

Building a Financing Mix and Governance Structure

AEON MALL has established a financing mix and governance structure to support measures for growth. We are focusing on three measures designed to establish a global management system that responds to the expansion of our businesses overseas.

Global Financing Mix

We procure funds as an integrated entity, both Japan and overseas. In other words, we are pursuing a global financing mix. While expanding our base of loans from domestic banks, we also identify overseas local banks for future sources of financing. We continue to issue domestic retail bonds on a regular basis. In addition, we offer a variety of other bonds in response to growing

interest in ESG among investors. We remain aware of financial soundness and pay attention to our ratio of debt to equity. We consider equity financing as a direct method to expand equity. Here, we continue to monitor movements in the stock market and investigate the potential for equity financing overseas.

Optimizing Cash Management

As our businesses overseas grow and transition to a stage of profit generation, cash balances in certain areas are growing significantly. We will consider efficient cash management methods moving forward, potentially shifting cash from areas with excess funds to areas with stronger needs for cash.

In building our global cash management system, we recognize the need for stronger cash monitoring functions from the standpoint of governance and fraud prevention. We plan to investigate various measures, including the adoption of external systems.



Advanced Risk Management

The Risk Management Committee identifies risks in business activities in Japan to understand the probability and impact of individual risks, while improving risk management in China and ASEAN. We plan to bolster our management, focusing specifically on risk management, including operation risk, security risk, social risk, and political risk. We gather information in advance using past experience in cooperation with local governments, public safety commissions, our legal advisers and AEON Group companies to identify operation risk that may have a significant impact on mall development and business. At the same time, we eliminate risk through coordination with government-related entities. Regulations and directives issued by the authorities related to firefighting

have become more stricter. Meanwhile, we are seeing increased scrutiny on ESG-based management, focusing on environmental protection (waste separation, smoking areas, and waste water treatment), interactions with local communities and organizations, and corporate governance. In response to these developments, AEON MALL began creating specific action plans regarding a total of 58 risk items in FY2018. Committee members have been working on action plans and exchanging opinions to examine their effectiveness. In FY2019, we established and implemented the Emergency Management Manual (in Japanese, Chinese, and in the languages of ASEAN member countries) and Basic Policy for Preventing Bribery (in Chinese)