

## Pursuing ESG-Based Management

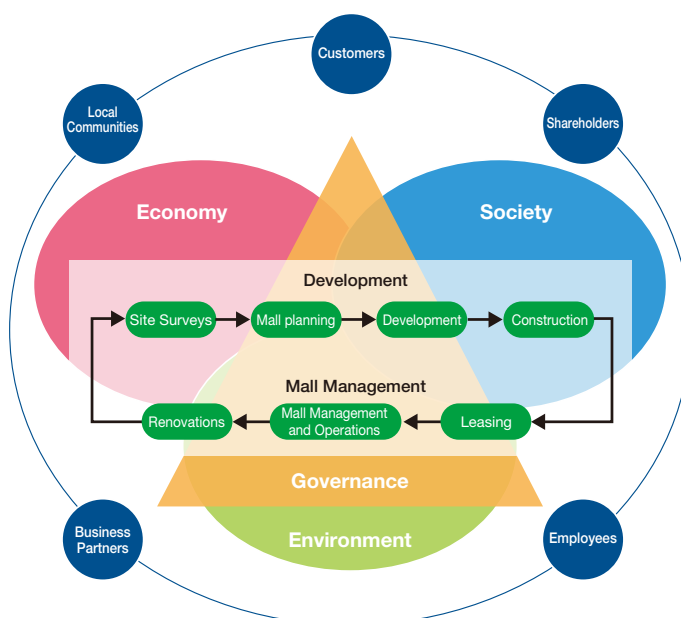
In 2019, AEON MALL identified Materiality as a priority measure, reflecting the perspective of ESG in maximizing the economic and social values we create through the integration of growth strategies and ESG-based management. This approach is driving us to achieving our goals for 2025.

We pursue management based on a perspective of ESG to achieve sustainable growth and higher levels of corporate value. In addition, we have leveraged COVID-19 as an impetus to seek reform based on ESG concepts, striving to create economic value, social value, and environmental value for our stakeholders.

The current business environment surrounding AEON MALL reflects the emergence of modern shopping centers and high-growth retail markets in connection with overseas GDP growth on the one hand, and accelerated mall openings by competing developers and concerns about a slowing Chinese economy on the other. Other emerging factors include demographic changes in Japan (declining population, aging society, low birthrates), as well as changing family compositions, and changes in consumer behavior, including e-commerce, budget-mindedness, sharing economies, etc. In this changing environment, we will strive to achieve ESG-based management, defining materialities in terms of regional and social infrastructure development, local community ties, the environment, diversity, work-style reform, and responsible business.

Our Vision for 2025 encompasses more than generating profits from malls in Japan. We aim to

build a portfolio consisting of multiple businesses, while becoming a top-class global commercial developer with consolidated operating income in excess of ¥90 billion. In our Japan business, we are planning floor space expansions and renovations to become the dominant mall in each area. In our overseas business, we aim for an operating margin of 25% across 50 malls, operating at the same level of efficiency and scale as our domestic operations.



## Aeon Sustainability Principle

Aeon has established the Aeon Sustainability Principle, which serves as the groupwide policy for the development of sustainable societies. Under this policy, we have established materialities in terms of the environment (achieving a decarbonized society, preservation of biodiversity, promotion of resource recycling) and society (creating products and stores that meet social expectations, engaging in fair business practices that respect human rights, collaborating with the community). In pursuing our responses to each matter, we seek to conduct sustainable business management. AEON MALL also pursues management based on ESG perspectives, aiming for further development by strengthening our management foundation through expanding earnings and corporate value.

### Aeon Sustainability Principle

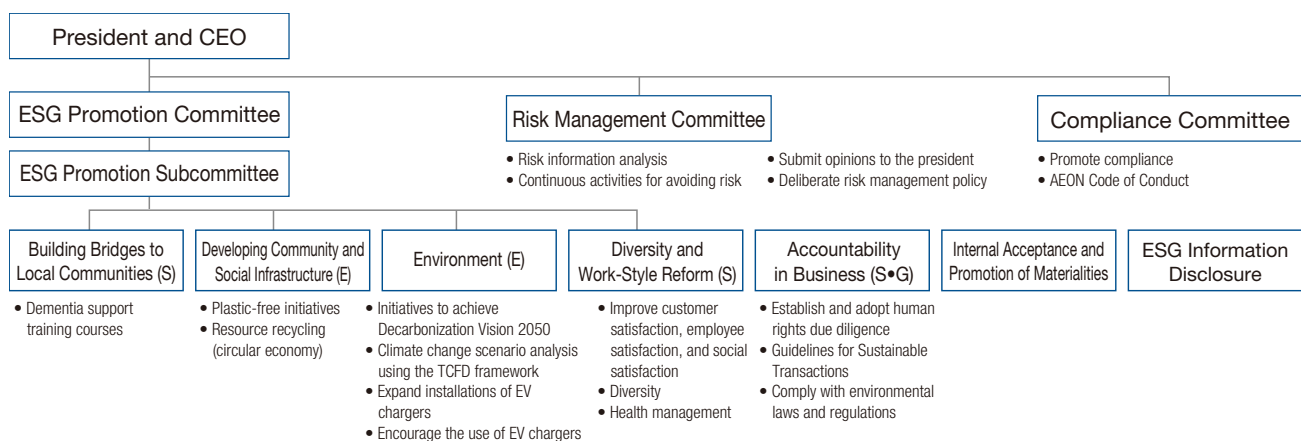
We at Aeon operate on the basic principles of pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core. Based on these, it is our goal to achieve a sustainable society and grow as a group. In our endeavors we think globally both on the environment and society. Our actions are rooted in each community and we move forward together with our many stakeholders.

## ESG Promotion System

AEON MALL has established policies for corporate activities related to society, the environment, and ethics. The AEON MALL Corporate Social Responsibility Council meets on a monthly basis to manage the implementation of these policies. Although the council provided timely decisions in managing the progress of and solving issues related to ESG initiatives, in response to the recent rise in focus on ESG management, we changed our CSR Council to the ESG Promotion Committee in April 2021. This change is designed to enable more prompt decision-making and the pursuit of ESG issues, including CSR.

The ESG Promotion Committee is an organization subordinate to the Management Council. The committee is responsible for formulating strategies and policies

related to ESG management and for monitoring the progress of ESG management. The committee is also responsible for exchanging information, responding to and discussing inquiries from the president on matters related to ESG, and advising or reporting to the president on related matters. In addition, we intend to establish an ESG Promotion Subcommittee for the purpose of examining and discussing specific measures related to the policies and reports of the ESG Promotion Committee. The ESG Promotion Subcommittee is charged with making decisions on ESG-related issues in a timely manner, and to create a system to be accepted and promoted internally, thereby leading to the resolution of social issues.



## Measures to Communicate With Employees

Every employee must understand their role from an ESG perspective, learning why their role is important, as well as how to think, act, and take responsibility for their part in ESG at AEON MALL. To this end, in fiscal 2021, we began establishing targets based on ESG perspectives as part of our personnel evaluation managed targets (assigning a target weight of 30% or more). In addition, we have assigned a person in charge of ESG to each business unit throughout Japan. In so doing, we are establishing a system to implement and deepen ESG-oriented initiatives quickly at each mall location.

In January 2021, we held seminars for all employees titled, “The Historical Significance of the SDGs and Demands on Corporations: Becoming the Company of Choice

Through SDGs Management”. We invited Mr. Shiro Tonari, representative director of the CHUBU SDGs Promotion Center, to address our employees participating online from Japan, China, and ASEAN. Numerous employees asked questions during the lecture, and the seminar provided an opportunity for employees to deepen their knowledge of the SDGs and reconsider how to incorporate the SDGs into their own work.



## Pursuing ESG-Based Management

### ESG Initiatives

# Initiatives Towards a Decarbonized Society

## TCFD

Based on the Aeon Decarbonization Vision 2050, we are promoting a range of initiatives aimed at achieving a decarbonized society. These include reducing total CO<sub>2</sub> and other emissions from our malls to zero by 2050, and setting an interim 2030 goal of reducing CO<sub>2</sub> emissions by 35% over 2010 levels. We have also established new targets of operating all malls using CO<sub>2</sub>-free electricity by 2025.

In June 2020, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD), a task force for information disclosure of business

risks and opportunities posed by climate change. The TCFD was established in 2016 by the Financial Stability Board (FSB), an international organization that seeks to stabilize the financial system. This section introduces our efforts to address climate change in line with the information disclosure framework recommended by TCFD.



## Governance

### Board of Directors Role (Environment)

Deliberations by the ESG Promotion Committee and its subcommittees, the Risk Management Committee, and the Compliance Committee are reported to the board of directors. Additionally, climate-related issues are also incorporated into the annual board of directors' agenda. It then makes further connections between climate-related issues and the business, and act in a supervisory capacity to ensure that there are no errors.

Every year, as part of our ISO environmental goals, we set company-wide energy-saving targets. Energy-saving initiatives are planned and implemented by each mall, and they manage their own progress. If any of these business units fail to achieve these targets, it will examine corrective measures, and submits a report to environmental departments. Particularly important corrective measures are reported to the ESG Promotion Committee and its subcommittees, and depending on importance and urgency, to the Management Council and the board of directors.

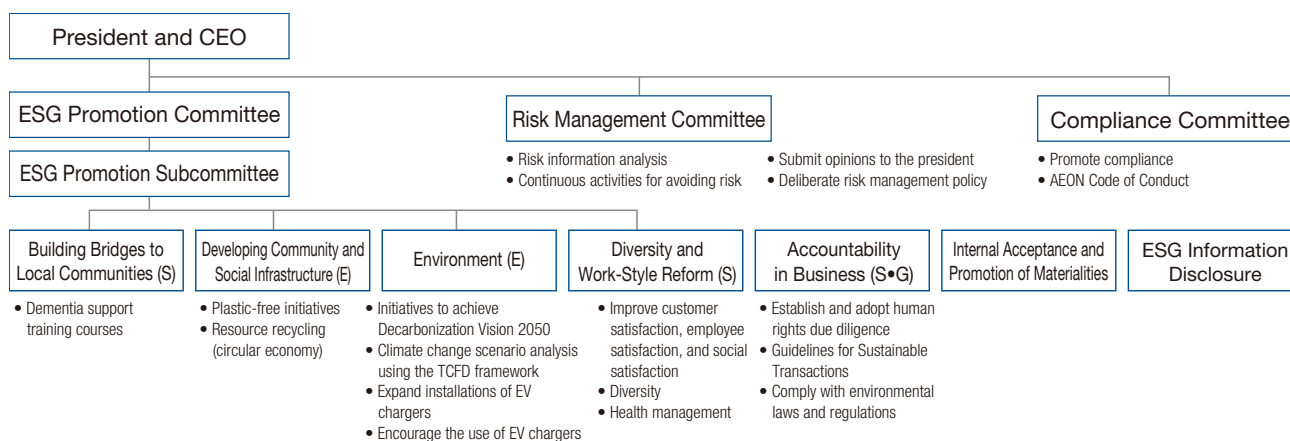
### Management Role (Environment)

The role of management in environmental issues is to make decisions on specific measures related to the environment, including achieving the AEON Decarbonization Vision 2050. The risks and opportunities from climate change have a major impact on business strategy, so the ultimate responsibility for these rests with the president.

The ESG Promotion Committee, a forum for discussions on sustainability, has been established as a subordinate mechanism under the Management Council. The ESG Promotion Committee is chaired by the president and consists of directors and full-time Audit & Supervisory Board members. In addition to its day-to-day efforts, the committee meets every two months to discuss company internal and external needs and expectations as well as current issues and problems, set targets for initiatives, and manage progress, with a focus on the four areas of environmental issues, social issues, strengthening governance, and communication, aiming for rapid resolution of issues.

In addition, the ESG Promotion Committee also confirms issues and targets, as well as rapidly making decisions on specific measures aiming to achieve the AEON Decarbonization Vision 2050 — these include promoting the use of renewable energy and adding more EV chargers.

## ESG Promotion System



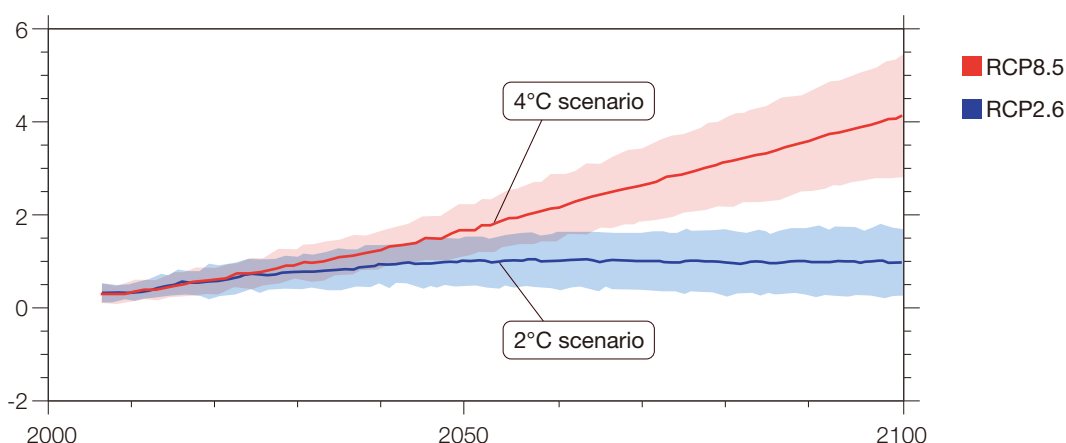
## Strategy

### Selection of Climate Change Scenario

In reference to the climate change scenarios in the United Nations Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, we selected the 2°C scenario and the 4°C scenario. The time axis of

the analysis indicates the impact of climate change by 2050 towards achieving the goals set forth in the AEON Decarbonization Vision 2050. We are carrying out a scenario analysis based upon these assumptions, and estimating the impact of climate change.

### Forecast for average global temperature change



#### 4°C scenario

If we do not take measures in addition to those currently taken, an increase in 3.2°C to 5.4°C compared to the industrial revolution

#### 2°C scenario

If we take strict measures, an increase in 0.9°C to 2.3°C compared to the industrial revolution

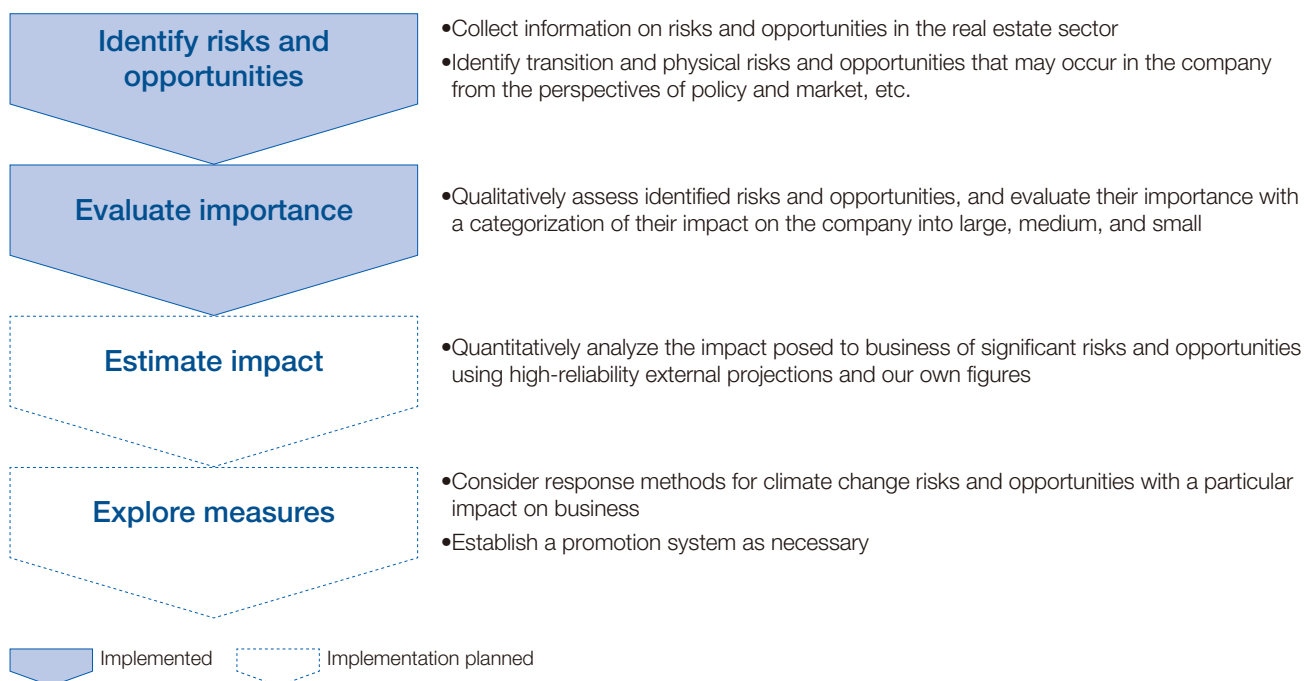
\*Source: The Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC)

## Pursuing ESG-Based Management

### ESG Initiatives

## Initiatives Towards a Decarbonized Society

### ■ Analysis Process



### Major risks and opportunities

AEON MALL has summarized the significant climate change risks and opportunities in Japan, China, and ASEAN countries in which we operate our mall business based upon external information, and has collected forward-looking forecast data on each of these risks and opportunities. Using this, we have studied the risks and opportunities involved with the transition to a decarbonized society, as well as the physical risks and opportunities stemming from climate change. We have identified the primary risks and opportunities that may impact our business by 2050.

One example is a hypothetical situation which sees the widespread adoption of electric vehicles. In this, we have identified a risk in which delays in investment

in charging stations may limit our ability to attract customers, countered by the opportunity in which appropriate capital investment will differentiate us from competitors and positively impact our ability to attract customers. We also identified the risk of flooding and power outages within and outside our facilities due to torrential rains and typhoons because of increasingly extreme weather events. However, the installation of watertight panels to prevent flooding and other tangible and intangible disaster preparedness measures may give us a competitive advantage, and by extension increased opportunities for our business partners to use the facilities and better attract customers. Please refer to the table for details.

	Evaluated item		Consideration of impact on business (risk)	Consideration of impact on business (opportunity)	Impact	Time
	Main category	Sub-category				
Transition	Policy/regulatory	Carbon tax, greenhouse gas emissions regulations	Increases in petroleum and coal taxes are expected to increase procurement costs for construction materials, as well as costs for fuels used in operating facilities. The promotion of policies in line with the Paris Agreement will make thorough energy-saving measures necessary.	Upon reaching zero greenhouse gas emissions, the carbon tax will no longer apply. The transition to energy-saving and renewable energy construction together with low-carbon construction materials may increase market value.	High	Long term
		Subsidy policies for renewable energy	The end of FIT-based purchasing will reduce income from sales of power from existing renewable energy facilities.	There is the possibility of being able to use new subsidies. There is also the possibility of accessing new markets such as in trading of renewable energy certificates.	Low	Short-medium term
	Industry/market	Changes in customer behavior	Increasingly efficient specialty stores will need to differentiate themselves from other companies in regards to their buildings' environmental performance.	Providing high-efficiency buildings as a response to heightened interest in energy efficiency will provide differentiation with competitors, and lead to higher rents for specialty stores.	High	Short-long term
		Changes in energy mix and demand	Constrained demand for energy will increase electricity procurement costs, leading to an increase in operating costs from utility bills. Higher demand for the procurement of renewable energy will increase its cost, increasing the financial burden.	The move to low-carbon grid electricity will limit the requirement to pay carbon taxes and invest in energy-saving facilities incurred from building construction and operation of facilities.	High	Medium term
	Technology	Spread of electric vehicles	The spread of EVs will require the installation of charging facilities at our operating facilities, meaning increased capital investment costs. A failure to respond to this will lower our ability to attract customers.	Having charging facilities at operating facilities will help with differentiation from competing facilities, and will positively impact the ability to attract customers.	High	Medium term
		Spread of renewable energy and energy-saving technologies	The degree of response to technical innovations such as building performance and environmental friendliness of used services will impact competitiveness with other companies.	The introduction of energy-savings/renewable energy technologies will reduce operating costs and increase property values.	Medium	Medium term
	Reputational	Change in reputation from customers	In the event of inadequate disclosure of climate change initiatives and non-financial information, this may lead to a decline in our corporate reputation amongst specialty stores and the general public, with a possible decrease in rent revenue from specialty stores.	(Not applicable)	Low	Short-long term
		Change in reputation from investors	Inadequate disclosure of climate change initiatives and of non-financial information may result in a decline in our corporate reputation from investors, leading to unfavorable loan rates.	Issuing green bonds or similar may attract new funds from the investor community that places value upon responsible investment.	Low	Short-long term
Physical	Chronic	Rise in average temperatures	The increase in very hot days will require measures such as an increase in insulation and air conditioning to ensure a comfortable interior environment during summer, which will increase construction costs. Cooling loads will increase due to higher temperatures, meaning higher operating costs.	Installing high-efficiency insulation and air-conditioning equipment in these operating facilities will help keep summer air-conditioning costs down, providing a competitive advantage in terms of operating costs. Creating a comfortable space for mall users, including employees of specialty stores, will lead to increased customer numbers and higher specialty store employee satisfaction.	Medium	Long term
		Rise in sea levels	It is possible that facilities in coastal locations may incur costs for measures to deal with rising sea levels. Locations of high risk will also face increased insurance premiums.	(Not applicable)	Medium	Long term
		Change in rainfall and weather patterns	Increased deterioration of building materials because of storms and solar UV will require the development of lower cost and more durable material technologies. Damage to properties may impact operations, and lead to lower revenue.	(Not applicable)	Low	Medium-long term
	Acute	Increasingly extreme weather phenomena	Torrential rains and typhoons will cause flooding inside and outside facilities as well as power outages requiring remedial measures and costs, which will mean fewer business days and customers. Insurance premiums will also increase to cover storm and flood damage.	Gain a competitive advantage by promoting the enhanced tangible and intangible disaster preparedness of our managed facilities, thereby leading to increased rental income along with more customer usage of our facilities and an improved reputation.	High	Short-long term



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### ESG Initiatives

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### Towards Achieving a Decarbonized Society

As one measure for ESG-oriented management, AEON MALL aims to help create a decarbonized society by the year 2050. As a part of these efforts, the AEON MALL Group carried out a scenario analysis. Results of this showed that on top of transition risks from the addition of a carbon tax to achieve decarbonization and other climate change-related trend changes, physical risks such as rising sea levels and abnormal weather patterns because of global climate change would also have a significant impact on the AEON MALL. In order to construct a resilient infrastructure system, in light of

the recent torrential rains in western Japan and Typhoon No. 24, which caused extensive damage from floods and tornadoes both in Japan and overseas, we have included floods and tornadoes as new risks. Also, based on the responses of individual malls to previous disasters, we have established a range of policies such as our natural disaster response guidelines. As we continue with scenario analyses, we will carry out not only qualitative assessments, but also quantitative impact assessments so that we can understand the financial impacts of climate change.

### By the Year 2025, all AEON MALL Facilities Will Transition to Renewable Energy

The AEON Group continues to engage in energy-saving activities, including the installation of solar power systems and EV chargers, aiming to help create a decarbonized society. In 2018, AEON formulated the AEON Decarbonization Vision 2050, aiming to achieve a decarbonized society by the year 2050 through the pursuit of energy conservation and the use of renewable energy, etc. Our target is to operate all malls using renewable energy by 2025.

AEON MALL Kawaguchi (Saitama Prefecture) has begun operating with virtually zero electricity and gas CO<sub>2</sub> emissions. In addition to energy-saving efforts, the mall procures electricity with virtually zero CO<sub>2</sub> emissions through the non-FIT non-fossil certificate electric power program\*<sup>1</sup> offered by TEPCO Energy Partner, Inc. The mall also sources carbon neutral city gas\*<sup>2</sup> supplied by

Tokyo Gas Co., Ltd.

\*<sup>1</sup> Non-FIT non-fossil certificate electric power program: A product offering the environmental value procured by Tokyo Electric to the point of customer demand in parallel with grid electricity. This source of electricity is regarded as essentially CO<sub>2</sub>-free.

\*<sup>2</sup> Carbon-neutral city gas: Using CO<sub>2</sub> credits to offset greenhouse gases (carbon offsets) during the process of extracting natural gas through the combustion of said gas. This process is viewed as producing zero CO<sub>2</sub> on a global scale, even through the combustion stage. The CO<sub>2</sub> credits are certified by a reliable verification organization assuring the CO<sub>2</sub> reduction impact of environmental protection projects around the world.



### Risk Management

The AEON MALL defines all risks, including fluctuations in sales due to competition, fluctuations in exchange rate, reputational damage, as well as earthquakes and fires. We have elucidated our basic approach to managing these in the Corporate Risk Management Rules. Depending on the nature and type of risk, these will be handled by different departments, and categorized as the Management Strategy Division, the

Compliance Committee, and the Risk Management Committee. The roles and objectives of this Risk Management Committee are to stay abreast of the status of risk management operations, to exchange information, to continuously review the risk management system (improve the PDCA cycle), and to aim to manage risk by reporting and proposing policies to the president.

## Indicators and Targets

### Energy Consumption

#### ■ Trends in energy consumption

	Unit	Scope*1	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Energy consumption (crude oil equivalent)	kl	①	Common space	117,278	118,030	118,723	117,801	112,922
Energy consumption intensity	GJ/1,000 m <sup>2</sup> x h	①	Common space	0.432	0.410	0.401	0.379	0.364
Energy consumption intensity YoY (%)	%	①	Common space	95.33	94.88	97.86	94.43	95.99

\*1 Scope ① Directly managed malls in Japan: Business sites are not included in scope if we are only commissioned to perform management and operations without responsibility to manage energy. ② Consolidated. (Includes overseas and subsidiaries)

### Greenhouse Gas Emissions

#### ■ Trends in greenhouse gas emissions

	Unit	Scope*1	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Scope 1	t-CO <sub>2</sub>	①	Common space	13,731	15,977	15,271	13,840	14,627
Scope 2	t-CO <sub>2</sub>	①	Common space	230,161	225,500	213,468	193,771	178,153
Scope 1, 2	t-CO <sub>2</sub>	①	Common space	243,892	241,477	228,739	207,611	192,780
Scope 1, 2 (overseas)	t-CO <sub>2</sub>	Overseas	Common space	39,929	60,292	60,113	61,532	63,839
Scope 1, 2 (Japan + overseas)	t-CO <sub>2</sub>	②	Common space	283,821	301,768	288,852	269,143	257,032
Scope 3	t-CO <sub>2</sub>	②	Entire supply chain for business activities	—	—	—	1,655,553	1,311,119

\*1 Scope ① Directly managed malls in Japan: Business sites are not included in scope if we are only commissioned to perform management and operations without responsibility to manage energy. ② Consolidated. (Includes overseas and subsidiaries)

### Reductions Target

AEON MALL has formulated greenhouse gas emissions targets in accordance with AEON policies.

The AEON Group established Aeon Eco Project energy strategy that was in place from 2012 to 2020, and has set a goal to reduce energy consumption by 50% (per unit of floor space) compared with fiscal 2010.

For fiscal 2020, AEON MALL reduced energy consumption by 55.1% (per unit of floor space) compared to fiscal 2010.

Furthermore, in March 2018, Aeon newly formulated the *AEON Decarbonization Vision 2050* aiming to achieve a decarbonized society, is aiming to reduce total CO<sub>2</sub> and other emissions from our malls to zero by 2050, and has set a 35% reduction in CO<sub>2</sub> emissions over FY2010 levels by 2030 as an interim target.

Aeon has also joined the RE100 initiative and we are committed to converting all of our electricity usage to renewable energy by 2050.

AEON MALL has set a target of having all malls switched to using renewable energy by 2025.

### Third-Party Verification

In FY2019, in order to ensure transparency and improve reliability, we received third-party verification of greenhouse gas (scope 1, 2, and 3), water, and waste emissions generated by our company. Using forecasts for improvements derived from this verification, we are working to continuously improve internal information.

● 2020 saw third-party verification carried out for AEON Co., Ltd. and for consolidated Group companies. Looking forward, we will work to improve the reliability of our data, and to continue with reductions in our greenhouse gas emissions.

\*We verify Scope 3 in accordance with the AEON MALL Scope 3 Calculation Rules (updated June 14, 2021). (Scope and verification method are the same as for Scope 1 and 2)



## Happiness Malls Achieve Our Mission as Life Design Developer

The Happiness Mall is a brand communication message linking AEON MALL with our customers.

Each mall engages in efforts based on a common concept leading to the branding of AEON MALL as the Happiness Mall.

ハピネスモールを目指して。

**Provide all customers with richer and happier lives.  
Pursue the Happiness Mall concept, supporting  
the healthy lives and mental well-being of our  
community of customers.**

**Beyond providing necessary goods and services,  
help customers feel happier and more inspired  
with every visit.**

**Smiling faces. Healthy bodies.**

**These are the types of happy experience spaces  
we strive to create.**



AEON MALL has established the Happiness Mall as our brand communications concept. Each mall acts individually, taking on new challenges to offer new experiences and new communications to our communities, making every day healthier and happier. One example is *DokodeMall! Tanoshimall!* [Mall Anywhere! Let's Have Fun!]. This program is an online service allowing customers to enjoy events held in AEON MALL facilities from anywhere via the AEON MALL app or website. AEON MALL offers events for customers to become more familiar with cultural and performing arts. These events include story-telling, operas, *rakugo*, *kabuki*, and more. In addition, we provide events in which customers can participate online, creating opportunities for happiness and fun. Programs include the "Exercise while you..." program to help relieve sedentary lifestyles, *O-warai Hanto Online*, a comedy program encouraging customers to laugh and learn, and many other online events. Through these and other activities, we continue to work together with local communities to create a mall that is a vital part of customer lives.



DokodeMall! TanoshiMall!

URL <https://online-event.aeonmall.com>

(Japanese only)

# HEALTH

## Making Physical and Mental Wellness Fun

Contributing to daily healthy habits and supporting the development of healthy bodies.



# WELLNESS

## Inspiration and Healing in an Expansive Space

Healing and inspiration through cultural and artistic experiences that enrich lives.



### HEALTH

Making Physical and Mental Wellness Fun

### WELLNESS

Inspiration and Healing in an Expansive Space

### Shopping Function

Goods and daily necessities

### Happiness Mall

Community Health Hub

Public Function/Community Hub

### Disaster Prevention Facility

Culture and Arts Evangelism

### COMMUNITY

An Abundance of Smiling Faces in the Local Community

### OPPORTUNITY

Experiencing Products and Services for More Abundant Living



## An Abundance of Smiling Faces in the Local Community

Space for people to gather and connect, serving as an indispensable lifestyle location for the community.

# COMMUNITY



## Experiencing Products and Services for More Abundant Living

Opportunities and tips to enrich lifestyles.

# OPPORTUNITY

## Pursuing ESG-Based Management

### ESG Initiatives

## Developing Community and Social Infrastructure



### Established Disaster Prevention Agreements with Almost All Malls in Japan

We are strengthening cooperation with external partners, such as governments and private companies, with the aim of safe and secure community building. In Japan, almost all malls have established agreements with local governments regarding cooperation with disaster prevention activities. AEON Co., Ltd. has also established agreements with the Ground Self-Defense Force, Japan Airlines Co., Ltd. (JAL), and 10 electric power companies nationwide. Here, we have agreed to provide support in the event of emergencies, including providing infrastructure support and aid supplies, playing a role as a base for recovery activities.



### Holding Disaster Prevention Festivals

Since 2018, AEON MALL Sakai Teppochō (Osaka Prefecture) has held the Sakai Teppochō Bosai FES!, a disaster prevention festival serving as an opportunity for local residents to gain a renewed awareness of the importance of disaster prevention. In fiscal 2020, the mall exhibited 1,276 coloring book pages of fire engines at 18 kindergartens and nursery schools. We also held group walks where participants could learn the importance of disaster prevention goods while walking through the building. The event enjoyed a record-high participation of 31 organizations, like neighboring companies, police and fire departments, and government agencies, as it promoted greater public awareness of disaster prevention.



### China: Preventing Fires by Implementing Automatic Fire Extinguishing Equipment

In order to prevent kitchen fires, we have introduced automatic fire extinguishing equipment to all restaurants starting in July 2018. After July 2018, new locations may not be opened until they agree to install this equipment. After installation, employees regularly inspected this equipment, leading to stronger awareness toward fire prevention among specialty stores and fewer incidents. We will also continue to strive toward higher levels of safety in our malls overall by taking action such as installing detection devices for gas leak prevention.

### Cambodia: Improving Equipment to Ensure High Safety Levels

We conduct monthly disaster prevention drills, and with cooperation from local fire departments, participate in annual large-scale disaster prevention drills in June with participation of around 500 people. By using social media to stream content from the drills, we work to communicate the safety of our malls to local residents. We ensure that fire safety levels at AEON MALL facilities are matched to our high standards in terms of both tangible and intangible systems. In addition to installing sprinklers at intervals of 1.5 meters to 2 meters, we also equip our malls with fire extinguishing hoses, fire extinguishers, and alarm devices.



### Promoting Smart Malls

We are proactively working to develop smart malls that implement cutting-edge digital technology for more convenient shopping experiences. At AEON MALL Ageo (Saitama Prefecture), which was opened in December 2020, two large 320-inch LED screens have been installed on its outer walls, providing information on specialty stores, seasonal environmental images, news, and more. We have also digitized our customer feedback, which we had previously conducted only through paper forms. This information is now available for browsing via dedicated touch panel signage.



### Deepening Universal Design

2005 marked our first full-scale universal design of a commercial facility, intended to provide a comfortable experience with peace of mind to all visiting customers. We collect customer opinions through actions like regular questionnaires, working toward ongoing improvement. At AEON MALL Kochi (Kochi Prefecture), which was expanded in floor space and renovated in September 2020, well-known universal design researcher Naoto Tanaka, Visiting Professor at Shimane University, and Tomomi Oida, Representative Director of NATS Architectural Design, supervised efforts to realize a facility where all customers, including the elderly, persons with disabilities, and persons with babies, can enjoy a more comfortable experience.





## Building Bridges to Local Communities



### The Smile Marche Project: A Three-Party Collaboration to Support Hokkaido's Food Products Business Operators

In order to support food business operators in Hokkaido, where they face challenges in excess inventory due to the spread of COVID-19, Sousei Marche, a food select shop at AEON MALL Asahikawa (Hokkaido), launched the Smile Marche Project in cooperation with Yamato Transport Co., Ltd. In addition to opening a new special Smile Marche store in the mall that sells products from Hokkaido, we established an online Hokkaido goods exhibition for online sale of these products. Customers from all around the country flocked to the Hokkaido Food Business Operator Support Pack, a combination of meat, fish, cheese, and other products from various businesses, despite not knowing the pack's exact contents until they've received it. The popularity of this pack not only helped spread the word about the appeal of Hokkaido's ingredients, but also helped increase sales for its food product business operators.



### Executing Into Cooperation Agreements for Regional Revitalization

In order to assist in the development of local communities, we promote executing into cooperation agreements with municipal governments. In Okazaki City, Aichi Prefecture, we have entered into the Comprehensive Cooperation Agreement on Regional Revitalization. This agreement further solidifies our cooperative relationship, following agreement with the city on health promotion and support in the event of disasters. In addition, we have executed into the Collaboration Agreement on Regional Revitalization in Indonesia. AEON MALL Sentul City (Indonesia), opened in October 2020, is designed to improve convenience for local residents and to serve as a community hub.

### Partnership Agreement to Promote Community Health

We established a mutual cooperation agreement with the Japan Conference for Health Promotion, an organization that provides comprehensive health management services across Japan, with the purpose of improving the rate of health checkups and contributing to health promotion among local residents. In addition to holding mobile health checkups, including women's examinations, at 19 malls, AEON Lake Town Kaze (Saitama Prefecture) also offers easy cancer screenings for women during their shopping trips. Going forward, we will continue to contribute to the healthy lifestyles of local residents and tenant employees.



### Enhancing Blood Donation Activities at Malls Across Japan

Impact from voluntary restraint of going out during the COVID-19 pandemic has reduced the opportunities for blood drives at companies and schools, resulting in profoundly problematic blood shortages. To help the many people who need blood transfusions, AEON MALL enhanced its intake of blood drives from malls that had reopened after temporary closures in the April 2020 declaration of emergency. From the following May to June, we received blood from 45,123 donors across 121 malls.



AEON MALL Natori (Miyagi Prefecture)

## Pursuing ESG-Based Management

### ESG Initiatives

## Environment



## AEON Hometown Forest Project

The AEON Group regards the AEON Hometown Forest Project tree planting initiative, launched in 1991 in Malaysia, as an activity to embody a philosophy centered on pursuing peace, respecting humanity, and contributing to local communities, always from the customer's point of view. Every time a new mall is opened in Japan or overseas, AEON hosts a tree planting ceremony, working with customers to plant native trees most appropriate for the local natural environment. In fiscal 2020, we held the event on a reduced scale at AEON MALL Ageo (Saitama Prefecture) and AEON MALL Shinrifu South Wing (Miyagi Prefecture). In all, 53,948 trees were planted in Japan and

overseas. As of the end of February 2021, the AEON Group has planted a total of nearly 12.23 million trees.



## Ecological Surveys in Surrounding Areas

We conducted an ecological survey of the AEON Hometown Forest at AEON MALL Kurashiki (Okayama Prefecture), which opened in 1999, and THE OUTLETS HIROSHIMA (Hiroshima Prefecture), which opened in 2018. As a result, we confirmed that the forests have grown over time to provide homes for a wide variety of plants and animals, playing important roles as part of local ecosystems.



### Accomplishments (Highlights)

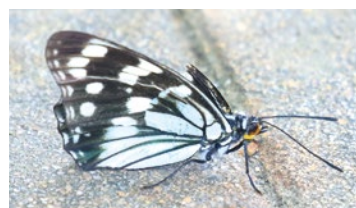
#### ■ Planting

We controlled invasive and increasing non-native plants by planting a high density of evergreen saplings modeled after local natural forests. We confirmed a diversity of 213 plant species at AEON MALL Kurashiki (Okayama Prefecture) 20 years after first planting. About 40% of the plant species are common with those in the natural forest, which is an even higher ratio than in general green spaces in urban areas.



#### ■ Birds/Butterflies

Forests play a variety of roles, including habitats for grassland and arboreal birds, migration routes, feeding grounds, and breeding grounds for local butterflies. As our forests grow, they become a part of the network connecting nature in local communities.

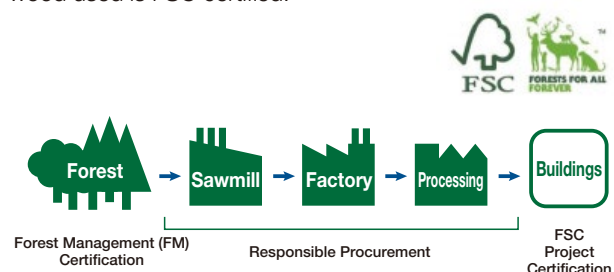


## Acquisition of FSC® Project Certification (Overall Certification)



In January 2021, *Mokuiku Plaza* of AEON MALL Shinjuku South Building (Miyagi Prefecture) became the first large-scale commercial facility to acquire FSC® Project Certification (Overall Certification) (FSC® P001850). The FSC® P001850

certification is based on the principles of the Forest Stewardship Council®, an international forest management certification NGO. This recognition certifies that the building was constructed using responsibly procured FSC-certified wood from properly managed forests. The *Mokuiku Plaza* is a children's playground that incorporates a large amount of wood from Miyagi Prefecture. All of the cedar and Nara wood used is FSC certified.



## Plastic Elimination Initiatives

To create sustainable malls and protect the global environment, we stopped providing plastic straws at restaurants in all malls (except for some restaurants).

For customers who wish to use straws, we provide environmentally friendly alternatives, such as paper straws, to reduce the use of plastic.

## Environmental Initiatives Overseas

### China: Careful waste separation according to instruction manuals

Since the opening of our first mall in China in 2008, we have emphasized waste management. In response to stricter laws on waste separation in China in 2019, we created an instruction manual to manage waste on an even stricter basis. We opened AEON MALL Qingdao Xihai Xinqu (China) in November 2019. Every month, this mall conducts training for tenants and persons responsible for the mall's waste storage area. Waste is sorted according to our manual, which has been highly praised by the Qingdao City government. We will roll this manual out to other malls in the future.

### Vietnam: Communicating importance of recycling

In cooperation with NGOs that contribute widely to the environment, we conduct educational activities to communicate the importance of recycling. In addition to showing videos encouraging the separation of waste inside

malls, we offer special benefits to customers who bring their own eco-bags. We also hold training sessions for tenants to reduce the amount of waste, and we reward stores that demonstrate successful results. Our efforts to manage waste across entire mall facilities include considerations of direct tie-ups with recycling companies to ensure collected waste is reused.

### Cambodia: Supporting education through recycling

Since 2014, we have been providing cardboard and waste plastic to NGOs, using profits from the sale of recycled products to support the education of Cambodian children. In addition to recycling, we educate tenants and mall employees on environmental conservation and hygiene management, as well as waste separation. To reduce the amount of waste plastic, our Cambodian headquarters distributes drink tumblers to mall employees, contributing to a reduction of environmental impact.



## Pursuing ESG-Based Management

### ESG Initiatives

## Diversity and Work-style Reform



### Human Resources Policy

Human resources are the most important management resources for sustainable growth. Based on this policy, we pursue growth strategies by investing in our human resources, aiming to be a company that fosters diverse human resources who are healthy and have the opportunity to exercise their talents. In response to advancing globalization and digitalization of business, we commit ourselves to creating new value by transforming our education system from a traditional single-track specialist education to a double-track

generalist and specialist education. We will use the power of diverse human resources in areas such as systems, digital, finance, and HR. We pursue diversity management to create new business models to adapt to the changes in society and the diversification of employee needs. This management style allows a diverse base of human resources to exercise their talents. At the same time, we are developing various human resources training and education programs to support human resources development.

### Improving Employee Motivation

We measure employee job satisfaction in terms of comfort in the workplace and the chance to perform rewarding work. Our basic policy in cultivating human resources is to encourage employees to develop their own careers. Under this policy, we provide many opportunities for employees to learn and challenge themselves, including various training and education programs according to position and level of

growth. In this way, we spur employee motivation and desire to grow, which is the driving force for career advancement.

In addition to promotion tests, we have a self-reporting system that allows employees to express their career aspirations to the company. We believe this system provides fair opportunities regardless of age, gender, or nationality, and enables us to hire and promote talented people.

### Achieving Diversity

Diverse human resources are necessary to implement our policy that the customer comes first. This is because a diverse range of customers come to our malls. Creative ideas are born through the active exchange of opinions from diverse points of view. Many highly motivated female employees pursue higher positions within our organization.

We provide flexible options to enable all to work flexibly, regardless of gender or life-stage changes, including child rearing or aging parent care. We are building a foundation for comfortable work environments upon which employees can develop their careers.

### Cultivating Global Human Resources

Our basic policy for operating malls overseas is to delegate the operation to local staff members who have a deep understanding of our philosophy. We focus on the education of human resources in each country. We are also active in promoting local staff members to management positions.

Currently, 11 malls have local staff members serving as general managers (GM) who are responsible for the malls.

In Cambodia, we strive to instill in our employees the philosophy that the customer comes first. We also teach cleanliness, safety, and various other factors that create customer loyalty. Employees grow through various training programs, using the knowledge and experience they have acquired to create malls that are supported by the local

community.

In China, training programs are held periodically for local staff to improve their careers. In addition to offering unified programs throughout China, we also provide training in each area, expanding the best practices to other malls. Further, we strive to increase motivation by focusing on cultivating human resources through short-term assignments to Japan, as well as through the adoption of an employee performance evaluation system.

We create opportunities for our Japanese employees to gain experience overseas. We believe that the experience of working with local staff gives Japanese employees the chance to grow and develop in their own careers.

## Pursuing Work-Life Balance

AEON MALL offers flexible work styles for employees according to various life stages, including marriage, childbirth, childcare, and nursing care for loved ones at home. It is sometimes said that a balance between job satisfaction and productivity is a contradiction. Further, job satisfaction is determined by comfort in the workplace and rewarding work. These elements cannot be provided

unilaterally by the company, but are created by the company and employees striving together. It is important that employees aim for independent work styles on their own, while supervisors provide guidance and development for employees demonstrating this ambition. We pursue work-life balance based on this concept.

## Supporting Diverse Work Styles According to Different Life Stages

### Encouraging Childcare Leave

To support employees in balancing work with childbirth and childcare, AEON MALL has established various systems to create a workplace environment that encourages the use of childcare leave. In FY2020, 52 employees (including 23 male employees) took childcare leave. We also encourage the active participation of men in childcare.

### Ikubos Support Fund System

We have introduced our own Ikubos Support Fund System to provide financial assistance during childcare leave. To support work and family life balance, as well as to encourage Ikubos (bosses who are raising children) individuals who are the primary breadwinners of their families, we provide assistance payments to employees who take childcare leave and who have child dependents registered under their health insurance. We offer a three-month eligible period, beginning the first day of childcare leave, ensuring 80% of the employee's regular wage by paying the difference on top of the employment insurance compensation (for childcare leave; equivalent to 67% of monthly pay).

### Expansion of Aeon Yume-Mirai Nursery Schools

As part of our efforts to create an environment where people of child rearing age can continue to work with confidence, we opened the Aeon



Yume-Mirai Nursery School, an on-site nursery available to employees of AEON Group companies, specialty store tenants, and local community residents. Tenants hire staff members who are balancing work and childcare, and we support them in creating a work-friendly atmosphere for their employees for long-term employment. We create opportunities for children to grow both mentally and physically through events and activities based on the local community that are not affected by weather and that can be held only at a mall-based daycare center. The AEON Group operates 31 nursery schools, 21 of which are operated by AEON MALL commercial facilities (as of end of Feb, 2021).

## Providing a More Comfortable Work Environment for All Employees

### Improving Work Environments for Employees of Specialty Store Tenants

As the shortage of human resources has become a social issue, we believe that it is our responsibility as a developer to enhance ES (Employee Satisfaction) by creating an exceptional working environment that encourages employees of our specialty store tenants to stay longer-

term. In addition to separate convenience stores and powder rooms, our employee break rooms are equipped with free massage chairs, creating and providing an environment where employees can relax mentally and physically. In addition, we roll out the best examples of ES improvement measures to other malls.

## Pursuing ESG-Based Management

### ESG Initiatives

## Accountability in Business



## Human Rights Policies, Systems, and Training

The unwavering principle of Aeon is pursuing peace, respecting humanity, and contributing to local communities, always from the customer's point of view. To honor these principles we will comply with all relevant laws and regulations, while dealing with all people honestly and sincerely through proper behavior. The AEON Code of Conduct was enacted in April 2003 on the basis of these values. In September 2014, AEON codified a philosophy of human rights and the workplace producing AEON's Basic Human Rights Policy in support of the AEON Code of Conduct.

AEON MALL follows this philosophy and these policies

in respect for human rights. The company aspires to create an organization that allows all people, regardless of their gender or nationality, to participate in the development of the company. We strive to create workplaces that enable all employees to perform to the highest level of their abilities.

All AEON MALL employees must attend an annual human rights training. We also provide employees with a handbook that lists both internal and external help desks. This handbook provides clear information about respect for human rights, prevention of discrimination, and other matters in the context of the AEON MALL employment rules.

### AEON Code of Conduct—Our Commitment

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

### AEON Human Rights Policy

In accordance with this policy, all Aeon executives and employees (AEON People) further deepen their understanding of human rights and help achieve a society that respects these rights. This policy applies to all AEON People, and we share this policy with all business partners.

#### 1. Our Approach to Human Rights

Aeon has established the Aeon Basic Principles and the AEON Code of Conduct. We also subscribe to the United Nations Global Compact, which we joined in 2004. In accordance with these principles and in compliance 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, we respect the rights of all individuals who are impacted by our businesses. In addition, we 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. In addition, we remain mindful of the positions of others and respect them as our equals.

- We treat all customers in a fair and impartial manner and provide them with safe, reliable products and services, as well as related information.
- We actively communicate with local community members to ensure that we respect their human rights.
- We 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 improve our performance in this regard continually.
- We listen to our coworkers, respect the human rights of each coworker, and create workplace environments that are free of harassment, safe, and employee-friendly. At the same time, we train and educate all AEON People to further their knowledge and understanding of human rights.

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

We conduct due diligence regarding the human rights impacted by our business activities to contribute to achieving a society in which human rights are respected.

## Initiatives to Prevent Corruption

See *Corporate Governance* (P.80) for more about our initiatives to prevent corruption.

## Formulation of Guidelines for Sustainable Transactions

### Overview

To prevent situations with potential human rights violations and build a sustainable value chain, AEON MALL established our own Guidelines on Sustainable Transactions (“Guidelines”), based on the AEON Human Rights Policy and AEON Supplier Transaction Code of Conduct. Our Guidelines ensure a comprehensive inclusion of international norms and industry human rights matters related to human rights

and labor. At the same time, these guidelines identify matters that should be included in our own guidelines based on an assessment of importance. We contribute to sustainable societies by sharing our values with our business partners and using these values as a guide to fulfill our social responsibilities.

See the AEON MALL corporate website for more about our Guidelines.

» [https://www.aeonmall.com/esg/society/02/#human\\_rights\\_guide](https://www.aeonmall.com/esg/society/02/#human_rights_guide)

### Formulation Process

We worked with external experts and engaged in the following process to formulate our Guidelines.

#### 1. Confirm human rights matters based on international norms, etc.

We referenced the *International Bill of Human Rights*, the *ILO Declaration on Fundamental Principles and Rights at Work*, and other international norms on human rights and labor when considering the elements to include in our Guidelines.

#### 2. Confirm human rights matters in our industry

In addition to international norms, we confirmed the matters related to human rights and labor that are emphasized in our industry when considering the elements to include in our Guidelines.

#### 3. Assess importance

We assessed the importance of human rights elements identified in steps 1 and 2, defining important matters to reflect in our own guidelines, including child labor, forced labor, working hours, discrimination, and health and safety.

#### 4. Prepare guidelines and requirements for each human rights matter

We prepared guidelines and detailed requirements for each matter.

### Future Implementation

In the future, we intend to share our guidelines with group companies and business partners, asking them to comply with these guidelines. We will also strive to understand the status of implementation, aiming to manage and reduce human rights risks in our supply chain.

## Pursuing ESG-Based Management

### ESG Initiatives

## Implementation of Human Rights Due Diligence

At AEON, all AEON People (executives and employees) gain a deeper understanding of human rights, and, based on the AEON Human Rights Policy, strive to create a society that respects human rights. The AEON Human Rights Policy\* clearly describes a human rights due diligence process. In accordance with the AEON guidelines, AEON MALL began implementing this initiative in 2020. As described in the United Nations Guiding Principles on Business and Human Rights, we will continue our efforts to build a sustainable value chain in our role as a leader in ensuring human rights.

\*The Human Rights Policy for AEON Co., Ltd.

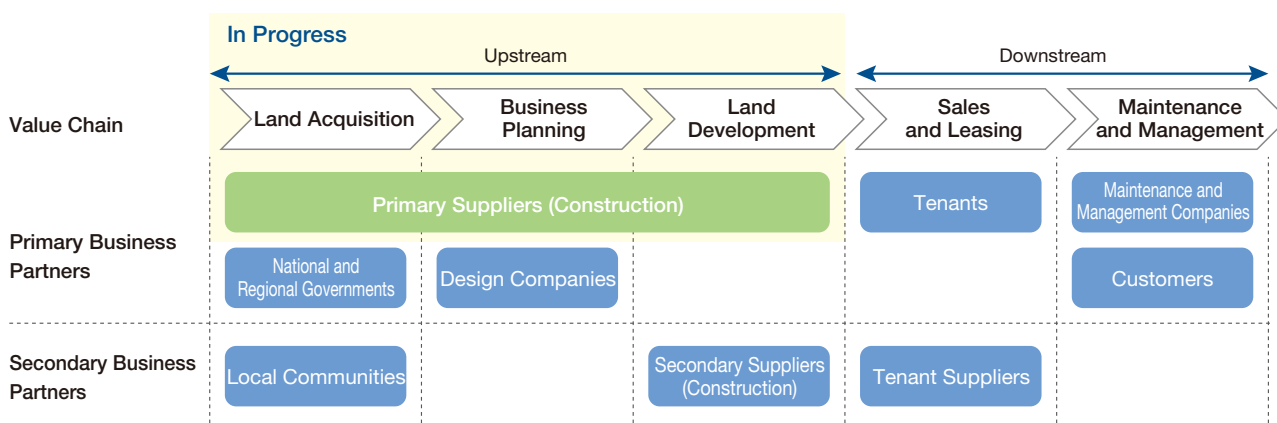
» <https://www.aeon.info/humanrights/aeonhumanrightspolicy/>

### 2020-2021: Human Rights Due Diligence Implementation Process



## Implementation Scope Related to Human Rights Due Diligence

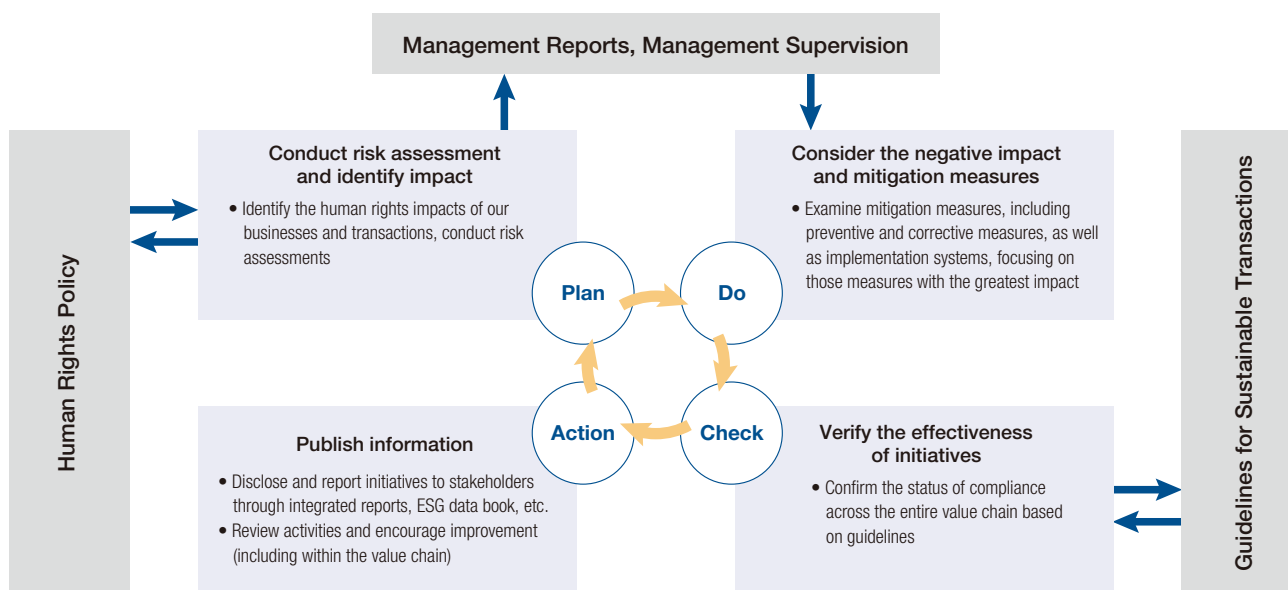
During the current fiscal year, we are conducting human rights due diligence, mainly focusing on the upstream portion of our value chain. In the future, we intend to expand the scope of implementation to include downstream contractors and tenants. Here, we plan to confirm the status of compliance with our Guidelines for Sustainable Transactions throughout the value chain, as well as examine measures to address and mitigate negative impacts.



## Human Rights Due Diligence Post-Implementation Roadmap

After implementing the human rights due diligence process fully, we will establish a PDCA cycle for corrective action plans. In this way, we will secure a structure for engaging in human rights risk reduction on a regular basis and disclose identified risks in our integrated report cover the next fiscal year.

### Human Rights Due Diligence-Centric PDCA Cycle for Risk Reduction





## Pursuing ESG-Based Management

## ESG Initiatives

## Stakeholder Engagement

AEON MALL will work thoroughly and strategically on management based on the ESG perspective of creating economic value, social value, and environmental value for all stakeholders.

Stakeholders	Relationship with Stakeholders	Value Provided to Stakeholders	
<b>Customers</b>	As a company that operates from a retail perspective under the basic principle of the customer comes first, we see and consider life from customers' perspectives so that we can share the best, most memorable moments of life with those customers.	<ul style="list-style-type: none"> <li>● Provide daily wellbeing, enjoyment, safety, and peace of mind</li> </ul>	
<b>Communities</b>	We aim to operate community-based malls and contribute to the creation of a vibrant society for our customers.	<ul style="list-style-type: none"> <li>● Achieve decarbonized societies</li> <li>● Contribute to local communities through local development and expansion of public functions</li> <li>● Support education in collaboration with local educational institutions</li> </ul>	
<b>Partner Companies</b>	We maintain relationships through smooth communication and give consideration to compliance, human rights, and the environment.	<ul style="list-style-type: none"> <li>● Strengthen partnerships through fair trade activities</li> <li>● Generate new ideas and business opportunities through co-creation</li> </ul>	
<b>Employees</b>	For us, human resources are a key management resource for sustainable growth. Based on this policy, we are promoting investment in our human resources, aiming to be a company that fosters diverse human resources who are healthy and have the opportunity to exercise their talents.	<ul style="list-style-type: none"> <li>● Engage in appropriate personnel assignments</li> <li>● Pursue diversity and work-style reform</li> <li>● Foster the next generation of employees</li> </ul>	
<b>Shareholders and Investors</b>	Shareholders and investors financially support our sustainable growth. We will strive to disclose information, engage in dialogue, and provide appropriate returns to shareholders and investors.	<ul style="list-style-type: none"> <li>● Stable shareholder returns</li> <li>● Ensure a sound financial position</li> <li>● Respect the exercise of voting rights</li> <li>● Provide fair and timely information disclosure</li> </ul>	
<b>NPO, NGO</b>	Through communication, we are strengthening our support for non-profit organizations that align with the direction of our ESG management and exchanging ideas on how to solve social issues.	<ul style="list-style-type: none"> <li>● Provide a PR environment for non-profit business activities</li> <li>● Cooperate in non-profit business activities</li> </ul>	

	Stakeholder Concerns	Initiatives
	<ul style="list-style-type: none"> <li>● Comfortable, safe and secure malls</li> <li>● New experiences and excitement</li> <li>● A community space for people to gather</li> </ul>	<ul style="list-style-type: none"> <li>● Hold events at Happiness Mall</li> <li>● Thorough prevention measures to combat COVID-19</li> <li>● Utilize digital technology to provide services (AEON MALL app, Live Shopping)</li> <li>● Strengthen mall initiatives aimed at CX creation (localization, new business categories)</li> </ul>
	<ul style="list-style-type: none"> <li>● Solve issues with local governments</li> <li>● Malls where local people can always feel safe and secure</li> </ul>	<ul style="list-style-type: none"> <li>● Pursue decarbonization initiatives (pursue 100% renewable energy in malls, pursue plastic-free initiatives)</li> <li>● Provide vaccination sites</li> <li>● Sign disaster-prevention agreements</li> <li>● Organize traditional and cultural events</li> <li>● Enter into industry-academia collaboration agreements with local educational institutions</li> </ul>
	<ul style="list-style-type: none"> <li>● Compliance and communication with the Aeon Supplier Code of Conduct</li> <li>● Create synergies through collaboration</li> </ul>	<ul style="list-style-type: none"> <li>● Maintain and improve mall operations through collaboration with business partners</li> <li>● Conduct sales support activities through communication with partner companies</li> </ul>
	<ul style="list-style-type: none"> <li>● Life-stage based work styles</li> <li>● Balancing job satisfaction with improved productivity</li> <li>● Impartial performance evaluation</li> <li>● Appropriate compensation</li> </ul>	<ul style="list-style-type: none"> <li>● Recruit diverse human resources to respond to changes in the environment</li> <li>● Review mall management systems</li> <li>● Change organizational structures to improve operational efficiencies</li> </ul>
	<ul style="list-style-type: none"> <li>● Appropriate information disclosure</li> <li>● Appropriate share price and shareholder returns</li> <li>● Medium- and long-term corporate value improvement</li> <li>● Strengthen and enhance corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>● Enhance information dissemination capabilities (disclosure of integrated reports, ESG data books)</li> <li>● Conduct dialogue <ul style="list-style-type: none"> <li>IR Meetings (approx. 250 cases a year)</li> <li>SR Meetings (commencing FY 2021)</li> </ul> </li> <li>● Disclose information in English (financial results, convocation notices, integrated reports)</li> <li>● Publish voting results</li> <li>● Adopt a voting platform</li> <li>● Raise funds through Sustainability Bonds</li> </ul>
	<ul style="list-style-type: none"> <li>● Solutions for organization issues</li> <li>● Publicize our activities through our malls</li> </ul>	<ul style="list-style-type: none"> <li>● Sponsor donation drives at AEON MALL locations (UNICEF)</li> <li>● Set up membership recruitment booths (UNICEF, UNHCR)</li> <li>● Sponsor blood donation activities (Japanese Red Cross Society)</li> </ul>