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**This year, Aeon has announced our Sustainable Procurement Goals for 2020 in which we will achieve sustainability based on GFSI-recognised certification programmes for all PB items in fresh foods. Aeon will continue to deliver safe foods to all customers as a leading company in Japan and Asian countries.**



## The Why

There is a great diversity of foods in Japan. Each region has its own specific food culture which makes Japanese food and produce attractive to both tourists and locals.

As a result, the Japanese food industry is comprised of a small number of big enterprises and a huge number of SMEs (small and medium enterprises). Hosting the large-scale sports events in Tokyo in 2020 has triggered a movement of shifting AEON's procurement standard from an in-house standard to a global standard. With that said, however, there are a huge number of local certification programmes, operated by government, local authorities, industry groups, and individual buying companies. These have different levels of requirements when it comes to food safety standards.

GFSI's Japan Local Group has encouraged suppliers' adoption of the GFSI approach since its foundation.

We have fostered our unique food culture with careful and sensitive hygiene control. Amidst the globalisation of food procurement, we believe it is important for Japan to proceed with global harmonisation for food safety management systems while preserving our unique food culture.

Setting a goal of 2020, when Tokyo will host large-scale sports events, GFSI's Japan Local Group aims to pioneer the harmonisation of Japan's domestic food industries with global practices and standards.

## The How

**Farm to Table Integrated food safety management.** We established a management system throughout the entire supply chain including production, processing and manufacturing to ensure food safety for our customers.

**Production.** We have committed to a procurement goal for 2020 with the basis on the GFSI-recognised CPOs for our private brand primary products.

As for agricultural products, we committed to 100 % implementation of GFSI-based GAP. In FY 2018, 92 % of private brand products are produced by either GFSI-recognised, GAP certified or 2nd party audited farmers.

As for livestock products, we committed to 100% implementation of GFSI-based FSMS for processing centers and GFSI-based GAP for ranches. In FY 2018, 70% of private brand products were produced by

GFSI-recognised, FSMS certified centers and 25% by GFSI-recognised, GAP certified ranches.

**Processing and manufacturing.** All factories manufacturing products for AEON were required to pass factory inspection. In order to avoid duplication of inspections by different buying companies and to save time in the factories, AEON revised the system in 2016 and waived factory inspection for factories certified to a GFSI-recognised certification programme. As a result, 35% of AEON's suppliers have waived conventional factory inspections, and the other 65% of them utilise modified AEON factory inspection standards which are based on GFSI's Global Market Programme.

## The Benefits

We have confirmed 3 major benefits from this activity. The first benefit is that more than 30% of food factories which manufacture products for AEON no longer have to duplicate factory inspections for each purchasing company. Initially, each factory was required to undertake duplicated factory audits to sell their products to each buying company. Now, they can save time and human resources by reducing factory inspections. The second benefit is that AEON can also reduce its time and cost spent undertaking factory inspections. Finally,

the Global Markets Programme includes requirements of Codex HACCP; and as a result, these factories can take advantage of its management elements without requiring any extra instruction or in-house factory inspections.

We expect to share factory inspection results with other buying companies in the future, which would reduce duplicated factory inspections. This will be of benefit both to selling and buying parties.

## Figures

PRODUCT	2020 TARGET	FY2018 RESULTS
<b>Agricultural products</b>	Conduct management through Good Agricultural Practice (GAP) based on GFSI for all private brand products.	% of products GAP certified or 2nd party audited: 92.2%
<b>Livestock products</b>	Conduct management through Food Safety Management System (FSMS) and Good Agricultural Practice based on GFSI at the processing and farming for all private brand products.	% of products with FSMS certified: 70% % of products with GAP certified: 25%

