based on that, development of an executive framework in which PDCA cycling is utilized
- (2) Improvement of communication between officers responsible for oversight and those responsible for business execution (ongoing)
- (3) Strengthening of holding company functions and Group governance (ongoing)

Cooperate Governance

URL: <https://www.aeon.info/wp-content/uploads/ir/pdf/20200601CG.pdf>

Update: June 1, 2020



**Basic Approach**  
—Aeon Code of Conduct

We established the Aeon Code of Conduct in 2003 to express the Aeon Basic Principles through a specific set of guidelines. We have also begun providing education and training relevant to the Code, created the Aeon Code of Conduct Hot line as an internal reporting system, and initiated monitoring activities (the Aeon Code of Conduct Survey) in conjunction with establishment of the Code in 2003.

The Aeon Code of Conduct explicitly provides Group employees with criteria for action, consideration, and judgment in line with the Aeon Basic Principles to serve customers. It is a shared set of values for the Aeon Group. In 2004, we began conducting fullfledged training throughout the Group to ensure all employees share and understand the Aeon Code of Conduct.

Meanwhile, Group companies overseas have been providing the same training since 2006. Since FY2011, we have been systematically disseminating and inculcating the Aeon Code of Conduct at Group companies outside of Japan in line with our shift to Asian markets, which is one of the strategies of our Medium-term Management Plan.

**Aeon Code of Conduct**

1. Aeon People are always grateful to the many other individuals who provide support and help, never forgetting to act with humility.
2. Aeon People value the trust of others more than anything else, always acting with integrity and sincerity in all situations.
3. Aeon People actively seek out ways to exceed customer expectations.
4. Aeon People continually challenge themselves to find new ways to accomplish the Aeon ideals.
5. Aeon People support local community growth, acting as good corporate citizens in serving society.

**Promotion Framework**

The Corporate Ethics Team is responsible for promoting the Aeon Code of Conduct throughout the Aeon Group, and is under the jurisdiction of the executives responsible for human resource management and risk management. The Corporate Ethics Team develops and executes policies for the entire Aeon Group related to corporate ethics, and proposes and recommends specific measures to address various problems and issues facing the Group. The Aeon Management Committee, an Aeon Co., Ltd. executive body, and the Audit Committee receive reports on the status of compliance issues, initiatives to resolve them, and Groupwide promotion of the Code of Conduct.

The presidents and branch managers of each company in the Group and Aeon Retail Co., Ltd. serve as Aeon Code of Conduct Promotion Officers. They assign managers to the Aeon Code of Conduct Promotion Offices to implement the Aeon Code of Conduct training, conduct fact-finding investigations for consultations reported through the Hotline, address revisions, and report to Aeon Co., Ltd.

Additionally, each store and business office selects one to three employees to serve as leaders in charge of promoting the Aeon Code of Conduct. They work on initiatives to disseminate and inculcate the Aeon Code of Conduct at their worksites.

**Aeon Code of Conduct Hotline**

Since 2004, the Aeon Code of Conduct Hotline has served as an internal reporting system for employees to report non-compliance and improprieties, as well as for discussing various workplace issues that employees find troubling or difficult to discuss with their immediate managers. The Hotline handles a wide variety of reports and consultations and is available to all Aeon Group employees. The Hotline consists of two lines: one for internal consultations, and one for reaching out to and consulting with external parties. Also, from 2020 we have begun taking steps to reinforce compliance, establishing a Whistleblower Contact Point at a Law Office for the reporting of misconduct or violations of the law by persons who committed the wrongdoing.

The Corporate Ethics Team provides reports and consultations to the Group companies concerned as feedback. We rigorously enforce the rule that an investigation shall then take place within two weeks to ascertain the facts associated with each report or consultation. The Corporate Ethics Team receives a report of the results, including corrective measures. In addition, the executive management team of Aeon Co., Ltd., and the presidents of all Group companies receive weekly and monthly reports on all consultation matters.

**Education and Training**

Aeon conducts training to disseminate and inculcate the Aeon Code of Conduct as the central component of corporate ethics, primarily through four programs: compliance training for Aeon executives, Aeon Code of Conduct training for senior management, Aeon Code of Conduct training for general employees, and training for new employees. Hiring examinations and promotion training also incorporate the content and curricula of the Aeon Code of Conduct.

● **Compliance Training for Aeon Executives (since 2014)**

All Group executives use case studies and other tools to reconfirm written laws, Aeon's voluntary standards, and judgment and behavior that are illuminated by the Aeon Basic Principles. The objective of this training is to achieve even more customer-oriented management through the highly resolute, ethical, and responsible officers who protect Aeon's reputation.

● **Aeon Code of Conduct Training for Senior Management (since 2003)**

Senior and mid-level executives from Group companies learn about and share information on internal and external conditions for corporate ethics, risk management, and compliance. The curriculum is designed to empower participants to make their own decisions based on ethical standards.

● **Aeon Code of Conduct Training for General Employees (since 2003)**

Employees and hourly workers of Group companies receive general training to confirm the basic precepts of the Aeon Code of Conduct, designed to support actual conduct from the perspective of customers.

● **Training for New Employees (since 2004)**

This training is designed to give new employees of Group companies a fundamental understanding of the Aeon Basic Principles and the Aeon Code of Conduct and a shared identity as "Aeon People."

**Sharing and Encouragement at Overseas Companies**

Aeon has been conducting the Aeon Code of Conduct training, establishing hotlines, and instituting monitoring systems (the Aeon Code of Conduct) at Group companies overseas since 2006.

In FY2019, we provided training at 70 Group companies overseas. A total of 58,553 employees took part in grade-specific training for management, promotion leaders, general employees, and new employees. In FY2020, we will continue to provide training for all employees.

**Implementing the Aeon Code of Conduct Survey**

Since 2003, we have conducted our Aeon Code of Conduct Survey of employee awareness annually to ascertain the extent to which the Aeon Code of Conduct has penetrated the organization and to gather information on workplace issues, employee work styles, motivation levels, and the like. This survey is a basis for assessing employee awareness and corporate culture across the entire Aeon Group, including its overseas locations, through evaluation of the visibility of promotional activities, the personal commitment of employees, and workplace conditions. We also compile, analyze, and share survey findings with Group companies and use them to help resolve specific social issues.

In FY2019, we conducted the survey at 68 Group companies overseas and received 47,869 responses. We conducted the same survey in FY2020 and will continue to strengthen our response to compliance risk by identifying the current conditions at each company based on an analysis of the responses and building systems to draw up and implement measures to improve our workplace culture.

**Creating Support and Awareness-Raising Tools**

Aeon complements training programs by creating a variety of awareness-raising tools to disseminate and inculcate the Aeon Code of Conduct. For example, the Aeon Code of Conduct Newsletter, published every other month since 2004, presents excerpts from the writings of our founder, issues reported or consulted on via the Aeon Code of Conduct Hotline, reports on the results of training programs, and initiatives of each Group company. Every month, we print and distribute approximately 300,000 copies to employees of Aeon Group companies. Not only has this newsletter helped employees to further their understanding of the Aeon Code of Conduct, but it has also led to the greater utilization of the Aeon Code of Conduct Hotline.

Aeon uses an illustrated book titled *Arigatou no Yakusoku* (The Promise of Thank You) as a tool to share and encourage mutual understanding of the Aeon Basic Principles among the employees of new Group companies. The illustrated book covers the importance of being grateful and saying thank you in any situation and is designed to enhance the understanding of the essence of the Aeon Basic Principles in an intuitive manner.



Basic Approach

Aeon regards risk management as a management priority that is the responsibility of each department. Accordingly, the Group companies and departments handle day-to-day risk management, while General Affairs and other departments throughout the Group monitor the status of risk management at each department. The Risk Management Committee, which reports to the Aeon Management Committee, reviews and makes decisions regarding external risk factors, such as new infectious diseases and largescale earthquakes, which cannot be addressed by individual companies, and risks embedded in products, facilities, and services throughout the entire Aeon Group. We anticipate, predict, and preclude risks with the potential for particularly grave impact by assembling interdivisional task forces. Moreover, Aeon's organizational response to eliminate the influence of antisocial forces includes in-house regulations and close cooperation with law enforcement agencies.

Response to Natural Disasters and Major Incidents and Accidents

Aeon has created rules and procedural manuals to respond to large-scale natural disasters and major incidents and accidents, as well as providing education and training to ensure swift and accurate responses. Since the Great East Japan Earthquake, we have also introduced disaster prevention measures in each region in Japan, including areas affected by the disaster, based on a Business Continuity Plan (BCP).<sup>\*1</sup>

Hypothetical risks have become more diverse in recent years, ranging from an increasing number of natural disasters such as earthquakes and torrential rain due to abnormal weather to terrorist attacks and bombings.

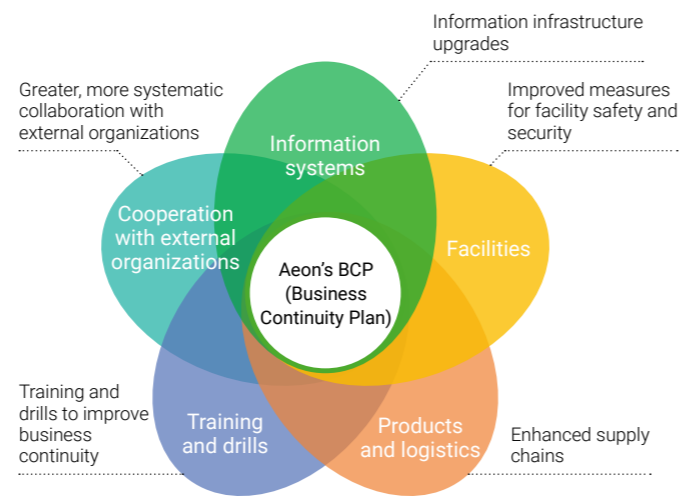
In light of these environmental changes, Aeon has formulated its Aeon Group Five-Year Business Continuity Management (BCM)<sup>\*2</sup> Plan to build a management framework that can enhance the performance of the BCP. With a view to executing this plan, we launched the Aeon BCM Project in March 2016.

Aeon aims to establish an operational framework by promoting BCM in five areas: 1) information systems; 2) facilities; 3) products and logistics; 4) training and drills; and 5) cooperation with external organizations.

<sup>\*1</sup> BCP: A strategic business plan to prevent business interruptions or allow key operations to resume within a targeted time frame in the event of disruptions caused by risks including natural disasters.

<sup>\*2</sup> BCM: A comprehensive management process that involves a set of policies for addressing issues relevant to the steady implementation of the BCP. BCM compares progress versus plan to manage initiatives such as the switch to new systems or efficient transportation of supplies to afflicted areas.

Five Focus Areas of the Aeon BCM Project



1. Information Systems (Information infrastructure upgrades)

We will upgrade our information infrastructure to better prepare all Group companies for possible disasters. We will further strengthen collaboration among Group companies by switching to a new Total BCM Aggregation System that centralizes disaster-related information such as disaster information, safety confirmation results, and the status of stores afflicted by disasters.

2. Facilities (Improved measures for facility safety and security)

We will build disaster prevention facilities at 100 locations by FY2020 to enhance safety and security measures at our facilities. We have completed installations at 58 locations since the launch of the program in 2012. We built new disaster-prevention facilities at 7 locations in FY2019.

3. Products and Logistics (Enhanced supply chains)

In March 2016, we launched a new system to be used during disasters through cooperation with approximately 60 companies, such as manufacturers of food and daily necessities. We use the BCP Portal, which connects with our partners through cloud computing, to visualize information between each Group company and our partners and conduct centralized management of information such as plants, warehouses, and products ready for shipment.

4. Training and Drills (Training and drills to improve business continuity)

Aeon periodically conducts disaster prevention and safety drills throughout the Group. We will conduct information gathering drills and training at stores and business offices to ascertain the status of disaster-stricken areas and improve our present business continuity capabilities to protect our customers and employees from risk. We will also conduct drills to improve our ability to respond to and cope with natural disasters other than earthquakes, such as floods.

5. Cooperation with External Organizations (Greater, more systematic collaboration with external organizations)

We are reinforcing our relations with external partners rooted in each community from local government offices, hospitals, and schools to private enterprises, in addition to our relations with energy companies, which are indispensable for business continuity should a disaster occur.

Acquisition of ISO 22301

In February 2017, Aeon Co., Ltd. became the first company in Japan's general merchandise retail industry to acquire certification for its business continuity management system (BCMS) under the international ISO 22301 standard. This initiative encompassed the head office and stores.

ISO 22301 is a certification system published in 2012. It covers natural disasters such as earthquakes, floods, and typhoons, along with system problems and various risks including infectious disease epidemics, blackouts, and fires. It serves as an international standard for BCMS for minimizing the influence of these risks on businesses and responding efficiently and effectively to them. The Aeon Group's goal is to

create and operate mechanisms to ensure that activities related to business continuity management (BCM) are closely linked to management, and that these activities are effective and efficient.

The scope of registered activities under ISO 22301 encompasses the Group's crisis management operations at the time of registration, operation and management of the shopping center at Aeon Mall Makuhari New City, the GMS Business, and integrated facilities management services. Moreover, in June 2019, the Group expanded its operation and management services and so forth to a further 14 commercial facilities.

Overview of Certification

Registrant	Aeon Co., Ltd.	
Registration number	JQA-BC0031	
Certification standard	ISO 22301 : 2012 & JIS Q 22301 : 2013	
Certifying institution	Japan Quality Assurance Organization	
Accrediting institution	Japan Institute for Promotion of Digital Economy and Community	
Date of registration	February 20, 2017	
Scope of registered activities	Operation and management of the following Aeon Group companies (1) Group crisis management (2) shopping centers (3) stores and supermarkets (4) drugstores (5) convenience stores Related business facilities <ul style="list-style-type: none"> <li>• Group General Affairs Department, Aeon Co., Ltd.</li> <li>• Aeon Komaki Crisis Management Center</li> <li>• Aeon Mall Makuhari New City operated by Aeon Mall Co., Ltd.</li> <li>• Aeon Style Makuhari New City operated by Aeon Retail Co., Ltd.</li> <li>• Center Number One, Aeon Mall Makuhari New City operated by Aeon Delight Co., Ltd.</li> <li>• Aeon Inage Store operated by Aeon Retail Co., Ltd.</li> <li>• Aeon Inage Center operated by Aeon Delight Co., Ltd.</li> <li>• Aeon Mall Tomakomai operated by Aeon Hokkaido Corporation</li> <li>• Tomakomai Center Aeon Mall Tomakomai operated by Aeon Delight Co., Ltd.</li> <li>• Maxvalu Numanohata Store operated by Maxvalu Hokkaido Co., Ltd.</li> <li>• Aeon Mall Tendo operated by Aeon Mall Co., Ltd.</li> <li>• Aeon Style Tendo operated by Aeon Retail Co., Ltd.</li> <li>• Yamagata Area Center, Aeon Mall Tendo operated by Aeon Delight Co., Ltd.</li> <li>• Maxvalu Tendo Store operated by Maxvalu Tohoku Co., Ltd.</li> <li>• Aeon Mall Iwaki Onahama operated by Aeon Mall Co., Ltd.</li> <li>• Aeon Style Iwaki Onahama operated by Aeon Retail Co., Ltd.</li> <li>• Iwaki Onahama Center operated by Aeon Delight Co., Ltd.</li> <li>• Kasumi Midorino Ekimae operated by Kasumi Co., Ltd.</li> <li>• Ministop Aeon Tower and Ministop Aeon Tower Annex operated by Ministop Co., Ltd.</li> <li>• Maxvalu Narashinodai operated by Maxvalu Kanto Co., Ltd.</li> <li>• Maruetsu Shinkoijiya operated by Maruetsu, Inc.</li> <li>• Aeon Mall Matsumoto operated by Aeon Mall Co., Ltd.</li> <li>• Aeon Style Matsumoto operated by Aeon Retail Co., Ltd.</li> <li>• Matsumoto Center operated by Aeon Delight Co., Ltd.</li> <li>• Aeon Style Higashi Kanagawa operated by Aeon Retail Co., Ltd.</li> <li>• Higashi Kanagawa Center operated by Aeon Delight Co., Ltd.</li> <li>• Aeon Sagamihara Shopping Center operated by Aeon Mall Co., Ltd.</li> <li>• Aeon Sagamihara operated by Aeon Retail Co., Ltd.</li> <li>• Sagamihara Center operated by Aeon Delight Co., Ltd.</li> <li>• Aeon Omiya Store operated by Aeon Retail Co., Ltd.</li> <li>• Omiya Center operated by Aeon Delight Co., Ltd.</li> <li>• Maxvalu Nagaizumi Nakatogari operated by Maxvalu Tokai Co., Ltd.</li> <li>• Aeon Komaki Store operated by Aeon Retail Co., Ltd.</li> <li>• Aeon Komaki Center operated by Aeon Delight Co., Ltd.</li> <li>• Maxvalu Komaki-Ekinshi Store operated by Maxvalu Chubu Co., Ltd.*</li> <li>• Aeon Mall Kyoto Katsuragawa operated by Aeon Mall Co., Ltd.</li> <li>• Aeon Style Kyoto Katsuragawa operated by Aeon Retail Co., Ltd.</li> <li>• Aeon Mall Kyoto Katsuragawa Center operated by Aeon Delight Co., Ltd.</li> <li>• Aeon Mall Ibaraki operated by Aeon Mall Co., Ltd.</li> <li>• Aeon Style Ibaraki operated by Aeon Retail Co., Ltd.</li> <li>• Ibaraki Center operated by Aeon Delight Co., Ltd.</li> <li>• Aeon Mall Osaka Dome City operated by Aeon Mall Co., Ltd.</li> <li>• Aeon Osaka Dome City operated by Aeon Retail Co., Ltd.</li> <li>• Osaka Dome City Center operated by Aeon Delight Co., Ltd.</li> <li>• Aeon Mall Tokushima operated by Aeon Mall Co., Ltd.</li> <li>• Aeon Style Tokushima operated by Aeon Retail Co., Ltd.</li> <li>• Aeon Mall Tokushima Center operated by Aeon Delight Co., Ltd.</li> <li>• Aeon Mall Okayama operated by Aeon Mall Co., Ltd.</li> <li>• Aeon Style Okayama operated by Aeon Retail Co., Ltd.</li> <li>• Aeon Mall Okayama Center operated by Aeon Delight Co., Ltd.</li> <li>• The Big Kurashiki Store operated by Maxvalu Nishinohon Co., Ltd.</li> <li>• Aeon Fukuoka Store operated by Aeon Kyushu Co., Ltd.</li> <li>• Fukuoka Area Center operated by Aeon Delight Co., Ltd.</li> <li>• Maxvalu Mikasagawa Store operated by Maxvalu Kyushu Co., Ltd.</li> </ul>	

\* Company names as of February 29, 2020





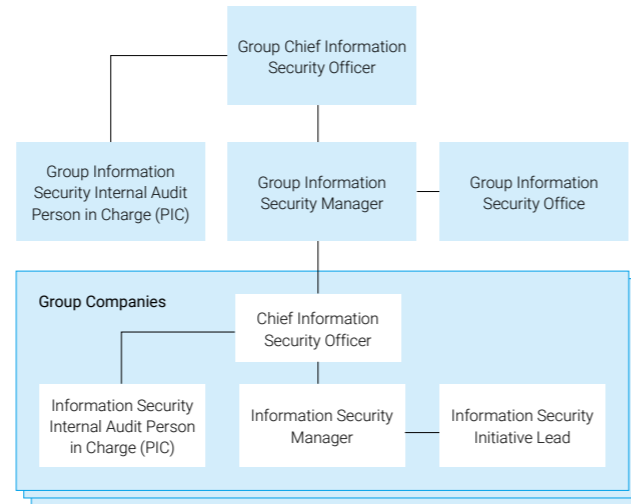
Information Security Initiatives

Aeon believes that information is a vital asset and it create added value for Aeon and group company's business activities. So, we established AEON Information Security Policy that all employees are required to follow, for correctly and safely manage this important asset and to build relationships of multi trust with our customers, local communities, clients, shareholders, and others connected to Aeon. And we are established and promoting information security system to mitigate serious information risks on business scene. (Please refer to the chart on the right)

Also we created regulations regarding information security and carry out regular checks along with specific criteria for handling information and operating information systems. In recent years, Cyberattacks have become increasingly more sophisticated, and it has become difficult to respond to them independently. To tackle this issue, we have set up the Information Security Office within the Aeon Group, which exclusively handles information security. This office has established a structure to reinforce information security from organizational, structural, and systematic perspectives as well as from a physical perspective at each Group company. The office also responds to business continuity risks, such as system outages duo to cyberattacks.

In order to respond quickly when security incidents occur, we regularly perform Group wide cyber-security training and drills and confirm emergency response procedures and report lines for incidents.

Information Security Office joined a member of the Nippon CSIRT Association since March 2019. By collaborating not only within the Aeon Group but also externally to collect and analyze information regarding information security, we are improving our know-how.



- **Group wide regulations(rules and standards)**  
Information security promotion rule, PDCA (plan, do, check, act) promotion rule, system security implementation standards, and information system construction standards
- **Responsibility system**  
Chief Information Security Officer, Information Security Manager, and Information Security Initiative Lead
- **Group information security office**  
Role: Support Group companies and respond to group wide incidents

- **Join the Nippon CSIRT Association (NCA)**  
Joined in March 2019 and now share information regarding security with external companies
- **ISO 27001 certification hold companies**  
Aeon Credit Service Co., Ltd., Aeon Entertainment Co., Ltd., and FeliCa Pocket Marketing Inc.
- **Group wide Regular information security training and drills**  
For respond to incidents and raise employee awareness

AEON Information Security Policy

[Information Security Policy]  
AEON group principles are 'pursuing peace', 'respecting humanity' and 'contributing to local communities' while serving our customer. With these principles, we will recognize the importance of information security and protect important information from various threats to contribute to the society for safe and quality life.  
We also believe that the information within AEON is a valuable asset for the development of business activities and the creation of value-added goods and services. To manage it in a safe and appropriate manner, we will build a solid relationship of trust with our customers, local communities, business partners and shareholders.  
Information Security Policy is shown here to guide all employees of AEON group to be aware of and understand the importance of information security.

**Initiatives for Information Security**  
We will execute the initiatives as stated below to ensure that all group companies are complied with the Information Security Policy.

- (1) Define roles and responsibilities to maintain and continuously improve information security.
- (2) Establish and comply with security regulations to protect information security.
- (3) Conduct risk assessment and implement security measures to protect information.
- (4) Provide employees with security education to increase awareness of information security.
- (5) Comply with laws and regulations as well as contracts with relevant stakeholders (e.g. customers, business partners and employees), having information properly managed.
- (6) Establish clear reporting lines for fast and effective response for security incidents.
- (7) Maintain information security level of subcontractors to a standard of being equal to or higher than that of AEON Group.
- (8) Maintain business continuity by minimizing impact of natural disaster and cyber attacks.
- (9) Conduct periodic and non-periodic review and internal security audit for continuous improvement of above activities.
- (10) Penalties shall be applied for violation of this policy and information security regulations/standards with accordance to the employment rules.

Motoya Okada  
AEON Co., Ltd.  
Director, Chairman, Representative Executive Officer  
March 1, 2019

FY2019 Aeon Group Environmental Accounting

Main Category	Subcategory	Accounting Items	Environmental Conservation Costs (Thousand JPY)	Economic Benefits (Thousand JPY)	CO2 Reduction (t-CO2)
Realization of Decarbonized Society	Generation of electricity	Installation cost for photovoltaic power systems	29,370	139,411	11,287
	Energy-saving	Adoption of energy-efficient equipment (installation of LED lighting, visualization of energy usage, etc.)	8,748,284	823,638	288,288
	Management of fluorocarbons	Adoption of natural refrigerant equipment, fluorocarbon filling and leakage management	985,456	21,365	68,089
	Carbon offsets	Carbon offsets (CO2 emission trading)	5,694	-	240
	Distribution	Adoption of modal shift, use of returnable containers	3,038,348	88,357	20,721
	Subtotal			12,807,151	1,072,771
Conservation of Biodiversity	Tree-planting activities	Aeon Hometown Forests Program tree-planting, ceremony, construction costs	143,897	-	-
		Regular maintenance for planted zones	783,402	-	-
	Production certification	Research, etc. on certified products, procurement guidelines	5,296	-	-
Subtotal			932,595	-	-
Better Use of Resources	Reduction of waste	Processing cost of recyclables collected in-store, processing cost of recycling of food residue	1,859,779	147,579	113,001
		Plastic shopping bag reduction	736,289	192,319	88,395
	Home appliance recycling	Operating costs for home appliance recycling program	1,086,031	-	-
Subtotal			3,682,098	339,898	201,396
Social Activities	Contributions to local communities	Contributions to the Aeon Happy Yellow Receipt Campaign*	412,742	-	-
	Human resources development	Activities of the Aeon Cheers Club	114,584	-	-
	Tohoku reconstruction support	Coastal forest regeneration in the disaster area Aeon future co-creation program	51,596	-	-
	Human rights issues	COC audit, fair trade products	81,806	-	-
Subtotal			660,728	-	-
Environmental Communication	Donations, etc.	Membership dues in and donations for environmental organizations (donations, etc. to local WAON)	540,295	-	-
	Subtotal			540,295	-
Environmental Management	Generation of processing waste	Processing waste generated by stores and offices, adoption of waste measurement equipment	11,412,192	290,972	-
	Management of waste disposal	Cost of implementing the environmental management system (ISO), waste management seminars	103,221	-	-
	Maintenance of equipment and devices	Maintenance and management of equipment for preventing environmental pollution, prevention of environmental accidents, and restoration in case of an accident	6,814,624	-	-
Subtotal			18,330,037	290,972	-
Total			36,952,905	1,703,641	590,021

Applicable companies: 63 consolidated Group companies (General Merchandise Store Business, Supermarket Business, Health & Wellness Business, Financial Services Business, Shopping center Development Business, Services & Specialty Store Business, shared function companies, etc.)  
\* Activities of volunteer groups receiving Aeon Happy Yellow Receipt Campaign proceeds: (1) promoting welfare, (2) promoting environmental conservation and education, (3) promoting urban development, (4) promoting arts and culture, (5) promoting child health and safety



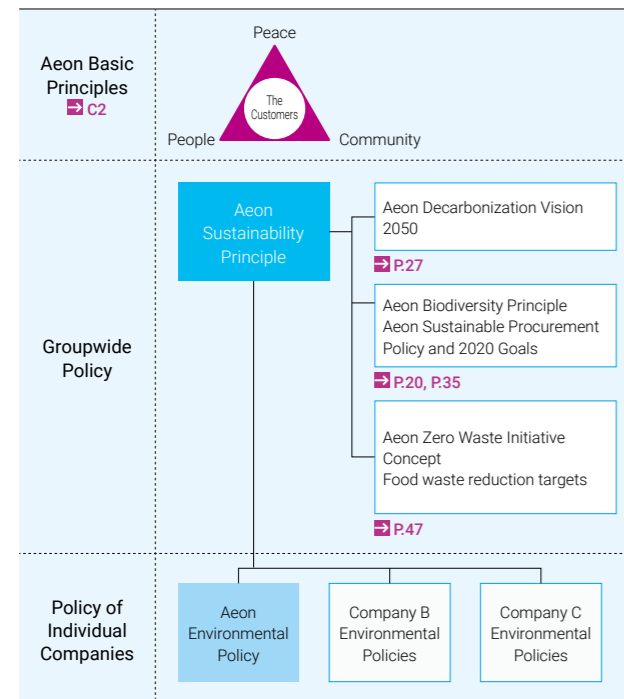
Environmental Policy System

Aeon established the Aeon Sustainability Principle in line with the Aeon Basic Principles as the fundamental policy governing the environmental and social contribution activities that all Aeon Group companies should take part in. Following these policies, Aeon Decarbonization Vision 2050 and the Aeon Biodiversity Principle also represent environmental goals and policies for the entire Group.

Effective measures are conducted following the establishment of environmental policies and environmental management systems by each Group company based on their own unique characteristics. This is because the Aeon Group encompasses a multitude of business areas and the challenges that each Group company faces may differ depending on their operating format and sector. As an example, Aeon Co., Ltd. undertakes environmental protection activities based on the Aeon Environmental Policy, which sets targets and objectives for such activities pursuant to the key issues defined in the Aeon Sustainability Principle.

Targets for the following fiscal year are determined by sharing the status of activities undertaken across the entire Group under the guidance of the executive officer in charge of the environment, social contribution, PR, and IR as well as by an evaluation of the progress toward meeting previous targets.

Environmental Policy System



Aeon Environmental Policy\*

We strive to balance enriching lifestyles with environmental conservation by providing safe and comfortable stores, products, and services to our customers. We also operate an environmental management system to implement measures, conduct periodical reviews, and promote continual improvements to environmental performance.

1. We will strive to reduce the emission of greenhouse gases in all of our business activities in order to realize a decarbonized society.
  - (1) We will continually improve the energy efficiency of our stores.
  - (2) We will strive to reduce the emission of greenhouse gases in all phases of our products' supply chain.
2. We will promote conservation activities and ascertain the benefits and impact of our business activities on natural ecosystems.
  - (1) We will strive to develop and procure products that use properly managed resources in consideration of sustainability.
  - (2) We will promote tree planting and raising activities as well as undertake activities that safeguard the ecosystems of local communities.
3. We will strive to implement resource recycling initiatives in order to use resources in a sustainable manner.
  - (1) We will promote "reduce, reuse, and recycle" for all the resources we use.
  - (2) We will strive to select raw and general materials that have lower impact on the environment.
4. We will comply with legal requirements and with other obligations related to the environment, and strive to prevent pollution. In addition, we will communicate this policy to all persons working for or on behalf of the organization as well as making it available to the public.
5. We will develop partnerships with many stakeholders, including our customers, and widen the reach of our initiatives.

Revised March 2020

Motoya Okada  
 Director, Chairman and Representative Executive Officer  
 Aeon Co., Ltd.

\* The following Group companies conduct their business operations in accordance with the Aeon Environmental Policy:  
 Aeon Co., Ltd., Aeon Retail Co., Ltd., Aeon Retail Store Co., Ltd., Aeon Supercenter Co., Ltd., Maxvalu Minami Tohoku Co., Ltd., Maxvalu Kanto Co., Ltd., Maxvalu Nagano Co., Ltd., Maxvalu Hokuriku Co., Ltd., Aeon Big Co., Ltd., Aeon Integrated Business Service Co., Ltd., My Basket Co., Ltd., Aeon Bike Co., Ltd., Aeonliquor Co., Ltd.

ISO 14001 Certification

As of February 2020, 35 companies in the Aeon Group have acquired ISO 14001 certification, the international standard for environmental management systems. Each company manages its own Plan-Do-Check-Act (PDCA) cycle, achieving results through efforts to continually reduce environmental impacts.

In 2015, the ISO 14001 certification was revised to emphasize integration of business processes and environmental management systems, in addition to the improvement of top management's leadership and performance.

Aeon saw this revision as an opportunity to strengthen its management framework in order to realize its basic policy for sustainability from the dual perspectives of corporate growth and realizing a sustainable society. In light of this, we have actively shifted toward building an environmental management system that is integrated with our business.

List of ISO-Certified Companies (As of February 29, 2020)

Company	Company
Aeon Co., Ltd.	Aeon Credit Service Co., Ltd.
Aeon Retail Co., Ltd.	Aeon Ryukyu Co., Ltd.
Aeon Supercenter Co., Ltd.	Maxvalu Kyushu Co., Ltd.
Maxvalu Minami Tohoku Co., Ltd.	Maxvalu Hokkaido Co., Ltd.*
Maxvalu Kanto Co., Ltd.	Aeon Delight Co., LTD.
Maxvalu Nagano Co., Ltd.	Mega Sports Co., Ltd.
Maxvalu Hokuriku Co., Ltd.	Cox Co., LTD.
Aeon Integrated Business Service Co., Ltd.	Maxvalu Tokai Co., Ltd.
Aeon Big Co., Ltd.	Research Institute for Quality Living Co., Ltd.
Aeon Retail Store Co., Ltd.	Aeon Hokkaido Co., Ltd.*
My Basket Co., Ltd. Head Office	Aeon Global SCM Co., Ltd.
Aeon Bike Co., Ltd. Head Office	Guangdong Aeon Teem Co., Ltd.
Aeonliquor Co., Ltd. Head Office	The Daiei, Inc.
Maxvalu Tohoku Co., Ltd.	Aeon Market Co., Ltd.
Aeon Food Supply Ltd.	The Maruetsu, Inc.
Maxvalu Nishinohon Co., Ltd.	Aeon Delight (Jiangsu) Co., Ltd.
Aeon Mall Co., Ltd.	Aeon Delight (Wuhan) Co., Ltd.
Aeon Kyushu Co., Ltd.	

Total operating revenue from the 35 companies that have acquired ISO 14001 certification exceeds 70% of the Group's total.

\* On March 1, 2020, Maxvalu Hokkaido Co., Ltd. and Aeon Hokkaido Co., Ltd. underwent management integration, forming Aeon Hokkaido Co., Ltd.

Environmental Internal Audit

Companies that have acquired ISO 14001 certification undergo internal audits on a periodical basis. For instance, Aeon Retail Co., Ltd. companies are audited in accordance with an internal audit checklist each year to assess and resolve the issues of not only each department but also of the entire company. In addition, operational audits are utilized to improve performance by confirming whether the issues identified in the store audits have been resolved.

By incorporating environmental management related items, such as the status of Group policy measures and procedures, into the audit items of the Group Management Audit Department, we have a system in place that also confirms the status of companies that have not acquired ISO14001 certification.

TOPICS

Initiatives at Aeon Credit Service Co., Ltd.

Taking the impact of our business activities on the environment into consideration, we have acquired ISO 14001 certification with the aim of systematically managing and promoting our environmental initiatives. Aeon Credit Service Co., Ltd. has set an environmental goal of "reducing environmental impact by improving business efficiency." With this goal in mind, the company continues to engage in various initiatives with customers toward the reduction of paper usage. Such initiatives include the use of tablets for in-store credit card applications and the shift from paper-based statements received through mail to online credit card statements that can be viewed over the Internet. In addition to reducing paper, using Web-based statements helps reduce CO<sub>2</sub> emissions, as it eliminates the need for physical delivery.

In FY2019, we began providing basic services for online credit card statements, which resulted in the reduction of approximately 40,000 tons of CO<sub>2</sub> emissions.

Wastewater Management

Wastewater discharged from Aeon stores rarely if ever contains hazardous substances. Sometimes, however, this wastewater may contain large amounts of oil, which can violate legal standards, clog drainage pipes, or cause other accidents. As a result, Aeon uses DVDs and other teaching materials to conduct training for its employees and the employees of its tenants to ensure day-to-day maintenance is correctly performed, including compliance with cleaning grease traps. We have been making improvements by strengthening day-to-day management, including regularly taking photographs of grease traps to monitor their condition and for use in providing instructions. We have also adopted a system of hygiene checking where the checks are handled by a third party. The continuous implementation of these efforts is part of our method for maintaining a proper level of management.

Furthermore, Aeon Retail Co., Ltd. and several other Aeon Group companies perform water quality testing concurrently including for sewage as part of annual voluntary inspections. Stores where values exceed our voluntary standards, which are even stricter than legal requirements, are required to take corrective action that helps to improve our overall wastewater management practices.



Environmental Education

Aeon provides time in its various training sessions for employees to learn about its environmental policies and initiatives in order to raise their awareness of the environment.

We provide training for employees at each company that obtains ISO 14001 certification. For Aeon Retail Co., Ltd., we introduced Web-based training tools and made it obligatory for all employees to carry the ISO 14001 handbook. In these ways,

we foster an understanding about our policies and objectives and make employees aware of their roles.

Training seminars for internal environmental auditors led by qualified instructors are also held every year to facilitate smooth operation of the environmental management system. At Aeon and Aeon Retail companies that have acquired ISO 14001 certification, a total of 2,165 auditors have attended the training seminars between 2000 and February 2020.

Group Company Initiatives

Aeon Mall Co., Ltd. Initiatives

Without the understanding and cooperation of specialty shops, Aeon Mall's efforts will not be realized. At each mall, we also educate staff of specialty shops on environmental initiatives and rules on waste management.

Moreover, as a part of our efforts to heighten awareness of environmental conservation, we encourage our employees at Aeon Mall in Japan to acquire Eco Kentei certification, which has been issued to 1,327 of the 1,619, or 82%, employees eligible.

Aeon Delight Co., Ltd. Initiatives

Based on the revised Act on Rational Use and Appropriate Management of Fluorocarbons, effective April 1, 2020, which calls for more stringent management of fluorocarbons, Aeon Delight monitors fluorocarbon leakage through simple, regular testing of class I specified products, such as commercial air conditioners and refrigeration equipment.

Since FY2013, Aeon Delight has registered with all of Japan's 46 prefectures as an operator registered to fill and recover class I fluorocarbons. The company continues to develop technicians who handle and are certified at testing class I refrigeration fluorocarbons. In FY2019, Aeon Delight had 496 such certified testers.

Branshes Co., Ltd. Initiatives

Branshes received the Outstanding Performance Award in the Unit Department at the Eco Kentei Awards 2019, hosted by the Tokyo Chamber of Commerce and Industry. This award highlighted Branshes' ongoing efforts since 2010 to reinvigorate a coral reef, the "Branshes Sango Forest," and marked the seventh consecutive year of awards for Branshes.

As of May 2020, the company has donated 630,000 JPY, raised through the sale of 15,926 hand towels, to help revitalize 268 coral beds. In August 2019, Branshes collaborated with Sony Corporation to hold an event that featured a 3D movie on corals and the ocean and a craft workshop at Aeon Mall Makuhari New City, in which more than 500 people participated.

\* The Eco Kentei Awards celebrate achievements by "eco-people" and "ecounits" (companies and groups) that serve as model efforts for environmental activities.

<Other Branshes Initiatives>

- Branshes continued to hold parent-child workshops at 40 stores involving message cards made of paper derived from the peel of Fairtrade bananas. In February 2020, this workshop was also held as a hands-on lecture at an elementary school in the town of Hirono in Fukushima Prefecture. Students were able to interact with the banana growers in the Philippines through an online chat.
- Branshes encouraged its employees to participate in a toothbrush-recycling program to recycle used toothbrushes.
- In August 2019, Branshes commenced the sale of ecobags to help protect the lives of sea turtles in an effort to shift away from the use of plastics. Branshes donates 10% of their sales to Everlasting Nature of ASIA, a certified non-profit organization that protects the lives of sea turtles and other marine life. As of February 29, 2020, 558 ecobags had been sold.

Aeon Global SCM Co., Ltd. Initiatives

Aeon Global SCM continues to ask its contracted transport companies to cooperate on eco-driving. The company regularly issues "Eco Drive News" to share information on environmentally friendly driving.

The company has an award system for safe driving. Awards are given each month to people who work 20 days or more, and drive 3,000 km or more, who are tracked as exhibiting zero dangerous-driving signs, which include rapid acceleration, rapid deceleration, and speeding. In FY2019, 29 out of the 23,798 people eligible received the award.

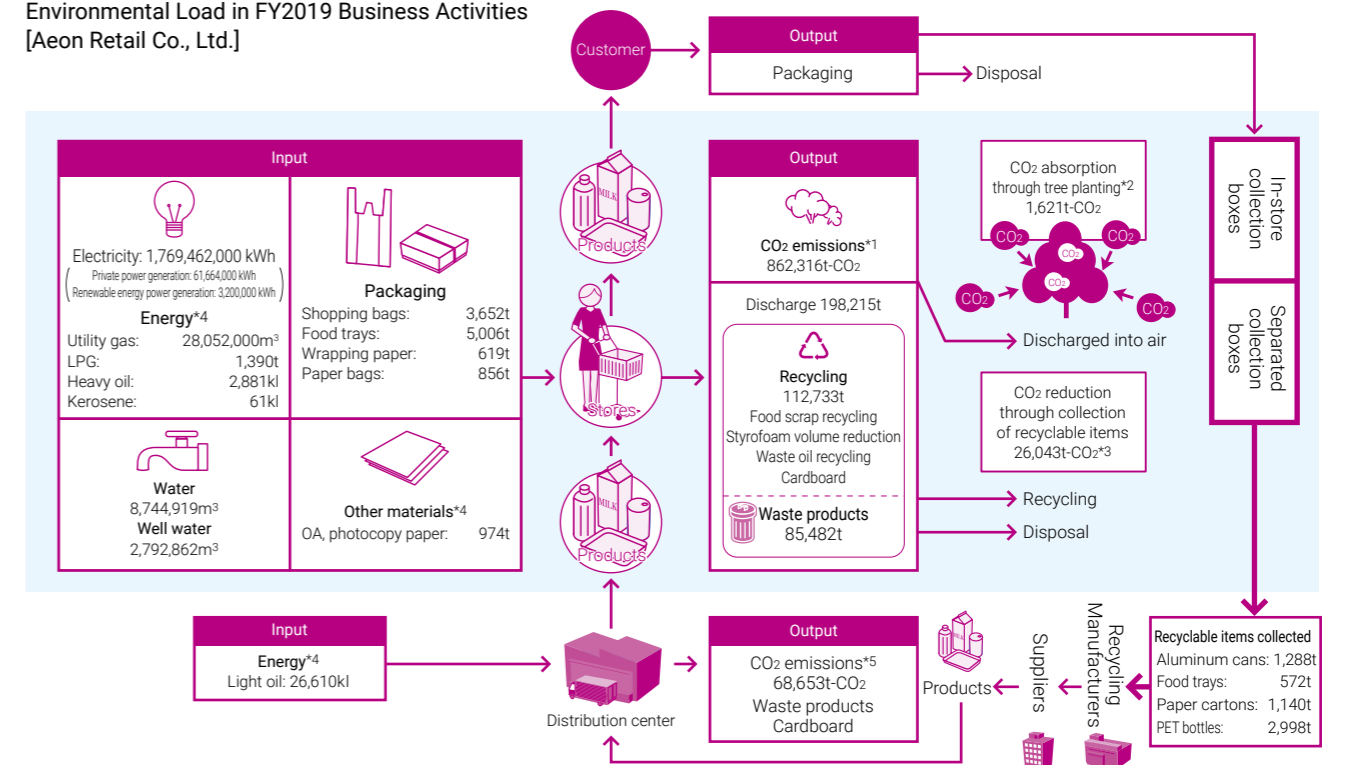
FY2019 ISO 14001 Targets and Performance [Companywide Targets]

○ = Achieved △ = Did not achieve, but will continue to make efforts

Environmental Policy	Category	Target	Results	Evaluation	Supervision
Low carbon	Stores	<b>Promote energy conservation</b> Reduce electric consumption to 2% of FY2018 * Target varies according to company	Target: 2,056,202,000 kWh Result: 2,061,395,000 kWh Stated target 100.3% Comparison last year 98.5% Companies reaching targets: Aeon Retail Co., Ltd. Aeon Supercenter Co., Ltd. Maxvalu Kanto Co., Ltd.	△	Aeon Co., Ltd. Each Group company
		<b>Maintain food waste-to-sales ratio at below 0.5%</b> * Target varies according to company	<Average> Result: 0.495% Stated target 107.8% Comparison last year 98.1% Companies reaching targets: Aeon Retail Co., Ltd. Maxvalu Kanto Co., Ltd.	△	Aeon Co., Ltd. Each Group company
Resources	Stores	<b>Reducing the Use of Materials</b> * Establishment of targets at the following companies for the reduced use of materials · Aeon Retail Co., Ltd., Aeon Retail Store Co., Ltd.: Ensure that all stores are appropriately organized, well-arranged, clean, sanitary, and effectively managed and that they attain a C-rating or higher · Maxvalu Minami Tohoku Co., Ltd., Aeon Big Co., Ltd.: Reduce cost of materials · Maxvalu Kanto Co., Ltd., Maxvalu Nagano Co., Ltd.: Reduce cost of materials · Maxvalu Hokuriku Co., Ltd.: Increase collection of recyclable resources at stores · Aeon Supercenter Co., Ltd.: Fully achieve at 55 stores	Companies reaching targets: Aeon Retail Co., Ltd. Aeon Retail Store Co., Ltd. Maxvalu Minami Tohoku Co., Ltd. Maxvalu Kanto Co., Ltd. Maxvalu Nagano Co., Ltd. Aeon Big Co., Ltd.	○	Aeon Co., Ltd. Each Group company

\* Applicable companies: Aeon Retail Co., Ltd., Aeon Retail Store Co., Ltd., Aeon Supercenter Co., Ltd., Maxvalu Minami Tohoku Co., Ltd., Maxvalu Kanto Co., Ltd., Maxvalu Nagano Co., Ltd., Maxvalu Hokuriku Co., Ltd., Aeon Big Co., Ltd.

Environmental Load in FY2019 Business Activities [Aeon Retail Co., Ltd.]



\*1 Calculations based on energy consumption of equipment at stores and business sites. Calculated using the CO<sub>2</sub> emissions coefficient (2.62 t-CO<sub>2</sub>/kl) for light oil.

\*2 Calculated based on the total number of trees planted Groupwide under the "Aeon Hometown Forests" program.

\*3 Calculated based on the 3R basic unit method (Waste Management and Recycling Department, Ministry of the Environment, March 2013).

\*4 Calculated by multiplying the ratio of Aeon Retail by the total energy used by Aeon Global SCM.

\*5 Calculated using the CO<sub>2</sub> emissions coefficient (2.62 t-CO<sub>2</sub>/kl) for light oil.



	Title	Disclosure	Contents
<b>Organizational Profile</b>			
102-1	Name of the organization	a. Name of the organization.	• Corporate Data
102-2	Activities, brands, products, and services	a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	• An Overview of Aeon
102-3	Location of headquarters	a. Location of the organization's headquarters.	• Corporate Data
102-4	Location of operations	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	• Corporate Data
102-5	Ownership and legal form	a. Nature of ownership and legal form.	• Corporate Data
102-6	Markets served	a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	• An Overview of Aeon • Global Expansion
102-7	Scale of the organization	a. Scale of the organization, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organizations) or net revenues (for public sector organizations); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided.	• Corporate Data • Global Expansion • An Overview of Aeon
102-8	Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made.	• Corporate Data
102-9	Supply chain	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	
102-10	Significant changes to the organization and its supply chain	a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	
102-11	Precautionary Principle or approach	a. Whether and how the organization applies the Precautionary Principle or approach.	• Risk Management • Environmental Management
102-12	External initiatives	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	
102-13	Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	a. 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 its strategy for addressing sustainability.	• Executive Officers Message
102-15	Key impacts, risks, and opportunities	a. A description of key impacts, risks, and opportunities.	• Sustainable Management
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior.	• Sustainable Management
102-17	Mechanisms for advice and concerns about ethics	a. A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behavior, and organizational integrity; ii. reporting concerns about unethical or unlawful behavior, and organizational integrity.	• Compliance (Corporate Ethics)
<b>Governance</b>			
102-18	Governance structure	a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	• Corporate Governance
102-19	Delegating authority	a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	• Corporate Governance • Sustainability Management Structure
102-20	Executive-level responsibility for economic, environmental, and social topics	a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics. b. Whether post holders report directly to the highest governance body.	• Sustainability Management Structure
102-21	Consulting stakeholders on economic, environmental, and social topics	a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	• Sustainability Management Structure

	Title	Disclosure	Contents
102-22	Composition of the highest governance body and its committees	a. Composition of the highest governance body and its committees by: i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation.	• Corporate Governance
102-23	Chair of the highest governance body	a. Whether the chair of the highest governance body is also an executive officer in the organization. b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.	• Corporate Governance
102-24	Nominating and selecting the highest governance body	a. Nomination and selection processes for the highest governance body and its committees. b. Criteria used for nominating and selecting highest governance body members, including whether and how: i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered.	• Corporate Governance
102-25	Conflicts of interest	a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures.	
102-26	Role of highest governance body in setting purpose, values, and strategy	a. 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 topics.	• Sustainability Management Structure • Sustainable Management
102-27	Collective knowledge of highest governance body	a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	
102-28	Evaluating the highest governance body's performance	a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. b. Whether such evaluation is independent or not, and its frequency. c. Whether such evaluation is a self-assessment. d. 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.	
102-29	Identifying and managing economic, environmental, and social impacts	a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.	• Sustainability Management Structure • Sustainable Management
102-30	Effectiveness of risk management processes	a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	• Risk Management
102-31	Review of economic, environmental, and social topics	a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	• Sustainability Management Structure • Sustainable Management
102-32	Highest governance body's role in sustainability reporting	a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	• Sustainability Management Structure • Sustainable Management
102-33	Communicating critical concerns	a. Process for communicating critical concerns to the highest governance body.	• Corporate Governance • Sustainability Management Structure
102-34	Nature and total number of critical concerns	a. Total number and nature of critical concerns that were communicated to the highest governance body. b. Mechanism(s) used to address and resolve critical concerns.	
102-35	Remuneration policies	a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Termination payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.	• Corporate Governance
102-36	Process for determining remuneration	a. Process for determining remuneration. b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. c. Any other relationships that the remuneration consultants have with the organization.	• Corporate Governance
102-37	Stakeholders' involvement in remuneration	a. How stakeholders' views are sought and taken into account regarding remuneration. b. If applicable, the results of votes on remuneration policies and proposals.	
102-38	Annual total compensation ratio	a. 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.	



	Title	Disclosure	Contents
102-39	Percentage increase in annual total compensation ratio	a. Ratio of the 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.	
<b>Stakeholder Engagement</b>			
102-40	List of stakeholder groups	a. A list of stakeholder groups engaged by the organization.	
102-41	Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.	• Key Issue 5 -Labor Union
102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.	
102-43	Approach to stakeholder engagement	a. 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.	
102-44	Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	
<b>Reporting Practice</b>			
102-45	Entities included in the consolidated financial statements	a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Annual securities report: Status of affiliated companies (p. 8–p.20)
102-46	Defining report content and topic Boundaries	a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	• Sustainable Management • Management Approach
102-47	List of material topics	a. A list of the material topics identified in the process for defining report content.	• Sustainable Management
102-48	Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	* Not applicable during this period
102-49	Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	* Not applicable during this period
102-50	Reporting period	a. Reporting period for the information provided.	• Editorial Policy
102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.	• Editorial Policy
102-52	Reporting cycle	a. Reporting cycle.	• Editorial Policy
102-53	Contact point for questions regarding the report	a. The contact point for questions regarding the report or its contents.	• Editorial Policy
102-54	Claims of reporting in accordance with the GRI Standards	a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	In preparing this report, we have referenced the GRI Standards' core option.
102-55	GRI content index	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	• Comparison with GRI Standards
102-56	External assurance	a. A description of the organization's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	• Realization of a Decarbonized Society: Greenhouse Gas Emissions, Scope 1 and 2 (Third party verification)  • Sustainability Management Structure
<b>Management Approach</b>			
103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.	• Sustainable Management • Management Approach

	Title	Disclosure	Contents
103-2	The management approach and its components	a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives	• Sustainable Management • Key Issue -Realization of a Decarbonized Society -Conservation of Biodiversity -Better Use of Resources -Creating Products and Stores That Meet Society's Expectations -Implementing Fair Business Practices Based on Respect for Human Rights -Collaborating with Communities • Environmental Management • Compliance
103-3	Evaluation of the management approach	a. An explanation of how the organization evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach.	• Sustainable Management • ISO14001 Certification • Action Plan & KPIs Progress
<b>Economic Performance</b>			
201-1	Direct economic value generated and distributed	a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: i. Direct economic value generated: revenues; ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'. b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.	Annual securities report: Key management indicators (p. 2)  Annual securities report: Management indicators of submitting company (p. 3)
201-2	Financial implications and other risks and opportunities due to climate change	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity.	• Aeon Decarbonization Vision 2050 • Sustainable Management • Management Approach • Annual securities report: Business and other risks (pp. 24–26)
201-3	Defined benefit plan obligations and other retirement plans	a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities. b. If a separate fund exists to pay the plan's pension liabilities: i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them; ii. the basis on which that estimate has been arrived at; iii. when that estimate was made. c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage. d. Percentage of salary contributed by employee or employer. e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.	
201-4	Financial assistance received from government	a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including: i. tax relief and tax credits; ii. subsidies; iii. investment grants, research and development grants, and other relevant types of grant; iv. awards; v. royalty holidays; vi. financial assistance from Export Credit Agencies (ECAs); vii. financial incentives; viii. other financial benefits received or receivable from any government for any operation. b. The information in 201-4-a by country. c. Whether, and the extent to which, any government is present in the shareholding structure.	* Not applicable during this period
<b>Market Presence</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage. b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage. c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used. d. The definition used for 'significant locations of operation'.	
202-2	Proportion of senior management hired from the local community	a. Percentage of senior management at significant locations of operation that are hired from the local community. b. The definition used for 'senior management'. c. The organization's geographical definition of 'local'. d. The definition used for 'significant locations of operation'.	• Basic Principles on Personnel • Basic Approach to Personnel and Five Human Resources Principles



	Title	Disclosure	Contents
<b>Indirect Economic Impacts</b>			
203-1	Infrastructure investments and services supported	a. Extent of development of significant infrastructure investments and services supported. b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. c. Whether these investments and services are commercial, in-kind, or pro bono engagements.	<ul style="list-style-type: none"> <li>Conservation of Biodiversity (Promoting the Aeon Forest Circulation Program)</li> <li>Collaborating with Communities (Making contributions to local communities)</li> <li>Creating products and stores that meet society's expectations (Catering to the Elderly, People with Disabilities, and People Unable to Shop)</li> </ul>
203-2	Significant indirect economic impacts	a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.	* Not applicable during this period
<b>Anti-corruption</b>			
204-1	Proportion of spending on local suppliers	a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally). b. The organization's geographical definition of 'local'. c. The definition used for 'significant locations of operation'.	
<b>Anti-corruption</b>			
205-1	Operations assessed for risks related to corruption	a. Total number and percentage of operations assessed for risks related to corruption. b. Significant risks related to corruption identified through the risk assessment.	
205-2	Communication and training about anti-corruption policies and procedures	a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region. b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.	<ul style="list-style-type: none"> <li>Aeon Code of Conduct</li> <li>Compliance</li> <li>Aeon Supplier Code of Conduct</li> </ul>
205-3	Confirmed incidents of corruption and actions taken	a. Total number and nature of confirmed incidents of corruption. b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption. c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.	
<b>Anti-competitive Behavior</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant. b. Main outcomes of completed legal actions, including any decisions or judgments.	
<b>Materials</b>			
301-1	Materials used by weight or volume	a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by: i. non-renewable materials used; ii. renewable materials used.	
301-2	Recycled input materials used	a. Percentage of recycled input materials used to manufacture the organization's primary products and services.	
301-3	Reclaimed products and their packaging materials	a. Percentage of reclaimed products and their packaging materials for each product category. b. How the data for this disclosure have been collected.	<ul style="list-style-type: none"> <li>Better Use of Resources (Reducing Waste by Collecting Resources in Stores, Reusing and Recycling Hangers)</li> </ul>
<b>Energy</b>			
302-1	Energy consumption within the organization	a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam sold d. In joules, watt-hours or multiples, the total: i. electricity sold ii. heating sold iii. cooling sold iv. steam sold e. Total energy consumption within the organization, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used.	<ul style="list-style-type: none"> <li>Environmental Management (Environmental Load in FY2019 Business Activities)</li> </ul>

	Title	Disclosure	Contents
302-2	Energy consumption outside of the organization	a. Energy consumption outside of the organization, in joules or multiples. b. Standards, methodologies, assumptions, and/or calculation tools used. c. Source of the conversion factors used.	
302-3	Energy intensity	a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both.	<ul style="list-style-type: none"> <li>Environmental Management (Environmental Load in FY2019 Business Activities)</li> </ul>
302-4	Reduction of energy consumption	a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all. c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. d. Standards, methodologies, assumptions, and/or calculation tools used.	<ul style="list-style-type: none"> <li>KPI (Key Issue 1 Realization of a Decarbonized Society)</li> <li>Environmental Management (Environmental Load in FY2019 Business Activities)</li> </ul>
302-5	Reductions in energy requirements of products and services	a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples. b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. c. Standards, methodologies, assumptions, and/or calculation tools used.	
<b>Water</b>			
303-1	Water withdrawal by source	a. Total volume of water withdrawn, with a breakdown by the following sources: i. Surface water, including water from wetlands, rivers, lakes, and oceans; ii. Groundwater; iii. Rainwater collected directly and stored by the organization; iv. Waste water from another organization; v. Municipal water supplies or other public or private water utilities. b. Standards, methodologies, and assumptions used.	<ul style="list-style-type: none"> <li>Environmental Management (Environmental Load in FY2019 Business Activities)</li> </ul>
303-2	Water sources significantly affected by withdrawal of water	a. Total number of water sources significantly affected by withdrawal by type: i. Size of the water source; ii. Whether the source is designated as a nationally or internationally protected area; iii. Biodiversity value (such as species diversity and endemism, and total number of protected species); iv. Value or importance of the water source to local communities and indigenous peoples. b. Standards, methodologies, and assumptions used.	
303-3	Water recycled and reused	a. Total volume of water recycled and reused by the organization. b. Total volume of water recycled and reused as a percentage of the total water withdrawal as specified in Disclosure 303-1. c. Standards, methodologies, and assumptions used.	
<b>Biodiversity</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information: i. Geographic location; ii. Subsurface and underground land that may be owned, leased, or managed by the organization; iii. Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas; iv. Type of operation (office, manufacturing or production, or extractive); v. Size of operational site in km <sup>2</sup> (or another unit, if appropriate); vi. Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem); vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	
304-2	Significant impacts of activities, products, and services on biodiversity	a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following: i. Construction or use of manufacturing plants, mines, and transport infrastructure; ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources); iii. Introduction of invasive species, pests, and pathogens; iv. Reduction of species; v. Habitat conversion; vi. Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level). b. Significant direct and indirect positive and negative impacts with reference to the following: i. Species affected; ii. Extent of areas impacted; iii. Duration of impacts; iv. Reversibility or irreversibility of the impacts.	



	Title	Disclosure	Contents
304-3	Habitats protected or restored	a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals. b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures. c. Status of each area based on its condition at the close of the reporting period. d. Standards, methodologies, and assumptions used.	<ul style="list-style-type: none"> <li>Key Issue 2 - Conservation of Biodiversity (Creating Forests Where Wild Birds Can Gather)</li> </ul>
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk: <ul style="list-style-type: none"> <li>i. Critically endangered</li> <li>ii. Endangered</li> <li>iii. Vulnerable</li> <li>iv. Near threatened</li> <li>v. Least concern</li> </ul>	* Not applicable during this period
<b>Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	a. Gross direct (Scope 1) GHG emissions in metric tons of CO <sub>2</sub> equivalent. b. Gases included in the calculation; whether CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all. c. Biogenic CO <sub>2</sub> emissions in metric tons of CO <sub>2</sub> equivalent. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> <li>i. the rationale for choosing it;</li> <li>ii. emissions in the base year;</li> <li>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</li> </ul> e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	<ul style="list-style-type: none"> <li>Key Issue 1 Realization of a Decarbonized Society</li> </ul>
305-2	Energy indirect (Scope 2) GHG emissions	a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO <sub>2</sub> equivalent. c. If available, the gases included in the calculation; whether CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> <li>i. the rationale for choosing it;</li> <li>ii. emissions in the base year;</li> <li>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</li> </ul> e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	<ul style="list-style-type: none"> <li>Key Issue 1 Realization of a Decarbonized Society</li> </ul>
305-3	Other indirect (Scope 3) GHG emissions	a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO <sub>2</sub> equivalent. b. If available, the gases included in the calculation; whether CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all. c. Biogenic CO <sub>2</sub> emissions in metric tons of CO <sub>2</sub> equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. e. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> <li>i. the rationale for choosing it;</li> <li>ii. emissions in the base year;</li> <li>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</li> </ul> f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. g. Standards, methodologies, assumptions, and/or calculation tools used.	<ul style="list-style-type: none"> <li>Key Issue 1 Realization of a Decarbonized Society</li> </ul>
305-4	GHG emissions intensity	a. GHG emissions intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). d. Gases included in the calculation; whether CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all.	<ul style="list-style-type: none"> <li>Key Issue 1 Realization of a Decarbonized Society</li> </ul>
305-5	Reduction of GHG emissions	a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO <sub>2</sub> equivalent. b. Gases included in the calculation; whether CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all. c. Base year or baseline, including the rationale for choosing it. d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). e. Standards, methodologies, assumptions, and/or calculation tools used.	<ul style="list-style-type: none"> <li>Key Issue 1 Realization of a Decarbonized Society</li> </ul>

	Title	Disclosure	Contents
305-6	Emissions of ozone-depleting substances (ODS)	a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent. b. Substances included in the calculation. c. Source of the emission factors used. d. Standards, methodologies, assumptions, and/or calculation tools used.	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	a. Significant air emissions, in kilograms or multiples, for each of the following: <ul style="list-style-type: none"> <li>i. NOx</li> <li>ii. SOx</li> <li>iii. Persistent organic pollutants (POP)</li> <li>iv. Volatile organic compounds (VOC)</li> <li>v. Hazardous air pollutants (HAP)</li> <li>vi. Particulate matter (PM)</li> <li>vii. Other standard categories of air emissions identified in relevant regulations</li> </ul> b. Source of the emission factors used. c. Standards, methodologies, assumptions, and/or calculation tools used.	
<b>Effluents and Waste</b>			
306-1	Water discharge by quality and destination	a. Total volume of planned and unplanned water discharges by: <ul style="list-style-type: none"> <li>i. destination;</li> <li>ii. quality of the water, including treatment method;</li> <li>iii. whether the water was reused by another organization.</li> </ul> b. Standards, methodologies, and assumptions used.	
306-2	Waste by type and disposal method	a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable: <ul style="list-style-type: none"> <li>i. Reuse</li> <li>ii. Recycling</li> <li>iii. Composting</li> <li>iv. Recovery, including energy recovery</li> <li>v. Incineration (mass burn)</li> <li>vi. Deep well injection</li> <li>vii. Landfill</li> <li>viii. On-site storage</li> <li>ix. Other (to be specified by the organization)</li> </ul> b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable: <ul style="list-style-type: none"> <li>i. Reuse</li> <li>ii. Recycling</li> <li>iii. Composting</li> <li>iv. Recovery, including energy recovery</li> <li>v. Incineration (mass burn)</li> <li>vi. Deep well injection</li> <li>vii. Landfill</li> <li>viii. On-site storage</li> <li>ix. Other (to be specified by the organization)</li> </ul> c. How the waste disposal method has been determined: <ul style="list-style-type: none"> <li>i. Disposed of directly by the organization, or otherwise directly confirmed</li> <li>ii. Information provided by the waste disposal contractor</li> <li>iii. Organizational defaults of the waste disposal contractor</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Management (Environmental Load in FY2019 Business Activities)</li> </ul>
306-3	Significant spills	a. Total number and total volume of recorded significant spills. b. The following additional information for each spill that was reported in the organization's financial statements: <ul style="list-style-type: none"> <li>i. Location of spill;</li> <li>ii. Volume of spill;</li> <li>iii. Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization).</li> </ul> c. Impacts of significant spills.	* Not applicable during this period
306-4	Transport of hazardous waste	a. Total weight for each of the following: <ul style="list-style-type: none"> <li>i. Hazardous waste transported</li> <li>ii. Hazardous waste imported</li> <li>iii. Hazardous waste exported</li> <li>iv. Hazardous waste treated</li> </ul> b. Percentage of hazardous waste shipped internationally. c. Standards, methodologies, and assumptions used.	* Not applicable during this period
306-5	Water bodies affected by water discharges and/or runoff	a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on: <ul style="list-style-type: none"> <li>i. the size of the water body and related habitat;</li> <li>ii. whether the water body and related habitat is designated as a nationally or internationally protected area;</li> <li>iii. the biodiversity value, such as total number of protected species.</li> </ul>	* Not applicable during this period



	Title	Disclosure	Contents
<b>Environmental Compliance</b>			
307-1	Non-compliance with environmental laws and regulations	a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: <ul style="list-style-type: none"> <li>i. total monetary value of significant fines;</li> <li>ii. total number of non-monetary sanctions;</li> <li>iii. cases brought through dispute resolution mechanisms.</li> </ul> b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.	* Not applicable during this period
<b>Supplier Environmental Assessment</b>			
308-1	New suppliers that were screened using environmental criteria	a. Percentage of new suppliers that were screened using environmental criteria.	• Aeon Supplier Code of Conduct
308-2	Negative environmental impacts in the supply chain and actions taken	a. Number of suppliers assessed for environmental impacts. b. Number of suppliers identified as having significant actual and potential negative environmental impacts. c. Significant actual and potential negative environmental impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	
<b>Employment</b>			
401-1	New employee hires and employee turnover	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: <ul style="list-style-type: none"> <li>i. life insurance;</li> <li>ii. health care;</li> <li>iii. disability and invalidity coverage;</li> <li>iv. parental leave;</li> <li>v. retirement provision;</li> <li>vi. stock ownership;</li> <li>vii. others.</li> </ul> b. The definition used for 'significant locations of operation'.	
401-3	Parental leave	a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender.	
<b>Labor/Management Relations</b>			
402-1	Minimum notice periods regarding operational changes	a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them. b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.	
<b>Occupational Health and Safety</b>			
403-1	Workers representation in formal joint management-worker health and safety committees	a. The level at which each formal joint management-worker health and safety committee typically operates within the organization. b. Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees.	• Key Issue 5 -Aeon's Health Management
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	a. Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by: <ul style="list-style-type: none"> <li>i. region;</li> <li>ii. gender.</li> </ul> b. Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, with a breakdown by: <ul style="list-style-type: none"> <li>i. region;</li> <li>ii. gender.</li> </ul> c. The system of rules applied in recording and reporting accident statistics.	
403-3	Workers with high incidence or high risk of diseases related to their occupation	a. Whether there are workers whose work, or workplace, is controlled by the organization, involved in occupational activities who have a high incidence or high risk of specific diseases.	
403-4	Health and safety topics covered in formal agreements with trade unions	a. Whether formal agreements (either local or global) with trade unions cover health and safety. b. If so, the extent, as a percentage, to which various health and safety topics are covered by these agreements.	• Key Issue 5 -Labor Union

	Title	Disclosure	Contents
<b>Training and Education</b>			
404-1	Average hours of training per year per employee	a. Average hours of training that the organization's employees have undertaken during the reporting period, by: <ul style="list-style-type: none"> <li>i. gender;</li> <li>ii. employee category.</li> </ul>	
404-2	Programs for upgrading employee skills and transition assistance programs	a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	• Key Issue 5 -Education System to Support Employees
404-3	Percentage of employees receiving regular performance and career development reviews	a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	
<b>Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: <ul style="list-style-type: none"> <li>i. Gender;</li> <li>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</li> <li>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</li> </ul> b. Percentage of employees per employee category in each of the following diversity categories: <ul style="list-style-type: none"> <li>i. Gender;</li> <li>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</li> <li>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</li> </ul>	• Key Issue 5 -Promoting Diversity
405-2	Ratio of basic salary and remuneration of women to men	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'.	
<b>Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: <ul style="list-style-type: none"> <li>i. Incident reviewed by the organization;</li> <li>ii. Remediation plans being implemented;</li> <li>iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;</li> <li>iv. Incident no longer subject to action.</li> </ul>	
<b>Freedom of Association and Collective Bargaining</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: <ul style="list-style-type: none"> <li>i. type of operation (such as manufacturing plant) and supplier;</li> <li>ii. countries or geographic areas with operations and suppliers considered at risk.</li> </ul> b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	
<b>Child Labor</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	a. Operations and suppliers considered to have significant risk for incidents of: <ul style="list-style-type: none"> <li>i. child labor;</li> <li>ii. young workers exposed to hazardous work.</li> </ul> b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of: <ul style="list-style-type: none"> <li>i. type of operation (such as manufacturing plant) and supplier;</li> <li>ii. countries or geographic areas with operations and suppliers considered at risk.</li> </ul> c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.	
<b>Forced or Compulsory Labor</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of: <ul style="list-style-type: none"> <li>i. type of operation (such as manufacturing plant) and supplier;</li> <li>ii. countries or geographic areas with operations and suppliers considered at risk.</li> </ul> b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.	
<b>Security Practices</b>			
410-1	Security personnel trained in human rights policies or procedures	a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security. b. Whether training requirements also apply to third-party organizations providing security personnel.	



	Title	Disclosure	Contents
<b>Rights of Indigenous Peoples</b>			
411-1	Incidents of violations involving rights of indigenous peoples	a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	* Not applicable during this period
<b>Human Rights Assessment</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments	a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	
412-2	Employee training on human rights policies or procedures	a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations. b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.	• Key Issue 5 -Human Rights Training
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. b. The definition used for 'significant investment agreements'.	
<b>Local Communities</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programs based on local communities' needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes.	• Key Issue 6 -Aeon Happy Yellow Receipt Campaign -Aeon Cheers Club (Upbringing of Next Generation) -Project Aeon Joining Hands
413-2	Operations with significant actual and potential negative impacts on local communities	a. Operations with significant actual and potential negative impacts on local communities, including: i. the location of the operations; ii. the significant actual and potential negative impacts of operations.	
<b>Supplier Social Assessment</b>			
414-1	New suppliers that were screened using social criteria	a. Percentage of new suppliers that were screened using social criteria.	• Key Issue 5 -Aeon Supplier Code of Conduct
414-2	Negative social impacts in the supply chain and actions taken	a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	
<b>Public Policy</b>			
415-1	Political contributions	a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. b. If applicable, how the monetary value of in-kind contributions was estimated.	
<b>Customer Health and Safety</b>			
416-1	Assessment of the health and safety impacts of product and service categories	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	• Key Issue 4 -Quality Control and Disclosure -Dialogue with Customers

	Title	Disclosure	Contents
<b>Marketing and Labeling</b>			
417-1	Requirements for product and service information and labeling	a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling: i. The sourcing of components of the product or service; ii. Content, particularly with regard to substances that might produce an environmental or social impact; iii. Safe use of the product or service; iv. Disposal of the product and environmental or social impacts; v. Other (explain). b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.	• Key Issue 4 -Quality Control and Disclosure -Labeling and Disclosing Product Information
417-2	Incidents of non-compliance concerning product and service information and labeling	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	• Key Issue 4 -Quality Control and Disclosure
417-3	Incidents of non-compliance concerning marketing communications	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	
<b>Customer Privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: i. complaints received from outside parties and substantiated by the organization; ii. complaints from regulatory bodies. b. Total number of identified leaks, thefts, or losses of customer data. c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.	* Not applicable during this period
<b>Socioeconomic Compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient. c. The context against which significant fines and non-monetary sanctions were incurred.	* Not applicable during this period

We have formulated the Aeon Sustainability Principle and work proactively toward six key issues from the environmental and social perspectives we have established and the KPI we have set.

<Environment>

- Realization of a Decarbonized Society
- Conservation of Biodiversity
- Better Use of Resources

<Society>

- Creating Products and Stores That Meet Society's Expectations
- Implementing Fair Business Practices Based on Respect for Human Rights
- Collaborating with Communities

**General Merchandise Store Business**

This segment operates general merchandise stores that enrich the everyday lives of customers with specialized lineups of products and services.



**Supermarket Business**

This segment operates community-rooted supermarkets, discount stores, small-sized stores, and convenience stores. It is enhancing its lineup of essential products and services that are used every day, with a focus on food products.



**Health & Wellness Business**

This segment operates drugstores and dispensing pharmacies that help support the health of local residents. It is working to enhance its product lineup, which includes pharmaceuticals, health food products, and daily necessities, and is expanding its services to include dispensing for home care patients.



**Financial Services Business**

This segment offers integrated financial services that combine credit, banking, insurance, and WAON e-money cards. It also operates the credit card business and other businesses in Asian countries.



**Shopping Center Development Business**

This segment develops and operates community-friendly shopping centers in Japan, Asian countries and other regions. In cooperation with other Group segments, it is working to provide services and enhance facilities in accordance with the times and the needs of society.



**Services & Specialty Store Business**

This segment provides services that make everyday life more convenient and comfortable, and also operates a diverse array of specialty stores tailored to a wide range of customer needs.



**International Business**

This segment operates general merchandise stores, supermarkets, discount stores, and other businesses in China and ASEAN countries. It offers products and services that are tailored to the varying needs and lifestyles of the respective countries and regions.

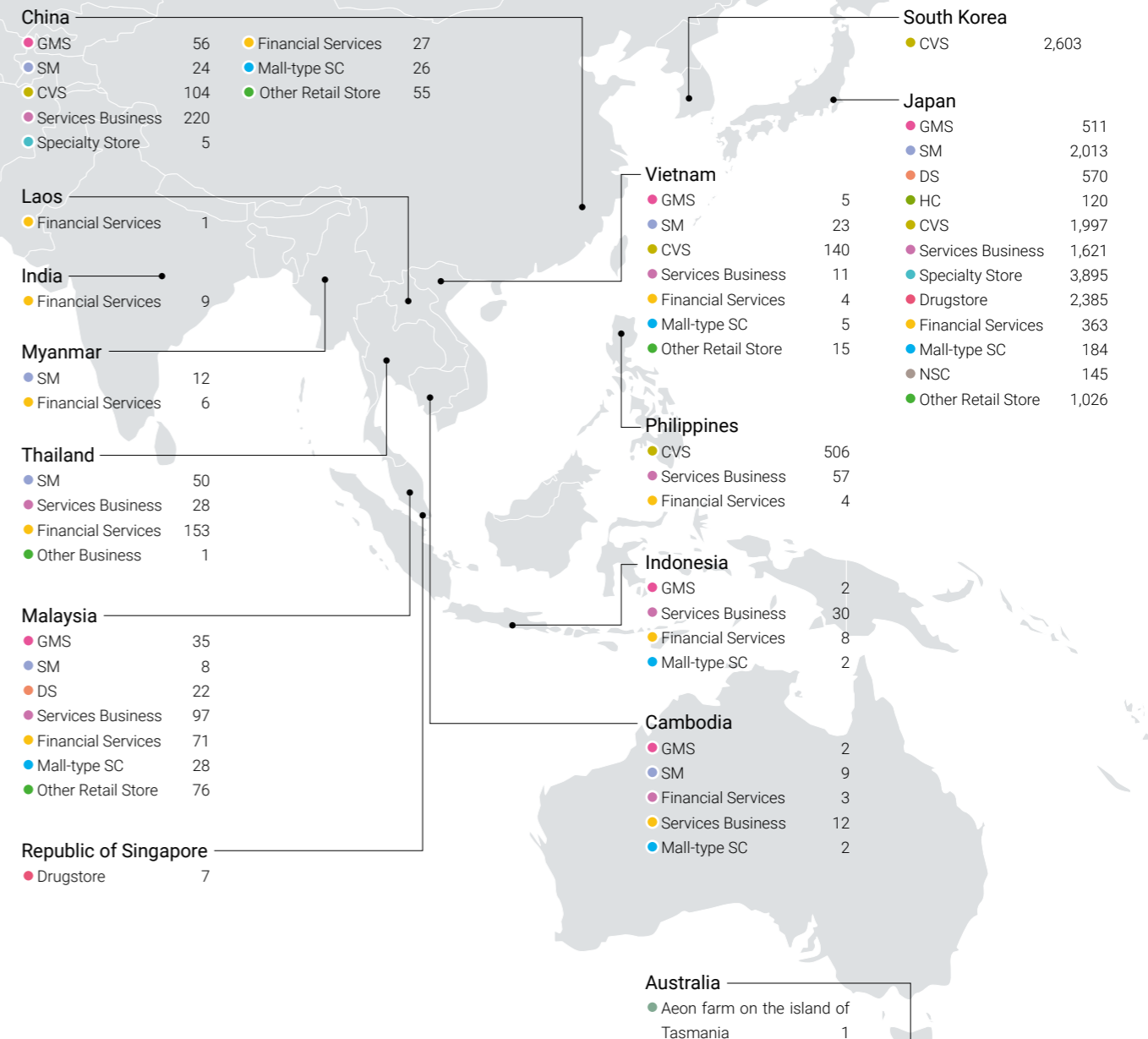


**Shared Function Companies / Others**

This segment develops products for Aeon's TOPVALU brand and builds infrastructure in such areas as quality control, logistics, systems, and IT.

Global Expansion

Expanding Aeon to Asia and around the World



GMS (General Merchandise Store)	613	SM (Supermarket)	2,229	DS (Discount Store)	592
HC (Home Center)	120	CVS (Convenience Store)	5,350	Specialty Store	3,900
Drugstore	2,392	Other Retail Store	1,173	Mall-type SC (Shopping Center)	247 <sup>*1</sup>
NSC (Neighborhood-type Shopping Center)	145 <sup>*2</sup>	Financial Services	658	Services Business	2,067
Aeon farm on the island of Tasmania	1				

\*1 Including SCs operated under the name of Aeon Mall as well as those with total leased area of over 20,000m<sup>2</sup>

\*2 NSCs operated under the name of Aeon Town  
Number of stores operated by consolidated subsidiaries and equity-method affiliates

Total **19,094** stores / locations  
(as of the end of February 2020)

(As of the end of February 2020)



## Corporate Data

Headquarters	1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba 261-8515, Japan	Fiscal Year	End of February
Representative	Akio Yoshida, Representative Director and President * As of May 22, 2020	Annual Shareholders' Meeting	Held by the end of May
Founded	1758	Stock Exchange Listing	Tokyo Stock Exchange
Established	September 1926	Independent Auditor	Deloitte Touche Tohmatsu LLC
Groupwide Employees (FY2019)	Working employees: Approximately 580,000 people (Approximately 400,000 women, 180,000 men) · Daily/monthly wage employees Approximately 160,000 people (Approximately 70,000 women and 90,000 men) · Hourly wage employees Approximately 420,000 people (Approximately 330,000 women and 90,000 men) * Number of business bases: 19,094 stores / locations (Of which, 4,525 overseas bases / locations) * The Company (pure holding company) is composed of 287 consolidated subsidiaries and 28 equity-method affiliates, and develops composite business centered on the retail sales including comprehensive finance, developer activities and services. (As of February 29, 2020)	Transfer Agent	Transfer Agent Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8223, Japan
		Number of Shareholders	823,303
		Shares Issued and Outstanding	871,924,572
		URL	<a href="https://www.aeon.info/en/">https://www.aeon.info/en/</a>



## List of External Awards (FY2019)

March 2019	Received the Japan Fashion Association's Agricultural Invigoration Award at the Japan Creation Awards for pioneering efforts as an agricultural company fostering interest in commerce among young people (Aeon Agri Create Co., Ltd.)	January 2020	Received the "New Energy Foundation Chairman's Prize" at the "New Energy Awards" held by the New Energy Foundation in recognition of Aeon's efforts to achieve "100% renewable energy" (Aeon Co., Ltd.)
March 2019	"Aeon Mall Shijonawate" received the "Kansai Eco Office Encouragement Award," which recognizes businesses for their unique efforts, including "energy saving effects" and the "potential for inspiring others" (Aeon Mall Co., Ltd.)	January 2020	Selected as an "A List" company, the highest evaluation in the climate change sector by CDP, which conducts international environmental surveys and information disclosure (Aeon Co., Ltd.)
March 2019	"THE OUTLETS HIROSHIMA" and "Aeon Mall Zama" acquired "Kimono Symbiosis Office" Certification (ABINC Certification) from the "Japan Business Initiative for Biodiversity (JBIB)" in recognition of efforts such as the creation of green spaces in consideration of biodiversity (Aeon Mall Co., Ltd.)	January 2020	Received the "Excellence Award" in the "Landscape Advertising Category" for store signage at the "Chiba City Urban Culture Awards 2019" (Aeon Style Makuhari Bay Park)
June 2019	"Aeon Style Nara" became the first retailer to receive the Award for Distinguished Services in Environmental Preservation, sponsored by the Ministry of the Environment, for its contribution to environmental protection within Nara Prefecture (Aeon Retail Co., Ltd.)	February 2020	Obtained the highest rating for the third consecutive year in the "DBJ Health Management Ratings" (Aeon Kyushu Co., Ltd.)
August 2019	Acquired "DBJ Green Building Certification" from the five perspectives of building environmental performance, comfort, risk management, consideration for the surrounding environment and community, and collaboration with stakeholders (Aeon Lake Town Kaze and Mori)	February 2020	Received the "Market Development Capability Category Award" at "Nikkei Smart Work Awards 2020," which selects advanced companies aiming for growth through workstyle reforms (AEON Co., Ltd.)
September 2019	AEON REIT Investment Corporation received the "Green Star" evaluation for the fourth consecutive year in the GRESB Real Estate Evaluation conducted in 2019 (Aeon REIT Management Co., Ltd.)	March 2020	Aeon's integrated report "Aeon Report" was certified as a "Hall of Fame" company at the 23rd Environmental Communication Awards (Aeon Co., Ltd.)
December 2019	"Unimo Chiharadai Shopping Center" received the "Energy Conservation Center Chairman's Prize" at the 2019 Energy Conservation Awards held by the Energy Conservation Center, Japan, in recognition of having reduced power consumption by 30% in four years (Aeon Delight Co., Ltd.)	March 2020	Received the highest rating under the Development Bank of Japan (DBJ) Environmental Rating program as a company that practices notably progressive green initiatives. (AEON Co., Ltd.)
December 2019	Received the "Nikkei SDGs Management Award: Social Value Award" in the "First Nikkei SDGs Management Survey" for efforts to resolve social, economic and environmental issues through our business (Aeon Co., Ltd.)	March 2020	Selected as a "Nadeshiko Brand," which is granted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to enterprises that are outstanding in terms of encouraging the empowerment of women in the workplace (three consecutive years for Aeon Co., Ltd., four for Aeon Mall Co., Ltd.)
December 2019	Received the "SDGs Promotion Deputy-Chiefs' Award (by Chief Cabinet Secretary)" at the "3rd Japan SDGs Awards" for involvement in a project to revitalize agriculture in Kyushu through low-carbon activities (joint project involving Aeon Kyushu, Ajinomoto Kyushu Office and 60 agricultural organizations)	March 2020	Certified by the Ministry of Economy, Trade and Industry and the Japan Health Council as a "Health Management Excellent Corporation 2020" for efforts toward creating comfortable and rewarding workplaces (Aeon Co., Ltd.)
		March 2020	Certified by the Ministry of Economy, Trade and Industry and the Japan Health Council as a "Health Management Excellent Corporation (Large Enterprise for the third consecutive year (Aeon Kyushu Co., Ltd.)
		March 2020	Registered as a Tokyo Metropolitan "Barrier-Free Mindset Support Company" setting a good example for barrier-free minds. (Aeon Mall Co., Ltd.)
		June 2020	Received the "Excellence Award" in the business category at the 10th Fukuoka City Environmental Action Awards in recognition for a high degree of contribution to environmental conservation and creation (Aeon Kyushu Co., Ltd.)



## Aeon's Website

Our website covers activities and data not presented in the integrated report. Sections of the website provide a wide variety of information. Our IR website includes all past editions of the Integrated Report (Aeon Report).

### Corporate



<https://www.aeon.info/>

The corporate section presents information for various stakeholders. Please access the latest company information and news releases here.

### English website

<https://www.aeon.info/en/>

### Investor Relations



<https://www.aeon.info/ir/>

This section presents our management policy, financial and performance data, stock information, IR materials, and other information.

### Chinese website

<https://www.aeon.info/zh-CHS/>

### Environmental and Social Report



<https://www.aeon.info/sustainability/>

Our Environmental and Social Report presents our basic environment and CSR policies and specific initiatives.

### IR/SR website

(Shareholders and investors)

<https://www.aeon.info/ir/>

## Aeon History Museum

The Aeon History Museum presents the significance and essence of the Basic Principles Aeon has created and refined throughout its history. Visits to the museum can be made with Aeon employees or by reservation.



Please call 81-43-212-6614.

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