

# AEON SUSTAINABILITY DATA BOOK 2019

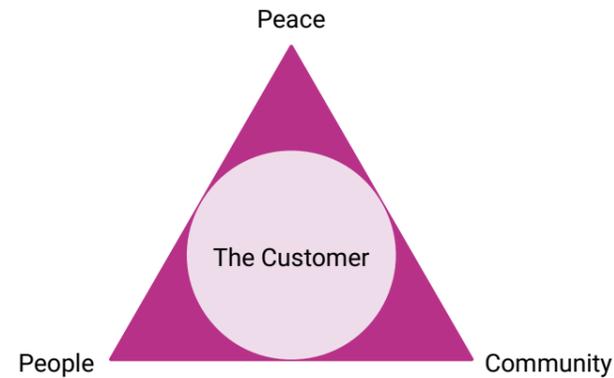


AEON Sustainability Data Book 2019



## 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.

### Editorial Policy

We believe that our business activities contribute to the formation of a sustainable society. To further stakeholders' understanding of its business activities, Aeon\* has been issuing the Aeon Report, which includes the Aeon Environmental and Social Report since FY2017. Prior to FY2017, we published Aeon Environmental Report since in FY1996.

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

FY2018  
(March 1, 2018–February 28, 2019)\*

\* 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 293 consolidated subsidiaries and 29 equity-method affiliates as of the end of February 2019.

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.

### Target Audience

Customers, shareholders, investors, students, local residents of neighborhoods with Group stores, business partners, NPOs, NGOs, governments, and Aeon People (Aeon employees)

### Guidelines Used

- International Integrated Reporting Framework (IIRC).
- 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

### Front Cover

Okadaya, one of Aeon's predecessors, was founded in the city of Yokkaichi, Mie Prefecture, in 1758. In 1887, the store relocated to a bustling new area of the city. This period saw the formation of the family motto "give wheels to the central pillar." Comparing a store to the central pillar of a house, the motto implies that businesses should respond to changes in customer needs by moving the "central pillar," in other words, by moving things that would never normally be moved. The design of the front cover incorporates the wheel of a large *daihachiguruma* wagon. These wagons were used to transport goods from the Edo period (17th century) to the beginning of the Showa period (20th century).

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## Sustainability Management Structure

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

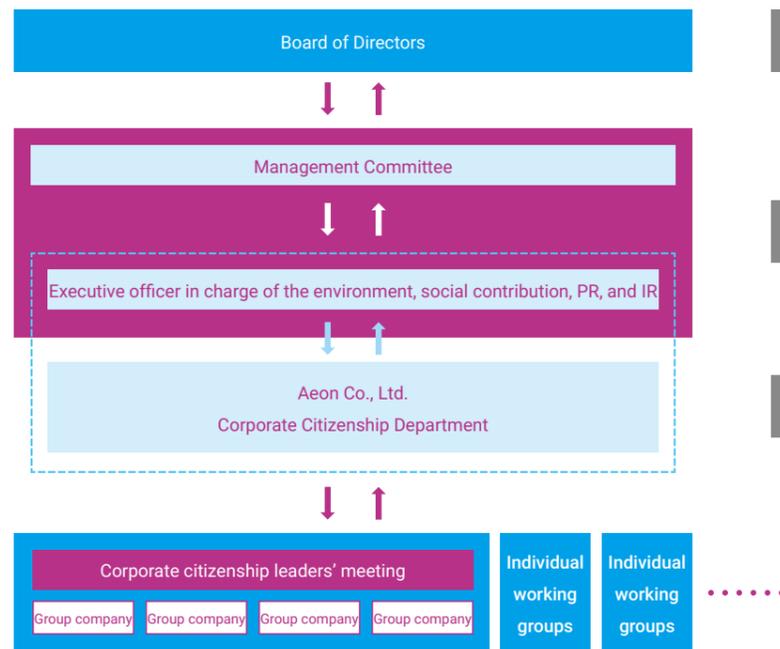
As a member of the Board of Directors, Aeon's chief executive officer (the president and representative executive officer and Group CEO) is in charge of the decision-making regarding the Company's execution of operations. As the Company's representative, he is also responsible for supervising those operations. 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 Group CEO 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 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.

### Aeon's Structure for Promoting Sustainable Management



## Sustainable Management

### Key Issues

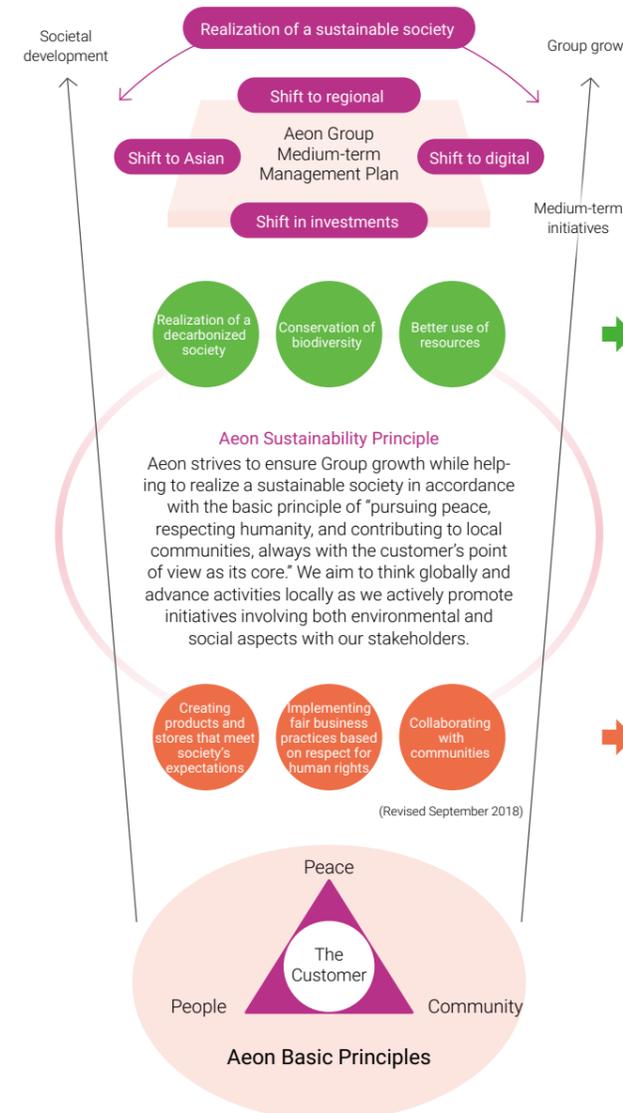
We have formulated Aeon's Basic Policy on Sustainability with the aim of ensuring that the Company continues to be valued by customers and society. Guided by the long-term perspective of the value we provide to society through our business activities and by engaging in debate with internal and external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

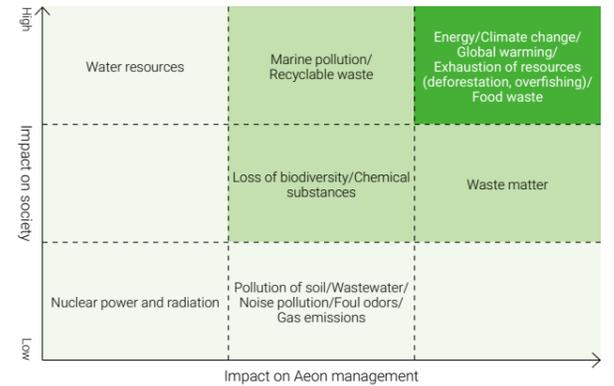
reviewing the KPIs, we incorporate the opinions of outside specialists and government officials. The departments and individuals responsible for individual KPIs make proposals, which are deliberated by the Aeon Management Committee (MC), a management council. The KPIs are then determined by resolution and approval of the Board of Directors.

Furthermore, each year we publish annual reports describing progress on the KPIs and various initiatives based on the key issues, disseminating the information extensively in our Environmental and Social Report (this report). 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



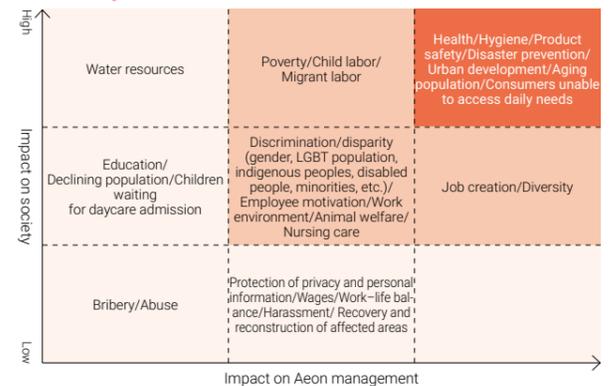
### Environment



#### Key Initiatives

- Aeon Decarbonization Vision 2050
- Aeon's Sustainable Procurement Policy and 2020 Procurement Goals
- Aeon Forest Circulation Program
- Aeon Group Food Waste Reduction Targets

### Society



#### Key Initiatives

- Achieving health and wellness
- Ensuring business continuity management (BCM) for the Aeon Group
- Promoting diversity
- Engaging in wellness management
- Working together with local ecosystems

In 2019, we marked the 30th anniversary of our change of name from JUSCO to AEON.

Aeon conducts business in accordance with the basic principle of “pursuing peace, respecting humanity, and contributing to local communities, always with the customer’s point of view as its core.” Over these three decades, our retail-centered business has responded to the changing times, as well as to increasingly diverse lifestyles and consumer environments, by expanding into shopping center development and financial and other services. We have also worked with numerous stakeholders to address a myriad of issues facing society through our business, addressing social change with a host of our own reforms.

	FY1988	FY1998	FY2008	FY2018
Operating Revenue (billions of yen)	1,130.0	2,379.0	4,706.0	8,518.2
Operating Income (billions of yen)	36.0	71.2	124.3	212.2
Stores/locations	166*	281*	12,156	21,996
Number of Group employees	22,357**	46,326**	75,154*	580,000
Number of trees planted (million)	—	3.75	8.73	11.93

\* JUSCO Co., Ltd. only  
\*\* Including employees calculated at the rate of eight working hours per day

\* JUSCO Co., Ltd. only  
\*\* Including employees calculated at the rate of eight working hours per day

\*Aeon Retail Co., Ltd. only  
Including employees calculated at the rate of 160 working hours per month

The Motive Force of Aeon

## “Give the Center Pillar Wheels”

One of Aeon’s predecessors, Okaday, followed a family saying to “give the central pillar wheels.” The saying means we should respond to change by enabling the movement of things—even if they are things that normally must not be moved. In accordance with this saying, Aeon has grown its businesses by consistently responding to changes in the needs of its customers and society. We carry this DNA forward even today, in 2019, as we strive to enrich communities as customers go about their everyday shopping.



Okaday, Inc. at the time of founding

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 Okaday, 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.

### 1991~



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

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.96) and in 1990 the JUSCO Earth-Friendly Committee was formed, along with the Aeon Group Environmental Foundation (the present AEON Environmental Foundation) (P.92). 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.”

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.



### 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

### 2002–2007

- 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

### 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

### 2006~



Began handling MSC-certified products

### 2007~



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

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.

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.

Putting Sustainability Management into Practice (1)

Revising 2020 Materiality Targets and Activity Categories

In order to further advance its sustainability management while responding to changes in the social environment and business environment, Aeon assessed the results of its current sustainability activities as "Stage II" in 2014. This refers to a three-stage classification system where Stage I denotes the stage in which sustainability activities are conducted with control over social, environmental, and economic risks within business management; Stage II denotes the stage in which sustainability activities serve the function of resolving social issues and providing opportunities for growth; and Stage III denotes the stage in which sustainability activities and business activities are managed in a fully integrated fashion. Aeon announced its "Big Challenge," comprising 10 categories that need to be achieved in Stage III by 2020.

Additionally, we hold regular dialogues with outside experts based on the progress of these activities. With the Corporate Citizenship Department as the administrative office, we have stepped up our framework for reassessing materiality and for ad-hoc reviews of "Big Challenge" categories.

Putting Sustainability Management into Practice (2)

Reassessing Basic Principles, Key Issues, etc. and Formulating New Medium- to Long-Term Goals

In 2015, the Sustainable Development Goals (SDGs) were adopted at the UN General Assembly and the Paris Agreement was reached at the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21).

In light of these global trends, Aeon engaged in dialogue with experts and, based on this feedback, conducted materiality assessments from the two perspectives of the environment and society. After internal discussions, in April 2017 we reassessed the Aeon Sustainability Principle and identified four key social issues as part of our response to addressing social issues (revised to three in September 2018). At the same time, we also enhanced the details of our activities.

Additionally, we formulated and announced the Aeon Sustainable Procurement Policy and 2020 Goals and the Aeon Food Waste Reduction Targets in 2017 and the Aeon Decarbonization Vision 2050 in 2018. We are currently engaged in initiatives to meet these targets.

To contribute toward the realization of a sustainable society, the Group has set numerical goals for the medium to long term and strives to reach these targets.

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.)

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



2011~



Promoting the use of natural refrigerant equipment

2012~



Launched the Aeon Eco Project as an environmental target

2014

- 2014 Formulated the Aeon Sustainable Procurement Principle  
Concluded the Global Framework Agreement  
Started sales of Aquaculture Stewardship Council (ASC) certified products



2014~



Began handling ASC-certified products

2015~

- 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 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
- 2018 Formulated the Aeon Decarbonization Vision 2050



2015~



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

2018~



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

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

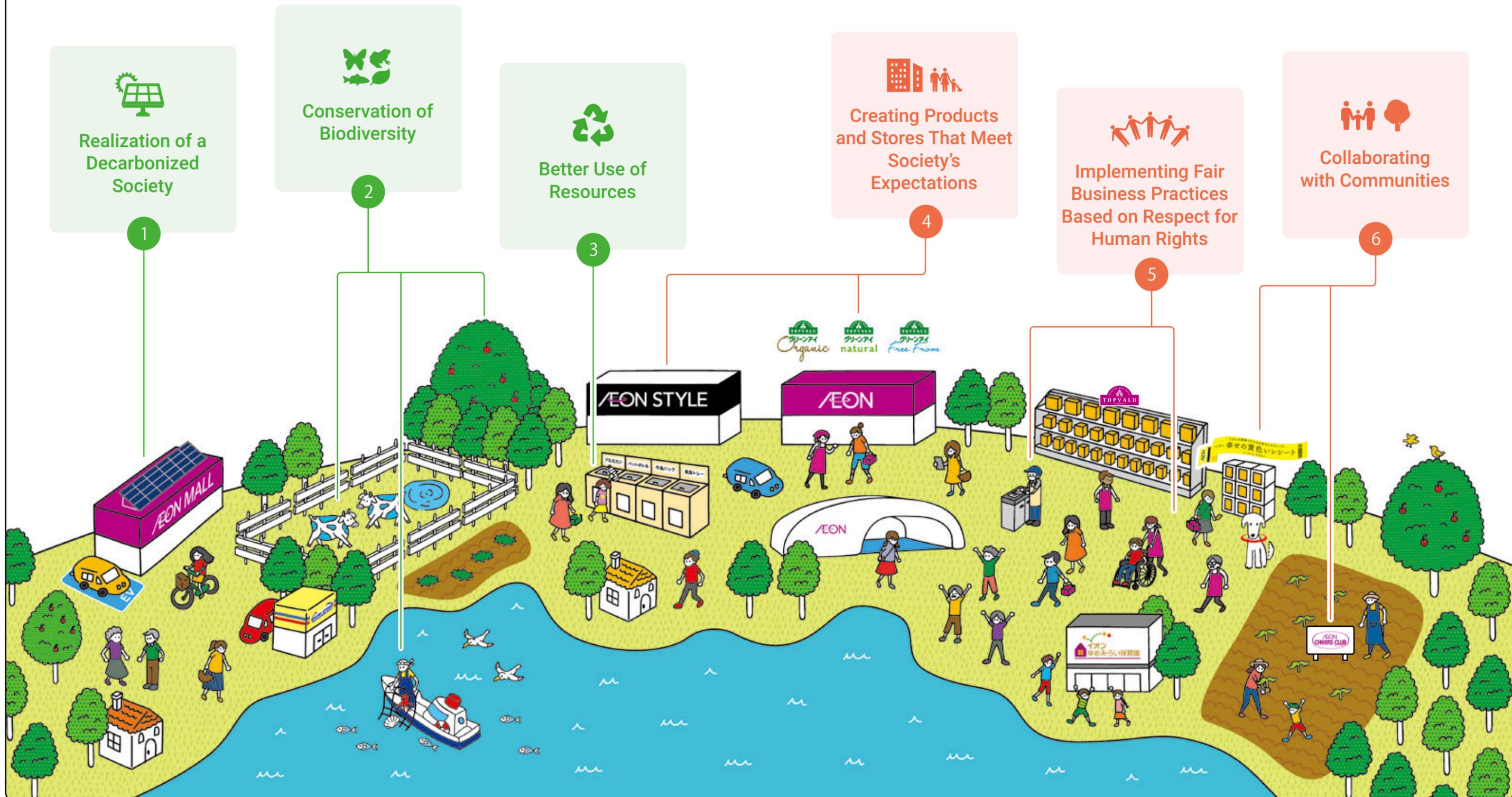
Aeon aims to realize a sustainable society through our business with and the environment and society. In addition to providing products and services, we engage with many stakeholders to resolve the myriad of issues facing society through our business activities.

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.

**SUSTAINABLE DEVELOPMENT GOALS**  
17 GOALS TO TRANSFORM OUR WORLD



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





# Realization of a Decarbonized Society

## Management Approach

### Recognition of Challenges

The problem of global warming has brought a large and negative impact to the global environment. The movement toward global denuclearization is gaining momentum, as exemplified by the Paris Agreement, signed at the 2015 United Nations Climate Change Conference (COP21). In addition, new regulations put forth by the Montreal Protocol in 2016 placed targets on the production and reduction of alternative fluorocarbons.

Aeon has expanded its business to 21,996 stores/locations in 14 countries around the world, and our business activities contribute to global warming due to the high energy use at these locations and the high use of alternative fluorocarbon refrigerants in our refrigerators and freezers. We are working on various initiatives to advance toward a society with low greenhouse gas emissions in line with the key issue, "realization of a decarbonized society."

### Aeon's Approach

As a means of setting environmental goals toward preventing global warming, in 2008 Aeon formulated the Aeon Manifesto on the Prevention of Global Warming, becoming the first Japanese retailer to set targets for reducing CO<sub>2</sub> emissions. We also established the Aeon Eco Project in 2012, and through these efforts we have worked to reduce energy use and CO<sub>2</sub> emissions. In addition, in 2011 the Company also enacted the

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

### Future Initiatives

The Paris Agreement put forth the goal to limit the increase in the earth's temperature to within 2°C of pre-Industrial Revolution levels. In order to help achieve this goal, we will continue our efforts under the Aeon Decarbonization Vision 2050. We are taking this new vision as an opportunity to help shift the entire international community toward renewable energy by joining RE100, a global initiative for businesses committed to operating with 100% renewable energy. Aeon is the first large-scale retail company in Japan to participate in this initiative. We have also expressed our agreement with recommendations by the Task Force on Climate-related Financial Disclosures

(TCFD). We believe companies must help create social value through the economic value they generate from the sustainable, long-term growth of their businesses. We are prioritizing measures to address climate change, with proactive measures including the reduction of CO<sub>2</sub> emissions. In this way, we are helping to realize a sustainable society.



**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.

Stores	Products and Logistics	Hand in Hand with Customers
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
		Energy conservation Renewable energy

#### Our Initiatives to Date



## Highlight

### State of Progress on Aeon's Path toward a Decarbonized Society

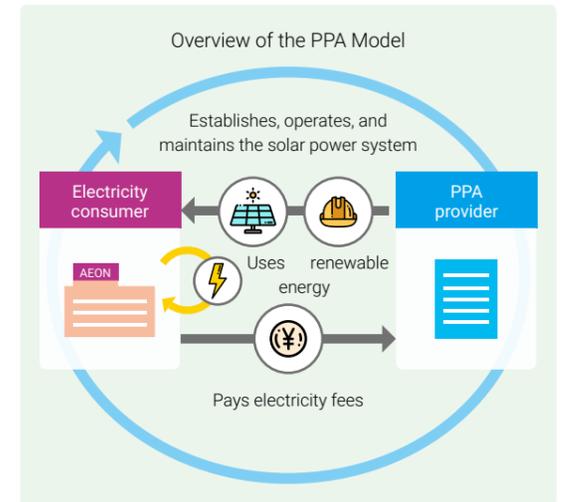
Aeon is targeting the realization of a decarbonized society by 2050. One year has elapsed since we began working to conserve energy by reducing the amount of energy use in stores and shifting to renewable energy. In addition to collaborating with business partners, we have set up working groups involving Group companies. In these ways, we are mounting full-fledged efforts to draft specific plans and engage in support measures to meet our targets.

#### Case Studies Exemplifying Aeon's Promotion of Renewable Energy

##### Introducing the PPA Model\*

To increase the use of renewable energy, Aeon has begun introducing the power purchase agreement (PPA) model at commercial facilities. We have entered into an agreement to provide the roof space of Aeon Town Konan to a PPA provider. Under the agreement, the PPA provider will erect high-capacity solar panels capable of generating more than 1 megawatt of electricity, which Aeon Town Konan will purchase for its own use. We are introducing this model to achieve the targets of Aeon Decarbonization Vision 2050. We plan to continue expanding the use of solar power by encouraging Group companies to make effective use of space at their commercial facilities.

\* 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.

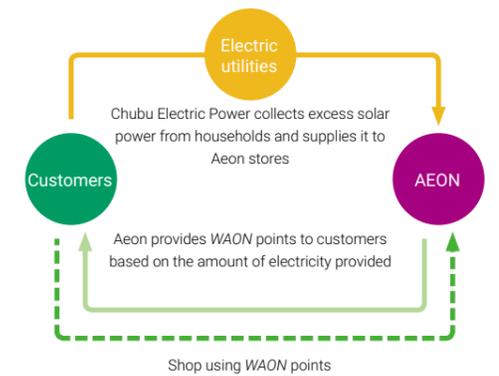


#### Basic Agreement on the Provision of New Services for Renewable Energy Use

##### Working with an Electric Utility

Aeon Co., Ltd. and Chubu Electric Power Co., Inc. entered a basic agreement in November 2018 to provide a new service called Korekara Denki ("electricity of the future"), to reduce CO<sub>2</sub> emissions related to the operation of Aeon stores. This service targets Aeon customers who use solar power to generate electricity and are reaching the end of current feed-in tariff agreements. With this service, Chubu Electric Power will collect excess solar power from households and supply this electricity to Aeon stores. Aeon will provide customers with WAON points\* commensurate with the amount of electricity they provide.

In August 2019, we entered a similar agreement with Chugoku Electric Power Co., Inc., and we plan to gradually expand such initiatives.



\* WAON points are used with Aeon's WAON e-money payment service. The points can be used for purchases at participating stores, both in and outside the Aeon Group (411,000 participating locations throughout Japan as of April 30, 2019).

## 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 35% CO<sub>2</sub> reduction target to be achieved by 2030. Based on this vision, Aeon will work to reduce its total emissions of CO<sub>2</sub> and other greenhouse gases from its stores to zero, while cooperating 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 Mall Zama

Reducing CO <sub>2</sub> Emissions and Improving Energy Efficiency (P.12)	Generating Renewable Energy (P.19)
FY2018 Results	
Reduction in CO <sub>2</sub> emissions Down by approximately 90% (compared with FY2010 levels) Energy use (unit basis) Energy consumption expected to be reduced by approximately 24% (compared with FY2010 levels)	Solar panels Installed at 1,022 stores Electricity generation capacity of approximately 67,000 kW (total up to FY2018)
Example Initiatives	
Switch from basic lighting and spotlights to LED lighting at approximately 7,500 stores across Japan (total up to FY2018)	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.

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

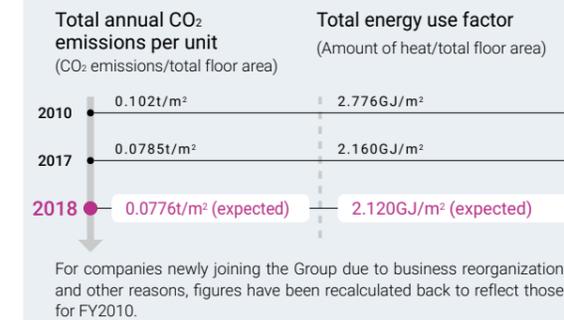
Aeon stores consume a large volume of energy\*<sup>1</sup> for air conditioning and lighting to offer a comfortable shopping environment, as well as for refrigerator and freezer cases. For Aeon, which has a store network spanning Japan as well as other countries in Asia, the reduction of CO<sub>2</sub> 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 FY2018 is forecasted to be approximately 24% lower than in FY2010.

In FY2019, 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

\*1 Based on amount of heat, electricity accounts for 94% of energy consumption, while the remainder consists of city gas, LP gas, and heavy oil.  
 \*2 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.

### FY2018 Results and Target of KPI



### 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. The 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 2019, a cumulative total of 730 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.

\*1 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.  
 \*2 Natural refrigerants: Substances known as natural refrigerants include ammonia and carbon hydride as well as CO<sub>2</sub>.



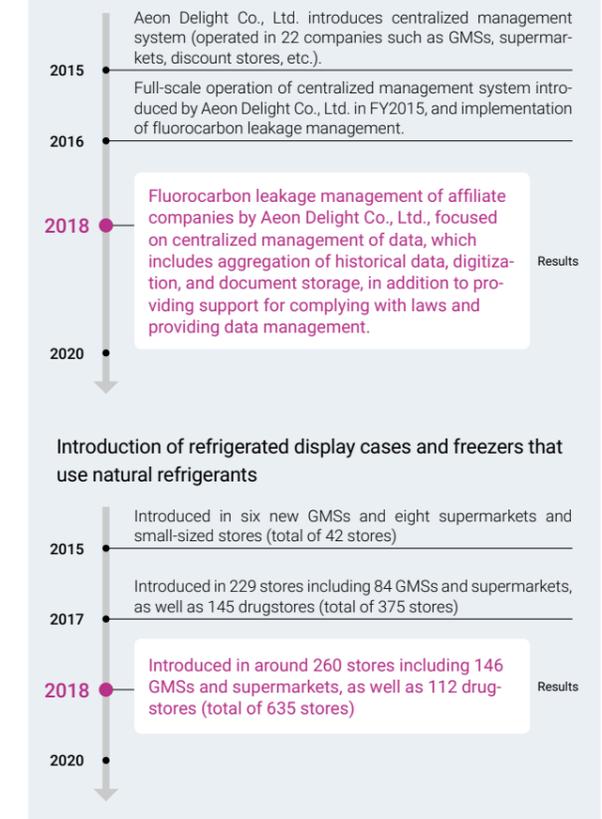
Aeon Style Tsu-Minami



Aeon Style Sendai Oroshimachi

### FY2018 Results and Target of KPI

Measures for assessing replenishment volume and preventing leakage of fluorocarbons used in air-conditioning, refrigerated display cases, and freezers



### 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 2019 there were 2,433 stations (1,972 in Japan, 461 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

**2,433** stations  
(1,972 in Japan, 461 overseas)

at **232** stores in Japan and overseas

(as of the end of February 2019)



### 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 11\*<sup>2</sup> as of the end of February 2019.

\*<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> 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 Teppocho, and Aeon Mall Zama



### Next-Generation Smart Aeon Initiatives

In September 2019, we opened the Aeon Fujiidera Shopping Center, which extends the Smart Aeon eco-store model to the next generation by embracing a decarbonization model. 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.



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



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

### TOPICS

#### Participation of Around 1,600 Aeon Facilities in the CO<sub>2</sub> Reduction/Light-Down Campaign

Aeon participated in the CO<sub>2</sub> Reduction/Light-Down Campaign on June 21, 2018 (summer solstice) and July 7, 2018 (Cool Earth Day\*<sup>1</sup>). Under this campaign, around 1,600 Group stores and business sites turned off some exterior lighting between 8 p.m. and 10 p.m. to encourage customers in Japan to think about global warming and other aspects of the environment, providing an opportunity to engage in environmental conservation activities close to home.

Japan's Ministry of the Environment launched this campaign in 2003. Being in agreement with the campaign's objectives, Aeon has participated since the beginning, with 2018 marking the 16th time. In 2018, this campaign led to the savings of approximately 54,300 kWh across the Group, reducing emissions equivalent to some 28 tons of CO<sub>2</sub>.\*<sup>2</sup>



\*<sup>1</sup> Cool Earth Day: A day for people throughout Japan to gaze at the Milky Way and contemplate the importance of the global environment. On this day, which takes place once a year, people should consider the path toward a low-carbon society and promote efforts in their homes and workplaces.

\*<sup>2</sup> Calculated on the basis of materials entitled "CO<sub>2</sub> Reductions in FY2016 (Final Values)" provided by The Electric Power Council for a Low Carbon Society on January 31, 2018.

### 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. Our TOPVALU "Less is More" organic Yukigura potatoes from Toya, Hokkaido Prefecture are one example of our efforts. These potatoes use the cooling power



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

of snow for preservation after harvest, which reduces electricity use and helps reduce CO<sub>2</sub> emissions. In FY2018, Aeon handled 30% of all potatoes shipped by JA-Toyako, and CO<sub>2</sub> emissions have been reduced by about 47 tons through this initiative.

#### Initiatives at Group Companies

##### Efforts by Maruetsu, Inc. to Prevent Global Warming and Support Environmental Conservation in Affected Areas through Carbon Offsetting

Maruetsu, Inc. engages in carbon offsetting every year over a two-month period from October to November 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 2018, 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, 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: 170 tons  
Value of CO<sub>2</sub> emissions offset: ¥1,861,000

\* 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 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 FY2018 our CO<sub>2</sub> emissions per case during delivery from distribution centers to stores were 117.2g CO<sub>2</sub>, a reduction of approximately 3.6% from FY2017.

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 FY2018, 47 out of the 26,317 people who were eligible received the awards.

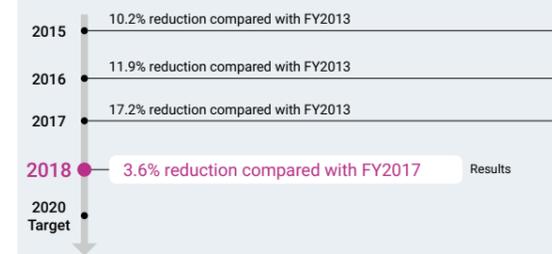
Some 20 companies, including manufacturers and distributors, took part in an environmentally friendly vehicle study group sponsored by Aeon. In addition to sharing information, participants had the opportunity to drive a large CNG-powered truck.\*2 In FY2019, we will continue promoting tangible and intangible 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

\*2 CNG: Compressed natural gas  
CNG-powered trucks are fueled by natural gas, which generates less CO<sub>2</sub> emissions and emits essentially no nitrogen oxides (NOx) or particulate matter.

#### FY2018 Results and Target of KPI

CO<sub>2</sub> emissions per case during delivery from distribution centers to stores



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 FY2018, 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 4,984 JR containers (up 308.2% 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 since last year. By conducting trailer load exchanges at intermediary relay points, we can facilitate efficient transport in an ongoing manner.



In FY2019, 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, we will also work to reduce CO<sub>2</sub>.

### 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 third-party verification since FY2012. Aeon has calculated Scope 3 emissions\*<sup>1</sup> from FY2012, and locations in priority areas periodically send results to a third party for verification.\*<sup>2</sup>

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.

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

\*<sup>2</sup> 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.

#### FY2018 Scope 3 Emissions

Scope 3 Emissions Categories	Emissions (t-CO <sub>2</sub> e)	Composition (%)
1 Purchased products and services	3,466,252	50.9
2 Capital goods	1,680,186	24.7
3 Fuel and energy related activities not included in Scope 1 and Scope 2	331,169	4.9
4 Transport and shipments (upstream)	226,776	3.3
5 Waste from business activities	116,593	1.7
6 Business travel	80	0.0
7 Employee commutes	49,218	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	131,048	1.9
12 Disposal of products sold	73,277	1.1
13 Investment leased assets (downstream)	716,873	10.5
14 Franchise	0	0.0
15 Investments	16,204	0.2
<b>total</b>	<b>6,807,676</b>	<b>100.0</b>

### TOPICS

#### Verification of Greenhouse Gas Emissions by Third Party

Between February and June 2019, we conducted third-party verifications at 35 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, 2017 and March 31, 2018 by 35 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	217,530t-CO <sub>2</sub> e
Scope 2 category	2,150,624t-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 FY2018, 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 67,000 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.



Solar panel installation

To expand our use of renewable energy, in FY2019 we introduced the PPA model\*<sup>2</sup> 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.

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.

\*<sup>1</sup> 67,000 kW is equivalent to the capacity to cover the annual electricity use of approximately 15,200 households.

\*<sup>2</sup> 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.

#### FY2018 Results and Target of KPI

##### Power generation capacity of renewable energy (electricity sales only)



### TOPICS

#### Aeon Delight Co., Ltd. cooperates on demonstration project utilizing blockchain technology to realize a decarbonized society

Aeon Delight, which is responsible for the management of Aeon's facilities, took part in the Ministry of the Environment's Low Carbon Technology Research and Development Program and the 2018 Value Creation Model Project for Renewable Energy and Reducing CO<sub>2</sub> Emissions by Utilizing Blockchain Technology. In April 2017, we cooperated on a demonstration project utilizing blockchain technology with the aim of spreading the use of renewable energy in order to realize a decarbonized society.

The purpose of this project is to promote the efficient use of decentralized renewable energy and verification of power trading.\* The Aeon Group installed dedicated equipment at 20 stores in FY2018. FY2018, and will continue to cooperate toward the operation of these equipment in the Saitama Misono area.

With the adoption of this new technology, Aeon Delight will add reasonable value to renewable energy, and aim to provide companies and households with surplus electricity from Aeon companies and general households and clean energy from renewable energy operators.

\* Utilizing blockchain technology to engage in power trading that tracks power generation history.

### TOPICS

#### Participating in Renewable Energy Demonstration Experiment Using Blockchain Technology

In April 2019, Ministop Co., Ltd. began participating in the Low Carbon Technology Research, Development and Demonstration Program, which was consigned to DIGITAL GRID Corporation by Japan's Ministry of the Environment. Aeon Mall Urawa Misono in Saitama Prefecture, the first retailer to take part in the program, will act as the digital grid controller for electrical power transmission, along with other participants including detached homes in the smart community and five Ministop stores. We will work with DIGITAL GRID and Aeon Delight to achieve decarbonization through the effective use of renewable energy, aiming also for autonomous operation in the event of a disaster.

\* Demonstration experiment period: April 2019 to March 2020

Diagram of Low Carbon Technology Research, Development and Demonstration Program at Urawa Misono (Ministop Co., Ltd.)





# Conservation of Biodiversity

## Management Approach

### 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 fauna and flora found on the red list of endangered 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, which is why Aeon continues to work on various initiatives for the sustainable use of resources, with biodiversity conservation considered as one of the key issues.

### Aeon's Approach

Aeon established the Aeon Biodiversity Principle in order to continually promote the sustainable use of resources while conserving biodiversity. We are promoting various efforts in accordance with the Code of Conduct that was defined in this Principle.

#### ● 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, which we announced in April 2017, in June 2018 we formulated the Aeon Policy on the Carrying of Eel and launched the world's first eel fishery improvement project (FIP) in Indonesia. In October 2019, we began affixing labels with GLOBALG.A.P. Numbers (GGNs) to our products—becoming the first company in Asia to do so—and thereby promoting the procurement of products produced to global standards.

#### ● Together with Customers through the Aeon Forest Circulation Program

We have been planting trees with customers since 1991 as an activity that embodies the Aeon Basic Principles.

In addition to "planting" activities, Aeon's employees periodically take part in workshops to learn how to manage planting zones, learning from specialists how to weed and thin planted areas. These efforts connect to our "nurture" and "thrive" objectives for next-generation forests.

### Future Initiatives

Environmental agencies and the Conference of the Parties (COP) to the Convention on Biological Diversity are working to make biodiversity mainstream through various social and economic activities promoting the protection of biodiversity and its sustainable use, from worldwide to local communities. Consequently, Aeon will utilize its business characteristic of coming into contact with vast numbers of consumers on a

daily basis to continually highlight the importance of biodiversity through the familiar platforms of stores and products. In particular, efforts based on the Aeon Sustainable Procurement Principle are also profoundly connected to the Sustainable Development Goals (SDGs), and we will promote further efforts aimed at achieving the Sustainable Procurement Goals for 2020.

### Aeon Biodiversity Principle

Aeon's business depends on the blessings of nature, such as agricultural and marine products. Recognizing this, Aeon formulated the Aeon Biodiversity Principle toward the conservation of biodiversity, which is essential in achieving a sustainable society.

#### Basic Principle

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

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

#### Action Guidelines (Excerpt)

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

Formulated in March 2010

## Highlight

### Efforts to Sustain "Kabayaki" (the Broiled) Eel Tradition

In 2010, we formulated the Aeon Biodiversity Principle. Since then, we have promoted the sustainable procurement of products sold at Aeon. To help sustain Japanese culinary traditions through sustainable procurement, we addressed eel, many species of which are endangered. In June 2018, we set out the Aeon Policy on the Carrying of Eel. In accordance with this policy, we have launched the Indonesian Eel (*anguilla bicolor*) Conservation Project to transition to the procurement of eel with proven sustainability.

#### The Aeon Policy on the Carrying of Eel

- 1 We will primarily sell two types: Japanese eel and Indonesian eel.
- 2 We aim to sell fully traceable eel by 2023.
- 3 We will ensure the sustainability of Indonesian eel by advancing the Indonesian Eel Conservation Project.
- 4 We will develop spitchcocked products made from ingredients other than eel.

#### Initiatives to Date and Results

##### Selling "Kabayaki" Eel That Can Be Traced to Its Origins

We have begun offering the first "Kabayaki" eel in Japan that can be traced completely, from the catching of glass eel fry to its farming and broiling, all of which occurs within Shizuoka Prefecture.



##### Offering TOPVALU Gurinai Natural "Kabayaki" Indonesian Eel

We sell "Kabayaki" eel produced from Indonesian eel (*anguilla bicolor*) that has been harvested and processed centrally under our Indonesian Shortfin Eel Conservation Project to ensure the sustainability of eel.



##### Developing "Kabayaki" Eel Alternatives

To carry "Kabayaki" eel culture forward, we are developing eel alternatives, such as ASC-certified broiled salmon belly.



Aeon's plans for the future include taking the natural environment and local community into consideration in its eel production and distribution by ensuring the eels it procures are 100% traceable by 2023. At the same time, we aim to offer "traditional taste" eel and suggest innovative ideas for "Kabayaki" eel alternatives that customers can enjoy.

## 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 lifecycle—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 FY2018 Performance

Subcategory	KPI	Scope Covered	Target	FY2018 Results (Rate of Achievement)	Summary of Actions/ Initiatives Undertaken in FY2018
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 Good Agricultural Practice (GAP) based on Global Food Safety Initiative (GFSI)*1 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>• Percentage of products with GAP certification based on GFSI: 92.2% (private brand products)</li> <li>• Organic products as a percentage of agricultural product sales: 20% achieved</li> </ul>	<ol style="list-style-type: none"> <li>1) Held GAP briefing for contract manufacturers</li> <li>2) Held kick-off meetings and area meetings on organic products</li> <li>3) Increased farms, processing bases, and participating operating companies</li> <li>4) Expanded TOPVALU Gurinai Organic brand to 356 items, making it the largest lineup of organic products in Japan's retail industry (perishable and processed products) (as of the end of February 2019)</li> </ol>
	Sustainable procurement initiatives in livestock products	Consolidated Group companies in Japan	FY2020: <ul style="list-style-type: none"> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• Food Safety Management System (processing plant) product sales: 70% (of PB products)</li> <li>• Food Safety Management System (farm) product sales: 25% (of PB products)</li> </ul>	<ol style="list-style-type: none"> <li>1) Decided to seek Safe Quality Food (SQF) certification</li> <li>2) Advanced measures for Tasmanian beef and Junkikei (healthy chicken)</li> </ol>
	Sustainable procurement initiatives in fishery products	Consolidated Group companies in Japan	FY2020: <ul style="list-style-type: none"> <li>• 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</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: 70% (Group total)</li> <li>• Sales of MSC- and ASC-certified products: 52.0% (of marine products)</li> <li>• Percentage of sustainability-proven products: 51.9% (private brand products)</li> </ul>	<ol style="list-style-type: none"> <li>1) MSC certification: 41 items spanning 22 fish species</li> <li>2) ASC certification: 18 items spanning 9 fish species</li> <li>3) Established permanent Fish Baton area carrying only MSC- and ASC-certified products at 67 stores of Aeon Retail Co., Ltd. (as of the end of May 2019)</li> </ol>
	Sustainable procurement initiatives in paper, pulp, and timber	Consolidated Group companies in Japan	FY2020: <ul style="list-style-type: none"> <li>• Use sustainability-certified (Forest Stewardship Council (FSC)*4 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: 56.1%</li> <li>• Stationery: 70.8%</li> </ul>	<ol style="list-style-type: none"> <li>1) Launched approximately 80 FSC-certified stationery products and H&amp;BC private brand products</li> <li>2) Used FSC-certified paper for tags on private-brand apparel and food packaging</li> </ol>
	Sustainable procurement initiatives in palm oil	Consolidated Group companies in Japan	FY2020: <ul style="list-style-type: none"> <li>• Use sustainability-certified (Roundtable on Sustainable Palm Oil (RSPO)*5 or equivalent) raw materials for all private brands</li> </ul>	<ul style="list-style-type: none"> <li>• Use of RSPO-certified materials: 0%</li> </ul>	<ol style="list-style-type: none"> <li>1) Established RSPO Procurement Policy</li> <li>2) Held RSPO in-house seminar</li> <li>3) Investigated usage volumes in private brand products</li> <li>4) Considered RSPO procurement methods</li> <li>5) Joined RSPO</li> </ol>

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

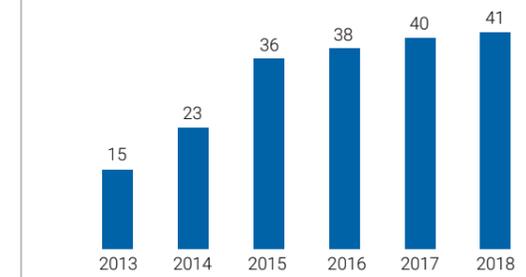
### Developing and Marketing Sustainable MSC- Certified and ASC-Certified Products

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 41 MSC-certified items spanning 22 fish species—the largest number of items in Japan's retail industry—as of the end of February 2019. 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.

Number of MSC-Certified Products Handled (Items)



MSC-C-51735



TOPVALU Gurinai Natural U.S.-produced salted cod



Further, in 2014 we became the first store in Asia to sell ASC-certified salmon. We offer 18 ASC-certified salmon items spanning nine salmon species as of the end of February 2019. 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.

Number of ASC-Certified Products Handled (Items)



ASC-C-00332



TOPVALU Gurinai Natural ASC-certified raw Atlantic salmon

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

March 2017	Mackerel (MSC, first in Asia)
May 2017	Spitchocked shark catfish (ASC)
July 2017	Albacore tuna (MSC, first in Japan)
July 2017	Smelt with roe (MSC, first in the world)
December 2017	Rice ball (sockeye salmon and cod roe, MSC, first in the world)
January 2018	Yellowtail (ASC, first in the world)
February 2018	Pacific ocean perch (MSC, first in Japan)
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)

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 2019.

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 2019, 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 May 2019, 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 2020.



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 established the Aeon Forest Resources Procurement Principle and based on this principle, we aim to contribute to the balance of 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 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 2019, 276 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

TOPICS

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.)

TOPICS

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

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

### 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 in October 2018 by, 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. In November 2018, 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).

For more details, please see: <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 356 fresh and processed organic food products as of the end of February 2019.

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 28, 2019, Aeon Retail Co., Ltd. had set aside sales areas for organic products in 256 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 peeled edamame



\* 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 so that we can offer customers better organic agricultural products at a value price. The Narashino Center of Aeon Food Supply Co., Ltd. became the first center to acquire this certification. We plan to have all of our centers in Japan acquire certification.

#### TOPICS

#### Launch of First TOPVALU Line of Skincare Cosmetics with Internationally Recognized Organic Certification

In August 2018, 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



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

\* A directly managed ranch with SQF certification



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

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



- 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

#### TOPICS

#### 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. Furthermore, another of our directly managed farms, Tsukino Central Farm, acquired the same certification in June 2018.

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 Hiramegyu 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

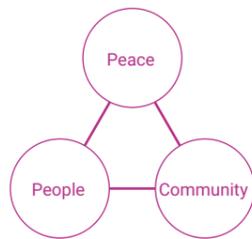
### Aeon's Tree Planting Activity

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."



### 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.

### 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.

### 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 11.9 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.



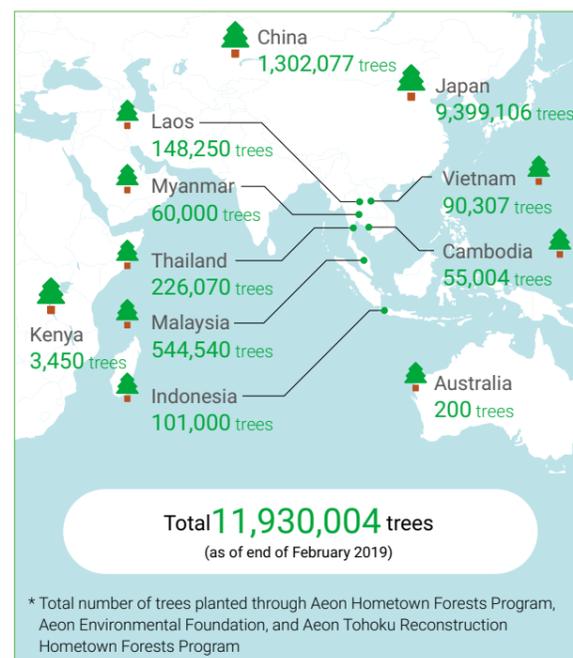
\*Aeon Tohoku Reconstruction Hometown Forests Program\* (Arahama, Sendai)

### FY2018 Results and Target of KPI

Maintenance management of Aeon Hometown Forests Program planting zones

- 2018: Focusing on GMS and SM, spread planting zone management based on the management manual
- 2020: Created opportunities for employees to experience tree planting

### Letting Forests Grow



### Creating Forests Where Wild Birds Can Gather

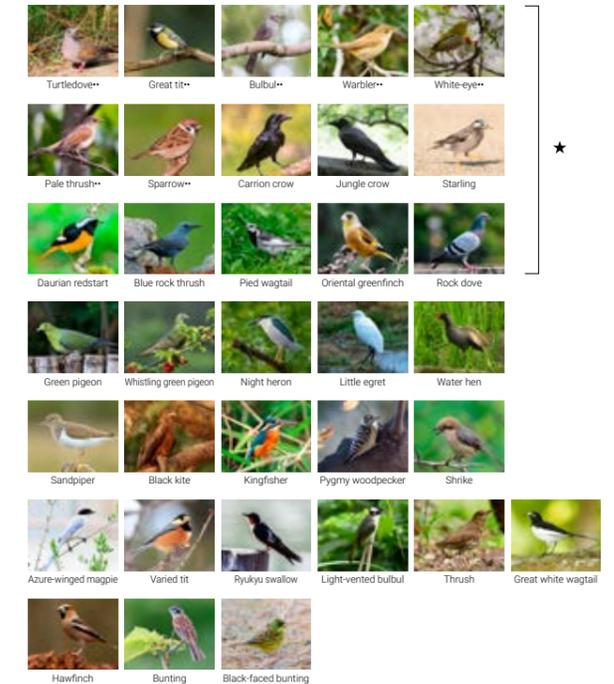
To objectively assess the ecological value of Aeon's tree-planting activities, we selected 15 stores from the Aeon Hometown Forests Program and conducted surveys of wild birds there. We identified 34 varieties\* of wild birds in a comparative survey of the stores and surrounding areas. Of these, 15 varieties (★) 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  
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

### \* The 34 varieties of wild birds observed



Aeon Mall Fujinomiya, 15 years after planting the forest:

The Aeon Mall area was observed to have 3.3–7.5 times more wild birds than in a neighboring residential block.



In 2019, we conducted an additional spring/summer survey of the habitat for summer birds and nesting in the planting zone. This survey quantitatively assessed the importance of

the location of habitat for wild birds and its contribution to the ecosystem.

### Letting Forests Grow—Nurture A Curriculum for Educating Forest-Conscious People

In recent years, the prevention of global warming and conservation of biodiversity have been joined by another urgent social issue. That is, the preservation and sustainable use of forests, which serve multifaceted roles for carrying on Japanese culture, offering recreation, etc., and villages, which serve as places for humans and nature to coexist.

The Forest Transcend Project—Educating Forest-Conscious People is a collaborative effort between Aeon, Mie Prefecture, and the NPO Miyagawa Shinsengumi that aims to foster the future generation of forestry workers by offering various programs to deepen understanding of Japan's forest management. In FY2018, the project's final year, we conducted courses between January 12 and February 24, 2019 in Odai, Mie Prefecture. The curriculum included activity reports by graduates of the previous four programs and Forest Skills hands-on training in forests, covering a total of six days. Over the past five years, 60 people have taken part in the program. Today, these graduates are using their experience and expertise to resolve regional issues involving forestry and undeveloped woodland. Going forward, we plan to create opportunities to periodically exchange information with people who have previously taken part in the program, sustaining activities that contribute to regional "forest circulation."



Forest Transcend Project—  
Educating Forest-Conscious People

### 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. 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.

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 FY2018, we held this training for 169 people at 10 locations, mainly of Aeon Mall Co., Ltd. and Aeon Retail Co., Ltd. In FY2019, the second year of the plan, we plan to increase the training provided at each company to 11 locations for 200 people.



Training being held at planting zone

### 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. For example, at Aeon Mall Toin, a permanent children's playground called Mie Tree Plaza was installed utilizing forests from Mie Prefecture.

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.



A desk made of Japanese cypress

### TOPICS

#### Encouraging the Use of Wood in Public Spaces at Aeon Malls

**Aeon Mall Miyazaki (Reopened in March 2018 Following Renovation and Expansion)**  
**New 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

### TOPICS

**Aeon Mall Kumamoto (Reopened in July 2018 Following Renovation and Expansion)**  
**New "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 (Reopened in July 2018 Following Renovation and Expansion)**  
**New 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).

In FY2018, Aeon Mall Zama and THE OUTLETS HIROSHIMA acquired ABINC® certification, while Aeon Mall Tokoname, Aeon Mall Shijo Nawate, and Aeon Mall Sakai Teppochō 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

## Management Approach

### Recognition of Challenges

Approximately 795 million people,\*<sup>1</sup> equivalent to one in every nine people, worldwide are undernourished, while 1.3 billion tons\*<sup>2</sup> of food, or roughly one-third of the food produced, are thrown away annually. In response, the United Nations has included halving per capita food waste at the retail and consumer levels by 2030 as a target of the Sustainable Development Goals (SDGs).

Aeon generates waste through its business and is also tied to waste resulting from customers' use of plastic shopping bags and food containers. This is why we are working on various initiatives for promoting the recycling of resources as one of our key issues.

\*1 The State of Food Insecurity in the World (2015), Food and Agriculture Organization of the United Nations (FAO), World Food Programme (WFP), and International Fund for Agricultural Development (IFAD)

\*2 FAO. 2011. Global food losses and food waste – Extent, causes and prevention. Rome

### 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.

In particular, reducing food waste at retailers that handle food has been recognized as an important issue. Accordingly,

in 2017 we established and announced the Aeon Group Food Waste Reduction Targets, which include specific numerical targets. We aim to halve food waste by 2025—five years ahead of the SDGs' 2030 target. With the aim of sharing and implementing best practices, we will establish promotional organizations that span Group companies in each region.

### Future Initiatives

We will further promote initiatives to reduce food waste throughout the Group to meet the Aeon Group Food Waste Reduction Targets set for 2025. As measures need to be based on the types of waste and legal restraints that vary by region, we aim to build regional platforms in collaboration with recycling companies, government offices, NPOs, and other regional

stakeholders. Meanwhile, a move away from the custom of discarding plastic is gaining momentum. We will accelerate our efforts to date in this regard, working with customers to help them adopt lifestyles appropriate for realizing a sustainable society.

#### 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.

### Aeon Food Waste Reduction Targets

#### Aeon Food Waste Reduction Targets

#### Halve food waste by 2025

Reduce generation per unit (food waste generation per ¥1 million in net sales) 25% compared with FY2015 level by 2020 and reduce 50% by 2025

#### Build food resource recycling models

Build at more than 10 locations and more than 1,000 stores nationwide by 2020

Highlight

## Changing the Future through Shopping

In recent years, various measures have been enacted to change the way people think about disposable plastic, in light of such issues as petroleum resource depletion and environmental pollution due to plastic waste. In 1991, Aeon launched the Bring Your Own Shopping Bag Campaign and commenced the Collecting Recyclable Resources at Stores Campaign. In 2007, the Company began discontinuing the provision of free shopping bags at cash registers. In these ways, we were an early proponent of measures to work with customers in making effective use of limited resources. As a retailer, we are well positioned to reach our goal of completely ceasing the use of disposable plastic, as we communicate with numerous shoppers on a daily basis. We will continue promoting better use of resources with the aim of realizing a sustainable society.

### Environmental Activities, Starting with Bring Your Own Shopping Bag Campaign

Many shoppers use plastic bags on a daily basis. Although the amount of resources needed for a single plastic bag is miniscule, as the scale of our operations grows this volume is increasing dramatically. To conserve the petroleum resources used to make plastic bags and reduce the amount of CO<sub>2</sub> emitted during their production, in 1991 we launched the Bring Your Own Shopping Bag Campaign, followed by the My Basket Campaign in 2000. These activities allowed shoppers to help protect the environment simply by bringing their own shopping bags, instead of unthinkingly using the free bags previously offered at cash registers. Rather than seeing this change as unusual, we are working with customers to help entrench the custom.

Moreover, each year around 250,000 baskets from our My Basket\*<sup>1</sup> range are used by customers, which they can take home for a fee. Although many customers are already using these baskets, in June 2016 we revamped our color offerings to further expand their use.

\*1 Made from 30% biomass plastic produced from sugar cane

\*2 Unit reduction compared with 2013: Weight of plastic bags (kg) per ¥100 million in sales



Aeon My Basket

### The TOPVALU Challenge to Protect the Global Environment

In response to customers' mounting environmental awareness, in spring 2019 the Company launched environmentally friendly projects with two themes under Aeon's TOPVALU brand. To reduce the use of disposable plastic, we began using shopping baskets made of recyclable plastic that can be repeatedly used. We also began selling such products as straws and spoons made of paper, wood, and other alternatives to plastic. To conserve forest resources, we began offering paper plates and cups made of FSC®-certified materials. We also introduced tissues and other paper products made using bamboo pulp rather than wood pulp.

In addition to encouraging customers to bring their own shopping bags and offering environmentally friendly products,\* we are collaborating with municipal authorities in rolling out our plastic-reduction campaign. In this manner, we are stepping up our initiatives toward a sustainable society in league with customers and various other partners.

\* Product availability differs by store



Developed tableware made of bamboo pulp and FSC®-certified paper.

## Initiatives for Zero Waste in Stores and Products

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

Most of the garbage discharged from homes is made up of packaging and containers. Therefore, companies in the retail industry need to understand the importance of selling products that contribute to less garbage in everyday life.

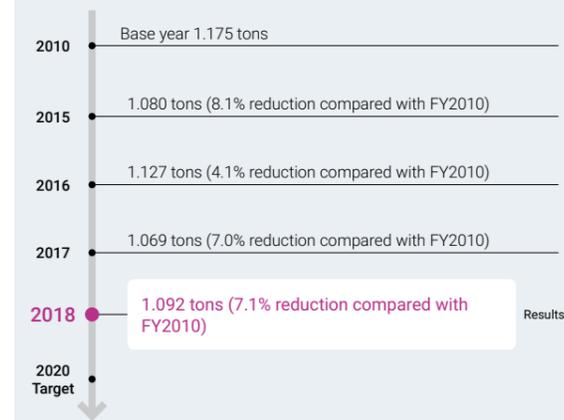
With this in mind, Aeon is working actively to reduce the amount of materials used in packaging and containers. In addition to focusing on reducing the use of plastic shopping bags, we are also promoting the use of thinner and more eco-friendly trays.

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 work to make product containers lighter and more thin-walled and switch to recyclable materials. Additionally, we are striving to develop refillable containers and change packaging materials based on customer feedback.

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 in net sales) required under the Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging by 7.1%, to 1,092 tons, in FY2018 compared with FY2010.

#### FY2018 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 in net sales)



#### Reduction of Packaging Materials: Case 1

For our TOPVALU Best Price Buttered Rolls, we tried to reduce the use of materials by eliminating the closure mechanism and shortening the length of the packaging. As a result, we cut the packaging weight to approx. 50% of benchmark national brands.



TOPVALU Best Price Buttered Rolls: closure mechanism eliminated and packaging minimized

#### Reduction of Packaging Materials: Case 2

To conserve on materials, we have adopted a squat shape for the container used for TOPVALU Best Price Tabletop Flavoring Using Korean Seaweed. This shape reduces the amount of container materials used by around 20%, compared with national brands.



### Reducing Waste

As a company that operates business at approximately 21,996 stores and locations (as of the end of February 2019) in Japan and overseas, Aeon generates a large volume of waste. To reduce this waste, in 2014 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 United Nations' Sustainable Development Goals (SDGs), which were adopted at the UN General Assembly in 2015, 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.

The Group is making a concerted effort to reduce food waste with a view to achieving the Aeon Food Waste Reduction Targets by 2025.

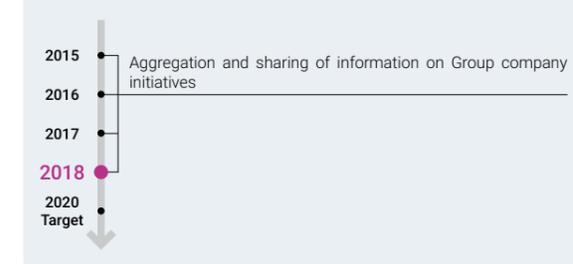
Our Group companies are pursuing a variety of initiatives to reduce waste. For instance, Aeon Mall Co., Ltd. has formulated a medium-term environmental plan covering the period through FY2020. Aiming to realize zero-emission malls, the Group company established maintaining its waste recycling percentage 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 to sales figures, we ask the specialty stores occupying Aeon Mall facilities to provide us with information on the amount of waste generated (by weight) in different categories, as well as information on the recycling of food waste. We use this information to manage progress in specific areas and promote reduction measures. As a result, in FY2018 we reached a recycling rate of 86.9%, exceeding our target.

### Reducing Food Waste

#### FY2018 Results and Target of KPI

Emissions of non-food waste



As part of our initiatives using the 3R approach to eliminate waste, we have targeted food waste by formulating the Aeon Group Food Waste Reduction Targets. We are using these specific numerical targets to accelerate Groupwide initiatives.

#### Aeon Group Food Waste Reduction Targets

- **Halve food waste by 2025**  
Reduce generation per unit (food waste generation per ¥1 million 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.

#### 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. Coinciding with 3R Awareness Month in October, at 2,700 general merchandise stores and supermarkets, we are working with customers on campaigns to raise awareness of food loss.

An expiration date shown in month and year



**Together with Customers**

Of food waste, food loss (food that can still be eaten but is thrown away) amounts to around 6.46 million tons per year.\* Households account for some 45% of this figure. We address this situation at cooking stations—in-store areas designed to disseminate food-related information. At these stations, we introduce recipes that minimize ingredient waste, hold cooking demonstrations, and otherwise show customers how to reduce food loss.

For example, in collaboration with the government and municipal authorities we use point-of-purchase displays and leaflets at stores to encourage customers to reduce food loss. Also, in fresh food sales areas we showcase TOPVALU HÓME CÓORDY 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 2015)," by the Ministry of the Environment and the Ministry of Agriculture, Forestry and Fisheries

Examples of food storage containers and bags



TOPVALU HÓME CÓORDY storage containers, which can be used in microwave ovens



TOPVALU SLIDER BAG



Collaborating with the Tokyo metropolitan government on the Mottainai Campaign



Disseminating information at the cooking station

**TOPICS**

**Reducing the Use of Plastic Containers for Taking Home Ready-to-Eat Dishes**

In June 2019, Aeon Retail Co., Ltd. completed the switchover on containers used for taking home ready-to-eat dishes, moving from plastic food packs to a special type of bag for ready-to-eat dishes. We expect this move to reduce annual plastic consumption by around 200 tons. This change also reduces the amount of space needed for storing containers to one-fourth, contributing to improvements in operating efficiency.

When making the switch, we expanded the range of sizes of bags and refreshed the design. Having bags that are appropriately sized for key product offerings (such as minced cutlets and grilled chicken skewers) helps customers better judge serving sizes, thereby improving convenience.



Plastic food pack



Bag for ready-to-eat dishes

**TOPICS**

**Rolling out Food Loss Reduction Campaign at Stores Nationwide**

We ran a food loss reduction campaign at some 2,700 general merchandise stores and supermarkets across Japan in October 2018 to coincide with 3R Awareness Month.

This campaign highlighted a type of food waste categorized as food loss—food that is thrown away even though it can still be eaten. By raising awareness of this issue among store customers, the campaign aimed to encourage shoppers to adopt specific behaviors at home. We collaborated with government organizations to erect awareness posters in food sales areas and suggested food storage containers that help preserve foods for long periods. In addition, at cooking stations in around 40 Aeon and Aeon Style stores we conducted awareness-raising activities, such as introducing recipes that minimize waste and holding cooking demonstrations.



Awareness-raising poster



Food storage containers

**Together with Local Communities**

Aeon collaborates with local communities to advance initiatives for the effective use of resources. For example, in areas where we have established partnerships with reliable operational management bodies we cooperate with their food bank\*1 activities based on certain conditions. As of the end of February 2019, six Group companies—Maxvalu Nishinohon Co., Ltd., Kasumi Co., Ltd., Maxvalu Chubu Co., Ltd., The Daiei, Inc., Sanyo Marunaka Co., Ltd., and Marunaka Co., Ltd.—regularly provide goods to local food banks.

Currently, Aeon Retail Co., Ltd., Aeon Kyushu Co., Ltd., Maxvalu Tohoku Co., Ltd., and The Daiei, Inc. also conduct food drives.\*2 We will not only reduce food waste through independent efforts but also 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.

**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 96.2%.

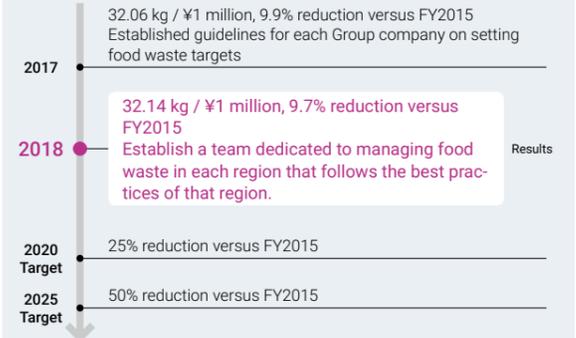
**Aeon Hokkaido Co., Ltd. Initiatives**

In its FY2020 plan, Aeon Hokkaido has set companywide targets for reducing its food-waste-to-sales ratio. By managing the process using a PDCA cycle, the company met its targets in FY2018.

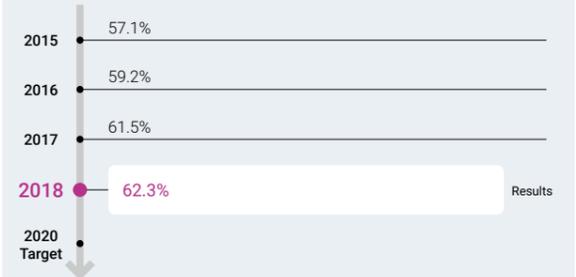
To reduce food waste, the company has revised its product mix, improved the precision of orders, and linked reduction efforts to everyday sales activities.

**FY2018 Results and Target of KPI**

**Food waste emissions (food waste generation per ¥1 million in net sales)**



**Food waste recycling percentage**



### 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 in September 2014. This has brought together farms, stores, and composting treatment facilities with the aim of constructing and expanding a composting recycling loop.

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 2018, this food recycling loop shipped approximately 304 tons of agricultural products, including cabbages, daikon radish, Chinese cabbage, spinach, and cherry tomatoes.

Further, in June we held the Miki Environmental Festival, based on the concept of education for sustainable development. We also proactively conduct 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.



Spinach shipped from Aeon Miki Satowaki Farm

#### ● Advancement of Aeon's Self-Contained Food Recycling Loop

**Food residue collection:** Increase steadily from the level of approximately 2,582 tons per year (targeting Aeon Group stores)  
**Compost production:** Increase steadily from the level of approximately 160 tons per year (FY2018)



### 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 FY2018, we reduced cardboard waste by using 84.57 million returnable containers\* and 24.57 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. In FY2018, 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

### Reducing the Number 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 twenty years since 1991, 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. In 2007, we launched our initiative to stop providing plastic shopping bags free of charge, expanding it nationwide in 2013. As of February 28, 2019, 1,701 stores had adopted this practice. As a result, we have reduced the number of plastic shopping bags given out by more than 80% (a total of 65.6% for 29 Group companies).

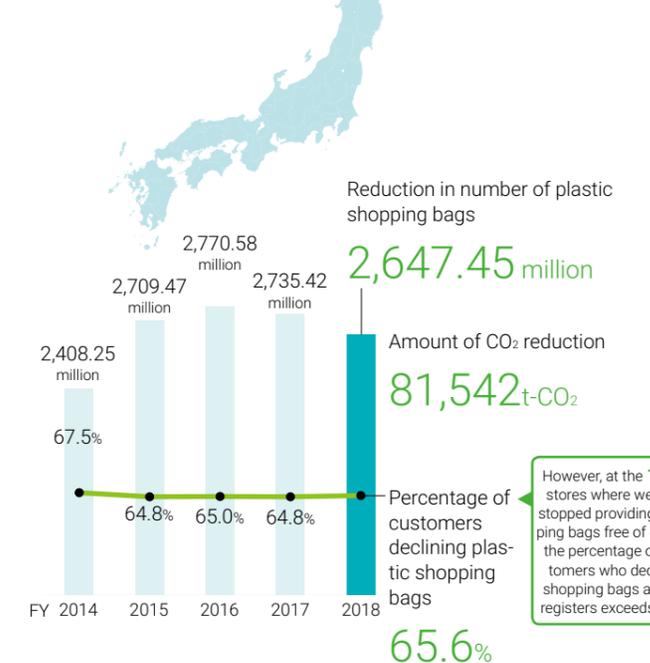
As a result, we have reduced the number of plastic shopping bags given out by 2,647.45 million, equivalent to a CO<sub>2</sub> reduction of 81,542 tons.\*1

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

Total number of stores (As of the end of February 2019)

**1,701 stores**

(total for 29 Aeon Group companies)



Meanwhile, plastic shopping bags are provided for a fee to customers who want to use them. These proceeds\*2 contribute to the local environmental conservation activities of municipal authorities and other bodies. In FY2018, proceeds totaled ¥39.73 million, bringing cumulative proceeds from plastic bag fees to approximately ¥701.61 million since 2007.

We have extended the initiative to stop providing free shopping bags at cash registers beyond general merchandise stores and supermarkets. We have expanded this practice throughout the Group, including at drugstores and convenience stores. As of the end of FY2019, we plan to have the initiative implemented at 2,500 stores.

\*1 CO<sub>2</sub> reduction rate index: 33.0 g-CO<sub>2</sub> per plastic bag declined by customers (treated as 6.8 g of unused HDPE plastic shopping bags)

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

\*2 Plastic bag proceeds = Fee - (consumption taxes + material cost)



#### ● Progress of Plastic Bag Reductions



### TOPICS

#### Collaboration with Municipal Authorities

For World Environment Day in June, we collaborated with municipal authorities to encourage customers to reduce their use of disposable plastic in various ways.

##### Initiatives with the City of Yokohama

We collaborated with the city of Yokohama on a campaign to reduce plastic waste at 360 Aeon Group stores\* in the city. We called on customers to reduce plastic waste through point-of-purchase and other in-store efforts, as well as through events at wards throughout the city. Some 3,700 customers also cooperated in completing a questionnaire during the campaign period.

\* Participating companies: Aeon Retail Co., Ltd., Aeon Retail Store Co., Ltd., Aeon Market Co., Ltd., Welcia Yakkyoku Co., Ltd., My Basket Co., Ltd., Maxvalu Tokai Co., Ltd., Maruetsu, Inc., Ministop Co., Ltd.



Yokohama limited-edition personal shopping baskets

### TOPICS

#### Initiatives with the City of Kyoto

Seven Group stores operating in Kyoto were certified as "stores encouraging the prevention of leftovers," as we worked with the city of Kyoto to reduce food loss. By also encouraging food and other tenant stores to obtain this certification, we worked to cut food losses across commercial facilities. Participating stores displayed certification stickers and posters, promoting efforts to eat foods and use products in full.

#### Initiatives with the City of Suita

In cooperation with the city of Suita and the Ministry of the Environment, the Aeon Suita store conducted an experiment in which it lent out shopping bags free of charge to customers who had not brought their own. We set up five bag-return points, including the Suita store and the municipal office. We lent out approximately 4,600 bags, of which some 2,200 were returned. The percentage of customers who declined shopping bags at cash registers at the Suita store rose six percentage points year on year, to 84%.



"Suitan," a mascot of Suita city, participating at an awareness-raising event at the Suita store



Notice for the lending of shopping bags free of charge

#### 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. In the delicatessen sections of our stores, 100% of the oil we use is collected and recycled for soap, feed, and fertilizer.



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 FY2018 (Total for 26 consolidated subsidiaries)

<b>Drink cartons</b> Approx. 153.54 million Collected amount: 4,606 t CO <sub>2</sub> reduction: 2,303 t-CO <sub>2</sub>	<b>Food trays</b> Approx. 433.34 million Collected amount: 3,033 t CO <sub>2</sub> reduction: 19,110 t-CO <sub>2</sub>
<b>Aluminum cans</b> Approx. 338.83 million Collected amount: 5,421 t CO <sub>2</sub> reduction: 46,623 t-CO <sub>2</sub>	<b>PET bottles</b> Approx. 184.96 million Collected amount: 11,652 t CO <sub>2</sub> reduction: 41,950 t-CO <sub>2</sub>

Weight conversion: Drink cartons (1,000 ml): 1 carton = 30 g, food trays: 1 tray = 7 g, aluminum cans (350 ml): 1 can = 16 g, PET bottles: 1 bottle = 63 g  
 \* CO<sub>2</sub> reduction rate index (per 1 kg of collected material): Drink cartons: 0.50 kg-CO<sub>2</sub>, food trays: 6.3 kg-CO<sub>2</sub>, aluminum cans: 8.6 kg-CO<sub>2</sub>, PET bottles (material recycling): 3.6 kg-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 April 2019, we have introduced this initiative at 360 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

Cox Co., Ltd.

Collecting and Promoting the Reuse of Clothing

Since 2011, Cox Co., Ltd. has been partnering with I-Collect Japan, which collects used clothing. They have been conducting a campaign to collect used clothing on a regular basis since 2011, and the Group company has been collecting used clothing on a permanent basis since 2015. In 2018, they also began collecting used down clothing for further reuse, through participation in the Green Down Project. Cox also sells products made of recycled down.

Also, Cox has begun using EcoBizBox containers in its operations. As well as reducing CO<sub>2</sub> emissions arising from manufacture and disposal, the containers are light and easy to assemble, which helps mitigate the workload of store personnel. Also, Cox has increased the efficiency of operations at delivery destinations as well as the efficiency of quantity management by introducing radio frequency identification (RFID) tags.\*



An EcoBizBox container used for shipping products to stores

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

Talbots Japan Co., Ltd. & Aeon Retail Co., Ltd.

Collecting and Promoting the Reuse of Clothing

Fashion shop Self + Service run by Talbots Japan Co., Ltd. and Aeon Retail Co., Ltd. is participating in the BRING Project for 100% recycling of clothing and runs clothing collections\* for unneeded ladies' and children's wear. Fibers from the collected clothing are recycled into ethanol, and any clothing that can still be worn is donated.

\* Collections conducted only at certain stores



GFoot Co., Ltd.

Reusing and Recycling Shoes

GFoot Co., Ltd. actively collects, reuses, and recycles shoes. In collaboration with I-Collect Japan, the Group company has established a system that contributes to resource recycling by enabling the constant trade-in of shoes. The Group company collected approximately 349 tons of used shoes in 2018. The system reduces garbage by providing traded-in shoes that are still usable to those in need overseas while recycling shoes that are not reusable into materials for road building and other purposes.

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 FY2018, 93 personnel participated in training for waste managers, and 644 personnel have participated in these seminars since FY2011. Continuance 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 2019, 41 Group companies are using the Aeon Waste Management Center.

Digitization and the use of IT to issue manifests are saving labor and increasing efficiency, but checking the details of manifests and the status of processing remains the responsibility of the company emitting the waste. In 2018, we conducted an internal audit of the Aeon Waste Management Center, confirming that improvements had been made. 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.

FY2018 Results and Target of KPI

Number of employees completing internal training course to improve management of waste emissions



Electronic manifest introduction rate





# Creating Products and Stores That Meet Society's Expectations

## Management Approach

### 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 become more and more of a major challenge for society. The occurrence of product accidents not only causes great inconvenience for customers, but also risks creating considerable anxiety for the

international community. In addition, the value that customers demand varies widely depending on the country and region. In order to continue responding to their voices, it is essential to actively create mechanisms for dialogue with customers as well as mechanisms for the development of products, services, and stores that reflect the opinions of customers.

### Aeon's Approach

Aeon has set out Our Promise to Our Customers as part of the Aeon Code of Conduct formulated in April 2003.

In order to put this promise into practice, 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, in order to respond to the diverse voices from a society that is changing with the times, we have created mechanisms to periodically collect the opinions of customers and have focused our efforts on the development of products, services, and stores under the themes of "the elderly," "health," and "local products" in recent years.

### Future Initiatives

We recognize that responding to diverse consumer issues will continue to be a key issue in the future for the business of Aeon, which positions "contribution to customers" as an enduring mission. Going forward, Aeon will continue striving to develop products, services, and stores that originate in the

views of customers. As part of this effort, we will expand Health & Wellness products to respond to the aging of the global population and health consciousness and the creation of stores that are ready for large-scale natural disasters.

### Aeon Code of Conduct—Our Promise to Our Customers

Aeon endeavors to provide its customers with assurance and trust in their daily lives, in keeping with the view that "everything we do, we do for our customers." Aeon's never-ending mission is to make a positive contribution to customer lifestyles.

**At Aeon, our first priority is to ensure customer safety. Our customers enjoy a level of assurance only Aeon can offer.** We always conduct all of our business activities (products, services, hygiene, facilities, information, etc.) with customer safety as the top priority. If there is the smallest doubt regarding customer safety, we will promptly ascertain the nature of the concern and work to resolve the issue.

we can offer our products and services at even lower prices. At Aeon, our goal is to be the leading retailer for offering customers high-quality products at reasonable prices.

**At Aeon, we keep our promises to our customers, always behaving with integrity.**

We take personal responsibility to uphold the promises in our flyers and in advertisements concerning deliveries and repairs with all of our customers. If any incident or business problem should arise, we will disclose faithfully all relevant information and respond if there are further questions.

**At Aeon, we wrap our products and services in a warm greeting and a friendly smile.**

In addition to products and services, Aeon customers can always look forward to a pleasant greeting and a caring, friendly smile. When we greet customers in our store, in our offices, and over the phone, they will know what we mean when we say "Aeon friendliness."

**At Aeon, we offer high-quality products and services at reasonable prices.**

We strive to offer high-quality products and services so our customers can enjoy enriched lives. At the same time, we are actively engaged in re-inventing our business practices so that

**At Aeon, the voices of customers give management its direction, and we strive to address customer desires in all business practices.**

We consider all customer opinions, requests, and complaints to be the starting point for management decisions. We gratefully listen to our customers' voices and acknowledge them as a valuable contribution to our uniqueness, and we work to quickly respond to their feedback.

## Highlight

# Aeon's Role in Times of Emergency

Aeon operates large shopping centers around Japan. As a retailer, in addition to providing products and building stores that meet society's expectations, we believe our mission includes the public function of serving as a regional disaster support base in times of emergency. We have signed an Agreement on Materials Procurement Cooperation During Disasters with some 650\* municipal authorities throughout Japan. Under these agreements, we pledge to cooperate in helping afflicted areas to recover and undergo reconstruction as swiftly as possible. \*As of February 28, 2019

Japan was struck by a spate of disasters in the summer of 2018, including an earthquake in Osaka and flooding in July. Aeon worked with various municipal authorities to provide support for disaster-affected regions as quickly as possible. Leveraging our strengths as a general merchandise store—the ability to rapidly procure and provide a host of items people need in their everyday lives—we believe our mission as a retailer includes serving as a community lifeline, providing necessary items to victims and having Aeon employees participate in volunteer activities in disaster-affected regions.

### Helping to Procure Daily Essentials Based on Comprehensive Accords

During these disasters, we responded to requests for emergency relief supplies from municipal authorities by procuring and supplying daily essentials. During the 2018 Osaka Earthquake, we received requests from the cities of Osaka, Moriguchi, and Takatsuki. We supplied more than 6,000 items, including food, beverages, and tarpaulins. During the flooding in July 2018, in addition to food, drinks, and clothing, we supplied hygiene products such as wet wipes—more than 920,000 items, in total.

### Supporting a Rapid Return to Normal Everyday Life

To help people in affected communities return to their daily lives, we prioritized initiatives to reopen stores in disaster-affected regions. All six Aeon Retail stores in the affected region recommenced operations in June. Stores in the area affected by flooding in July conducted open-air and off-site sales, operating in tents erected temporarily in parking lots.

In regions that remained isolated, we used mobile sales trucks to deliver vegetables and lunchboxes to many local residents.



Pallet of liquid milk sent to the city of Kurashiki in response to a request from the Tokyo metropolitan government



Off-site sales at the Maxvalu Hongo store

### Employees involved in community volunteer activities



Employee volunteers transporting mud-died tatami mats

### Support through integrated financial services



Mobile ATM truck (Sanyo Marunaka Mabi store)

### Providing free school bags to children who could not use their own bags due to flood damage



Offering a six-year guarantee on the school bags we provided

### Broad-based in-store fundraising



Conducting emergency fundraising at some 7,500 locations at Aeon Group stores throughout Japan

## Quality Control and Disclosure

### 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.

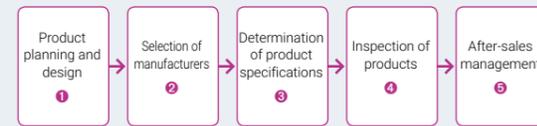
#### The Five TOPVALU Commitments

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

### The Process of TOPVALU Products to Customers

#### 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.

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 FY2018, Aeon withdrew 77 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 FY2018

##### TOPVALU Penne

##### TOPVALU Gratin Macaroni

Cause: Inclusion in food package of plastic, possibly from broken-off part of manufacturing equipment due to equipment deterioration

Response: Product withdrawal and voluntary recall (recall announcements at points of purchase at stores and through websites and newspaper advertisements)

##### TOPVALU Cut Apples

Cause: Due to equipment malfunction, hypochloric acid foundation below standard levels, possibly leading to poor sterilization

Response: Product withdrawal and voluntary recall (recall announcements at points of purchase in stores and through websites)

#### FY2018 Results and Target of KPI

##### Number of TOPVALU products withdrawn due to serious incidents



### 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 2019)

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 2019, 23 companies from our GMS Business and SM Business have implemented the Aeon Food Sanitation Certification System while a total of 10,985 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.

### Educating Employees about Hygiene

We conduct education on hygiene based on the Aeon Standard for Managing in-Store Food Hygiene at least once a year for employees working in food sales areas at Aeon stores.

In FY2018, we listed up the most important hygiene management categories (individuals washing hands, methods for the sanitary handling of food ingredients, management of ingredient use-by dates), and worked to improve employees' awareness of hygiene measurement in these areas.

### Supervision of Food Preparation Areas

Food preparation areas are audited at least twice a year. 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)、しょうゆ(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.\*1 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. In 2018, 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 perishable and delicatessen categories. Keeping in mind additives and the desire to develop a flavoring stock unique to the Free Form 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 steamed dumplings, spring rolls and other types of chilled dim sum, as well as potato 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

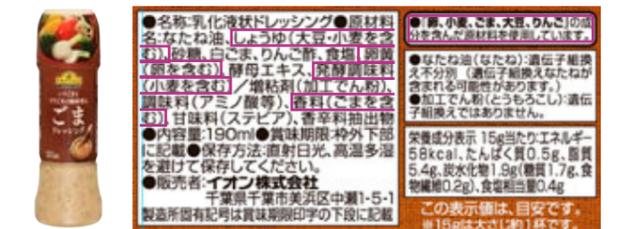
Aeon uses standardized icons on the outside of all food product packaging to ensure consumers can easily identify food allergens contained in products.

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 (seven items)

\*2 Secondary items for which inclusion on labels is recommended: 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 (20 items)



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 2019, the lineup featured a range of 17 varieties. With a rich variety 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, we will present meals that allow everyone to enjoy the same menu even in households that include people with allergies as we strive to provide assurance and trust rooted in daily life.



### 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.

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



### 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 2019, 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 11,791 as of the end of February 2019.

\* 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 2019, cumulative Dementia Supporters numbered 75,253, 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 25 stores across Japan in FY2018. 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

#### TOPICS

### "Quiet Hour," a First for a Japanese Commercial Facility

In July 2019, at our Aeon Style Shin-Yurigaoka store we introduced the concept of "quiet hour" on a trial basis—a first for a Japanese commercial facility. This move is designed for people with developmental disorders that make them hypersensitive and have trouble shopping due to store lighting, sounds, and smells. Some stores in the United Kingdom and Australia have adopted similar practices, specifying subdued sound and lighting at certain days or times. Aeon also decided to trial this approach, providing an environment more amenable to hypersensitive shoppers.

- (1) Location  
Areas selling food products and everyday necessities on the first floor of the Aeon Style Shin-Yurigaoka store
- (2) Time and date  
9am to 10am on July 28, 2019 (Sunday)
- (3) Details
  - In-store lighting intensity was reduced by 20–50% from standard levels.
  - In-store background music was turned off (except in emergencies), and cash register scanning noises were subdued.
  - A calming-down space was set up.

### 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 a 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 in the period through 2018, 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

### TOPICS

#### Launch of a Frozen Cauliflower/Broccoli Mixture That Substitutes for Rice

A growing health awareness is causing more people to focus on low-carbohydrate diets. In response to this trend, in November 2018 we launched *TOPVALU Cauliflower/Broccoli Rice Substitute*, encouraging people to eat vegetables in place of rice. This product is on sale at 2,700 stores throughout Japan.

This product features a cauliflower/broccoli mixture that has been diced to the size of rice kernels and then frozen. It can be thawed in a microwave oven and substituted for rice as is. Alternatively, it can be mixed in with steamed or risotto rice to reduce calories while still providing a sense of fullness. The product helps add dietary fiber, which is often neglected, and can be an easy way to make daily diets healthier.



Nutritional comparison with regular rice

	Rice	Cauliflower Rice Substitute	Broccoli Rice Substitute
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.

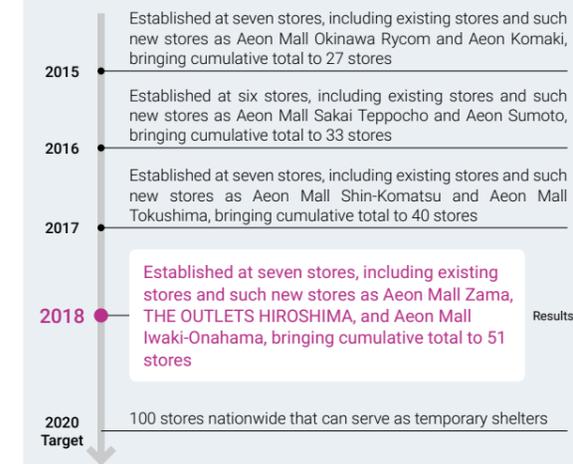
In FY2018, we established disaster-prevention facilities at 11 stores, including existing stores and such new stores as Aeon Mall Zama, THE OUTLETS HIROSHIMA, and Aeon Mall Iwaki Onahama. This brought the total number of Group stores with these facilities to 51 as of the end of February 2019.



Aeon's private power generators

#### FY2018 Results and Target of KPI

##### Number of temporary local shelters



### TOPICS

#### Aeon's Disaster Prevention Awareness Activities Four Years after the 2014 Hiroshima Landslides "Asaminami Bosai FES! 2018"

In May 2018, we held a participation-style disaster preparedness event at Aeon Mall Hiroshima Gion, which was near the center of the landslides that struck the city of Hiroshima in August 2014. In addition to the Ministry of Land, Infrastructure, Transport and Tourism, Hiroshima Prefecture, and Asaminami Ward, a variety of organizations contributed to the event, including Japan's Self Defense Force, firefighters, the police, universities, junior and senior high schools, companies, and the Hiroshima Council Scout Association of Japan. The Hiroshima Council Scout Association of Japan used this as a kickoff event for a nationwide fire prevention campaign being held at around 80 locations across Japan, as well as for part of an experience program.

We are also conducting activities involving the rolling stock method\*, which Aeon encourages in Hiroshima Prefecture as well as other areas. Employees who were involved in rescue activities surrounding the Great East Japan Earthquake and the earthquakes in Kumamoto hold seminars introducing this approach.

\* A method of encouraging shoppers to stock more food and beverages than they need for everyday use, and to replenish supplies as they are used



### Improving the Earthquake Resistance of Stores

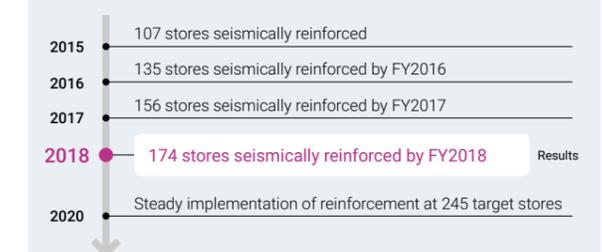
During the Great East Japan Earthquake, many of our store buildings suffered extensive damage, which in some cases even resulted in loss of life. For this reason, Aeon is moving forward with improving the safety and earthquake resistance of its stores, giving utmost priority to protecting people's lives 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.

At Aeon Retail Co., Ltd., work had been completed at 174 stores by the end of FY2018. In FY2019, we plan to undertake safety work at 32 stores (including retail stores).

Also, in FY2020 Aeon Mall Co., Ltd. plans to implement further earthquake-related safety measures, which will entail the attachment of fireproof sheets to hanging smoke barriers, at 32 existing malls.

#### FY2018 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 FY2018, we conducted initial response training, which covers discovery, notification, initial fire extinguishing, and evacuation guidance, at 154 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.

## TOPICS

### Conducting Comprehensive Disaster Prevention Drills at Aeon Mall Iwaki Onahama

Aeon Mall Iwaki Onahama, which opened in June 2018, is a "disaster prevention mall," meaning it is designed to serve as an emergency lifeline center in times of disaster. Prior to its opening, we held comprehensive disaster prevention drills, attended by members of Japan's Self Defense Force, firefighters, and the Japan Coast Guard. We confirmed emergency action in the event of a fire, held shake-out drills to ensure physical safety should a large earthquake occur, and provided evacuation guidance onto rooftops in preparation for tsunamis. By working closely with outside partners, we aim to function as a center for the community, temporarily hosting evacuees, providing training on handling emergency materials, and hosting training by the Self Defense Force on how to cook retort-packaged food into meals.



Fire-fighting training, spraying water from atop a ladder



Rescue training from a Japan Coast Guard helicopter



Using digital signage to broadcast evacuation guidance messages



Learning from the Self Defense Force how to cook meals from retort-packaged foods

## 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 650 municipal authorities and private companies as of the end of February 2019. 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 and Hokuriku Electric Sign Agreement on Mutual Assistance in the Event of a Disaster

In May 2019, Aeon Co., Ltd. and the Hokuriku Electric Power Company signed an agreement on mutual assistance in the event of a disaster. Under this accord, the two parties will cooperate in supporting victims of large-scale disasters.

If a large-scale disaster occurs, Aeon will provide Hokuriku Electric with relief supplies and space to set up recovery bases. Hokuriku Electric will supply electricity to temporary evacuation sites Aeon will prepare on store premises at the request of municipal authorities. By collaborating even more closely than in the past, Aeon will fulfill its social responsibility as a lifeline that supports customers in the communities it serves.

#### Overview of the Agreement

- (1) Through close mutual collaboration and cooperation, Aeon and Hokuriku Electric aim to increase their preparedness for large-scale disasters, enhance their disaster prevention capabilities, and smoothly enact disaster recovery measures. If requested by municipal authorities, Aeon will supply emergency power at facilities designated by the municipal authorities.
- (2) In the event of a large-scale disaster due to earthquake, upon request from Hokuriku Electric Aeon will provide food, everyday necessities, and other relief supplies to disaster recovery personnel. Aeon will also provide space to set up recovery bases. Hokuriku Electric will supply electricity to temporary evacuation sites Aeon will prepare on store premises at the request of municipal authorities.
- (3) To ensure that mutual support proceeds smoothly, the two companies will maintain open lines of communication and conduct training as necessary, even outside times of disaster.

## 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 2019, the tents have been placed at a total of 33 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 in the Tokyo metropolitan area, 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. Going forward, we plan to expand this initiative into other areas.

### 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 FY2018, we endeavored to increase the installation of AEDs at small-sized supermarkets, where there are only a few devices installed. As a result, installations reached 1,842 devices at 1,050 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.



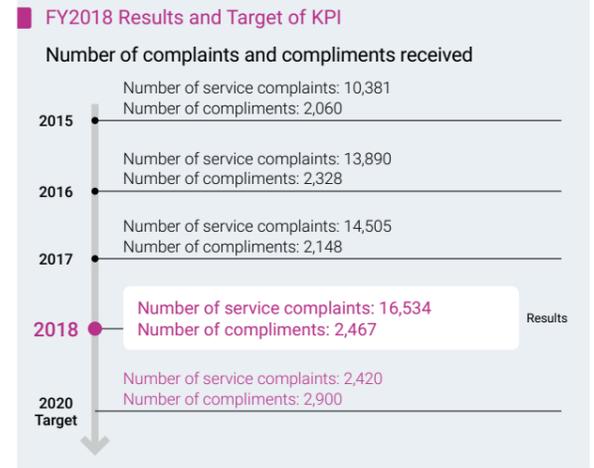
Suggestion box and communication board

#### 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 Directors and Executive Officers, and shared with employees of relevant departments through systems that manage customer feedback.

In FY2018, Aeon's headquarters received 98,769 opinions and inquiries from customers, up 1.8%, or 1,784, year on year. Feedback received via e-mail continued to increase. The number of service complaints was 16,534, up 14.0% from FY2017. Throughout the Group, the number of compliments we received was 2,467.

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



### TOPICS

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

##### Improvement Example (1)

Improvements to the inner plug and outside cap on dressing

- Calorie 50% Cut Caesar Dressing
- Calorie 50% Cut Sesame Dressing
- Calorie 50% Cut Japanese-Style Dressing

We improved the inner plug and outside cap based on three points of feedback. First, in the past the plastic ring that was used to pull out the inner plug became waste once removed. Second, the content of bottles could spray out as the plug was being removed. Third, removing the plug required strength, sometimes making it the process difficult for older customers.

To resolve the second issue, the improved plug adheres to the back of the cap once opened, so does not become waste.

##### Before change



##### After change



Given the importance of ease of use to the TOPVALU development philosophy, we steadily make various improvements to products in light of customer feedback.



# Implementing Fair Business Practices Based on Respect for Human Rights

## Management Approach

### Recognition of Challenges

Amid the expansion of a borderless supply chain, it is important for companies to comply with laws and regulations and social norms in the countries where they do business and to ensure fair transactions in order to continue to grow soundly. Against a background of global population growth and economic development, securing energy and food resources is also an important theme. In such circumstances, it is essential for every company to build a responsible supply chain that is conscious of local resources and environments, human rights, quality, labor practices, and other issues in order to achieve a sustainable society in each country and region.

The globalization of corporate activities is resulting in the establishment of supply chains that link many countries and

regions, some of which lack well-developed legal systems. To conduct sustainable businesses in such countries and regions companies must not only comply with local laws and regulations but also promote fair business practices in accordance with the United Nations Guiding Principles on Business and Human Rights (informally known as the "Ruggie Principles" or the "Ruggie Framework") and other international norms.

Further, respecting the human rights of people from a variety of backgrounds, including their nationalities or birthplaces, 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—which is one of the Aeon Basic Principles—the Aeon Code of Conduct sets out rules under the headings "Its Business Partners and Aeon" and "Together with Aeon People." Further, we have established Aeon Human Rights Policy with a view to promoting the Aeon Code of Conduct. 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, which we formulated in 2003.

In addition, we established the Basic Principles on Personnel, which outlines our overall personnel approach for our employees. We value diverse values, regardless of gender, age, nationality, or other characteristic. To ensure the implementation of the aforementioned policies and principles, we conduct human rights education around the world.

### Future Initiatives

Human rights underpin all social issues, and a range of international guidelines call on companies to take a central role in addressing human rights issues. At Aeon, relevant divisions collaborate to take Groupwide measures that not only protect the human rights of Aeon employees but also address issues throughout the Group's value chain. Transactions with partners are an important part of our business activities, and we strive to

conduct fair and sustainable business activities with business partners based on the Aeon Supplier Code of Conduct. We also continue to educate employees with respect to human rights and promote diversity, the Aeon Health Management Declaration, and a balance between working and providing childcare or nursing care. In these ways, we are working to increase working options in response to diverse work styles.

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

Aeon respects innovative business partners\* who help the Company achieve its objective of "Customer Satisfaction." We strive to work as equals with our business partners, dealing fairly and working for our mutual prosperity.

\* The term "business partner" refers to all partners with whom we conduct business, including those who provide retail products, facilities services, and our retail tenants.

**At Aeon, we cooperate with our business partners, all of whom are important to us, moving forward together to develop innovative business models that will open the gate to the next era.**

We cultivate strong relationships with our partners, collectively pursuing innovative business practices, better products, better services, and mutual success.

**At Aeon, we clearly document agreements with business partners, and strictly follow the letter of such agreements.**

We maintain equality with our business partners, connected through formal agreements. Both parties strictly adhere to all agreed-upon contract provisions.

**At Aeon, we respect business partners whose top priority is safety and customer peace of mind/assurance.**

Aeon and all of its business partners share the common goal of "Customer Satisfaction." If even the smallest doubt exists regarding the safety or trust of a product or service, we work with our business partners to promptly ascertain the nature of the concern and resolve the issue.

**At Aeon, we require our business partners to comply with both the letter and spirit of international standards and to practice them fully.**

Aeon complies with and respects all generally recognized international standards, including

those related to ISO, labor, environmental conservation, and quality management. We also require our business partners to strictly observe these same standards.

**At Aeon, we do not tolerate the acceptance of gifts, money, or special favors from our business partners.**

We select business partners based on their ability to offer better products and services at fair prices. Individuals do not accept any gifts, money, or special treatment from a business partner designed to secure our business in any situation. All efforts must go toward the benefits of customers.

### Aeon Code of Conduct—Together with Aeon People

Aeon respects human rights. We never discriminate against anyone based on their nationality, race, gender, age, educational background, religion, physical or mental disability, or any other attribute. Aeon People listen to their co-workers, and Aeon People respect each other in the same way that they respect themselves. Aeon's goal is to be the most people-friendly company.

## Highlight

### People at the Foundation of Aeon's Business

Aeon raises "respecting humanity" as one of its Aeon Basic Principles (P. 1) and conducts all business activities in accordance with this principle. We have formulated the Aeon Human Rights Policy, a code of conduct for employees, and a code of conduct for suppliers. On this basis, Aeon engages in fair and sustainable business activities with all stakeholders across all its businesses.

We consider Aeon's Basic Principles and code of conduct paramount to our human resource activities. Since its foundation, Aeon has regarded personnel as its most important management resource. Based on this belief, we strive to promote diversity, create a comfortable working environment, and cultivate human resources in an effort to convert the power of the individual into power for the Group.

#### Responding to Human Rights across the Entire Supply Chain

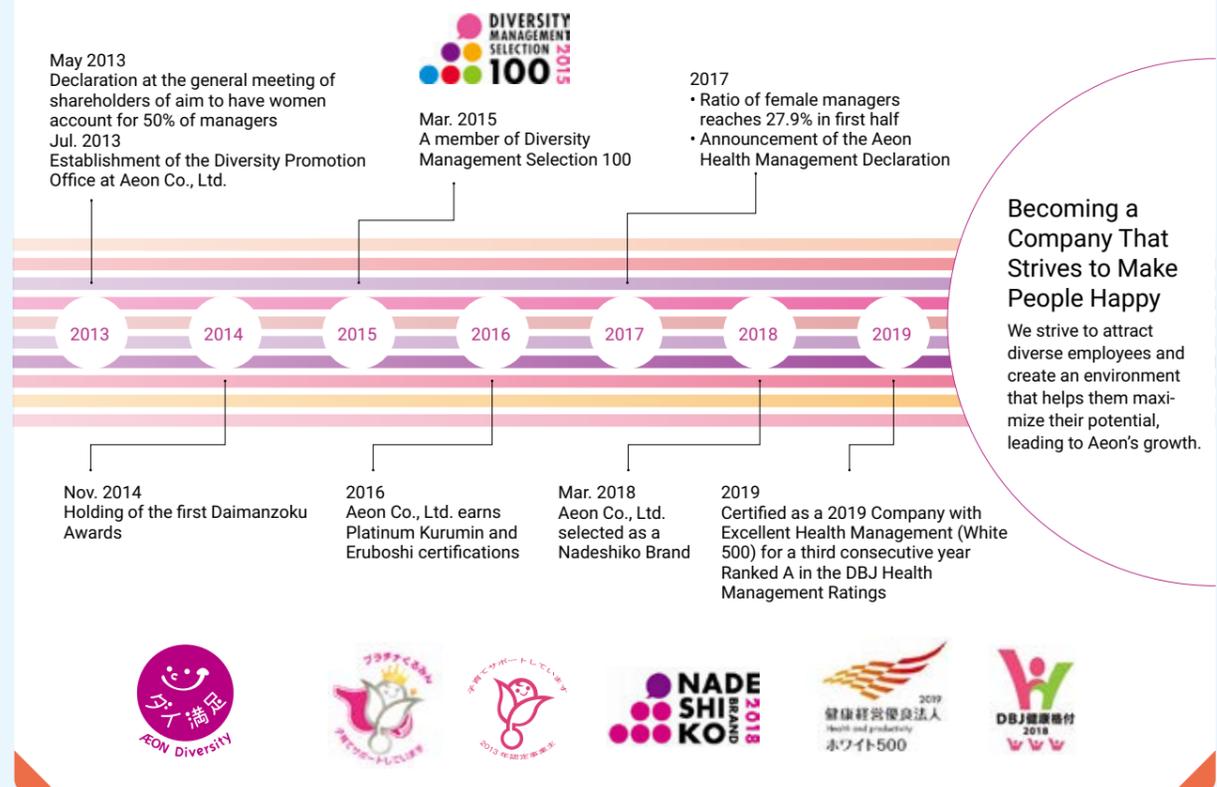
In line with the United Nations Guiding Principles on Business and Human Rights, which serve as global guidelines, Aeon extends its consideration for human rights to all stakeholders involved in its business activities. This scope includes the employees of contracted companies and suppliers.

We began reviewing the Aeon Supplier Code of Conduct in 2018. We added "engagement"—or the attitude and approach toward initiatives—as a new category with greater weight than the items regarded as important to date. We also held dialogues with experts to aid progress in defining priority human rights issues and formulating an execution plan.

#### Creating an Environment Where Individuals Can Realize Their Abilities and Play Active Roles

Since its foundation, Aeon has regarded personnel as its most important management resource. Based on this belief, we promote management focused on wellness and diversity. Our aim is to be a company where employees are healthy and in which many different individuals can realize their abilities, serving as the wellspring of the Group's competitiveness.

In terms of wellness, Aeon believes healthy employees are better able to provide services that contribute to the health and happiness of local customers. As for diversity, we strive to create an environment where all Aeon people can make the most of their capabilities. We believe diversity is a major source of strength that connects the growth of employees with the growth of the entire Group.



**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 (please see page 32) 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.

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.

**Fair Business Practices**

**Marking 15 Years since the Start of Our Initiative**

In 2003, we formulated the Aeon Supplier Code of Conduct, and 15 years have passed since we began working with suppliers to address society's issues. Social conditions and issues have changed substantially over this period, and companies are being called on to accept more responsibilities. As a result, we believe the time has come to review this initiative. Accordingly, we conducted human rights due diligence\* based on the United Nations Guiding Principles on Business and Human Rights, identified and assessed the human rights risks of Aeon's business activities, ranked these risks, and addressed issues we are being called upon to resolve.

\* 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

**Revising the Aeon Supplier Code of Conduct**

To kick off policy formulation on human rights due diligence, we began reviewing the Aeon Supplier Code of Conduct we formulated in 2003.

Since enacting the code, we have made improvements based on audit results by Aeon-certified auditors and third-party assessment bodies and communicated with suppliers to inform how important to face its issues is. In the ensuing 15 years, issues have grown more complex, leading to the need to address all members of the supply chain together.

We emphasized the importance of the various parties taking charge of the supply chain actually connect the management baton to the next. In the revised Aeon Supplier Code of Conduct, we set forth the new message of "engagement," which places importance on the attitude and approach toward initiatives. "Engagement" including the meaning of positive promise and agreements, we will communicate Aeon's will that "we want to create a good society together."

At the same time, we raised the message that it is not only regarding a single day of auditing, but we will seek to share issues and address effective improvement activities based on mutual "integrity and transparency" across the entire business relationship.

**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 where 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 a 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.

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.

**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

**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.

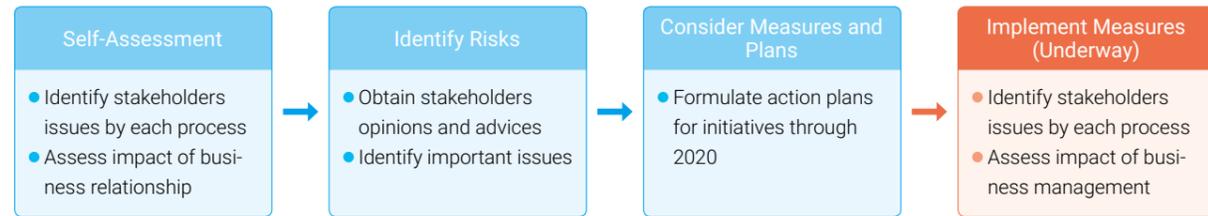
### Human Rights Due Diligence\* in the Supply Chain

Based on the United Nations Guiding Principles on Business and Human Rights, we began by identifying the negative impacts of Aeon's business activities on human rights and analyzing their divergence from current initiatives.

After our self-assessment, we engaged in dialogue with stakeholder and exchanged opinions about initiatives expected of Aeon. Taking these opinions and advices we identified human rights issues to be addressed as priorities. After formulating an action plan, we commenced human rights due diligence efforts.

\* 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



#### Self-Assessment

##### (1) Identify human rights issues in the supply chain

We identified risks we are currently awareness through our audit, as well as potential risks. Raised with particular frequency were risks related to foreign workers and responsible employment. Matters not currently being addressed were raised, such as impacts on residents of surrounding areas and conflict areas.

##### (2) Assess impact of human rights issues due to the business relationships

We divided the risks three cases ("causing", "contributing", and "linking") based on distance from our business partners and Aeon's influence. We then analyzed whether our current initiatives to (1) was deficient or excessive.

##### i. TOPVALU final processing factory

We confirmed impacts through audits based on the Aeon Supplier Code of Conduct, identifying and revising elements absent from the current code of conduct.

##### ii. Supply chain for TOPVALUE Tier 2 and beyond and national brands

Currently, participation was found out insufficient with regard to the raw material stage, where human rights risks are considered high, to the Aeon Group systemic operations, and to involvement with national brands.

##### iii. Indirect relationships in the supply chain

We considered the potential of indirect complicit issues such as degree to the environmental burden affects to residents of surrounding areas.

#### Identify Risks

##### (1) Stakeholders evaluation for results of self-assessments

We obtained stakeholders assessments through questionnaires and dialogue (P. 64). The stakeholders pointed out to us that setting priorities according to whether products were private or national brands was pointless, as customers would consider them to be the same. They noted methods of management and operation in relation to raw materials bearing high human rights risks through our audits, and the problem of technical intern trainees foreigners, which is a characteristic issue in Japan. They also provided us with advice and outlined their expectations.

##### (2) Identify important issues

We identified important issues and set priorities based on our self-assessments and opinions from stakeholders. We narrowed these down into three important, to:

- Address raw material issues,
  - Further address foreign employees and technical interns (Japan), and
  - Promote at Aeon Group companies.
- We then planned new response measures.

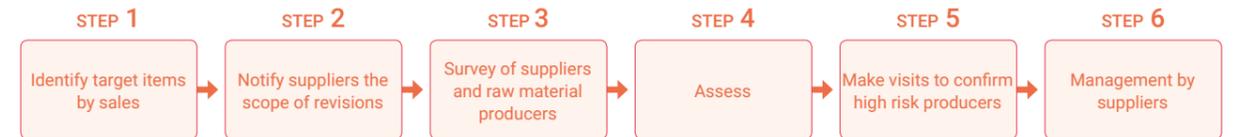
#### Consider Measures and Plans

We formulated a plan for concluding the first stage of initiatives related to the key issues we identified by the end of 2020.

### Implement Measures

#### (1) Revising the Aeon Supplier Code of Conduct

In March 2019, we revised the code to incorporate the elements the assessment found we were missing, as well as the message we wished to emphasize. (P. 61)



#### 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

#### (2) Responding to TOPVALU raw material producers

We began by approaching the producers of raw material for perishable foods, which have a short supply chain.

A Japanese NGO, ASSC: The Global Alliance for Sustainable Supply Chain cooperatively supports this project.

checking that the these items production factories had experience to Aeon Supplier CoC audits or authenticated external audits which satisfied human rights element, we analyze 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	△
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 the scope of revisions

Prior to the fact-finding survey, we conducted a briefing on the Aeon Supplier Code of Conduct to share issues we were aware of with supplier. At the same time, we learned about human rights risk in the supply chain from Masaki Wada, an ASSC director.



Subcontractor briefing

#### STEP3 Survey of suppliers and raw material producers

To determine actual condition, through our suppliers we send out questionnaires to the raw material producers that harvest foods and marine products.

#### STEP4 Assess

We then conduct risk assessment by the details of returned questionnaires. (performed in the first half of 2019).

#### STEP5 Make visits to confirm high risk producers

We make on-site visits to producers if it appears necessary based on their results, or if we are unable to confirm the present state of affairs. Alternatively, we may ask a local NGO to ask further questions or conduct a follow-up survey.

#### STEP6 Management by supplier

We plan, for example, to create tools that suppliers continually manage the risks by themselves.

## Dialogue with Stakeholders

As part of our human rights due diligence, we engaged in dialogue with human rights experts and civil society representatives. During this dialogue (held in August 2018), we exchanged opinions on themes in the Aeon Supplier Code of Conduct to promote throughout the supply chain.

### Attendees

Kaori Kuroda	Executive Director, CSO Network Japan
Tomoko Shiroki	Managing Director and COO, Action against Child Exploitation Founder
Makoto Teranaka	Visiting Professor, Tokyo Keizai University
Miwa Yamada	Director, Law and Institution Studies Group, Inter-disciplinary Studies Center, Institute of Developing Economies-JETRO
Eiji Shibata	Executive officer, MD & Logistics, Aeon Co., Ltd.
Kahori Miyake	Executive officer, CSR & Communication, Aeon Co., Ltd.

(As of August 2018)

### Theme 1: Identification and Priority of Issues

**Kuroda:** First, you need some sort of frameworks for understanding current conditions with respect to human rights issues in new fields where you do not have own managed ever. Also, I suggest that the significance of Aeon Code of Conduct should be thoroughly implemented for high risk human rights issue, regions, particularly respect to foreign technical intern trainees.

**Teranaka:** I think Aeon needs a process to realize “how the company affects peace, people, and local communities through your customers.” Companies tend to think the relationships closest to them are the most important, but we judge importance based on social issues. I would like to see Aeon consider this gap and reflect it in the your due diligence.



**Yamada:** I would prefer that you categorize your methods of approach depends on the substances of the human right issues. Aeon also has a responsibility for products other than private brands (PB). People not working for Aeon recognize of all products on the shelves at Aeon stores as being Aeon products as well as PB.

**Shibata:** Aeon holds full responsibility for our TOPVALU PB, including raw materials and distribution. Group company also have multiple PBs, if our responding appropriately on all own products including these first, we believe that it is possible to step up to the next stage to expect to our business partners

making non-PB products as well. I wouldn't want to say that our progress is currently sufficient, even for TOPVALU, but I think we have the social responsibility to apply the Aeon Supplier Code of Conduct, particularly as it is something we did



ourselves. We have a continuous 15 years track record, so I would like to review how to our audits ahead and find a better way to improve its higher quality through the experience.

**Miyake:** We need to prioritize and think the level of risk but in addition to consider from the perspective of what Aeon can contribute through the process. I would like to clarify the rules for setting priorities.

### Theme 2: Approach to Raw Materials' Procurement

**Shiroki:** Globally, it has become a standard for procurement principles including a human rights perspective. I believe that the environment and human rights should be pursued together in a perspective of sustainability. A 2017 report by the International Labour Organization (ILO) pointed out that the child labor more likely to occur in particularly agricultural sector in Asia and Africa. The risk of child labor is very high at the raw material fields, so it is important to address human rights issues from there. Some global companies convince that audit have limitations so they identify points of focus to address human rights issues by ranking countries. They then conduct assessments for each field such as foods, apparel and other. Ultimately, they conduct it as comprehensive human rights assessment into the whole company. I suggest that Aeon also should think about taking a approach beyond audit.

**Kuroda:** There are limits to confirmation for purchasers, so it is more important point which to have a strong communicate with suppliers today. With respect to procuring foodstuffs, you might think of strengthening relations with local farmers and NGOs. I give Aeon high marks for its efforts to expand its handling of certified products. That being said, certification is not perfect, so it is better to think of certification as a measure for meeting requirements. How about a focus on mapping high-risk regions?



**Miyake:** As you say, it is important to start with clarify the key raw materials, and also we concurrently use the certification system. Then, I think we have the responsibility to clearly explain product value to our customers. Making products properly can be our branding policy, and it encourages customers to purchase products with their understanding. As Aeon provides the spaces to connect directly with customers, I think our function is to address PBs appropriately and raise social awareness for future.

**Shiroki:** I think it would be a good approach to start by fulfilling your responsibilities on PBs and then extend those activities to include national brands (NBs). I look forward to your new operation confirming efforts regarding raw material procurement on PBs. Retail distribution provides a direct link with customers, so communication about sustainable production and consumption plays an important role. I expect to seeing



your efforts to establish communications by promoting customer understanding and providing explanations to supply chain partners and other stakeholders.

**Yamada:** Promoting consumers' right to know is also important. Consumers cannot enjoy purchasing unless they know how a product is made and is able to verify that a product can be trusted. Consumers have a right to know that raw materials are properly sourced and that workers' rights are protected.

**Teranaka:** As the number of foreigners living in Japan increases, the level of response in English and Chinese is increasing, but hardly any services are available in languages such as Vietnamese, Burmese, or Thai. You should also consider foreigners' right to know.

**Miyake:** We have utilized Aeon's platform for communicating as a retail distributor that can appeal to society on issues by drawing attention on the environmental front to sustainable procurement. Raising social awareness in this way is one of our roles.



**Shibata:** MSC-certified smelt, including pricing, was a subject of internal debate, but performance was better than expected, and we soon sold out. This example helped me understand that customers have a high degree of environmental awareness and will support changes in our purchasing behavior.

### Theme 3: Treat to Foreign Workers

**Yamada:** The rights of workers in the process of production and distribution are the most important issue in a “Responsible Supply Chain”. The people who are most vulnerable, and thus



most at risk of having their rights infringed upon, are those in different legal positions or with different cultural or linguistic backgrounds. This, of course, includes foreign workers.

**Teranaka:** The foreign technical intern training program in Japan has various issues because of lacking of clarity in areas of responsibility. With government policy failing to make progress, company-driven efforts at improvement are important. I think you should consider that the foreign technical intern training program is one of the most serious issues.

**Kuroda:** It is becoming more common for companies to check the status of foreign workers at secondary suppliers and further up the supply chain. For high-risk human rights issues and regions, I think you need to make a thorough effort to instill the Aeon Supplier Code of Conduct for secondary suppliers and beyond. At the same time, I think it is important to expand training and skill development programs for foreign workers.

**Shibata:** The issue of foreign workers presents a high hurdle, but one that we are addressing with a sense of mission.

#### Advice from Sadayosi Tobai, Conservation Director WWF Japan (As of August 2018)

While Japan relies on many imported raw materials, the forests and oceans of exporting countries where those raw materials are produced are experiencing forest declines, overfishing, and depletion of marine ecosystems, as well as human rights violations and labor issues. To help resolve these problems, companies are being called on to ensure traceability. In addition to affecting biodiversity, traceability is necessary for confirming human rights and labor issues. To achieve traceability, I feel strongly that supplier mapping is necessary.



#### Comment from Christopher Ng, Regional Secretary, Asia & Pacific Region, UNI Global Union

Along with Federation of Aeon Group Workers' Unions Aeon has signed global framework agreements with UNI Global Union and UA Zensen. Regional Secretary Ng offered his opinions on the current human rights due diligence.

- It is important to perform self-assessment and disclosure in accordance with the Guiding Principles on Business and Human Rights.
- As a global company, you should ask the opinions of overseas stakeholders.
- It is important to clearly explain to suppliers the importance of conforming to specifications and to ask primary suppliers to ensure compliance from secondary suppliers.
- Governance of their holdings is important for companies with broad-ranging businesses.

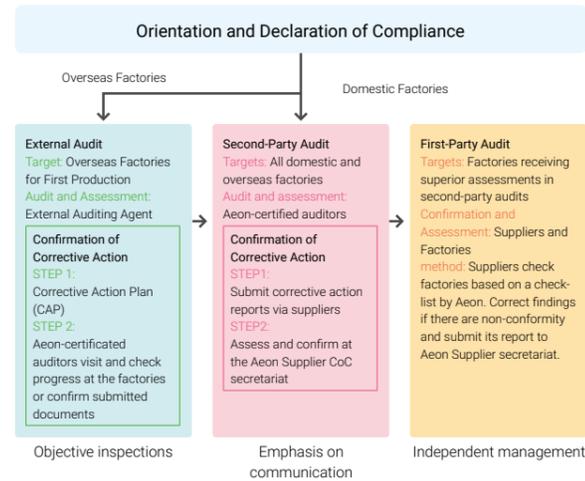


## Aeon Supplier Code of Conduct

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.

In accordance with the Aeon Supplier Code of Conduct (Aeon Supplier CoC), we confirm and improve the working condition such as appropriate employment, safe environment to work, and compliance. 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.

### 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 Aeon-certificated 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. Factories employing foreign technical intern trainees, in particular, are asked detailed about the travel agency in their countries of origin and about receipt conditions in Japan. The second-party audits are conducted with having communication between Aeon and suppliers based on this information.

### First-Party Audits

Factories that recognized own established management system move to the first-party audit. Suppliers check the own factories condition by using Aeon's audit checklist and conduct corrective action if there are findings at checking, then they report to Aeon. Our goal is that suppliers keep managing their own companies and their supplier's by themselves rather than conducting Aeon's audits. We hope that this first-party audit will be taken to Suppliers own management from Aeon management.

### Orientation for New Contract Supplier

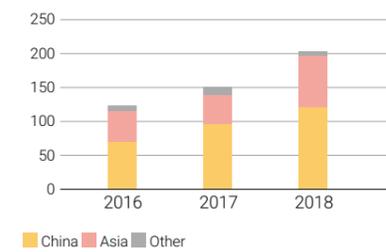
We have monthly orientations for new suppliers which start business with Aeon for the first time. We explain them about Aeon Supplier CoC reason for compliance, its importance, and Aeon's policy. In addition, they include useful information about specific audit application methods and contact points during orientation to help your solution if questions come up later. We have feedback by questionnaire every time and aim for better orientation.

### Feedback from Participants



### FY2018 Audit Results

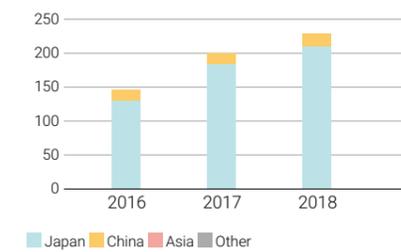
#### External Audits, by Region



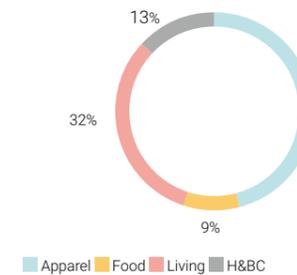
#### Second-Party Audits



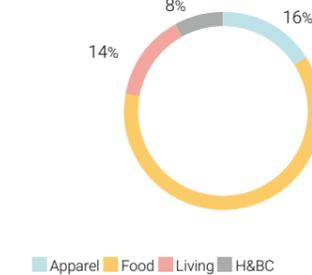
#### First-Party Audits



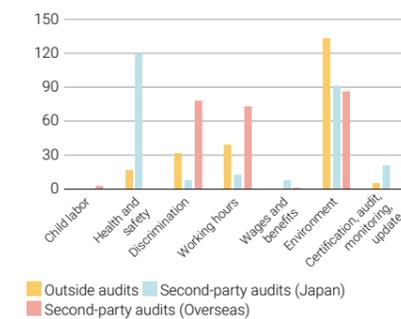
#### Percentage of External Audits, by Industry



#### Percentage of Second-Party Audits, by Industry



#### Cases of Nonconformity in 2018



### 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.

FLO (Fairtrade International) certification mark



TOPVALU Fairtrade milk chocolate and dark chocolate



Fairtrade Sourcing Program label (cocoa)

### FY2018 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 2019, 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 FY2018 we held diversity promotion seminars and our fifth in-house awards. We also continued to promote the opening of nursery schools at our facilities 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. As of April 2019, 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 FY2018. 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—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. Approximately 230 of the Group's top managers and executives took part. The meeting fostered a shared awareness of promoting active roles for women and people with disabilities.



### Conducting Diversity Training—Daimanzoku College

Aeon conducts diversity training to address issues that are common to the whole Group. Each year, we review curriculums based on emerging issues and changes in the environment.



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 fifth awards in FY2018, we presented commendations to seven companies in four categories that correspond to important initiatives for promoting diversity.



### Companies that received commendation at the fifth awards Diversity category (women's empowerment section)

Gold: Aeon Kyushu Co., Ltd.  
Silver: Maxvalu Kyushu Co., Ltd.

### Diversity category (new diversity section)

GFoot Co., Ltd.

### Inclusion category:

Maxvalu Tokai Co., Ltd.

### Workstyle reform category:

Gold: The Daiiei, Inc.  
Silver: Maxvalu Nagano Co., Ltd. and Koyo Co., Ltd.

### IkuBoss Company Awards:

#### <Senior management category>

Shoichiro Mekari, Director of Aeon Ryukyuu Co., Ltd.

#### <Management category>

Junichi Tashiro, Aeon Compass Co., Ltd.

### VOICE

#### Comments from an Award Recipient in the Second IkuBoss Individual Awards

I believe in the importance of communication, so I make it a point to listen to my subordinates and the people around me on a daily basis. Through conversation, I seek to strengthen our common ground and strive to encourage voluntary communication that fosters friendship.



Junichi Tashiro  
Aeon Compass 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,  
Daiiei Takarazuka Nakayama  
The Daiiei, Inc.

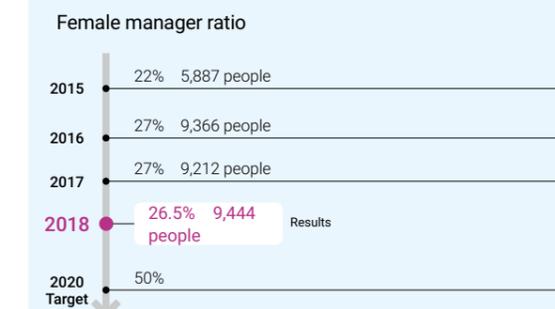
### Promoting the Active Participation of Women

Aeon promotes the active participation of women and aims to have women account for 50% of managers by FY2020.

As of the end of February 2019, 26.5% of our managers, or 9,444 managers, were women (including consolidated subsidiaries).

Aeon will make positive efforts to appoint women to managerial positions toward achieving its FY2020 target.

### FY2018 Results and Target of KPI



**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. Our goal is to have a cumulative total of 1,500 employees involved in international personnel exchanges by FY2020. A total of 598 employees participated in international personnel exchanges between FY2013 and FY2018.



**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.

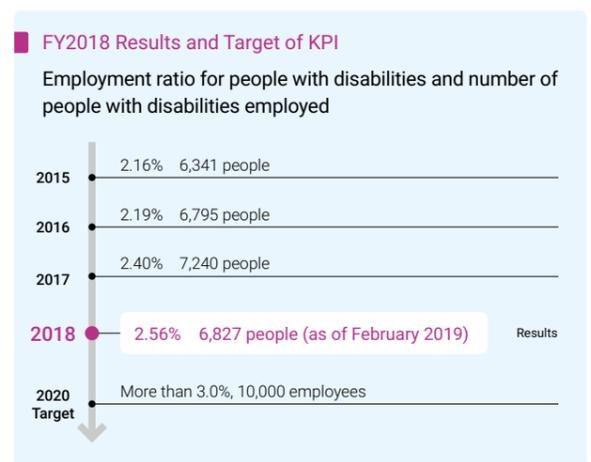
Abilities JUSCO Co., Ltd., established in 1980, has expanded to four Scrum CD/DVD & Books stores, where people with disabilities work alongside able-bodied staff, and 10 business establishments for employment transfer support. Furthermore, Aeon Supercenter Co., Ltd. has adopted a telecommuting system for people with disabilities as a part of its diversity promotion action plan in cooperation with Abilities JUSCO.

As of February 2019, the total number of people with disabilities employed at Group companies was 6,827 with an employment ratio of 2.56%.

This employment ratio exceeds the statutory employment ratio of 2.0%, and we will continue to advance our efforts in order to reach our targeted 3.0% employment ratio for people with disabilities, or 10,000 people, for 2020.



Employees working at Scrum



**Aeon and Sophia Sign Industry-Academia Agreement to Cultivate Global Human Resources**

In June 2018, Aeon Co., Ltd., Aeon Bank, Ltd., and Aeon Fantasy Co., Ltd. entered into an industry-academia agreement with Sophia School Corporation aimed at cultivating global human resources capable of responding to a changing world. We believe the mutual recognition of diversity in such areas as race, culture, and religion, as well as interaction among diverse people, can help foster innovation and resolve a variety of global issues.

We have introduced global internships at two overseas countries:

- (1) An internship in which participants work at Aeon Bank in Japan and then gain similar experience at a Malaysian financial company, Aeon Credit Service Malaysia
- (2) An internship in which participants work at Aeon Fantasy in Japan and then gain similar experience at Aeon Fantasy Philippines, an operational company in the entertainment business in the Philippines

Aeon and Sophia will promote global internships at Sophia University and cooperate on the cultivation of human resources who can respond flexibly to address various problems around the world.

**TOPICS**

**Launching Ikiiki Aeon, a New Working Style Initiative to Help People with Disabilities Make the Most of Their Skills and Ensure Aeon Is a Company Where They Can Continue to Work**

In January 2019, we launched the Ikiiki Aeon initiative at Aeon Mall Makuhari New City (Chiba). This new initiative aims to ensure people with disabilities can make the most of their skills and continue to work actively ("ikiiki" in Japanese). 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. The current efforts were conducted together with employees with disabilities at Group companies R.O.U. Co., Ltd., Aeon Entertainment Co., Ltd., Aeon Culture Co., Ltd., and Branshes Co., Ltd. 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.

\* 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 13,600 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, 6,700 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. Aeon will extend its LGBT initiatives to encompass all Group companies while collecting examples from Group companies that are actively engaged in such initiatives.



\* work with Pride: A private organization that supports the promotion and consolidation of LGBT diversity management

**Human Rights Training**

With a view to promoting Aeon Human Rights Policy (P60) and increasing all employees' understanding and awareness of human rights, 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)**

Committee to define the direction of human rights enlightenment at Aeon, assess and make decisions regarding issues, and train individuals responsible for promoting human rights at each Group company.

**2) Human Rights Enlightenment Study Group (convenes once every six months)**

Study group to educate individuals responsible for promoting human rights at each Group company.

**3) Human Rights College (convenes four times a year)**

College with courses on learning about Aeon's basic human rights principles. This college is primarily a place where individuals responsible for or in charge of administrative education as well as individuals responsible for or in charge of the promotion of human rights participate to receive basic education.

Human Rights and Aeon Code of Conduct Training has provided guidance to each company by selecting themes in line with the training needs of each Group company while linking to the Aeon Human Rights Enlightenment Office and Corporate Ethics Team. In FY2019, we plan to continue conducting Human Rights and Aeon Code of Conduct Training for all of our employees.

We also published a Human Rights Enlightenment Guidebook in 2015 as a tool to promote basic knowledge about human rights. We will continue to strive to build tools and develop training materials that utilize this guidebook. As in March 2018, we partially revised the guidebook to reflect the enforcement of related laws in March 2019.



Human Rights Enlightenment Guidebook

## Promoting Wellness Management

### Aeon's Health Management

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.

In FY2016, we 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

To promote health management, 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. The Aeon Health Promotion Section conducts health management activities to enable the achievement of numerical targets throughout the Group. For example, the section establishes 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.

For example, 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 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, 15,182 in FY2016, 27,180 in FY2017, and 26,536 in FY2018, with a substantial increase from FY2016 following 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 2019, 28,761 people had registered for this program and were engaging in health improvement behavior.

In FY2017, Aeon began holding a regular health promotion conference among principal Group companies, and the first Aeon-wide health management conference was held on May 30, 2019. The conference's special lecture was conducted by Mr. Yoshihide Esaki, of the Ministry of Economy, Trade and Industry, who spoke on promoting health management, providing a further push to encourage health management at the Aeon Group.

We believe Group employees have a high percentage of health issues in three areas: high blood pressure, hyperglycemia, and a high rate of smoking. Accordingly, 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 FY2019.

#### Promotion Targets

- Companywide certification of our challenge through the Certified Health and Productivity Management Organization Recognition Program (White 500)
- High blood pressure: Improve percentage of people not receiving checkups to 3%
- Smoking: Reduce the number of smokers by 10%, setting a base of 100  
Along with these measures, on July 1, 2019 we made our entire head office in Makuhari non-smoking. We also continue to promote the outpatient assistance program for smoking cessation provided by Aeon's corporate health insurance society.

## TOPICS

### Aeon and Aeon Retail Certified as White 500 Enterprises for Third Consecutive Year

In 2019, Aeon Co., Ltd. and Aeon Retail Co., Ltd. were certified as "White 500" enterprises with outstanding health and productivity management. White 500 is a certification system jointly conducted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This is the second straight year that the companies have earned this certification.



### 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.

\* The following companies were also certified.  
Aeon Kyushu Co., Ltd., Aeon Financial Services Co., Ltd., Aeon Credit Service Co., Ltd., Aeon Product Finance Co., Ltd., Aeon Insurance Service Co., Ltd., ACS Credit Management Co., Ltd., ACS-leasing Co., Ltd., Aeon Housing Loan Service Co., Ltd.

## TOPICS

### Aeon Receives an A Rank in the DBJ Health Management Rating, Making It the First Retailer to Receive the Highest Ranking in Three Categories, Including a BCM Rating and Environmental Rating

Aeon Co., Ltd. received the top, "A" ranking in the DBJ Health Management Rating, conducted by the Development Bank of Japan, Inc. As we also hold the top level for the DBJ Environmental Rating and the DBJ BCM Rating, we became the first retailer to be rated at the top in all three categories. Aeon and Aeon Retail Co., Ltd. received accolades for the following health management initiatives.



- (1) Launch of a health promotion section as an organization to consider directions and objectives of health management measures for the Aeon Group, along with the promotion of Groupwide initiatives centered on the human resources department and coordinated with industrial doctors, the corporate health insurance society, and the mutual aid society
- (2) Utilization of an application-based system to request transfers within the Group, establishment of a training system to support medium- to long-term career development, the review of personnel policies taking employees' opinions into consideration, and the proactive introduction of diverse measures to enhance the working environment and make work more meaningful
- (3) In addition to contributing to municipal authorities' health promotion activities using WAON points from *Gotouchi* (Regional) WAON cards, contributions to consumer health through the sale of healthy and environmentally conscious *TOPVALU Gurinai* products

\* The following companies were also certified.  
Aeon Kyushu Co., Ltd., Maxvalu Chubu Co., Ltd., Sanyo Marunaka Co., Ltd.

## Ensuring Work-Life Balance

Aeon Retail Co., Ltd., which accounts for about one quarter of all Group employees, introduced a personnel system in 2017 based on the concepts of "fairness" and "challenge."

The system aims to create an environment that allows employees with diverse abilities to pursue careers reflecting their ambitions and aptitudes. We hope that such opportunities will give employees a sense of empowerment and job satisfaction and enable them to work enthusiastically and grow in a manner suited to their lifestyle.

Moreover, the system includes the Career Style Plan as a program to support independent career development and the Lifestyle Plan as a program to support the ability to keep working long term in the midst of changes in life stages.

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.

### 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 "child-care-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 2019, number of employees aged 65 or older  
Approximately 11,450 (employees paid by the hour)

\* As of the end of February 2019, number of employees aged 60 or older  
Approximately 30,000 (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 24 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., Aeon Town 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 Toshi Co., Ltd., Kohyo Co., Ltd., Sunday Co., Ltd., Maxvalu Kyushu Co., Ltd., Maxvalu Tokai Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Nishinohon Co., Ltd., Maxvalu Hokkaido 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, 29 Group companies have received Eruboshi certification\* under the Act on Promotion of Women's Participation and Advancement in the workplace.

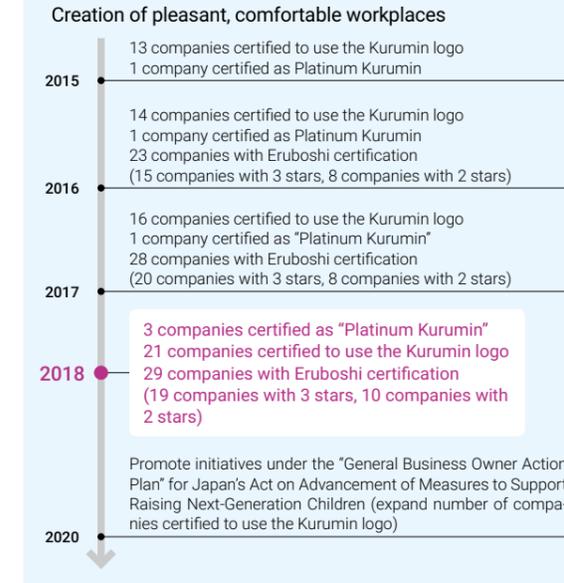
\* Eruboshi-certified Group companies  
Three stars: 19  
Aeon IBS Co., Ltd., Aeon Credit Service Co., Ltd., Aeon Compass Co., Ltd., Aeon Supercenter Co., Ltd., Aeon Delight Co., Ltd., Aeon Big Co., Ltd., Aeon Insurance Service Co., Ltd., Aeon Hokkaido Co., Ltd., Aeon Marketing Co., Ltd., Aeon Mall Co., Ltd., Aeon Ryukyu Co., Ltd., Aeon Co., Ltd., Aeon Kyushu Co., Ltd., Aeon Bank Ltd., Kasumi Co., Ltd. Claire's Nippon, Co., Ltd., Maxvalu Kyushu Co., Ltd., Maxvalu Chubu Co., Ltd., Ministop Co., Ltd., Reform Studio Co., Ltd.

Two stars: 10  
Aeon Fantasy Co., Ltd., Aeon Product Finance Co., Ltd., Cox Co., Ltd., GFoot Co., Ltd., Talbots Japan Co., Ltd., Zwei Co., Ltd., Maxvalu Tokai Co., Ltd., Maxvalu Nishinohon Co., Ltd., Maxvalu Hokkaido 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.



**FY2018 Results and Target of KPI**



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

**Aeon Yumemirai Nursery Schools**

We established Aeon Yumemirai Nursery Schools at Group company facilities so that not only our employees but also the employees of tenants inside of Aeon Mall as well as local residents are able to work and receive childcare with peace of mind. As of the end of September 2019, 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. The childcare fees are calculated based on hours of care regardless of the day or time period in order to reduce the burden on employees from paying additional fees or arranging secondary childcare.

In FY2018, we have opened nurseries at Aeon Mall Zama, Aeon Town Shunan, THE OUTLETS HIROSHIMA, Aeon Mall Iwaki Onahama, Aeon Mall Hiroshima Gion, Aeon Mall Kumamoto, and Aeon Mall Tsu-Minami. We will continue to support those who are raising children while working.



Aeon Yumemirai Nursery

**Aeon Yumemirai Nursery**

<https://www.aeon.info/diversity/yumemirai.html> (Japanese)

Name of Commercial Facility	Location	Date Nursery Opened
Aeon Mall Natori	Natori City, Miyagi	November 18, 2016
Aeon Mall Iwaki-Onahama	Onahama City, Fukushima	May 28, 2018
Aeon Mall Mitouchihara	Mito City, Ibaragi	December 20, 2016
AEON Lake Town mori	Koshigaya City, Saitama	April 1, 2016
AEON MALL Makuhari New City	Chiba City, Chiba	December 23, 2014
AEON MALL Kisarazu	Kisarazu City, Chiba	October 18, 2014
AEON Style Shonan Chigasaki	Chigasaki City, Kanagawa	April 1, 2016
AEON MALL Zama	Zama City, Kanagawa	March 7, 2018
Aeon Town Fuji Minami	Fuji City, Shizuoka	July 1, 2019
AEON MALL Matsumoto	Matsumoto City, Nagano	September 8, 2017
AEON MALL Tokoname	Tokoname City, Aichi	November 1, 2015
AEON MALL Nagoya Chaya	Nagoya City, Aichi	November 30, 2016
AEON MALL Nagakute	Nagakute City, Aichi	December 1, 2016
AEON MALL Higashiura	Chita-gun, Aichi	April 9, 2019
AEON MALL Tsuminami	Tsu City, Mie	October 29, 2018
AEON MALL Shinkomatsu	Komatsu City, Ishikawa	March 16, 2017
AEON MALL Kyoto Katsuragawa	Kyoto City, Kyoto	March 1, 2015
AEON MALL Kobe Minami	Kobe City, Hyogo	September 11, 2017
THE OUTLETS HIROSHIMA	Hiroshima City, Hiroshima	April 18, 2018
AEON MALL Hiroshima Gion	Hiroshima City, Hiroshima	May 28, 2018
Aeon Town Shunan	Shunan City, Yamaguchi	April 1, 2018
AEON MALL Tokushima	Tokushima City, Tokushima	April 17, 2017
AEON Fukuoka East Shopping Center	Ashiya-gun, Fukuoka	April 1, 2017
AEON Otogane Shopping Center	Onojo City, Fukuoka	July 27, 2017
AEON MALL Saga Yamato	Onojo City, Fukuoka	June 1, 2016
AEON MALL Kumamoto	Kamimashiki-gun, Kumamoto	July 18, 2018
AEON MALL Uki	Uki City, Kumamoto	April 14, 2019
AEON TOWN Aira	Aira City, Kagoshima	April 1, 2017
AEON MALL Okinawa Rycorn	Kitanakagusuku Village, Okinawa	August 1, 2015
AEON Haebaru Shopping Center	Shimajiri-gun, Okinawa	December 16, 2017

\*Affiliated nursery school As of September 2019

**Nurseries Other than Aeon Yumemirai Nurseries Operated by Principal Aeon Group Companies**

Names of Commercial Facility	Location	Date Nursery Opened
Kasumi Co., Ltd.	Kasumi line no Mori nursery	July 16, 2017
WELCIA HOLDINGS CO., LTD.	Well Kids Tsukuba nursery	October 1, 2017

As of September 2019



**Aeon After-school Class**

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



**IkuBoss Alliance**

Moreover, based on the belief that the existence of bosses and organizations that recognize diversity and make use of it in management is key to achieving a balance between work life and child raising, Aeon Co., Ltd. and The Daiei, Inc. became the first retailers to join the IkuBoss\* Alliance in June 2015. As of June 2019, 45 Group companies have joined the IkuBoss Alliance.

Aeon is using its original IkuBoss tests to increase the number of IkuBoss managers within the Group. To date, 22,530 employees have passed the introductory test, and 4,129 have passed the intermediate test.



\*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.

**TOPICS**

**Aeon and Aeon Mall Selected as Nadeshiko Brand Companies in 2019**

Aeon Co., Ltd. and Aeon Mall Co., Ltd. were included in the list of Nadeshiko Brand companies for FY2019 on March 25, 2018. This was the second consecutive time for Aeon and the third for Aeon Mall.

Aeon received high marks for our Group promotion structure, the holding of the Daimanzoku Award to recognize companies that promote diversity, and level-specific seminars.

Meanwhile, 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 operating bases, and a FY2017 change that enabled employees whose employment was tied to specific regions to be promoted to division manager.

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.



**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 (self-help support), and support for leisure activities and health (motivational assistance). We aim to administer various programs contributing to the achievement and enhancement of common welfare to enable Group employees to have a sense of security, solidarity, and pride.

**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 2019, the labor union had roughly 283,000 members, including 230,000 part-time employees. Through workplace meetings in which union members participate, we actively work to incorporate employee feedback and promote efforts to resolve issues based on collaboration between labor and management.

**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 FY2018, the system was implemented targeting the senior management level at 66 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 FY2018, there were 257 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

FY2018, we sought applications for positions at Bio c' Bon Japon Co., Ltd., Digital Dept., Corporate Strategy Dept. and Finance Dept. of Aeon Co., Ltd., Aeonsaveur Co., Ltd. Also, we invited applications for positions at overseas businesses in China and the ASEAN region, including applications to participate in our global training system.

**Internal Certification Systems**

Aeon has established a wide array of internal certification systems for specific jobs. Eight of these certifications have been accredited by the Ministry of Health, Labour and Welfare and recognized for their high quality.



A skills competition for masters of fresh fish preparation

**Internal Certifications and Number of Holders\* (As of the end of February 2019)**

◎ Master of fresh fish preparation (grade 1)	23
◎ Master of fresh fish preparation (grade 2)	1,506
◎ Master of fresh fish preparation (grade 3)	2,684
• Baby advisor	762
• Fashion advisor	1,242
• Liquor advisor	714
• Fish advisor	458
• Digital advisor	256
• Home appliance advisor	74
• General appliance advisor	45
• Cycle advisor	693
• Senior cycle advisor	207
• Beauty advisor	902
• Handcraft advisor	555
• Senior care advisor	28
◎ Hot deli master	2,331
◎ Sushi master	2,182
◎ Farm product master	1,105
◎ Greenery master	672
◎ Gardening master	304
• Energy advisor	552

◎ 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 FY2018, we started providing guidance for 20 12th term students selected from a group of applicants. Approximately 200 employees have been trained and are active in each Group company as of the end of April 2019.



DNA University class



# Collaborating with Communities

## Management Approach

### Recognition of Challenges

Each region faces distinctive social challenges, such as poverty, education, food, healthcare, health, low birthrate, and aging population. Under these circumstances, in many countries and regions, local governments, NPOs and NGOs, and international organizations have been working together to solve these challenges. 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, including the development of products and services that respond to social challenges and smooth business operations through human networks.

### Aeon's Approach

We have established "rooted in local community life and dedicated to making a continuing contribution to the community" as a basic principle, and set out The Local Community and Aeon in the Aeon Code of Conduct formulated in 2003. 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.

### Future Initiatives

Going forward, we will continue to communicate with local people through business activities in order to put into practice its belief that "the retail industry is rooted in the local community." One of these initiatives is the construction of "local community ecosystems" (P83). This aims to achieve a lifestyle and industry platform that supports the sustainable development

of local communities through mechanisms to jointly develop the appeal and competitive edge of a community while its various members, including local people, government administration, and corporations, work together to solve the challenges facing each community.

#### Aeon Code of Conduct—The Local Community and Aeon (Its Partners and Aeon)

Aeon aims to set an example as a good corporate citizen, working together with the community for its growth and the improvement of quality of life.

##### At Aeon, we promote management practices that are in step with the local community.

We believe that Aeon forms a "partnership" with the local community. We proactively exchange information with local partners about the lifestyles of our customers in the community, reflecting local community values in our business practices.

##### At Aeon, we respond to the needs of the local community, and provide a place where people can come together.

We conduct business that anticipates the widely various lifestyle needs of our customers, offering high-quality products and services in convenient and pleasant facilities. At the same time, we provide a place for the local community to gather for educational and information-sharing opportunities.

##### At Aeon, we work in partnership with the local community to promote environmental conservation activities.

We endeavor to bring about clean streets with lush greenery, and support a recycling-oriented society by reusing resources and reducing the amount of garbage we produce as much as possible. Our objective is to be the leading corporation working beyond local and national borders, showing the world how to preserve our beautiful planet Earth.

##### At Aeon, we actively support volunteer activities together with the citizens of local communities.

We actively support welfare and other volunteer activities, working together with those in the local community who share the Aeon philosophy. We believe that both locally and internationally, contact and interaction with others is an important, worthwhile activity.

##### At Aeon, we respect the culture and traditions of local communities, offering support whenever and wherever we can.

We respect the oral traditions and culture handed down over generations in each local community. We support local efforts to discover and preserve these valuable cultural links with the past.

## Highlight

### Supporting the Community through Shopping

Aeon works with customers and people in local communities to invigorate local communities and create a more prosperous society. Through the participation of numerous customers, we are working to expand the scope of our initiatives.

#### Supporting Communities Near Where We Live

##### Aeon Happy Yellow Receipt Campaign

On the 11th of each month, known as Aeon Day, we conduct the Aeon Happy Yellow Receipt Campaign. Under this campaign, which we launched in 2001, we give out yellow receipts, which shoppers can place in boxes. We make donations to various organizations equivalent to 1% of the total amount of receipts given to us on that day. Through FY2018, we had donated items worth ¥324.39 million to around 26,000 organizations.

For instance, the Umigame Network, with which the Maxvalu Tarumi Store in Mie Prefecture is registered, conducts surveys and protection activities involving sea turtles—an endangered species—along the coast of Ise Bay. The campaigns support activities to protect spawning grounds, such as providing pilings and ropes, as well as sourcing survey equipment. By donating the items needed for such activities, we play a role in the community activities of various organizations.



Visiting lecture at a nursery school in the city of Suzuka



#### Supporting Far-Away Hometowns

##### Gotouchi (Regional) WAON Cards

Aeon collaborates with municipal authorities in locations around Japan in issuing *Gotouchi (Regional) WAON* cards. A portion of the amounts used with these prepaid cards is donated to local communities.\* Shoppers purchase e-money prepaid cards corresponding to the community they wish to support, and Aeon donates a certain amount to that community when the customer uses the card for shopping. This program has contributed to numerous communities since its launch in 2009. In FY2019, contributions under the program totaled approximately ¥255.90 million.

In 2011, we issued the *Hokkaido Heritage WAON* card. This card has proven the most popular of our cards to date; 214,348 had been issued as of FY2018, and cumulative donations totaled ¥82,034,506. These donations help fund efforts by the Hokkaido Heritage Council, an NPO to help tourists experience a night train mine cart on a concrete arch bridge on the former JR Shihoro Line railway near the town of Kamishiro. Another initiative, aimed at sustaining Hokkaido's equestrian culture, is to promote the Shin Hidaka international horse-powered tug-o-war.

\* Some cards are excluded.



Promoting the Shin Hidaka international horse-powered tug-o-war



Hokkaido Heritage WAON card



Mine cart experiences to promote tourism at a concrete arch railway bridge

## Community Involvement Making Contributions to Local Communities

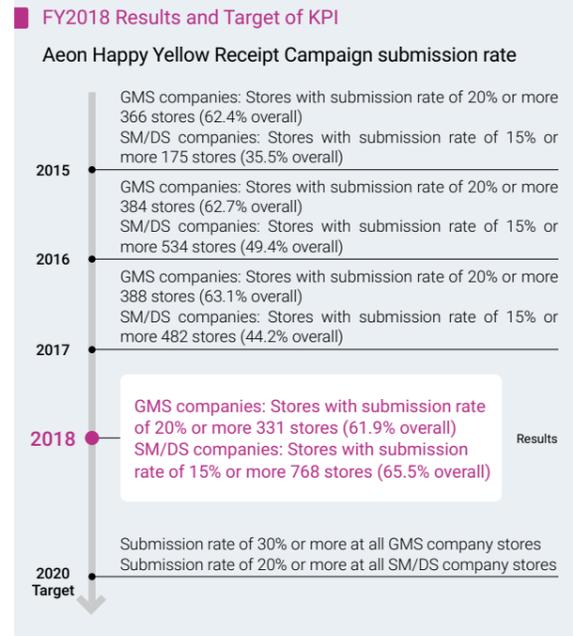
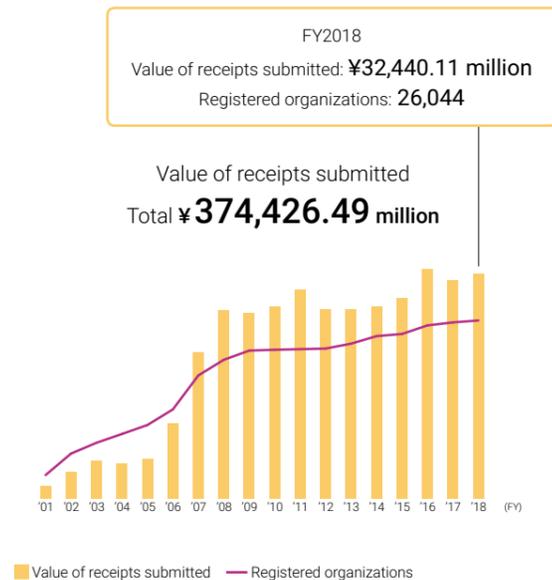
### Aeon Happy Yellow Receipt Campaign

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.

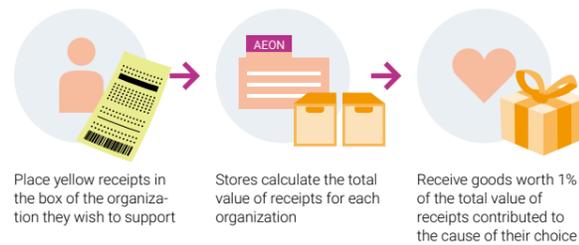
In FY2018, we established as KPIs a receipt submission rate of at least 20% for GMS companies and at least 15% for SM and DS companies. We achieved these targets at 64.3% of stores participating in the campaign. In the 18 years since launching the campaign in 2001, cumulative donations have totaled ¥3,753.75 million, provided to some 319,700 organizations. Aeon China launched this program in 2012, followed by Aeon Thailand and Aeon Cambodia in 2015.

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.

#### Performance to Date of the Aeon Happy Yellow Receipt Campaign



#### How the Aeon Happy Yellow Receipt Campaign Works



As of February 2019, a total of **¥3,753.75 million** 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.

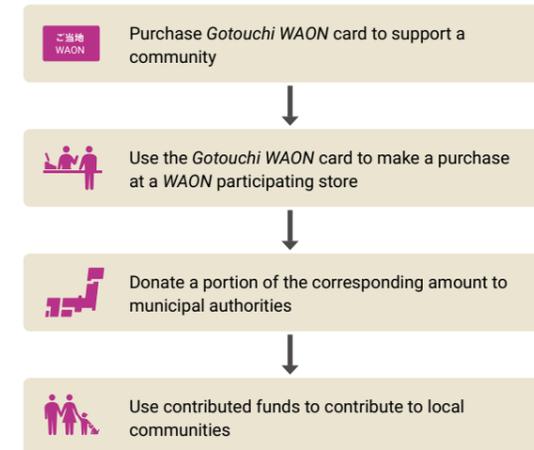
#### Issuing Gotouchi (Regional) WAON Cards

WAON is a system of e-money prepaid cards available at over 383,000 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 2019, we have issued 147 different cards, which reflect distinctive regional identities and include donation functions. The total amount of local contributions comes to about ¥1,528.37 million.

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

As of the end of February 2019

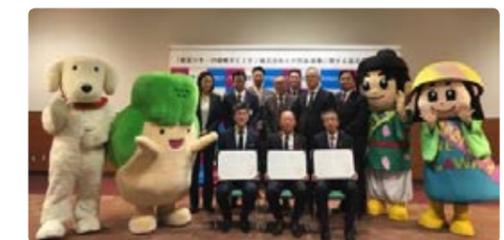


#### Concluding Comprehensive Cooperation Agreements

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.

The first agreement was concluded in June 2010 with the Osaka Prefectural Government. As of the end of February 2019, we had agreements with 44 prefectural governments, 19 government ordinance-designated cities, and 49 cities and towns.

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 Neyagawa City and Shijonawate City

### 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. Through dialogue with the National Federation of Fisheries Cooperatives Association, Aeon intends to continue conducting initiatives that benefit its customers, as well as to help resolve issues associated with marine products.

\* JF Shimane, JF Hiroshima, JF Ishikawa, JF Katase-Enoshima

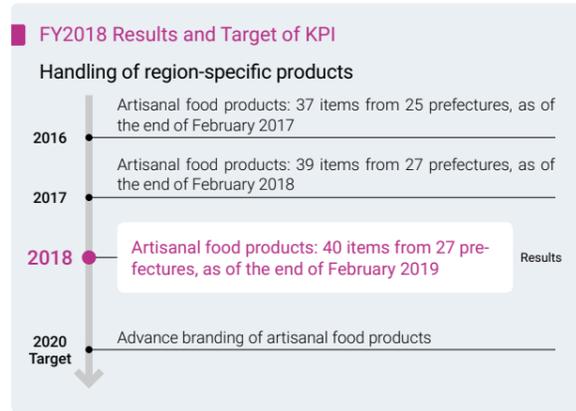
#### Promoting the Food Artisan Project

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 2019, our artisanal food products cover 27 prefectures and 40 dishes, whose unique local flavors are delivered to customers across Japan.



Shimotsuma sweet ripe pears  
Cultivated in the city of Shimotsuma, Ibaraki Prefecture, the fine-grained flesh of these pears is vibrantly sweet. The pears are picked when they ripen, providing a fully mature flavor.



### 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 per employee matched by the employer. As of the end of February 2019, 70,000 Aeon employees from 92 companies are participating in this program.

In FY2018, 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 95 since the inception of the Welfare Fund. In addition, our volunteer activities included roughly 1,900 visits to welfare facilities, with events such as Christmas parties. About 12,000 facilities have been visited thus far.



A welfare vehicle presentation ceremony

### Establishment of Voting Centers

For the 19th nationwide local government elections held on Sunday, April 7, 2019, we established voting centers at 79 Aeon commercial facilities nationwide.

Each day, large numbers of customers visit Aeon stores to shop or have a meal. Customers have responded favorably to our establishment of voting centers for early voting and common 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.



### 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. The children get together once a month or once every two months to participate in Aeon Cheers Club environmental activities.



Studying the solar sharing initiative



Studying power generation networks and electrical energy

"Energy" was our theme in FY2018. Some 7,300 children in approximately 450 clubs around Japan took part in the activities.

The National Meetings were held in Okinawa and Hokkaido, in July and August 2018, respectively. A total of 50 clubs, representing the top clubs selected at regional meetings, and 223 awardees gathered, with each club reporting on learning outcomes for the year and participating in nature experience programs.

In FY2019, we plan to conduct activities themed on the sun.



Making yushidofu, or fluffy tofu (event in Okinawa)



Rafting in the Shiribetsu River (event in Hokkaido)



**Expansion in China and ASEAN Region**

The Aeon Cheers Club began activities at Aeon Malaysia in 2012 and at Aeon China in 2014. Approximately 1,087 children have participated in activities at about 36 clubs in Aeon Malaysia, while around 2,707 children have participated in activities at about 71 clubs in Aeon China.

We held the first nationwide events in China in 2018, attracting the participation of 27 children from 13 clubs in seven areas (Beijing, Tianjin, Qingdao, Suzhou, Wuhan, Guangzhou, and Hong Kong). The events helped enhance the children's understanding of the natural environment through camping, outdoor cooking, observation of night insects, and the making of recycled crafts using glass bottles.



Making recycled crafts (China Aeon Cheers Club National Meeting)



Joint participation in a teamwork-building game (China Aeon Cheers Club National Meeting)

**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 learn about environmentally friendly vegetable production, innovations for safety and security, and the commitment to taste, while having fun by visiting TOPVALU production sites around Japan and farms managed by Group company Aeon Agri Create Co., Ltd. to experience farming, including vegetable harvesting and packaging.

In FY2018, 512 children from 38 Aeon Cheers Clubs took part in 17 visits to 14 production sites. A cumulative total of 5,740 children have participated in visits to 140 production sites as of FY2018.

The Aeon Cheers Club Farmers' Program offers opportunities for children to continue experiencing and studying the growth processes of crops. Some 689 children from 18 Aeon Cheers Clubs have participated in the program at nine locations nationwide. The locations were 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, 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.

In FY2019, we will expand the program to 11 locations around Japan.



Children experiencing sales at Aeon Style Tokushima of Romanesco broccoli they had grown from seeds

**UNESCO Biosphere Reserve Collaboration Program**

In August 2017, the Japan UNESCO Biosphere Reserve Network and the AEON Environmental Foundation concluded the first such collaboration agreement in Japan. As part of this agreement, the Minakami UNESCO Biosphere Reserve and the Aeon Cheers Club collaborated to introduce a continuous learning program. The first study group meeting involved learning about the reserve. In later sessions, club members visited the Minakami UNESCO Biosphere Reserve, experiencing the outdoors and learning about symbiosis with biodiversity and nature.

Meetings have been held three times, with participation from a total of 44 members of the Takasaki Aeon Cheers Club.



Minakami UNESCO biosphere reserve activity in Ichinokura

**TOPICS**

**Children from the Aeon Cheers Club Conduct River Water Quality Surveys to Coincide with World Environment Day**

Children from the Aeon Cheers Club participated in a nationwide effort to survey nearby water environments being conducted by the Nationwide Water Environment Mapping Committee. In this effort, 480 members of 44 clubs took part in river water quality surveys and cleanup efforts. The children used designated testing kits to measure the extent of water pollution, learn about water environments in their vicinity, and gain a better understanding of the rivers that serve as habitats for fish and aquatic insects. Survey results are reported officially in maps produced by the Nationwide Water Environment Mapping Committee, which are expected to assist in determining changes in water environments and the reasons for those changes, as well as to connect with water quality improvements and preparing environments near waterways.

As specific actions for preserving water environments, we are in agreement with the Ministry of the Environment's Zero Marine Waste Week, and children in the cheers clubs learned how household waste can be wasted downriver and into the ocean, polluting water environments.



Tsuchizaki Aeon Cheers Club (Akita Prefecture)



Ichikawa Myoden Aeon Cheers Club (Chiba Prefecture)

**Aeon Sucusuku Laboratory**

The Aeon Sucusuku Laboratory has been carried out every year since FY2007 in order to assist those raising children. This program focuses on families raising children in areas across Japan and includes seminars on childcare led by experts in the field, as well as the singing of Japanese nursery rhymes and songs with both children and parents enjoying a meaningful chance to sing together.

In FY2018, Aeon Sucusuku Laboratory was held in three cities across Japan. A total of 359 people attended the sessions, including 226 adults and 133 children. As of the end of March 2019, the Aeon Sucusuku Laboratory has been held a total of 52 times involving a total of approximately 10,000 participants.

In FY2019, we plan on holding three sessions nationwide.



Child-rearing seminar by Katsumi Tokuda, Professor, Faculty of Medicine, University of Tsukuba



Nursery rhyme concert by the sisters Saori Yuki and Yoko Yasuda

**TOPVALU Project for Specially Cultivated Rice**

The TOPVALU Project for Specially Cultivated Rice was conducted at three schools in three prefectures with the hope of having children learn about the nature we are blessed with and the importance of food through the cultivation of rice. This is an ongoing effort undertaken with local agricultural cooperatives, government administration, and educational committees to teach children about food and sustenance by allowing them to experience the production process, from planting through harvest, and ultimately, the sale of rice at a retail store, with activities tailored to each region of each prefecture.



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



Rice-selling experience (Shibutami Elementary School, Iwate Prefecture)



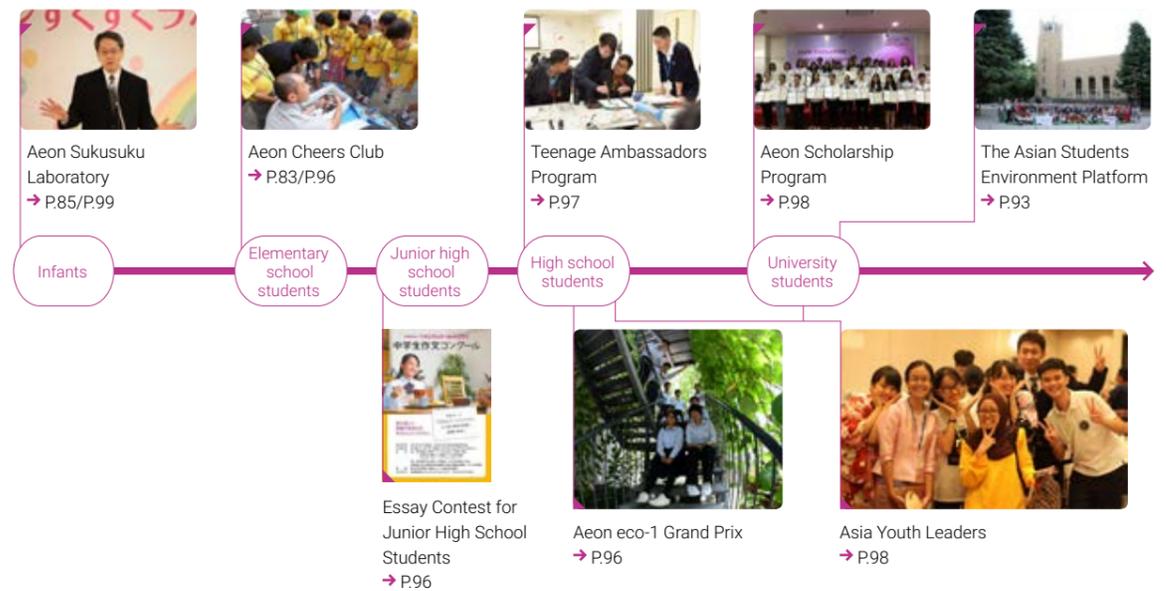
Rice-planting experience (Kyowa Elementary School, Akita Prefecture)



Rice-harvesting experience (Kyowa Elementary School, Akita Prefecture)

**Initiatives of Aeon and 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.



TOPICS

Opening of the Hiraoka Children's Cafeteria b at Aeon Mall Sapporo Hiraoka as a Community Space for Interacting with the Next Generation

In cooperation with the NPO Tasukeai Fukuro Kiyoda, in February 2019 Aeon Hokkaido Corporation opened its first Hiraoka Children's Cafeteria b (flat) within the employees' cafeteria of the Aeon Mall Sapporo Hiraoka. Having become aware of the social problem of children having to eat alone at home, we opened this children's cafeteria to provide evening meals for children free of charge or at low cost. Hiraoka Children's Cafeteria b (flat) provides a place for children and their parents to eat dinner. Volunteer staff are also on hand to play traditional children's games like cup and ball and spin the top and make pressed flower art, providing a venue for communication.



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 FY2018, ¥4,330,086 from 384.00 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 Committee, Vaccines for the World's Children

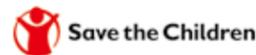
\*2 Number of caps collected between March 1, 2018 and February 28, 2019



Children enjoying reading at a library



Providing nutritious food to children in Vietnam



A child brought to receive vaccination



TOPICS

Donating Around 240,000 Meals to Children in Need in Asia and Africa

Aeon participated in Riceball Action 2018, a campaign sponsored by the NPO TABLE FOR TWO International.\*1 Over a 14-day period from October 10 to 23, 2019, some 450 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 2018 the campaign provided children in Africa and Asia with 238,531 nutritious meals, equivalent to a year's worth of food for 1,192 people.\*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 per meal, equivalent to 200 meals per year

● Fundraising Activities (FY2018)

Activity	Activity period	Number of participating stores and locations	Donations from customers and employees nationwide (¥)	AEON 1% Club donations (¥)	Donations through TOPVALU products (¥)	Total (¥)	Donees
Donation for support of school establishment in Myanmar	April 1, 2018 to May 27, 2018	7,728	31,243,452	18,756,548	—	50,000,000	ADRA Japan
24-hour television 41 fundraising	June 8, 2018 to September 2, 2018	10,037	273,587,134	—	—	273,587,134	24-Hour Television Charity Committee
Aeon and UNICEF Safe Water Campaign Fund	October 1, 2018 to October 9, 2018 October 22, 2018 to November 11, 2018	7,076	13,339,826	10,660,174	4,414,320	28,414,320	Japan Committee for UNICEF
Fundraising for support of people with disabilities in Asia	November 15, 2018 to December 16, 2018	7,315	17,207,802	12,792,198	847,005	30,847,005	Association for Aid and Relief, Japan (AAR Japan)
Fundraising for support of manufacturing by people with disabilities	February 9, 2019 to March 10, 2019	7,234	19,441,315	19,296,830	—	38,738,145	Association for Aid and Relief, Japan (AAR Japan)
<b>Total</b>			<b>354,819,529</b>	<b>61,505,750</b>	<b>5,261,325</b>	<b>421,586,604</b>	

● Continuous Fundraising Activities

Activity	Activity period	Funds raised from customers and employees (¥)	Cumulative total (¥)	Donees
Red Feather Community Chest	October 1, 2018 to December 31, 2018	18,947,946	332,335,403	Central Community Chest of Japan

● Emergency Relief Fundraising Activities

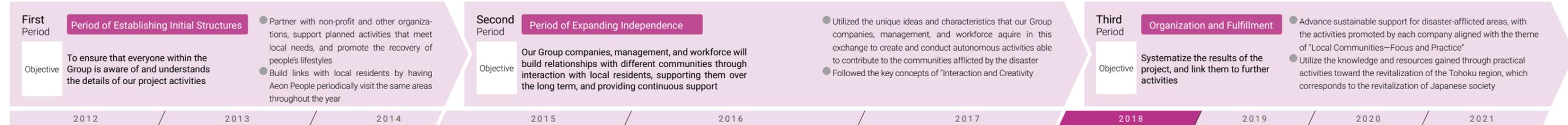
Activity	Activity period	Number of participating stores and locations	Donations from customers and employees nationwide (¥)	AEON 1% Club donations (¥)	AEON Environmental Foundation	Subvention from Aeon Group companies	Total (¥)	Donees
Fundraising for the emergency relief of those affected by torrential rain in July 2018 (Phase 1)	July 9, 2018 to July 31, 2018	9,330	121,882,675	30,000,000	—	—	151,882,675	Hiroshima, Okayama, Ehime Prefecture
Fundraising for the emergency relief of those affected by torrential rain in July 2018 (Phase 2)	August 1, 2018 to August 31, 2018	7,534	74,734,259	—	—	—	74,734,259	Hiroshima, Okayama, Ehime Prefecture
Fundraising for the emergency relief of those affected by Typhoon #21 in 2018 and the 2018 Hokkaido Eastern Iburi Earthquake	September 7, 2018 to September 24, 2018	9,735	58,527,455	20,000,000	8,000,000	—	86,527,455	Osaka Prefecture Hokkaido, Sapporo City, Atsuma Town, Mukawa Town
Fundraising for the emergency relief of those affected by an earthquake and tsunami in Sulawesi, Indonesia	October 10, 2018 to October 21, 2018	7,525	12,377,871 (1.6 billion IDR)	5,000,000 (0.65 billion IDR)	—	—	17,377,871	Badan Amil Zakat Nasional
Fundraising for the emergency relief of those affected by flooding in Myanmar	August 13, 2018 to August 18, 2018	12	Aeon Orange Co., Ltd. (Donations, subventions) \$2,000	\$20,000	—	Aeon Micro Finance \$2,000 Aeon Thana Shinsap (Thailand) Plc. \$10,000	\$34,000	Myanmar Union Minister for Social Welfare, Relief and Resettlement

# Activity Report for Third Period of Project Aeon Joining Hands (FY2018)

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 advancing this project to connect learning and networks through project activities energizing the local industries of disaster-afflicted areas. 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 10-Year Project



## 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.

## 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



September 2018  
Second Ishimaki reconstruction forest-building tree-planting ceremony

Aeon's support of recovery efforts as of the end of February 2019

Number of trees planted in affected areas

**299,879**

At a tree-planting ceremony at Arahama, Sendai, on March 9, 2019, we achieved our goal of planting 300,000 trees by 2021 earlier than projected.

## 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  
3rd volunteer gathering



September 2017  
Fourth group of volunteers from Tokyo



November 2018  
Eight group of volunteers from Tokyo (Marumori Town, Miyagi Prefecture)

Aeon's support of recovery efforts as of the end of February 2019

Employees who participated in the affected areas as volunteers

**Total 3,648**

## Aeon Future Co-creation Program

- 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

- \* Six regions in Iwate, Miyagi, and Fukushima prefectures
1. Kamaishi City and Otsuchi Town, Iwate Prefecture
  2. Kome-dori, Tono City, Iwate Prefecture
  3. Oshima, Kesenuma City, Miyagi Prefecture
  4. Marumori Town, Miyagi Prefecture
  5. Minamisanriku Town, Miyagi Prefecture
  6. Namie Town (Nihonmatsu City), Fukushima Prefecture
  7. Odaka, Minamisoma City, Fukushima Prefecture
  8. Kagamiishi Town, Fukushima Prefecture

In 2018, we added two areas (the towns of Minami Sanriku, Miyagi Prefecture, and Kagamiishi, Fukushima Prefecture), bringing the total to eight regions.



Development of "Hokki-meshi bento lunch box" by ODAKA Industrial Technology and Commerce High School and Aeon Retail Co., Ltd.



Creation of products from yuzu (citrus junos) in Oshima, Kesenuma City



October 2018  
Otsuchi-cho Kanezawa Cresson Project

## 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-affected areas



April 2018  
Publicity for products from the city of Minamisoma at a joint trade fair with the Aeon Council

Aeon's support of recovery efforts as of the end of February 2019

Employees who participated in volunteer activities in and around the Company

**Total 328,979**

At the end of August 2018, we reached our goal of 300,000 volunteers earlier than expected.

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



# “Bustling Tohoku—Connect with Hometown Power” Main FY2017 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.

### 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

### 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.



The bustle on opening day

### Opening the Aeon Namie Store, a Supermarket That Had Been Hoped for Since the Earthquake

Before the Great East Japan Earthquake, the town of Namie, Fukushima Prefecture, had a population of around 21,400. As of the end of May 2019, when the order or evacuation of the area had been lifted, the town's population had declined to 1,051. With the restoration of electricity and gas services and the reopening of public transportation and schools, the town has been working to put lifestyle infrastructure back in place. However, an essential piece of infrastructure—a place to shop—had been missing. In July 2019, we opened the hoped-for store to the south of Namie's town hall.



Marine products Udo, a local fishing port

The store provides some 12,000 items, including locally caught fish, other food items, and everyday necessities. We have also set up an order-based service using specialized tablets, allowing customers to place orders for items not in stock, such as bedding, large furniture, and baby products. We have installed an eat-in space as part of sales activities aimed at making the store a lifestyle hub for the community.

Before opening the store, in February 2019 Aeon Retail Co., Ltd. signed a memorandum related to the creation of a commercial environment in the town of Namie. Under this agreement, the two parties agreed to cooperate in establishing a commercial environment that would encourage people to return to the town of Namie and promote a variety of initiatives to bring smiles to residents' faces and energize the town.



Aeon Namie



Planting fragrant olive memorial trees



An Aeon Yumemirai Nursery School (Other Regions)

### 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.

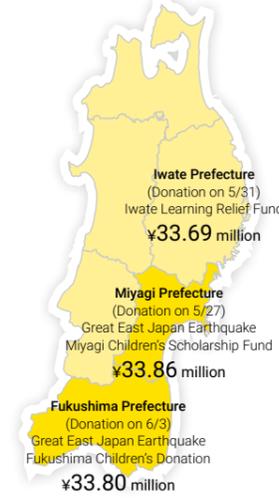
### 3. Environmental and social contribution activities that “co-create” the future of the region

We are also working with the people of local communities on environmental and social issues through Project Aeon Joining Hands (P88). This is supporting the healthy growth of Tohoku, urbanization, and the children of the region.

### 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 2013, total donations toward initiatives to support children have amounted to ¥1,013.81 million.



In March 2019, we donated approximately ¥101.36 million to support the futures of children in Tohoku.

### 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 by the spring of 2019 was ¥35,359,280.



### 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.



Aeon's private power generators

We have already completed the installation of these facilities at 51 stores and aim to have more than 100 stores outfitted by 2020.

### 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.

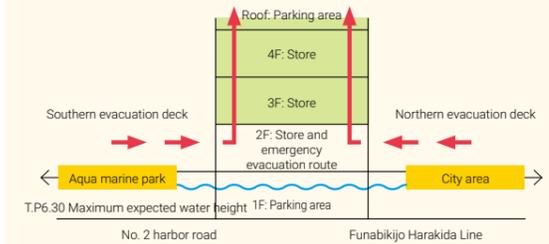
### Opening Aeon Mall Iwaki-Onahama as a Disaster Prevention Mall

Learning from the experience of the Great East Japan Earthquake, in June 2018 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.



Aeon Mall Iwaki-Onahama

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 pilot 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.



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

### AEON Environmental Foundation

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



### AEON Forest Programs

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

During FY2018 in Japan, tree planting activities were conducted in conjunction with the Nationwide Tree Planting Festival Fukushima 2018 Satellite Location as well as in Matsusaka, Mie Prefecture; Watari, Miyagi Prefecture; Aya, Miyazaki Prefecture; Taketa, Oita Prefecture; Chiba, Chiba Prefecture; and Okinawa Prefecture. Overseas, tree planting activities will be implemented in Yangon, Myanmar and Jakarta, Indonesia.

In 2019, tree planting activities will be conducted in Minamifurano, Hokkaido; Matsusaka, Mie Prefecture; Ishinomaki, Miyagi Prefecture; Sanmu, Chiba Prefecture; and Kujukuri Beach, Chiba Prefecture. Overseas, these activities will take place in Wuhan, China; Jakarta, Indonesia; Bidor, Malaysia; and Hanoi, Vietnam.

#### Tree Planting Activities



Watari, Miyagi Prefecture



Yangon, Myanmar



Matsusaka, Mie Prefecture



Jakarta, Indonesia

### Environmental Assistance

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

In an effort to pass on a bountiful natural environment to the next generation and achieve a sustainable society, every year since its establishment the AEON Environmental Foundation has awarded an annual amount totaling around 100 million yen to various foundations conducting activities around the world. To respond immediately in our grant-making categories to the changing times, for our 28th grants (FY2018), we added "education on the natural environment" as a new category to support development of the next generation.

In 2018, 90.89 million yen was awarded to 102 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 2,948 organizations have been awarded grants, with a total of 2,682.89 million yen in grant money. In June 2018, we held the first activity report by supported organizations at Aeon Mall Takasaki.

#### 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	21th	60	64.94
8th	129	99.50	22th	73	86.11
9th	130	100.00	23th	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

Total Organizations supported to date: 2,948  
Cumulative grant money: 2,682.89 million yen (as of February 2019)



The Association for Fostering a Green Globe  
Area of activity: Tsukuba, Ibaraki Prefecture



Environmental activity reporting meeting (Aeon Mall Takasaki)

## Promoting Environmental Education



### Asian Students Environment Platform (ASEP)

The Asian Students Environment Platform (ASEP) has been held annually since FY2012. With the objective of developing human resources who will be active globally in the field of the environment, this forum gathers university students from across Asia to exchange views on biodiversity while learning about differences in the natural environment, history, culture, and values of each other's countries.

FY2018 was the seventh year for ASEP. We welcomed the Yangon University of Economics as a new member. This year's theme was "Gifts from the Rainforest." In line with this theme, a total of 72 students from nine universities in nine countries gathered to conduct fieldwork around Kuala Lumpur, Malaysia. Through related activities, students learned about the rainforest environment and considered problems with the ecosystem. At the same time, they gained a deeper understanding of the harmony between people and nature and initiatives targeting a sustainable society. On the final day, they recommended "harmony with nature and passing it on to the next generation."

In FY2019, ASEP will take place in Cambodia under the theme of "Ensuring Sustainable Peace."

#### Countries Participating in ASEP



7th Meeting of the Asian Students Environment Platform (ASEP) in Malaysia

### AEON Environmental Seminar 2018

We hold the AEON Environmental Seminar, which began in 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 in Asia, while fostering environmentally oriented human resources. The seminar in FY2018 was our third, and was held in Indonesia. The theme was "SDGs+1, A Proposal from Asia," and content included seminars by environmental experts, as well as spirited debate over how to build sustainability toward SDGs+1.

In FY2019, the seminar will be held at Chulalongkorn University in Thailand and themed "Now what actions should we take?"



AEON Environmental Seminar (Universitas Indonesia)

### AEON Future Earth Forum

The AEON Environmental Foundation has held the AEON Future Earth Forum in collaboration with the University of Tokyo since FY2017. The third forum, in FY2018, was held at the University of Tokyo's Yasuda Auditorium and themed "The Blessings of Nature." Following an expert's keynote lecture, the high school and university students joined the forum to take part in a panel discussion across multiple generations.



The third AEON Future Earth Forum at the University of Tokyo's Yasuda Auditorium

AEON Environmental Foundation

EcoPro 2018

AEON exhibited at EcoPro 2018, one of Japan's largest environmental exhibitions, held at Tokyo Big Sight. During the three days, a large number of children visited our booth and studied about Aeon's environmental activities, in addition to making straps from acorns and thinned wood from UNESCO Biosphere Reserves across Japan.



The Aeon Environmental Foundation's booth at EcoPro 2018

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.

In FY2018, we provided systems to three elementary and junior high schools in Hong Kong. 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 Shanghai Alumni 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 (with the latter award being an international prize). With these two awards, we publicly honor individuals and organizations every other year for outstanding environmental conservation activities.

In 2018, the MIDORI Prize for Biodiversity (international prize) was awarded for the fifth time. The winners were Dr. Kathy MacKinnon, chair of the International Union for Conservation of Nature (IUCN) World Commission on Protected Areas (WCPA); Mr. Assad Serhal, Director General of the Society for the Protection of Nature in Lebanon (SPNL); and Dr. Abdul Hamid Zakri, Joint-Chair of the Malaysian Industry-Government Group for High Technology.

In 2019, the Japan Awards for Biodiversity (domestic prize) will be awarded.



Presentation ceremony and recipient forum Palace Hotel (Tokyo)

Collaboration with Japanese Biosphere Reserve Network

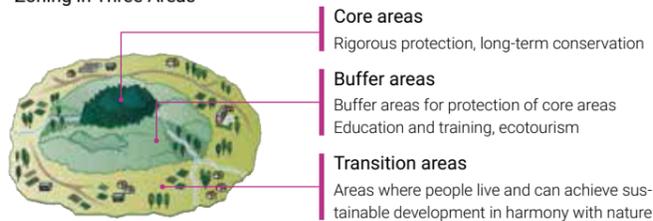
In 2017, the Japanese Biosphere Reserve Network and the AEON Environmental Foundation concluded the first collaboration agreement in Japan related to the three functions (conservation, economic and social development, and academic research support) of Japanese biosphere reserves. The aim of this agreement is harmony between "ecological conservation" and "sustainable use."

This collaboration agreement was concluded on the basis of the AEON Environmental Foundation's support for 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 July 2018, there were a total of 686 registered UNESCO biosphere reserves in 122 countries. 10 biosphere 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



Takasaki Aeon Cheers Club fieldwork Ichinokura (Minakami Biosphere Reserve)



Shiga Highlands UNESCO Biosphere Reserve Fair (Aeon Mall Matsumoto)

UNESCO Biosphere Reserves in Japan




**AEON Environmental Foundation**  
<https://www.aeon.info/ef/en/>

AEON 1% Club Foundation

AEON 1% Club Foundation

The AEON 1% Club Foundation, which celebrated its 30th anniversary in 2019, was established in 1989 with the philosophy that Aeon is a company that makes proper use of the benefits received from customers for the future and for the community. Our activities are centered on the sound upbringing of children who will lead the next generation, the promotion of international friendship and goodwill, and sustainable development of the local community. Major companies within the Aeon Group contribute 1% of their pretax profits.



Sound Development of the Next Generation

AEON Cheers Club

The AEON Cheers Club provides hands-on opportunities for first- through ninth-grade students to learn about the environment. Young people can come together once a month or once every two months to participate in the AEON Cheers Club environmental activities.

The theme for FY2018 was "energy." Some 7,265 children from 448 clubs around Japan participated in activities. In July and August 2018, the eighth AEON Cheers Club National Meetings were held in Okinawa and Hokkaido, respectively. A total of 50 clubs, representing the top clubs selected at regional meetings, and 225 awardees gathered, with all participating in nature experience programs.

In FY2019, we plan to conduct activities themed on the sun.



Experiencing rice harvesting in a farmers program

AEON Eco-1 Grand Prix

The AEON Eco-1 Grand Prix recognizes commendable eco-activities 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.

Area meetings were held at two new locations in FY2018, Okayama and Osaka, in the aim of widening the "circle of ecology."



Experience in removing the Uchida crayfish, an introduced species

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. In FY2018, we received a total of 313 essays on the theme of "Thanking the Cook: Gratitude for Memorable Meals and Dishes." Recipients of the Gold Prize were able to learn about making local Aichi cuisine. Through these experiences, they were able to deepen their understanding of dietary education.



Reading aloud and introducing items receiving gold prizes

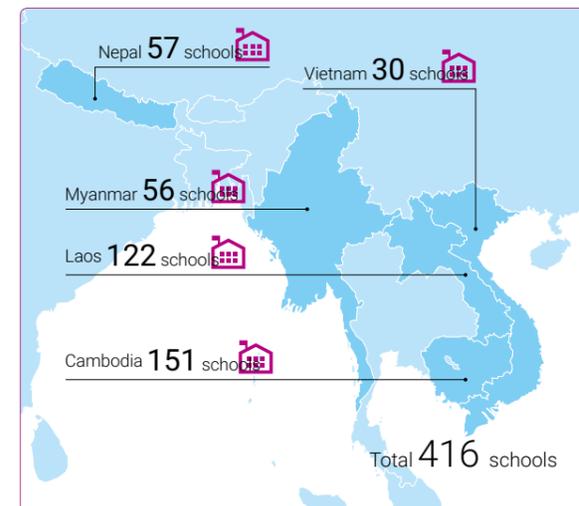
School Construction Support Project

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 416 schools in five countries: Nepal, Vietnam, Laos, Myanmar, and Cambodia. Some 370,000 students are studying at the schools that have been constructed.

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. Part of the opening ceremonies have included a concert featuring children's songs performed by sisters Saori Yuki and Sachiko Yasuda, in addition to visits by participants who came from Japan in order to share in the joy of the events. In FY2019, we plan to support school construction and teacher training in Myanmar.



Children having fun in their new classroom (Myanmar)



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. To date, the campaign has brought safe

drinking water to approximately 524,000 people in three countries (Myanmar, Laos, and Cambodia), while it has also lessened the labor required to collect water, which thereby allows more children to attend school.

In FY2019, we plan to continue to carry out the campaign in Cambodia and Myanmar.



Children washing their hands at a water supply facility installed at a school (Myanmar)

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 2,670 students from 18 countries (including Japan) participating to date. In FY2018, as one of the activities marking the foundation's 30th anniversary of establishment, the Japan-China Teenage Ambassadors held a commemorative program. Numerous participants from past years and others attended the program, which looked back on the past 10 years and provided an opportunity to broaden the circle of friendship across generations.



Japanese and Chinese high school students on a courtesy visit to the Chinese Foreign Ministry

Japan-ASEAN Teenage Ambassadors

Since the first 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. The FY2018 theme was disaster prevention, and Thai high school students visited their partner countries. Learning about history and culture provided the children with an opportunity to reflect more deeply on their own country.



Thai high school students experiencing a class in Japan

● 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 1,271 high school students from Japan and China have become small ambassadors for building bonds of friendship. In FY2019, exchanges will be held with Beijing, Wuhan, and Suzhou.

These activities have been confirmed with Japan's Foreign Ministry as anniversary events surrounding the Japan–China Youth Exchange Promotion Year.



Visiting Aeon's Mikasa Farm in Hokkaido at peak melon-harvesting season

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. A total of 722 students with different backgrounds from six countries (Indonesia, Thailand, China, Japan, Vietnam, and Malaysia) explore solutions to issues through debates and dialogues in English to foster global sensitivity and mutual understanding of diverse values.

During the designated Mekong–Japan Exchange Year, in FY2019 we will invite children from a total of nine countries (adding Cambodia, Myanmar, and Laos) and meeting in Hanoi, Vietnam.



Winning team in the ninth program (Indonesia)

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 6,302 students at 37 universities in seven countries.



Holding up a certificate from the Yangon University of Foreign Languages 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 FY2018, we provided support for 75 events, while also assisting with hosting a Traditional Handicrafts Exhibition under the theme of "Look, Use, Enjoy, and Buy." The event helped bring traditional handicrafts closer to people's lives.



Morioka Sansa Odori festival in Iwate

● 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.



Yukura Temple in Hakodate, Hokkaido

In FY2018, readings were held at Yukura Temple in Hakodate, Hokkaido and Amaterasu Shinmeigu in Date, Fukushima Prefecture

● 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. 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.

In FY2018, activities were held at three locations in Japan, increasing the total of activities to 52, for 9,973 participants, by the end of March 2019. In FY2019, we plan to hold activities in Sano New City, Akita, and Tottori Prefecture.



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.



Child able to attend class with others thanks to a special walker

● 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.



Sorting potatoes

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. Furthermore, looking toward the future, we are implementing initiatives to support further development in areas affected by the Great East Japan Earthquake.

● 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.



Fukushima children experiencing nature at Afan Woodland

● 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 FY2018, we provided support in relation to the heavy downpours in Western Japan in 2018, flooding in Myanmar, the 2018 Hokkaido Eastern Iburi Earthquake, an earthquake in Sulawesi, Indonesia, and Typhoon No. 21.



Presentation of emergency financial support for recovery from an earthquake in Sulawesi, Indonesia



Presentation of emergency financial support for recovery from heavy downpours in Western Japan in 2018

● 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.



Child using a sewing machine to sew cloth items



AEON 1% Club Foundation  
<http://aeon1p.or.jp/1p/en/>

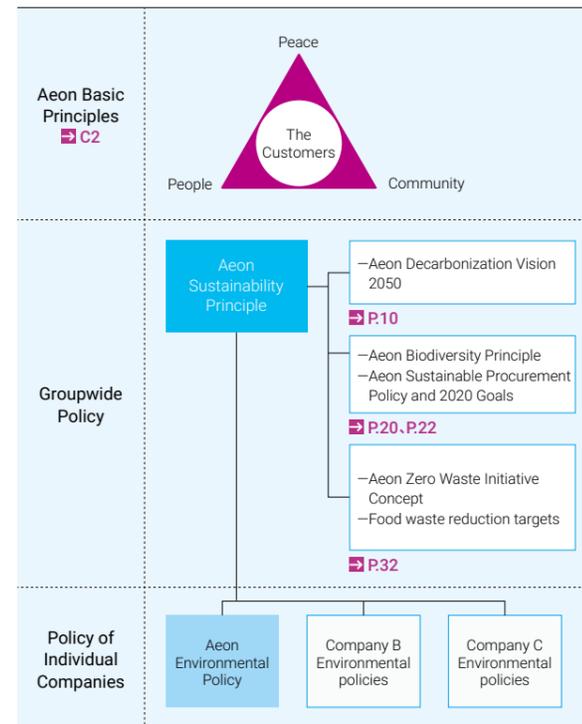
Environmental Policy System

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.

- We will strive to reduce the emission of greenhouse gases in all of our business activities in order to realize a low-carbon society.
  - We will continually improve the energy efficiency of our stores.
  - We will strive to reduce the emission of greenhouse gases in all phases of our products' supply chain.
- We will promote conservation activities and ascertain the benefits and impact of our business activities on natural ecosystems.
  - We will strive to develop and procure products that use properly managed resources in consideration of sustainability.
  - We will promote tree planting and raising activities as well as undertake activities that safeguard the ecosystems of local communities.
- We will strive to implement resource recycling initiatives in order to use resources in a sustainable manner.
  - We will promote "reduce, reuse, and recycle" for all the resources we use.
  - We will strive to select raw and general materials that have lower impact on the environment.
- 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.
- We will develop partnerships with many stakeholders, including our customers, and widen the reach of our initiatives.

Revised March 2018

Motoya Okada  
President and Representative Executive Officer  
Aeon Co., Ltd.

\* The Aeon Environmental Policy is applied in the following Group companies: 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 2019, 36 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 the end February 2019)

Company	Company
Aeon Co., Ltd.	Aeon Kyushu Co., Ltd.
Aeon Retail Co., Ltd.	Aeon Credit Service Co., Ltd.
Aeon Supercenter Co., Ltd.	Aeon Ryukyu Co., Ltd.
Maxvalu Minami Tohoku Co., Ltd.	Maxvalu Kyushu Co., Ltd.
Maxvalu Kanto Co., Ltd.	Maxvalu Hokkaido Co., Ltd.
Maxvalu Nagano Co., Ltd.	Aeon Delight Co., LTD.
Maxvalu Hokuriku Co., Ltd.	Mega Sports Co., Ltd.
Aeon Integrated Business Service Co., Ltd.	Cox Co., LTD.
Aeon Big Co., Ltd.	Maxvalu Tokai Co., Ltd.*
Aeon Retail Store Co., Ltd.	Research Institute for Quality Living Co., Ltd.
My Basket Co., Ltd. Head Office	Aeon Hokkaido Co., Ltd.
Aeon Bike Co., Ltd. Head Office	Aeon Global SCM Co., Ltd.
Aeonliquor Co., Ltd. Head Office	Guangdong Aeon Teem Co., Ltd.
Maxvalu Tohoku Co., Ltd.	The Daiel, Inc.
Aeon Food Supply Ltd.	Aeon Market Co., Ltd.
Maxvalu Nishinohon Co., Ltd.	The Maruetsu, Inc.
Maxvalu Chubu Co., Ltd.*	Aeon Delight (Jiangsu) Co., Ltd.
Aeon Mall Co., Ltd.	Aeon Delight (Wuhan) Co., Ltd.

Total operating revenue from the 36 companies that have received ISO 14001 certification exceeds 70% of the Group's total.

\* On September 1, 2019, Maxvalu Chubu Co., Ltd. and Maxvalu Tokai Co., Ltd. underwent management integration, forming Maxvalu Tokai Co., Ltd.

TOPICS

Initiatives at Aeon Credit Service Co., Ltd.

Taking the impact of our business activities on the environment into consideration, we are acquiring ISO 14001 certification with the aim of managing and promoting our environmental initiatives systematically. Aeon Credit Service Co., Ltd. set "reducing environmental impact by improving business efficiencies" as its environmental objective. With this goal in mind, the company introduced various initiatives for working with customers to reduce paper. These measures included using tablets for credit card applications and transitioning to Internet-based credit card statements that can be viewed on the Web rather than physically mailing out paper documents. 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 FY2018, thanks to the cooperation of numerous customers we succeeded in reducing annual CO<sub>2</sub> emissions by 19,500 tonnes. In FY2019, Aeon Credit Service plans to make Web-based statements the standard service offering, and aims to reduce CO<sub>2</sub> emissions by 42,500 tonnes as a result.

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 principles and policies 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. As of February 2019, a total of 2,062 employees have attended the seminars since 2000, when the ISO 14001 certification was acquired.

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. The company's medium-term environmental policy includes the goal of having all employees pass the Eco Test. To that end, the entire company is pursuing initiatives such as environmental training for employees.

**Aeon Delight Co., Ltd. Initiatives**

Based on the Act on Rational Use and Appropriate Management of Fluorocarbons, which restricts emissions on fluorocarbons that can cause global warming and ozone layer depletion, 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 has also trained technicians on handling class I refrigeration fluorocarbons, as certified testers. In FY2018, Aeon Delight had 554 certified testers.

**Branshes Co., Ltd. Initiatives**

Branshes received the Outstanding Performance Award in the Unit Department at the Eco Kentei Awards 2018, 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." This marked the sixth consecutive year of awards for Branshes.

As of May 2019, the company has donated ¥525,000 raised through the sale of 14,739 hand towels to help revitalize 238 coral beds. As a new initiative, the company has begun introducing Fairtrade products. Branshes will sell message cards (using paper handmade from banana skins) and continue operating a workshop where children and parents can use materials.

\*The Eco Kentei Awards celebrate achievements by "eco-people" and "eco-units" (companies and groups) that serve as model efforts for environmental activities.

**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 also 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 FY2018, out of 26,317 eligible people, 47 people received awards.

FY2018 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 5% of FY2016 * Target varies according to company	Target: 2,102,900 kWh Result: 2,148,094 kWh Stated target: 102.2% Comparison last year: 101.2% Companies reaching targets: Maxvalu Kanto Co., Ltd. Aeon Supercenter Co., Ltd. Aeon Big Co., Ltd.	△	Aeon Co., Ltd. Each Group company
Resources	Stores	<b>Reduce cost of materials</b> Scope: Polyester bags for clothing, sundries, and food, standard polyester bags, etc. Vs. fiscal 2016 Reduction of at least 10% * Target varies according to company	Target: 549,118 JPY Result: 564,658 JPY Stated target: 102.8% Comparison last year: 98.1% Companies reaching targets: Maxvalu Hokuriku Co., Ltd. Aeon Supercenter Co., Ltd. Aeon Big Co., Ltd. * Only Maxvalu Kanto measures by weight. Result was 101.2% of target.	△	Aeon Co., Ltd. Each Group company
		<b>Maintain food waste-to-sales ratio at below 0.48%</b> * Target varies according to company	<Average> Result: 0.486% Stated target: 109.0% Comparison last year: 96.0% Companies reaching targets: Maxvalu Minami Tohoku Co., Ltd. Aeon Big Co., Ltd. * Delicatessen items for Aeon Big Co., Ltd. only. Result was 96.4% of target.	△	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.

[Division Targets]

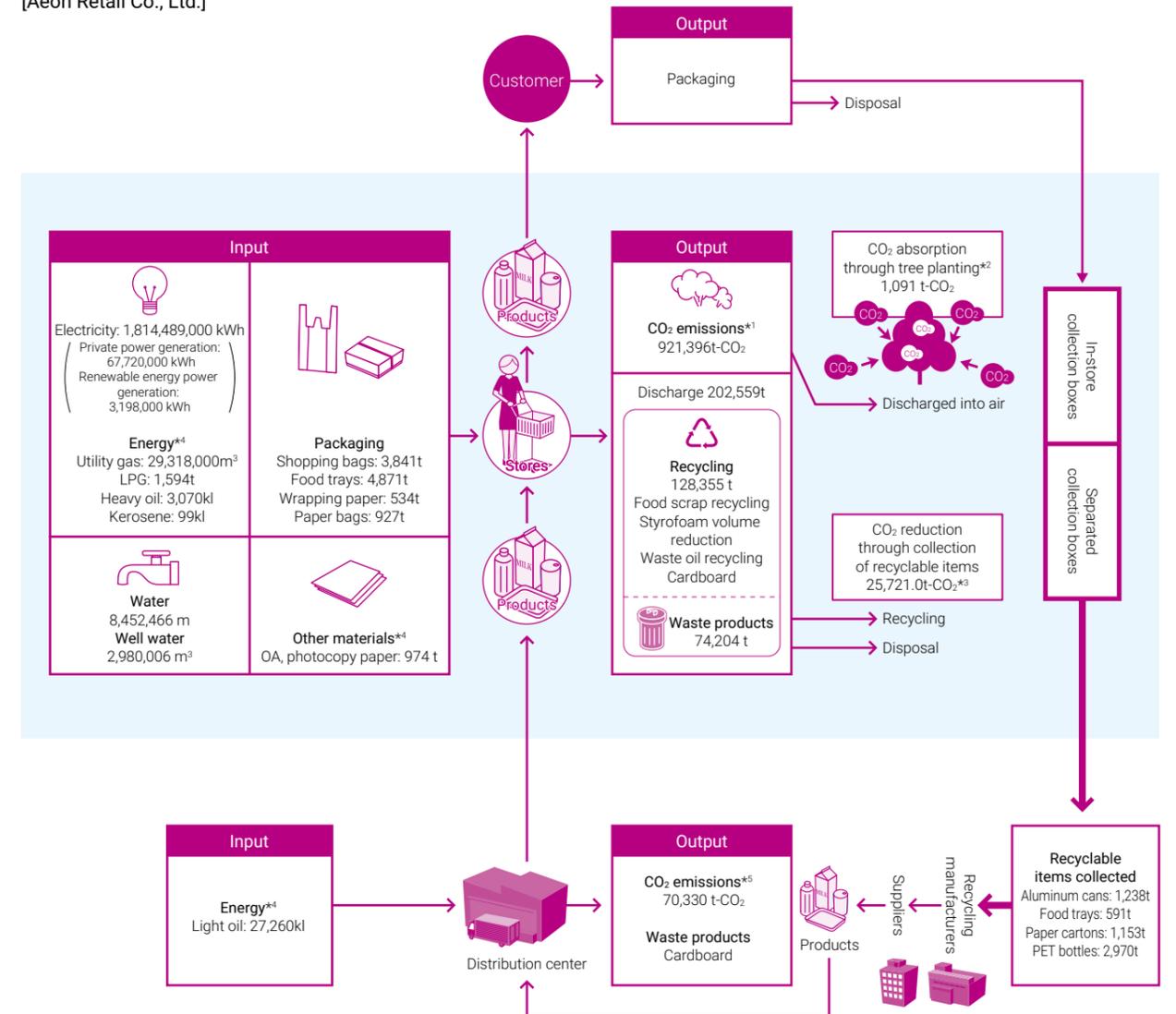
Environmental Policy	Category	Target	Results	Evaluation	Supervision
Low carbon, resources, and biodiversity	Products	<b>Expand sales of environment-friendly products</b>	Product case example Expand sales of sustainable seafood (MSA, ASC) Expand sales of air conditioners and other energy-saving products (HOME COORDY) Expand sales of TOPVALU Gurinai organic, natural and free from products Expand sales of self + service products (innerwear)	△	Aeon Co., Ltd. Aeon Topvalu Co., Ltd. Aeon Retail Co., Ltd. Each Group company
Partnerships	Together with Customers	<b>Promote Aeon Cheers Club activities</b> Implement more than four activities at all GMS; implementation rate of more than 80% Complete wall newspapers at all GMS; completion rate of more than 80%	330 stores out of the 461 stores conducted activities more than four times per year. (Implementation rate 71.6%) Shops that did not conduct activities are under investigation (store questionnaires).	△	Aeon Co., Ltd. Each Group company

FY2018 Aeon Group Environmental Accounting

Main Category	Subcategory	Accounting Items	Environmental Conservation Costs (Thousand JPY)	Economic Benefits (Thousand JPY)	CO <sub>2</sub> Reduction (t-CO <sub>2</sub> )
Realization of Decarbonized Society	Generation of electricity	Installation cost for photovoltaic power systems	322,830	488,285	4,497
	Energy-saving	Adoption of energy-efficient equipment (installation of LED lighting, visualization of energy usage, etc.)	8,427,400	784,191	17,156
	Management of fluorocarbons	Adoption of natural refrigerant equipment, fluorocarbon filling and leakage management	939,047	—	—
	Carbon offsets	Carbon offsets (CO <sub>2</sub> emission trading)	4,399	—	170
	Distribution	Adoption of modal shift, use of returnable containers	3,218,566	20,067	20,762
		<b>Subtotal</b>	<b>12,912,242</b>	<b>1,292,543</b>	<b>42,586</b>
Conservation of Biodiversity	Tree-planting activities	Aeon Hometown Forests Program tree-planting, ceremony, construction costs	133,651	—	—
		Regular maintenance for planted zones	765,871	—	—
		The forest transcend project	1,804	—	—
Production certification	Research, etc. on certified products, procurement guidelines	9,741	—	—	
		<b>Subtotal</b>	<b>911,067</b>	<b>—</b>	<b>—</b>
Better Use of Resources	Reduction of waste	Processing cost of recyclables collected in-store, processing cost of recycling of food residue	1,561,768	78,162	109,986
		Plastic shopping bag reduction	767,478	525,092	81,542
	Reduction of amount of materials used in packaging and containers	Third-party processing fees required under the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging	1,854,024	644,356	2,899
Home appliance recycling	Operating costs for home appliance recycling program	101,979	—	—	
		<b>Subtotal</b>	<b>4,285,249</b>	<b>1,247,611</b>	<b>194,427</b>
Social Activities	Contributions to local communities	Contributions to the Aeon Happy Yellow Receipt Campaign*	433,354	—	—
	Human resources development	Activities of the Aeon Cheers Club	114,414	—	—
	Tohoku reconstruction support	Coastal forest regeneration in the disaster area Aeon future co-creation program	56,362	—	—
		<b>Subtotal</b>	<b>604,130</b>	<b>—</b>	<b>—</b>
Environmental Communication	Media	Preparation of the Aeon Sustainability Report, operation of environmental website	96,545	—	—
	Exhibits	Exhibition at environmental events, advertising-related publications	161,535	—	—
	Donations, etc.	Membership dues in and donations for environmental organizations (donations, etc. to local WAON)	616,528	—	—
		<b>Subtotal</b>	<b>874,608</b>	<b>—</b>	<b>—</b>
Environmental Management	Generation of processing waste	Processing waste generated by stores and offices, adoption of waste measurement equipment	11,172,062	—	—
	Management of waste disposal	Cost of implementing the environmental management system (ISO), waste management seminars	46,888	—	—
	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	6,258,686	—	—
	Personnel costs	Personnel costs	411,297	—	—
		<b>Subtotal</b>	<b>17,888,933</b>	<b>—</b>	<b>—</b>
	<b>Total</b>		<b>37,476,228</b>	<b>2,540,154</b>	<b>237,013</b>

Applicable companies: 68 consolidated Group companies (General Merchandise Store Business, Supermarket Business, Health & Wellness Business, Financial Services Business, Shopping center Development Business, Services & Specialty Store Businesses, 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 Load in FY2018 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.

Data collection

FY2018 Action Plan & KPIs Progress \* Reporting period: March 1, 2018 to February 28, 2019

Key Issue	Main Category	Subcategory	KPI	Scope Covered	Target	FY2018 Results	Summary of Actions/Initiatives Undertaken in FY2018
Key Issue 1 Realization of a Decarbonized Society	Reducing CO <sub>2</sub> emissions from stores	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: 0.102 t/m <sup>2</sup> (performance) ▼ FY2017: 0.078 t/m <sup>2</sup>	0.0776 t/m <sup>2</sup> (expected)	1) Ungraded and installed energy-saving equipment 2) Promoted energy-saving activities through operational improvements (lighting, refrigerated/frozen cases, air conditioning, etc.): • Underwent inspection for rational energy management • Utilized energy advisory system • Reviewed our energy-saving checklist and use operating manual • Received feedback from energy-saving activities in the SM business, shared positive case studies • Promoted eco-tuning 3) Conducted energy management activities throughout the Group
		Improving energy efficiency	Total energy use factor (amount of heat/total floor area)	Consolidated Group companies in Japan and overseas (Japan, hina, and ASEAN)	FY2010: 2.776 GJ/m <sup>2</sup> (performance) ▼ FY2018: 2.150 GJ/m <sup>2</sup>	2.120 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	FY2018: 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.	
	Number of stores installing refrigerated display cases that use natural frigerants		Consolidated Group companies in Japan for GMS, SM, and small-sized store businesses	Plan for installation FY2018: introduction in all new stores	Installed at 149 stores including 146 GMS and supermarkets, and 112 drugstores (cumulative total of 635 stores)	1) Continued to promote introduction of non-fluorocarbons 2) Examined the increased introduction of refrigerator/freezer cases with built-in CO <sub>2</sub> refrigerants 3) Increased introduction at drugstores	
	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.	FY2018: Reduced CO <sub>2</sub> emissions per case by 1%, from 121.9g/case in FY2017.	CO <sub>2</sub> emissions per case in FY2018: 117.4g of CO <sub>2</sub> /case (Down 3.7% from FY2017)	1) Revised the delivery network by reorganizing centers 2) Continued eco-driving courses and driving 3) Excellent driver awards
	Generating electricity at stores	Generating renewable energy	Power generation capacity of enewable energy (purchased power only)	Consolidated Group companies in Japan for GMS and SM businesses	Generating renewable energy	Cumulative total output of approximately 67,000 kW	Installed solar panels in 32 stores (Total 1,022 stores)
Key Issue 2 Conservation of Biodiversity	Useing of sustainable resources	Sustainable procurement initiatives in agricultural products	Sustainable procurement initiatives in agricultural products	Consolidated Group companies in Japan	FY2020: • Conduct management through the Good Agricultural Practice (GAP) based on the Global Food Safety Initiative (GFSI) for all private brands • Have organic products account for 5% of agricultural product sales	• Sales of products with GAP certification based on GFSI: 92.2% (of private-brand products) • Sales of organic products: Reached 20% of the total	1) Held GAP briefing for contract manufacturers 2) Held kick-off meetings and area meetings on organic products 3) Increased farms, processing bases, and participating operating companies 4) Expanded TOPVALU <i>Gurina</i> Organic brand to 356 items, making it the largest lineup of organic products in Japan's retail industry (perishable and processed products) (as of the end of February 2019)
							Sustainable procurement initiatives in livestock products
		Sustainable procurement initiatives in fishery products	Consolidated Group companies in Japan	FY2020: • Have all consolidated subsidiaries that operate GMS or SM obtain Marine Stewardship Council (MSC) or Aquaculture Stewardship Council (ASC) Chain of Custody (CoC) certification • Provide sustainability-proven private brand products for all major fish species	• Percentage of companies with CoC certification: 70% (Group total) • Sales of products with MSC or ASC certification: 52.0% (of seafood) • Percentage of sustainability-proven products: 51.9% (private-brand products)	1) MSC certification: 41 items spanning 22 fish species 2) ASC certification: 18 items spanning 9 fish species 3) Established permanent Fish Baton area carrying only MSC- and ASC-certified products at 67 stores of Aeon Retail Co., Ltd. (as of the end of May 2019)	
		Sustainable procurement initiatives in paper, pulp, and timber	Consolidated Group companies in Japan	FY2020: Use sustainability-certified (Forest Stewardship Council (FSC®) or equivalent) raw materials for all private brands in major product categories	Percentage use of FSC-certified materials in major categories • Health and beauty: 56.1% • Stationery: 70.0%	1) Launched approximately 80 FSC®-certified stationery products and H&BC private brand products 2) Used FSC®-certified paper for apparel tags and food packaging of private brand products	
		Sustainable procurement initiatives in palm oil	Consolidated Group companies in Japan	FY2020: Use sustainability-certified (Roundtable on Sustainable Palm Oil (RSPO) or equivalent) raw materials for all private brands	• Percentage use of RSPO-certified materials: 0%	1) Established RSPO Procurement Policy 2) Held RSPO in-house seminar 3) Investigated usage volumes in private brand products 4) Considered RSPO procurement methods	
	Promoting the Aeon Forest Circulation Program	Preserving biodiversity at 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	• Focusing on GMS and SM, spread planting zone management based on the management manual • Created opportunities for employees to experience tree planting	1) Raised employee awareness 2) Checked progress of each GMS under management plans and ensured rigorous implementation 3) Used Clean & Green Activities to ensure rigorous implementation of weeding and cleaning by employees at each general merchandise store 4) Enhanced the competence of facility managers through training in planted zone management
		Community contribution through forest conservation activities	Community contribution through forest conservation activities	Aeon Co., Ltd.	Creation of a model for activities to support domestic forestry through collaboration between the overnment, the general public, and private enterprise	Positioned the course as a beginner's induction in a collaboration between the general public and a private enterprise as part of Mie Prefecture's measures to support people employed in forestry	Held the Forest Transcend Product—Educating Forest-Conscious People course for the development of forestry workers (final year) • Held wood education events utilizing thinnings from the course at stores

Key Issue	Main Category	Subcategory	KPI	Scope Covered		Target	FY2018 Results	Summary of Actions/Initiatives Undertaken in FY2018	
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 thirdparty 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 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 ▼ FY2018: 20% reduction compared with FY2010	FY2018: 1092 tons 7.1% reduction compared with FY2010	1) Revise the standards for using plastic shopping bags, promote efforts to stop providing these bags free of charge, and reduce the amount of packaging in private-brand product containers 2) In FY2019, planning to greatly reduce usage by eliminating free provision of plastic shopping bags at food departments across all GMS and SM 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., Cox Co., Ltd., Talbots Japan Co., Ltd., GFoot Co., Ltd., etc.	
		Reducing food waste	Food waste emissions (basic unit per million yen in net sales)	Food-related companies of domestic consolidated GMS and SM businesses		Reduce generation per unit (generation per ¥1 million in sales) 25% versus that of FY2015 by 2020 and reduce 50% by 2025	32.14 kg / ¥1 million Formulated guidelines for establishing targets on food waste for each company * for 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	Food-related companies of domestic consolidated GMS and SM businesses		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% * for food retail businesses	1) Contracted recycling service providers to recycle waste oil and fish leftovers 2) Built and operated recycling loops	
			Construction of food recycling loop	Consolidated Group companies in Japan for GMS and SM businesses		By FY2020: Construct at over 10 locations nationwide (targeting more than 1,000 stores)	6 locations Implemented food residue collection at 146 stores	Expanded the number of food residue collection stores throughout Aeon Group companies	
	Together with customers	Reducing the number of plastic shopping bags	Percentage of customers declining plastic shopping bags (nationwide store average)	Consolidated Group companies in Japan for GMS and SM businesses		FY2017: Over 70% FY2020: Over 80%	65.6% (29 Group Companies. Number of stores that have stopped providing free plastic shopping bags at cash registers increased by 70 stores, 1,701 stores in total) * Out of 1,701 stores, more than 80% of customers declined plastic shopping bags	1) Shared information with Group companies on stores that had stopped providing free plastic shopping bags at cash registers and on refusal rates for plastic shopping bags at cash registers 2) Strengthened promotion by SM companies and encouraged active participation in regions in relation to agreement on ending free bag distribution at cash registers	
	Strengthening the management system	Management system for waste emissions	Completion of internal training course to improve management of waste emissions	Consolidated Group companies in Japan		FY2018: 640 participants (total since FY2011)	In FY2018, 93 employees participated in training for waste managers Total of 644 employees have participated since FY2011	Provided training through external specialist institutions. Doubled the number of training attendees through use of teleconferencing and actively publicizing training at 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%) 9 companies (less than 50%) 7 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, ASEAN)		FY2020: 52 (apparel: 12; food: 30; living/HBC: 10)	FY2018: 77 (apparel: 13; food: 53; living/HBC: 11)	Product withdrawals increased, as we introduced thorough 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, the overall number of product-related notifications trended downward.
			Health and allergy measures	Health-conscious initiatives	Consolidated Group companies in Japan and overseas		Product development in line with Health & Wellness concept	The cumulative number of items 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. (As of June 1, 2019)	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 of a frozen Cauliflower/Broccoli Mixture that substitutes for Rice.
Catering to the elderly			Training of personnel able to assist customers with dementia	Consolidated Group companies in Japan		FY2020: 80,000 personnel	Cumulative total as of FY2018: 75,253 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	Consolidated GMS, SM, and DV businesses in Japan		Attach fireproof sheets to hanging smoke barriers At 4,226 Aeon Group stores * GMS, SM, DV, and DrgS stores	Cumulative total as of FY2018: 722 stores	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	Consolidated GMS businesses in Japan		FY2020: 100 stores nationwide that can serve as temporary shelters	Completed installation at 51 stores by end-FY2018	Built facilities at 11 stores, in Fukutsu, Zama, Seifu Shinto, Iwaki Onahama, Tsunan, Kofu Showa, Miyazaki, Kumamoto, Shinyurigaoka, Itabashi, and Sendai Oroshimachi	
Dialogue with customers	Number of complaints and compliments received	Consolidated Group companies in Japan and overseas		Number of service complaints FY2020: 2,420 or less Number of compliments FY2020: 2,900 or more	Number of service complaints FY2018: 16,534 Number of compliments FY2018: 2,467	1) Feedback received via Internet mail increased due to the rise in smartphone users 2) Reported customer feedback to relevant departments and promptly took measures in response. Examined preventive measures with relevant departments and notified all concerned about the measures			

Key Issue	Main Category	Subcategory	KPI	Scope Covered		Target	FY2018 Results	Summary of Actions/Initiatives Undertaken in FY2018
Key Issue 5 Implementing Fair Business Practices Based on Respect for Human Rights	Implementing fair business practices based on respect for human rights (supply chain)	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		Add one additional staff member in Hong Kong, Malaysia, and Vietnam	Added one additional staff member in Hong Kong, Malaysia, and Vietnam Total number of auditors: 8 in Japan, 24 overseas	1) The transfer of overseas management responsibility to Aeon Topvalu (Hong Kong) necessitated additional auditors, so personnel were swiftly trained. 2) We removed responsibility for quality control from overseas auditors who had until the previous year handled these activities, and trained personnel with dedicated auditing responsibilities to also handle factory audits.
			Trading volume of Fairtrade International-certified cacao beans	TOPVALU products		Trading volume of Fairtrade International-certified cacao beans: 40 tons by FY2020 (10 times compared with FY2012)	Trading volume of Fairtrade International-certified cacao beans: 59.7 tons	Participated in both Fairtrade International's Fairtrade Sourcing Program and Fairtrade (full certification) to expand fair trade raw material procurement amount
	Implementing fair business practices based on respect for human rights (employee)	Promotion of diversity and respect for employees' human rights	Female manager ratio	Consolidated Group companies in Japan and overseas		FY2020: 50%	26.5% 9,444 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	Consolidated Group companies in Japan and overseas		FY2020: Total 1,500 people	Total 598 people (FY2013–FY2018)	1) Discovered human resources through open recruitment 2) For ASEAN operations, cultivated personnel with quality control responsibilities (20 per year)
			Employment rate and number of people with disabilities	Consolidated Group companies in Japan and overseas		FY2020: More than 3.0% 10,000 people	Employment rate of people with disabilities: 2.56% Number of people with disabilities employed: 6,827 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
	Creation of pleasant, comfortable workplaces	Number of companies certified to use the Kurumin logo	Consolidated Group companies in Japan and overseas		Promote initiatives under the General Business Owner Action Plan of Japan's Act for Measures to Support the Development of the Next Generation (expand number of companies certified to use the Kurumin logo)	Companies that acquired Platinum Kurumin: 3 company Companies that acquired 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.	
		Aeon Happy Yellow Receipt Campaign submission rate	Consolidated Group companies in Japan for GMS, SM, and DS businesses		FY2018: 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 331 stores (61.9% overall) SM/DS businesses: Submission rate of 15% or more at 768 stores (65.5% overall)	1) Strengthened communication in stores 2) Strengthened communication utilizing media 3) Conducted proper management	
Key Issue 6 Collaborating with Communities	Community involvement	Making contributions to local communities	Handling of region-specific products	Consolidated Group companies in Japan for 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: ASC: 27 prefectures, 40 items	Through food artisan activities, launched initiative in FY2018 targeting shi-otsuma kanjokunashi (fully ripened pears from the city of Shimotsuma, Ibaraki Prefecture)
		Developing the human resources of the future	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
	Great East Japan Earthquake reconstruction assistance	Tree planting in affected areas	Regeneration of coastal forests in affected areas	Consolidated Group companies in Japan and overseas		Plant 300,000 trees within 10 years (FY2012–FY2021)	FY2018: 49,570 trees (total 299,879 trees) * Reached March 2019 target of 300,000 trees	In cooperation with national, prefectural, and municipal governments and local residents, we implemented tree planting activities and tended to 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	FY2018: 44,470 people (total 328,979 people)	1) Conducted local volunteer activities in affected areas 2) Conducted volunteer activities within Group companies and in regions to enable the provision of support without going to Tohoku 3) Promoted the Aeon Future Co-creation Program with the aim of supporting solutions to local challenges through exchanges 4) Supported respective company activities that resulted from the Aeon Future Co-creation Program

GRI Standards Indicators

	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.	• CEO 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 • The DNA of Aeon
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.	• Dialogue with Stakeholders
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.	• Dialogue with Stakeholders
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.	• Dialogue with Stakeholders
<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. 7–p.19)
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
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

	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.	• Risk of Climate Change • Sustainable Management • Aeon Decarbonization Vision 2050 Annual securities report: Business and other risks (pp. 24–29)
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 FY2018 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 FY2018 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 FY2018 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 FY2018 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 FY2018 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

\* This table of GRI Standards is based on a summary of the Aeon Report (integrated report) and the Sustainability Data Book (this report).

## Corporate Data

Headquarters 1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba  
261-8515, Japan

Representative Motoya Okada,  
Representative Director,  
President and Group CEO

Founded 1758

Established September 1926

Three Headquarters Structure

Headquarters for Japan  
(Location: Chiba City, Chiba Prefecture)

Headquarters for China  
(Location: Beijing, China)

Headquarters for ASEAN  
(Location: Kuala Lumpur, Malaysia)

Groupwide Employees (FY2018, Figures Approximate)

Working employees: 580,000  
(400,000 women, 180,000 men)

- Employees on indefinite-term contracts: 130,000  
(56,000 women, 74,000 men)
- Employees on definite-term contracts: 450,000  
(340,000 women, 110,000 men)
- Work locations: 510,000 in Japan, 70,000 overseas

\* Business locations: 21,996 stores/locations  
\* Major companies in Japan and overseas: 149  
(As of February 28, 2019)

Fiscal Year End of February

Annual Shareholders' Meeting Held by the end of May

Stock Exchange Listing Tokyo Stock Exchange

Independent Auditor Deloitte Touche Tohmatsu LLC

Transfer Agent Sumitomo Mitsui Trust Bank, Limited  
1-4-1, Marunouchi, Chiyoda-ku, Tokyo  
100-8223, Japan

Number of Shareholders 767,999

Shares Issued and Outstanding 871,924,572

Website <https://www.aeon.info/en/>

## 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.

### Japanese

#### Corporate



<https://www.aeon.info/>

The corporate section presents information for various stakeholders. Please access the latest company information and news releases here.

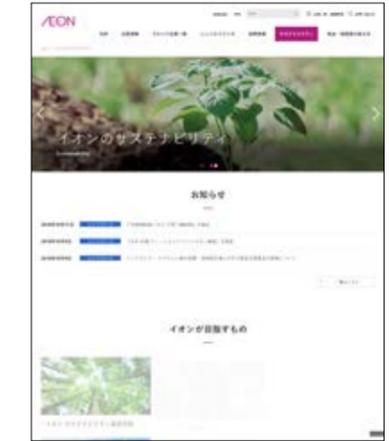
#### Investor Relations



<https://www.aeon.info/ir/>

This section presents our management policy, financial and performance data, stock information, IR materials, and other information.

#### Environmental and Social Report



<https://www.aeon.info/environment/>

Our Environmental and Social Report presents our basic environment and CSR policies and specific initiatives.

## List of External Awards (FY2018-)

February 2018 Received a Special Jury Prize at the NIKKEI Smart Work Awards 2018 program, an awards program that is held by Nikkei Inc. to select companies that are advancing work style reforms (Aeon Co., Ltd.)

February 2018 Recognized as a "White 500" company under the 2018 Certified Health and Productivity Management Organization Recognition Program, which was started jointly by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (Aeon Kyushu Co., Ltd.)

February 2018 Acquired the highest level of the Minister of Health, Labour and Welfare's Eruboshi certification mark (Maxvalu Chubu Co., Ltd.)

March 2018 Received Hokkaido Social Contribution Award (distinguished service in disaster prevention) for high evaluation of disaster-prevention initiatives in the local community (Aeon Hokkaido Corporation)

September 2018 Received the 27th Food Health and Safety and Environmental Contribution Award, produced by the Japan Food Journal, in recognition of product development that incorporates the SDGs and international social contribution activities (Aeon Co., Ltd.)

November 2018 Received the Minister's Prize, the Ministry of Agriculture, Forestry and Fisheries in the 19th Green Procurement Awards for initiatives to connect marine resources and a culture of eating fish to the next generation (Aeon Co., Ltd.)

December 2018 Receive an A rank under the Development Bank of Japan (DBJ) health management ratings program and became the first retailer to receive the top ranking in three categories, including BCM and environmental rating (Aeon Co., Ltd.)

February 2019 Aeon Report 2018 awarded a Grand Prize for Global Warming Countermeasures Reporting, one of the top awards in the environmental reporting category of the 22nd Environmental Communication Awards (Aeon Co., Ltd.)

February 2019 In the Ministry of Education, Culture, Sports, Science and Technology's FY2018 Youth Experience Activity Promotion Corporate Awards, received the Accreditation Committee Award (Large Company Division) for Aeon Cheers Club initiatives (Aeon 1% Club Foundation)

February 2019 Received the 11th Kanagawa Prefecture Barrier Free City Development Award for efforts to incorporate barrier-free design at Aeon Mall Zama (Aeon Mall Co., Ltd.)

February 2019 Recognized as "White 500" companies under the 2019 Certified Health and Productivity Management Organization Recognition Program, which was started jointly by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (three consecutive years for Aeon Co., Ltd. and Aeon Retail Co., Ltd.)

March 2019 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 (two consecutive years for Aeon Co., Ltd., three for Aeon Mall Co., Ltd.)

March 2019 Received the Japan Fashion Association's Agricultural Invigoration Award in the Japan Creation Grand Award for its pioneering efforts as an agricultural company to foster interest in commerce among young people

June 2019 Became the first retailer to receive the Award for Distinguished Services in Environmental Preservation, sponsored by the Ministry of the Environment, for Aeon Style Nara's contribution to environmental production within Nara Prefecture (Aeon Retail Co., Ltd.)



### English



<https://www.aeon.info/en/>

### Chinese



<https://www.aeon.info/cn/>

## Aeon Report



Based on Aeon's value creation, we introduce the Company's medium- to long-term perspective and specific initiatives aimed at economic growth.  
<https://www.aeon.info/en/ir/library/aeon-report>

## 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.

Address: Aeon Head Office Annex 2F,  
1-5-1 Nakase, Mihama-ku,  
Chiba-shi, Chiba



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Website: <https://www.aeon.info/en/>

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