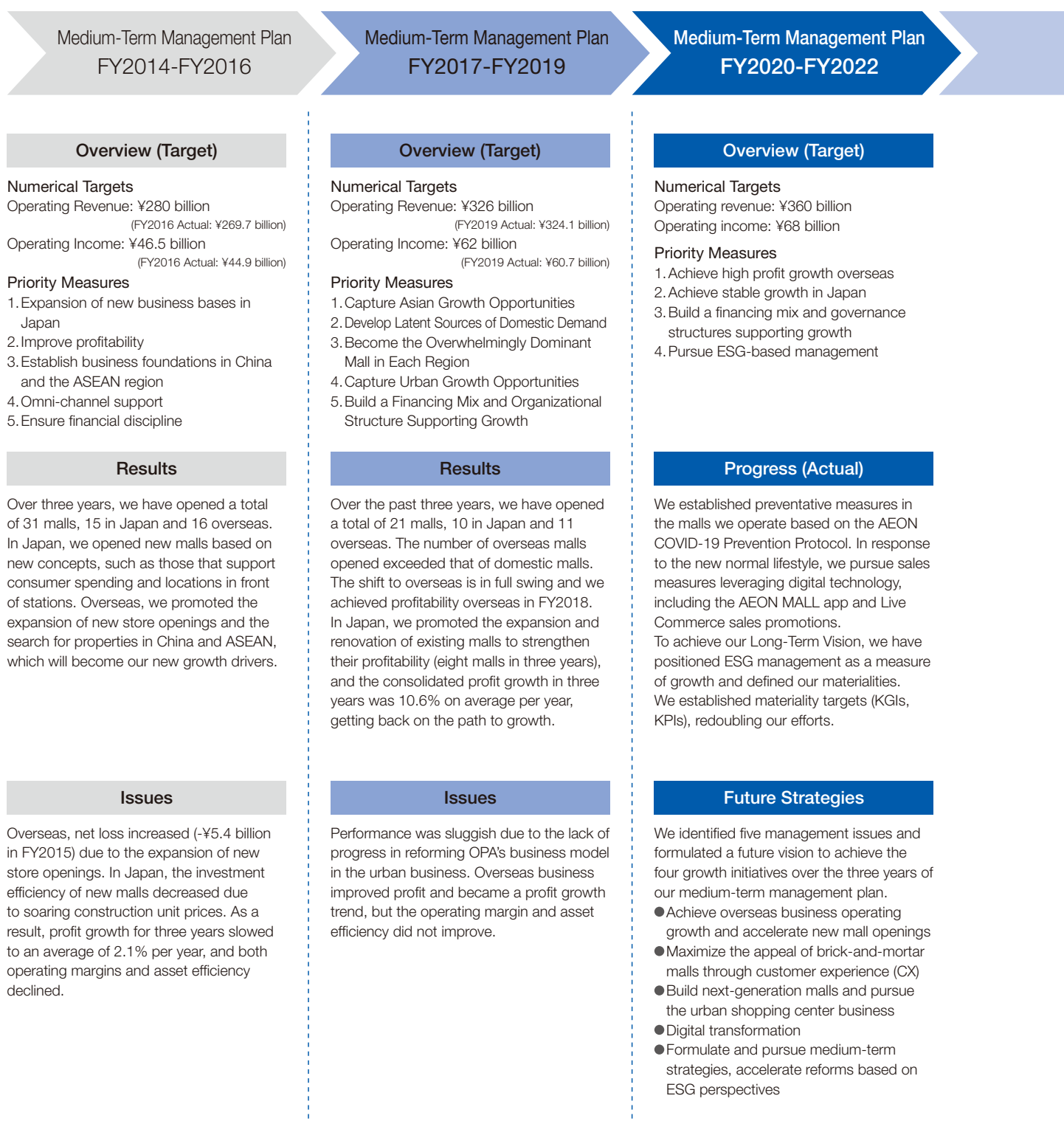


Corporate Strategy to Achieve Our Long-Term Vision

We will steadily implement our business strategy to achieve our Vision for 2025 by building a business portfolio consisting of multiple businesses in Japan and capturing growing markets overseas.

We have formulated a medium-term management plan as a backcast with a view to achieving the long-term vision.

Looking Back on Past Strategies



Achieving Our Long-Term Vision

Financial Indicators for FY2025

Indicator	Type	Target (for FY2025)	End of FY2019	FY2020
EPS (income per share) growth rate	Growth indicator	7% annual (annual growth between 2019 and 2025)	2.1% (YoY)	—
Net interest-bearing debt/EBITDA ratio	Stability indicator	Within 4.5 times	4.7 times	6.2 times
ROIC (Return on invested capital)	Efficiency indicator	At least 5%	4.3%	2.2%

* EPS: Net income attributable to owners of parent/average number of shares during the year

Net interest-bearing debt/EBITDA ratio: (interest-bearing debt - cash and cash equivalents)/(operating income + depreciation and amortization on the statement of cash flows)

ROIC: Operating income x (1 - effective tax rate)/(average equity for the fiscal year + average interest-bearing debt for the fiscal year)

* We revised our financial indicators in response to the adoption of IFRS16 in FY2019, as well as new goals to maximize future cash flows and improve corporate value

* The Company did not calculate EPS growth rate for FY2020, as there was a net loss per share for the consolidated fiscal year under review.

Vision for 2025

<Qualitative Goals>

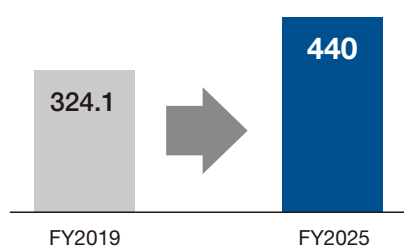
1. Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation.
2. Put AEON MALL in the same class as the top global commercial developers, aiming for consolidated operating income of ¥90 billion.
3. Conduct floor space expansions and renovations in Japan to become the dominant mall in each area.
4. Secure growth markets overseas, expand overseas business to 50 malls, and record operating income of ¥27 billion (25% profit margin).

* We aim to achieve consolidated operating income of at least ¥100 billion in FY2026, taking into account one year of profit growth lost due to the COVID-19 pandemic.

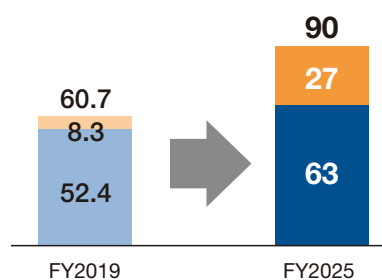
* We plan to secure a pipeline for reaching 70 malls as of FY2025, achieving a 70-mall structure by FY2028.

<Quantitative Goals>

Operating Revenue **440 billion**



Operating Income **90 billion**



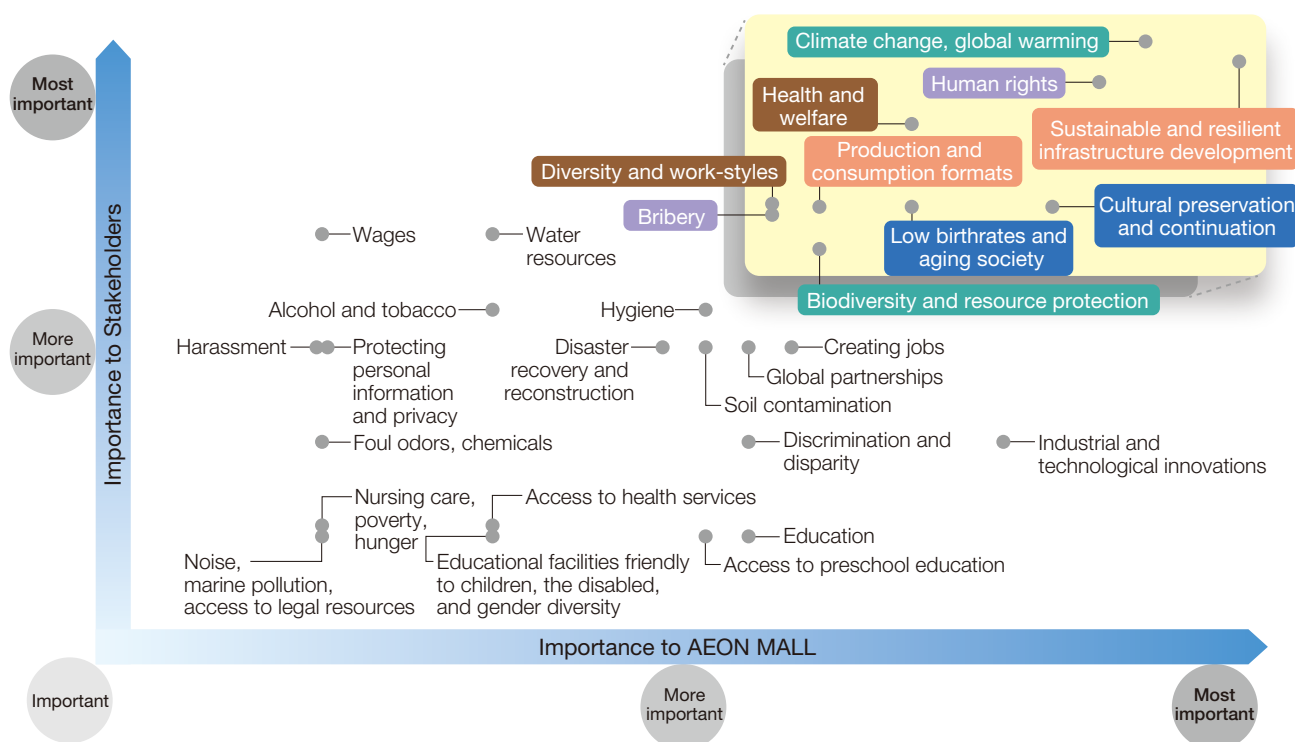
	FY2019	FY2025
Japan	86.3%	70.0%
Overseas	13.7%	30.0%

Corporate Strategy to Achieve Our Long-Term Vision

Identifying Materialities

We conducted a materiality analysis that considers the SDGs and social issues unique to Japan. We assessed their importance to stakeholders and AEON MALL, and classified them into 10 categories across five topics.

Materiality Matrix



The Materiality Analysis Process

Step
1

Identify Topics

We identified relevant social issues by referencing sources including DJSI*1, FTSE*2, GRI, generally accepted industry issues, etc. The AEON MALL Group defined 34 topics related to our business in Japan and overseas, reflecting SDGs and issues specific to Japanese society.

*1 Sustainability indicators jointly selected by S&P Dow Jones Indices (US) and RobecoSAM (Switzerland).

*2 The London-based FTSE calculates and manages stock indices.

Step
2

Importance to Stakeholders

We used SASB* and other guidelines, as well as categories used by ESG benchmarking organizations, to assess importance to stakeholders.

* US-based Sustainability Accounting Standards Board

Step
3

Importance to AEON MALL

We used our management philosophy and medium-term management plan to ascertain the importance of these topics to AEON MALL.

Step
4

Confirm Relevance

Finally, we confirmed the relevance (materiality analysis process and results) of these topics from the standpoint of our outside independent directors and in consideration of the unique AEON MALL business model. We revised group-wide materiality based on these opinions and then confirmed the topics in a meeting of the CSR Council (currently the ESG Promotion Committee).

Corporate Strategy to Achieve Our Long-Term Vision

Creating Materiality/KPIs

Our employees discussed the 10 key initiatives (materialities) that we need to tackle and determined the KGI (final goals) and KPI (intermediate goals). In line with the KGI we have set as our goal for 2050, we will set specific KPIs to be achieved by 2030, share the issues throughout the company, and work together to solve them and contribute to local customers and a sustainable society. In deciding how to formulate KGI/KPIs, a diverse group of 22 people, from veterans to young employees, including those from overseas, were selected by the general managers of each division and through open recruitment. We ran four workshops during a period of about six months starting in July 2020 to examine what each participant thought we should be as a company. Along with the advice of experts, we decided on the KGI/KPIs that would serve as performance indicators for all employees.

Process for Setting KGI/KPIs

Prior to determining the KPIs, we held workshops and received a variety of opinions from the young employees and overseas employees who participated.

- I participated in the workshop because I have always wanted to contribute to solving social issues through urban development. I don't believe that KGI/KPIs are the end of the story, but they are important in disseminating information and aligning vectors so that people can see them as their own.
- It was a valuable experience for me to be able to exchange opinions with other employees who want to improve the company, regardless of their age. Through the workshop, I realized that there is a way for the entire community to enjoy working together alongside our customers to conserve resources.
- AEON MALL Vietnam is moving to actively engage in social contribution activities, and I participated in this event to gain a deeper understanding of our company's basic ideas and initiatives in Japan. We would like to raise each employee's awareness and promote activities to achieve our KGI/KPIs.



We will share our KGI/KPI initiatives with our customers and tenants.

Managing Director, General Manager of Administration Division
Masahiko Okamoto

For us to be a company that is chosen by customers, tenants, and employees, it is necessary to clearly set forth the guiding principles of the kind of company we want to be. Through discussions with our employees, we have set the company's future vision (KGI) and intermediate goals (KPI) that will serve as our guideposts. From veterans in key positions to young employees who ran for open positions, employees from all walks of life were able to openly and frankly

discuss the issues, giving each of them a good opportunity to think about the future of the company and listen to opinions that differ from their own. As a solutions company that provides solutions to local and social issues, we will continue to raise awareness within the company by ensuring that all employees include materiality-related items in their personal goals, and we will actively share information with our customers and tenants.

Corporate Strategy to Achieve Our Long-Term Vision

Establishing issues that AEON MALL needs to address

Materiality		Related SDGs
Developing community and social infrastructure P.53	Developing sustainable and resilient infrastructure	 
	Production and consumption formats	
Build community relationships P.54	Cultural preservation and inheritance	 
	Low birth rates, aging society	
Environment P.55	Climate change, global warming	    
	Protecting biodiversity, resources	
Diversity and work-style reform P.57	Health and welfare	  
	Diversity, work-styles	
Promote responsible business P.59	Human rights	 
	Bribery	

	KGI (How we want to be)	KPI (Performance Indicators until 2030)
	A society in which everyone can feel safe and secure	<ul style="list-style-type: none"> • Make all malls in Japan disaster relief facilities as a measure to strengthen our BCP • Percentage of disaster response agreements signed with local governments
	A society with near-zero impact on the global environment through appropriate production and consumption	<ul style="list-style-type: none"> • Promotion of ethical consumption. Rate of buying green • Promotion of plastic elimination initiatives
	A society with an established platform for cultural inheritance	<ul style="list-style-type: none"> • Actively holding traditional and cultural events and expand them to other regions, including overseas
	A society in which everyone, including children and the elderly, can live comfortably	<ul style="list-style-type: none"> • Improved services for children • Number of people supporting dementia patients
	1. A society which has achieved decarbonization 2. A society in which all regions are environmentally conscious	<ul style="list-style-type: none"> • Expand installation of EV chargers. Number of EV chargers installed • 35% reduction in total annual CO₂ emissions through the creation of renewable energy • Strengthen environmental awareness initiatives for local residents and tenants • Eco certification award rate of 100%
	A society which is environmentally friendly and in harmony with nature	<ul style="list-style-type: none"> • Number of malls awarded ABINC (Association for Business Innovation in harmony with Nature and Community) accreditation • Achieve a 70% recycling rate (excluding thermal recycling)
	A society in which everyone can be both physically and mentally healthy	<ul style="list-style-type: none"> • Promote a healthy lifestyle
	A society in which everyone has equal opportunities regardless of race, nationality, age, gender, or location	<ul style="list-style-type: none"> • Ratio of women in management roles • Paternity leave rate of 100% • Promotion of human resource development for global activities
	A society in which everyone's human rights are respected	<ul style="list-style-type: none"> • Establish and implement a human rights due diligence process • Human rights training attendance rate of 100%
	Zero number of incidents	<ul style="list-style-type: none"> • Conduct anti-bribery training to ensure compliance with the Basic Rules for the Prevention of Bribery • Ongoing compliance with anti-bribery clauses in AEON MALL employment rules • Continuous review of the compliance system of the Basic Rules for the Prevention of Bribery. Report compliance status to the president at least once a year. Thoroughly implement any corrective measures