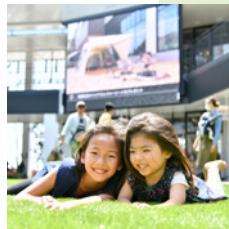


# Integrated Report 2023

Be a Co-Creator of a Sustainable Region as a Life



01 Introduction

01	Content Overview (Table of Contents)
02	IR Communication Overview and Editorial Policy
03	Basic Philosophy, Management Philosophy, and Management Vision

04 Top Message

09 2030 Vision

09	2030 Vision Be a Co-Creator of a Sustainable Region as a Life
11	studio LIFE DESIGN

12 Value Creation

13	Our History in Value Creation
14	Value Creation Process
15	AEON MALL Business Model
16	AEON MALL Business (Japan and Overseas)
17	Value Creation Story (Our Strengths and Management Resource Strategy)
18	AEON MALL Materialities Selection and Policies
20	Stakeholder Engagement

21 Value Creation Strategy

22	Three-Year Medium-Term Management Plan Overview and Progress
23	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
24	Three-Year Medium-Term Management Plan Targets and KPIs
26	<b>Initiatives</b> Pursue a Regional Shift in Japan and Overseas
27	<b>Initiatives</b> Create a Platform for Health and Wellness
28	<b>Growth Initiatives</b> Discover and Commercialize Business Opportunities in Overseas Growth Markets
29	<b>Growth Initiatives</b> Pursue Business Model Innovation in Japan
31	<b>Growth Initiatives</b> Create New Business Models That Break From Existing Business Frameworks
32	<b>Foundation</b> Build Strong Financial Foundations and Resilient Organizations From the Perspective of Sustainability
33	Financial Strategy: Message From the Director in Charge of Finance and Accounting
40	<b>Special Feature</b> Dialogue Between Outside Director and Securities Analyst
44	Digital Transformation (DX) Strategy
46	Sustainability Strategy

47	Human Resources Strategy: Message From the Director in Charge of Business Management
48	Investing in Human Capital
50	① Diversity Management: Expanding Individuality, Pioneering Future
53	② Health Management: Vibrant, Healthy, Sustainable
55	③ Adopt Developing Mutuals: Choose, Be Chosen, Be Social
56	④ Fostering Human Resources for Community Co-Creation: Connecting Communities, Connecting the Future
57	⑤ Providing Autonomous Career Development Opportunities
58	⑥ Succession Plan Promotion: NEXT
59	⑦ Fostering Global Human Resources: Connecting Asia, Expanding Human Resources
60	Environmental Strategy
61	① Achieving Decarbonized Societies
63	Disclosures Based on TCFD Recommendations
66	② Achieving Circular Malls
67	③ Preserving Biodiversity
68	Attention to Human Rights

70 Corporate Governance

71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members

86 Corporate Data

86	Financial Performance
89	11-Year Financial Highlights
90	11-Year Non-Financial Highlights
91	Corporate Profile and Recognition and Certifications from External Organizations
92	Stock Information

Introduction

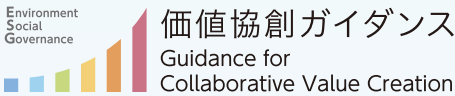
01	Content Overview (Table of Contents)
02	IR Communication Overview and Editorial Policy
03	Basic Philosophy, Management Philosophy, and Management Vision

## Introduction

01	Content Overview (Table of Contents)
02	IR Communication Overview and Editorial Policy
03	Basic Philosophy, Management Philosophy, and Management Vision

## AEON MALL Integrated Report 2023 Editorial Policy

Our management philosophy defines that the AEON MALL Group is a Life Design Developer, creating the future of community living. Under this philosophy, we aim to become a Company that will touch the hearts of five billion visitors throughout Asia. We have published integrated reports for all stakeholders, including shareholders and investors, since fiscal 2018 to provide an even deeper understanding of our efforts to enhance our corporate value over the medium to long term. In editing the report, we referred to the IFRS Foundation *International Integrated Reporting Framework* and the Ministry of Economy, Trade and Industry *Value Creation Guidance 2.0* to focus on important information for improving corporate value over the medium to long term. The Integrated Report 2023 is based on our newly formulated 2030 Vision of *AEON MALL, Co-Creating With Our Communities*. The report focuses on our strengths developed in the mall business from a retail perspective, our value creation process and future strategies, business activities that support our value creation, and ESG initiatives. We discuss ESG initiatives that have a particularly significant impact on corporate value based on materiality. For more detailed information on ESG information, please refer to our ESG Report, which introduces our ESG activities in an easy-to-understand manner, as well as our sustainability and IR websites.



Reporting Period: March 1, 2022 to February 28, 2023  
 Notice shall be given regarding information outside reporting period on each occasion.  
 Organizations: The report principally focuses on AEON MALL Co., Ltd. and our Group companies and their managed facilities. Environmental indicators exclude the following: 49 malls with contracted management from AEON Retail Co., Ltd., mozo wondercity, Kobe Harborland umie, QUALITE PRIX, AEON SENRITO Senmonkan, and the commercial facilities of OPA Co., Ltd.

## IR Communication Overview



## Basic Philosophy

## Customer First

## Management Philosophy

AEON MALL is a Life Design Developer that works with communities and produces ways of living for the future.

Life Design involves producing ways for people to live in the future — work that drives AEON MALL to create and nurture opportunities for people to meet and engage in cultural activities. Beyond the development of commercial facilities, this work requires our company to expand ways for us to serve people throughout various stages of their lives.

## Management Vision

Becoming a company that will touch the hearts of 5 billion visitors throughout Asia

- Ultimately, our challenge is to be consistent in localization to enhance the attractive aspects of various regions by working in tandem with partners.
- As Life Design Producers, we will go beyond working in a conventional commercial context and keep our company growing by opening up business opportunities to produce future ways of living.
- We will solidify and strengthen our financial and business foundations by taking full advantage of our company's assets, including our worldwide malls and capabilities to continue our growth.
- We are a company of professionals that continue to innovate.
- We see and consider life from customers' perspectives so that we can share the best, most memorable moments of life with those customers.



We formulated our management plan to achieve our Company vision under our management vision, which is based on our basic philosophy and management philosophy.



## Introduction

- 01 Content Overview (Table of Contents)
- 02 IR Communication Overview and Editorial Policy
- 03 Basic Philosophy, Management Philosophy, and Management Vision



**Yasutsugu Iwamura**

President and CEO

## Seizing on social change as opportunity, we will shift paradigms through co-creation with local communities, reassessing current business models and creating new value.

### FY2022 Review and Issues for FY2023

Impacted by COVID-19 in fiscal 2022, but strengthening a foundation for future growth.  
AEON MALL sees the challenges that will emerge in fiscal 2023 and the transition to post-COVID-19 as opportunities to pursue change.

AEON MALL Co., Ltd. (the “Company”) has defined a Vision for 2025 by which we will pursue our management philosophy and achieve further business growth. We are working together with local communities to achieve sustainable growth by creating economic, social, and environmental value.

In fiscal 2022, the final year of our most recent medium-term management plan, we achieved year-on-year growth in operating revenue, operating income, and ordinary income. However, many countries in which we operate experienced the negative impact of COVID-19. At the same time, our overseas business contributed to AEON MALL Group (the “Group”) profit growth through record-high profits. Despite the impact of rapid changes in the business environment, we made steady progress in strengthening the foundation of future growth, opening five new malls overseas and seven in Japan during the past three-year period.

Entering 2023, we saw the beginnings of post-COVID advancements across numerous countries. Sales and customer traffic are improving. However, new challenges are emerging due to changes in economic situations and social environments, not to mention evolving customer values and needs.

In these times of uncertainty, we must always meet the expectations of our customers and transform ourselves into a company that supports and is supported by our communities more than ever. Beyond the framework of commercial shopping facilities, we intend to take on the challenge of fostering deeper ties with communities and business partners, reforming old business models and creating new values.

### Consolidated Statements of Income

	(Million yen)					
	FY2021	FY2022	YoY		Full-Year Plan	
	Results	Results	Change	%		Progress (%)
Operating revenue	316,813	398,244	+81,431	125.7	404,000	98.6
Operating costs	248,884	322,829	+73,945	129.7	—	—
Gross profit	67,928	75,414	+7,485	111.0	—	—
Selling, general and administrative expenses	29,700	31,434	+1,734	105.0	—	—
Operating income	38,228	43,979	+5,751	115.0	55,500	79.2
Ordinary income	32,540	36,409	+3,868	111.9	45,500	80.0
Net income (loss) attributable to owners of parent	19,278	12,994	▲6,284	67.4	23,000	56.5
Net income per share (yen)	84.72	57.10	▲27.62	—	101.07	—

\* Announced April 2022

2030 Vision: Achieving Our Goals Through Community Co-Creation

We work together with like-minded stakeholders to co-create activities that lead to sustainable futures for our communities.

This year, we crafted a new 2030 Vision, *Co-Creating With Our Communities*.

Our 2030 Vision defines the future for which we strive as a developer. This vision also describes our goals for the year 2030 as part of the process toward becoming a company that will touch the hearts of 5 billion visitors throughout Asia. To us, community co-creation means creating relationships with all manner of like-minded people, engaging in activities that lead to broader, deeper, and more sustainable futures for the communities we serve. Community co-creation is the center of the thoughts and values of AEON MALL as a company and of every AEON MALL Group employee.

Over the past several years, customers and local communities have come to expect different and more diversified values. Our specialty store partners have changed their business policies, store opening strategies, and other approaches in significant ways. Against this backdrop, we know we must contribute more than ever to sustainable societies through our business activities. However, there are limits to what we can achieve alone in an increasingly complex world.

Our 2030 Vision reflects these realities. In every country and region where we operate, AEON MALL co-creates optimal solutions, working together with like-minded companies, organizations, local governments, educational institutions, and individuals. We work in empathy with stakeholders to achieve an ideal future for community living.

To transform our company into a community co-creator, we must work along two axes: (1) what we can change as a corporate entity and (2) what we must utilize in terms of the management assets we have cultivated over the years.

The first three changes will be the value of our existence as a corporate group, the drivers of business execution, and the fields in which we conduct activities. As we leverage assets distributed throughout AEON MALL locations, we will bring new value to our communities as a presence that transcends the traditional framework of commercial shopping facilities. We will not be alone in driving the implementation of these activities, but rather work together with like-minded partners to resolve issues. And we will not limit ourselves to our own commercial shopping facilities, but instead, use every aspect of the community as our playing field to create solutions to local issues.

Leveraging our management assets consists of three elements: Our physical locations spread across Japan and Asia, our networks and the aggregate value of these networks, and the safety, security, reliability, and operational excellence we have cultivated over the years. Our locations—tangible

2030 Vision

AEON MALL, Co-Creating With Our Communities.

Our corporate stance is the following:

[ What we will change ]

- 1 The value of our existence
- 2 The drivers of business execution
- 3 The fields in which we conduct activities

[ What we will leverage ]

- 1 The physical AEON MALL locations and network of assets spread across Japan and Asia
- 2 The aggregate value of these networks
- 3 The safety, security, reliability, and operational level cultivated over the years

assets—are found throughout Japan and Asia, creating unique interconnected networks. These locations and networks represent a major competitive advantage no other company can match if they attempt to build from scratch. And each location represents a community platform offering collective value that brings people, goods, and information together in one. We will use these platforms to offer value beyond commerce. Further, consumers identify our brand with safety, security, and reliability, which we have cultivated through unified operations in Japan and Asia. Our structures and corporate culture ensure we offer stable, high levels of service. This brand and culture are overwhelming advantages no other company could hope to attain. These elements are also a source of competitive advantage in our transformation as a community co-creator, and we intend to capitalize on these strengths.

Based on these perspectives of change and utilization, we launched a co-creation program last fiscal year, entered into a capital and business alliance with Marimo Co., Ltd. (a residential and income-producing real estate development company), established the Life Design Fund CVC, and are working toward the 2024 completion of a joint transportation system to solve logistics issues. In these ways and more, progress toward our 2030 Vision is already bearing fruit.

No doubt, more emphasis will be placed on solutions tailored to each community rather than a one-size-fits-all solution across countries or regions. This is exactly why we are unwilling to be bound by a conventional framework centered on commercial shopping facilities but rather pursue transformation toward community co-creation to solve the issues faced by each community.

2030 Vision Movie

2030 Vision: AEON MALL, Co-Creating With Our Communities. We produced a 2030 Vision short movie to communicate our vision to stakeholders.

[https://www.aeonmall.com/en/ir/movie\\_01.html](https://www.aeonmall.com/en/ir/movie_01.html)



studio LIFE DESIGN

studio LIFE DESIGN is an internal, cross-organizational project to discuss the future of AEON MALL under an operating approach of *free thinking and no rules*. Participants representing a cross-section of job descriptions and seniority look ahead to the future and discuss the type of company AEON MALL should strive to be for society and the steps to achieve this ideal future, translating words into actions.

[▶ P.11](#)



## Formulating the FY2023-FY2025 Medium-Term Management Plan

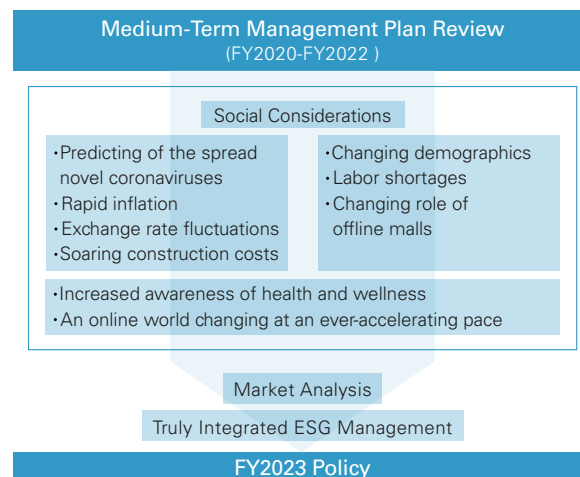
To achieve our 2030 Vision, we must identify changes in the business environment and formulate specific strategies to grow as a sustainable company together with our communities.

The COVID-19 pandemic began in 2020 and lasted so long that it fundamentally changed consumer behavior. Add to that the Russian military invasion of Ukraine and global-scale inflation for the first time in half a century. In Japan, the factors contributing to inflation are more complex, compounded by the effect of the weak yen.

Soaring construction costs caused by rising construction material prices, labor shortages, and other factors will have a significant medium- to long-term impact on our business model. We must consider not only how to improve investment efficiency, but also what investments are necessary for the future.

The impact of social change is not a complete risk for our business. I believe if we focus on each community, we will uncover many opportunities. Rather than a one-size-fits-all response to events across the country, we envision the emerging challenges each community faces and the potential challenges that will arise in the future, striving to turn the response to these challenges into new businesses.

We engage in ESG management as a measure of growth. To evolve ESG management further under our new medium-term management plan (FY2023-FY2025), we (1) pursue a regional shift in Japan and overseas and (2) create a Health and Wellness platform, aiming for sustainable growth through truly integrated ESG management that creates economic, social, and environmental value for our stakeholders. Specifically, we develop growth measures to discover and commercialize business opportunities in overseas growth markets, pursue business model innovation in Japan, and create business models that break from existing business frameworks.



We also strive to build strong financial foundations and resilient organizations from the perspective of sustainability.

We believe digital transformation (DX) is an important element in creating new business models that break from existing business frameworks. We strive to achieve DX not for its own sake, but as a means fulfill desires and to achieve the future that we envision.

ESG management is more than social contribution. It is a means for corporate survival and an evaluation standard for stakeholders to judge whether a company accurately perceives social and environmental issues as opportunities and risks, and whether a company has the mechanisms and will to address these opportunities and risks. Customers and stakeholders should look not so much at the past or the present, but whether a company will offer value in the future. Our aim is to be a company that solves social issues and delivers the economic value and social value demanded by stakeholders.



## Medium-Term Management Plan (FY2023-FY2025)

We engage in ESG management as a measure of growth. To evolve ESG management further, we (1) pursue regional shift in Japan and overseas and (2) create a Health and Wellness platform, aiming for sustainable growth through truly integrated ESG management that creates economic, social, and environmental value for our stakeholders.

▶ P.23



Building Organizations From the Perspective of Sustainability

Raise awareness of the importance of human capital management and strengthen our organizational governance structure while.

We believe the most crucial factor in achieving truly integrated ESG management is the people who must implement these initiatives. Last year, we created the AEON MALL Human Resources and Organizational Vision. This vision describes *people* as the most important factor in achieving the AEON MALL 2030 Vision.

Having redefined our business as *community co-creation*, we require Group employees from every division to affirm their role as Life Design Producers and to be aware of the part they play in designing the future of living. Further, I believe we will create a sustainable corporate group and sustainable communities as we endeavor faithfully to achieve our vision, acting as a group of professionals who continue to innovate.

We view *people* as our greatest management resource for sustainable growth. Therefore, our medium-term management plan and the basic AEON MALL growth strategy will define the linkage between our human resources strategy, our management philosophy, and our growth strategy. The plan will also disclose specific initiatives that we will implement.

Human Resources and Organizational Vision	<div>Future Ideal for Our Human Resources</div> <div>Life Design Producer</div> <div><div>①</div>Develop human resources capable of achieving self-fulfillment from the perspectives of positive outcomes for co-workers, for local communities, and for the future</div> <div><div>②</div>Develop human resources capable of creating and nurturing relationships</div> <div><div>③</div>Develop human resources who can envision their own ideal future by making the most of their individuality</div>
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AEON MALL is a listed subsidiary of AEON Co., Ltd. Investors and stakeholders demand that we conform to the high levels of transparency and fairness expected of a publicly listed company. In May of this year, we adopted an executive officer system to improve the effectiveness of our Board of Directors and strengthen our governance structure. In addition to increasing transparency and fairness in management, we will develop an organizational structure that clarifies responsibilities for business execution, hastens the speed of decision-making, and incorporates training for the next generation of managers.

Conflicts of interest with the parent company are one of the greatest concerns of minority shareholders in publicly listed subsidiaries. Our Governance Committee, consisting solely of independent outside directors, discusses and confirms the reasonableness and appropriateness of intra-Group transactions from a standpoint independent of the controlling shareholder and corporate management. The committee reports its findings to the Board of Directors to ensure effectiveness under this rigorous system of checks and balances.

We recognize the need to improve governance, and we intend to raise corporate value by strengthening governance through dialogue with our stakeholders.



Investing in Human Capital  
Human Resources Strategy Supporting  
Management Strategy

We understand that human capital is the most important capital in achieving truly integrated ESG management for sustainable growth. We intend to pursue human capital management (human resources management) in conjunction with management strategies for the growth of the human resources who will take the sustainable corporate value of AEON MALL to greater heights.

▶ P.47



To Our Stakeholders

We are now executing our Medium-Term Management Plan (FY2023-FY2025). The tide is turning in our Japanese businesses post-COVID-19, and we intend to strengthen our efforts in recovering our ability to drive customer traffic, our No.1 priority. We will take steps that will dramatically reform the structure of properties demonstrating declining cash flow generation capacity. In addition, we will increase profitability through major suburban malls and property development across various business models to meet the needs of the communities we serve. Overseas, we plan to accelerate the opening of new malls in areas of high growth potential. At the same time, AEON MALL will take on the challenge of creating new business opportunities identified through the in-depth study of local issues.

In an era of fast-paced change and uncertainty, sustainable growth cannot be achieved by simply continuing to do business as usual, hoping that customers will return on their own. We must change with greater speed and flexibility in response to the world and its dynamic circumstances.

When a company enters a period of transformation, communicating a shared philosophy is of paramount importance.

The top-down approach to organizational change may foster speed, but such an approach dilutes the message behind the instructions. I subscribe to my own non-negotiable philosophy and share this stance with our employees. This shared philosophy will do more than ensure instructions are carried out accurately, producing results beyond what we imagine. Through a focus to share our philosophy and communicate our ideas, and by encouraging mindset reform, we hope to be a company that perfectly embodies our philosophy.

And by sharing our philosophy with customers, partners, local communities, shareholders, and investors, we will create a chain of empathy that connects all like-minded stakeholders and co-creates activities leading to a sustainable future for our communities. We will continue our efforts to co-create with our communities and strive to enhance our corporate value. I look forward to and thank you for your continued support.

Introduction	
Top Message	
2030 Vision	
Value Creation	
Value Creation Strategy	
Corporate Governance	
Corporate Data	



## 2030 Vision

Be a Co-Creator of a Sustainable  
Region as a Life

# AEON MALL, Co-Creating With Our Communities.

## Brand Statement



We call our initiatives to contribute to and revitalize communities and society *Heartful Sustainable*. We pursue these initiatives to offer sustainable societal development as a good corporate citizen under our management philosophy as a Life Design Developer. We strive to create a better society, not only on our own, but also in partnership with our customers, communities, companies, shareholders, and investors.



## 2030 Vision

09 Be a Co-Creator of a Sustainable  
Region as a Life

11 studio LIFE DESIGN

## 2030 Vision

09 Be a Co-Creator of a Sustainable Region as a Life

11 studio LIFE DESIGN

2030 Vision AEON MALL, Co-Creating With Our Communities.

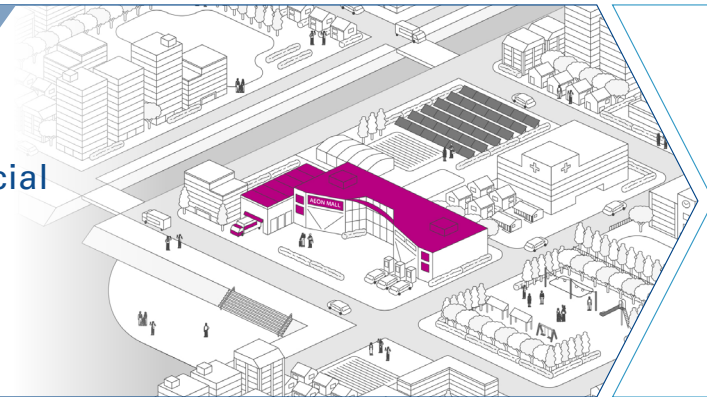
# Connecting all like-minded stakeholders and co-creating activities that lead to the future of sustainable communities

Past

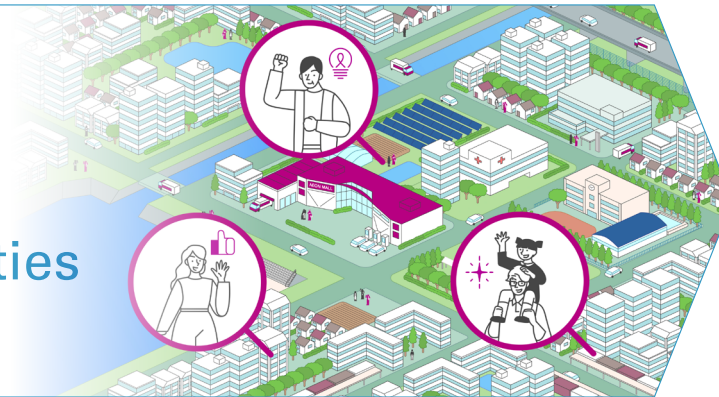
Future

Activity Fields

Commercial  
Facilities



Beyond Commercial  
Facilities to  
Local Communities



Performing Entity

Solving Regional  
Issues on  
Our Own



Co-Creation  
With Like-Minded  
Partners



Vision Video [https://www.aeonmall.com/en/ir/movie\\_01.html](https://www.aeonmall.com/en/ir/movie_01.html)

Local Co-Creation Initiatives (Japanese Only) <https://www.aeonmall.com/sustainability/articles/>



# studio LIFE DESIGN

studio LIFE DESIGN envisions, explores, and discusses our future consumers and societies.  
This project plays a pioneering role in indicating what direction the Company aims to take through our actions.



## WHY Why take on this project?

### The Generation Responsible for Future Growth will Determine the Our Future

We founded studio LIFE DESIGN to question what our Company needs to continue to grow from the bottom up, rather than waiting for a top-down policy to take effect. As one way to solve this problem, we established a system in which members of the generation responsible for the Company in the 2030s take the lead to explore and propose their own vision of what they want the future Company to be. We openly recruit members regardless of department, position, generation, or age, and we foster a sense of ownership throughout the Company under the slogan *free ideas with no rules*.

### Becoming an Open and Transparent Company

To prevent projects ending before employees have the chance to participate, studio LIFE DESIGN's mission is to indicate what direction the Company aims to take and discloses the details of each discussion to the Company. We also relay information to employees other than project members by creating summaries for every milestone reached.

## WHAT What have we achieved?

### Verbalizing the 2030 Vision and the Ideal Company

What are the future lifestyles indicated in our management philosophy? What will the values and behaviors of society and consumers look like going forward from 2030? We studied the thoughts of our employees and verbalized our vision for the Company through backcasting from the future. The 2030 Vision is not as distant as the management philosophy or as close as the management plan, nor is it a specific measure. It is a mountain to be climbed by the entire Company.

### Pioneering the Exploration and Implementation of Actions

Project members will understand the meaning of the vision better than anyone else in the company, put it into practice, and pioneer its implementation. We are exploring a few ideas to create something from nothing and others that transform our existing value we provide, anticipating changes in society.

### Future Research and Forecasts From 2030

Verbalizing our vision and exploring actions is essential. As such, we are advancing our own research and projections on future communities and consumers. These future projections are passed on to all employees and imply the future.

## FUTURE What will we do going forward?

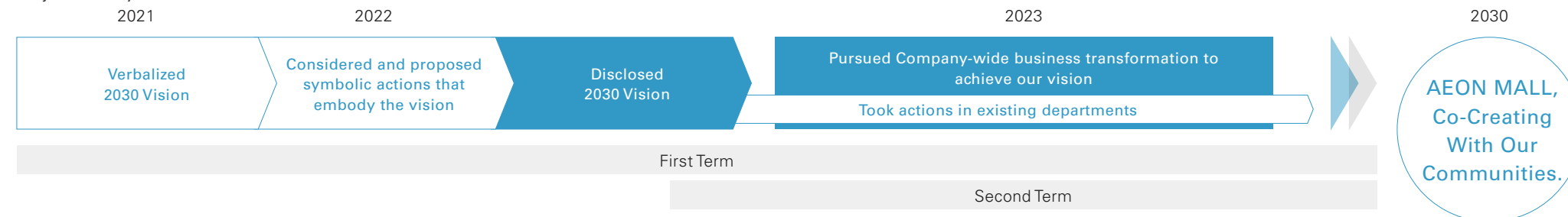
### Creating Opportunities for All Employees to Think About and Co-Create With Our Communities

Together with each employee and all other like-minded individuals, we strive to create, expand, and foster deeper connections, creating opportunities to co-create activities that lead to sustainable futures for our communities from various angles.

### Achieving Co-Creation Through the Actions of studio LIFE DESIGN that Impact the Entire Company

We will convey enthusiasm, spread the transformation for growth, and form a sustainable internal structure and culture throughout the Company through the pioneering initiatives of studio LIFE DESIGN. At the same time, we will connect like-minded companies, organizations, local governments, and sometimes individuals, to generate human resources that will create new value to provide. To this end, the topics discussed at studio LIFE DESIGN change with the management issues of each fiscal year.

### Project History



## 2030 Vision

- 09 Be a Co-Creator of a Sustainable Region as a Life
- 11 studio LIFE DESIGN

# Value Creation

13	Our History in Value Creation
14	Value Creation Process
15	AEON MALL Business Model
16	AEON MALL Business (Japan and Overseas)
17	Value Creation Story (Our Strengths and Management Resource Strategy)
18	AEON MALL Materialities Selection and Policies
20	Stakeholder Engagement

# Our History in Value Creation

-Supporting Lifestyles and Growing with Local Communities as a Life Design Developer-

AEON MALL continues to evolve in response to changing lifestyles.  
As ever, we remain committed to growing and developing, both in Japan and overseas.



Right: Introduced cinemas

Left: 2000 Opened AEON MALL Kochi (Kochi Prefecture)

Evolved our shopping malls into infrastructure with entertainment, administrative, and community functions, and into disaster relief facilities



2010 Opened AEON MALL Tianjin TEDA (Tianjin, China)

Developed unique malls localized to our communities while opening stores in Asia, where the middle class is growing



Left: 2020 Opened AEON MALL Ageo (Saitama Prefecture)

We provide solutions to local communities and society, without being bound to the framework of a commercial facility and establish ourselves as a core facility and social infrastructure in local communities.

Right: Provided domestic vaccination centers  
AEON MALL Kasukabe (Saitama Prefecture)



Left: 2022 Signed a cooperation agreement with Danang Province in Vietnam regarding store openings

Pursued measures to achieve high-profit growth in overseas business and to expand area market share in domestic business

Right: Opened AEON MALL Toki (Gifu Prefecture)



## Changes in Value Provided

**1990s-**  
**CREATE** shopping scenes by developing suburban locations

**2000s-**  
**DEVELOP** to become the leading developer in Asia

**2020s-**  
**EVOLVE** with communities under the idea of local co-creation as a Life Design Developer

**2030 Vision**

Transformed shopping by creating suburban shopping malls as motorization developed



1992 Opened AEON MALL Tsugaru Kashiwa (Aomori Prefecture)

Contributed to solving regional issues both in Japan and overseas, becoming the leading commercial developer in Asia



2014 Opened AEON MALL Tan Phu Celadon (Vietnam)

Established diverse development patterns to suit local characteristics and needs



Left: 2021 Opened AEON MALL Nagoya Noritake Garden (Aichi Prefecture)

Right: Opened BIZrium Nagoya (Aichi Prefecture)



## 2030 Vision

Be a Co-Creator of Sustainable Region as a Life Design Producer  
**AEON MALL, Co-Creating With Our Communities.**

▶ P.09

## External (Legal) Factors and Independent Evaluations and Certification Factors and Independent Evaluations and Certifications

<b>1973</b> Large-Scale Retail Stores Law	<b>2000</b> Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment	<b>2011</b> Revised City Planning Act	<b>2018</b> <ul style="list-style-type: none"><li>• MSCI Japan Empowering Women Index</li><li>• Nadeshiko Brand</li></ul>	<b>2020</b> <ul style="list-style-type: none"><li>• Certified as Health &amp; Productivity Management Outstanding Organization</li><li>• Selected for Sampo Sustainability Index</li><li>• Endorsed TCFD</li></ul>	<b>2022</b> <ul style="list-style-type: none"><li>• Selected for the FTSE Blossom Japan Sector Relative Index</li><li>• Acquired Platinum <i>Eruboshi</i> Certification</li><li>• Submitted SBT Commitment Letter</li></ul>
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## Value Creation

- 13 Our History in Value Creation
- 14 Value Creation Process
- 15 AEON MALL Business Model
- 16 AEON MALL Business (Japan and Overseas)
- 17 Value Creation Story (Our Strengths and Management Resource Strategy)
- 18 AEON MALL Materialities Selection and Policies
- 20 Stakeholder Engagement

Introduction

Top Message

2030 Vision

Value Creation

Value Creation Strategy

Corporate Governance

Corporate Data



# Value Creation Process

Used as management resources (INPUT) for the next fiscal year

## INPUT

### FY2021 Results

Executed a management resource strategy that leveraged our unique strengths

### Our Strengths ▶ P.17

### Funds Generated and Raised to Support Growth

#### Financial Capital

- EBITDA: 101.9 billion yen
- Equity ratio: 28.5%
- Net D/E ratio: 1.6
- ESG bond issuance amount: ¥20 billion

### Unparalleled Business Scale and Ability to Attract Customers

#### Manufactured Capital

- Number of locations: 172 Domestic, 36 Overseas
- Gross Lease Area (GLA): 10,351 thousand m<sup>2</sup>
- Capital investment: ¥122.2 billion

### Diversity of Human Resources for Growth

#### Human Capital \* Non-Consolidated

- No. of employees: 1,939
- Ratio of women in management positions: 19.4%

### Sustainable Malls in Harmony With Communities

#### Intellectual Capital

- Local information, purchasing information, commercial facility management expertise, and networking with the community

### Strong Network to Meet the Needs of Communities

#### Social and Relationship Capital

- Domestic annual customer traffic: approx. 1 billion
- Number of tenant companies: approx. 8,000 (Network with tenant companies, mall operation expertise)
- AEON MALL App  
Number of downloads: approx. 7.5 million

### Conservation of the Global Environment

#### Natural Capital

- Energy consumption: 127,251 kl (crude oil equivalent kl)

## Business activities

Conduct business from development to operation, rooting in and developing with communities through co-creation

Japan



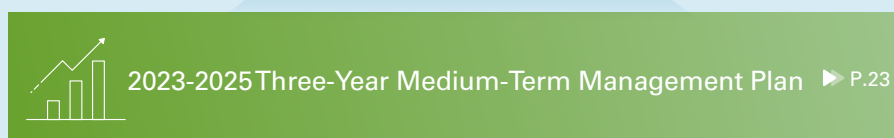
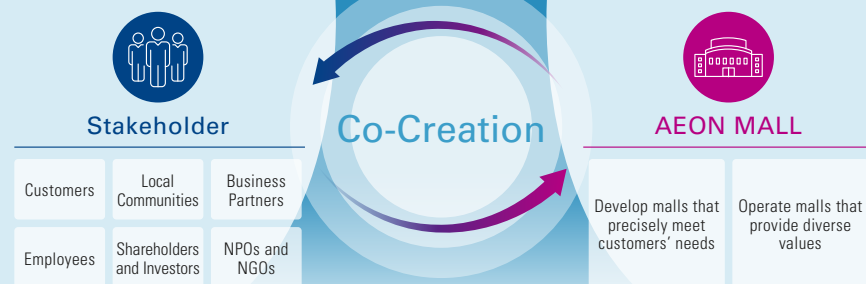
China



ASEAN



### AEON MALL Business Model ▶ P.15



### 2023-2025 Three-Year Medium-Term Management Plan ▶ P.23

### Corporate Governance ▶ P.70

### Materialities ▶ P.18



### The External Environment and Our Risks and Opportunities



## OUTPUT

### FY2022 Results

Established medium- to long-term quantitative targets and implemented measures for sustainable growth

#### Financial Capital

- Operating income: ¥43.9 billion
- ESP growth rate: -27.6%
- EBITDA ratio: 6.0
- ROIC: 2.5%

#### Manufactured Capital

- Number of disaster relief facilities: 43 malls
- Acquisition of WELL Health-Safety Rating
- GRESB Real Estate Assessment 4 Star Award

#### Human Capital

- Achieved work-life balance
- Ratio of women in management positions: 20.4% (up 1.0% year on year)

#### Intellectual Capital

- Services and operations: Safe, secure, and comfortable malls
- Certified shopping center management professionals: 53

#### Social and Relationship Capital

- CS survey results
- Supplier surveys
- Regional revitalization: 1,714 cumulative regional localization projects

#### Natural Capital

- Local Renewable Energy: 79,887MWh
- Energy consumption reduction rate: 97.6% (year on year)
- Number of malls with 100% renewable energy: 11
- Number of Association for Business Innovation in Harmony with Nature and Community (ABINC<sup>®</sup>) certified malls: 15

## 2030 Vision ▶ P.09

## OUTCOME

Leveraged our strong comprehensive capabilities cultivated as a Life Design Developer to co-create and develop with communities

### Economic Value



- Profits generated through regional co-creation
- Contribution to the local economy (generation of employment and tax revenue)

### Social Value



- Resolution and dissemination of regional issues
- Self-actualization of each person in our communities
- Safety net for anxiety and loneliness

### Environmental Value



- Harmonious coexistence with the global environment and the formation of regional infrastructure



## Value Creation

13 Our History in Value Creation

14 Value Creation Process

15 AEON MALL Business Model

16 AEON MALL Business (Japan and Overseas)

17 Value Creation Story (Our Strengths and Management Resource Strategy)

18 AEON MALL Materialities Selection and Policies

20 Stakeholder Engagement

# AEON MALL Business Model

(Earning Revenue Through Co-Creation With Our Communities)

Focused on our six strengths (▶ P.17), we will co-create value with partner companies and other stakeholders to create attractive communities.  
We will expand our earnings by growing together with these communities.

Co-creating with our communities to build attractive neighborhoods.  
Expanding earnings by growing with our communities.



### The AEON MALL Profit Model

Shopping mall development and operations are the mainstay of our business. Our profit structure goes beyond attracting popular specialty stores to earn rental income (fixed revenue) from store tenants. We also plan and conduct events and other activities that contribute to higher specialty store earnings, earning fees (percentage revenue) based on their sales growth.

Revenues	① Rent collected from specialty stores (fixed revenue)	② Fees based on specialty store sales (percentage revenue)
Costs	① Operating costs	② Selling, general, and administrative expenses
	Profit (operating income)	

## Value Creation

- 13 Our History in Value Creation
- 14 Value Creation Process
- 15 AEON MALL Business Model
- 16 AEON MALL Business (Japan and Overseas)
- 17 Value Creation Story (Our Strengths and Management Resource Strategy)
- 18 AEON MALL Materialities Selection and Policies
- 20 Stakeholder Engagement

# AEON MALL Business (Japan and Overseas)

AEON MALL is a developer that both contributes to community development and is involved in the life design of local residents.

As such, we work to develop a comprehensive mall business from development to day-to-day management and operation in Japan, China, and ASEAN countries.

## Japan

AEON MALL operates more than 160 malls and urban shopping centers in various regions nationwide.

We expand floor space and renovate existing malls to make them more attractive. Recently, we have been focusing on localizing operations to meet regional needs, developing new business categories such as office complexes, and providing value-added facilities that can also be used as community spaces and health centers.



AEON MALL Toyokawa (Aichi Prefecture)

## China

AEON MALL began our expansion into China in the 2000s, and we have more than 20 malls in operation at present. In recent years, we have continued to improve the attractiveness and vitality of existing malls by regularly reviewing market areas with periodic renewals that leverage the expertise we cultivated in Japan.

We also continue to open new malls, focusing mainly on inland areas (Hubei and Hunan Province) with considerable market growth.



AEON MALL Guangzhou Xintang (Guangdong Province)

## ASEAN

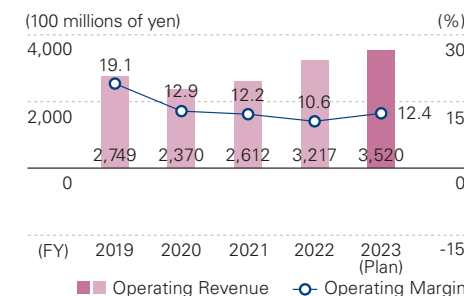
Beginning with the opening of our first mall in Vietnam in 2014, we have focused on opening new locations in ASEAN. In addition to Vietnam, where population and economic growth is expected to continue, we are expanding in Indonesia and Cambodia.

We consult with local and regional governments in each region when opening new malls to determine locations and design stores that contribute to local economic growth.

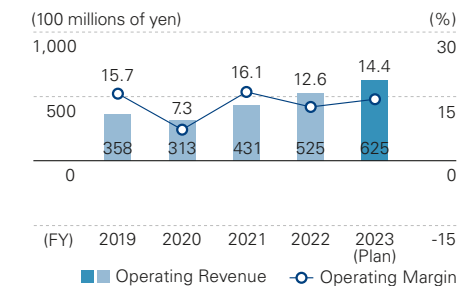


AEON MALL Tanjung Barat (Indonesia)

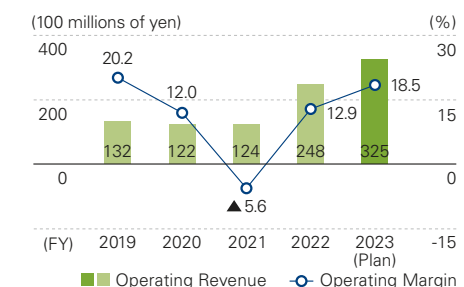
### Business Performance



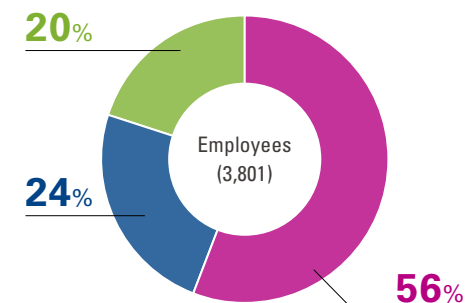
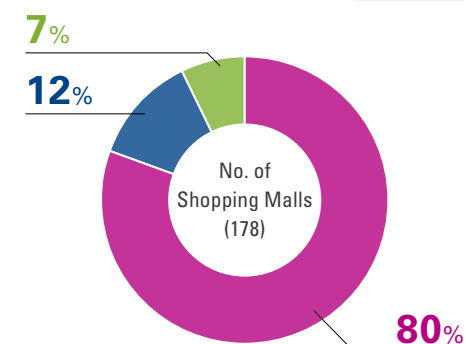
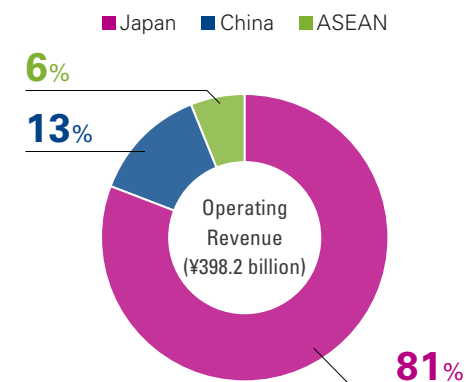
### Business Performance



### Business Performance



### Data by Segment



\* Rounded to the first decimal place

\* As of March 31, 2022

# Value Creation Story

(Our Strengths and Management Resource Strategy)

The AEON MALL strengths are our management resources that we have cultivated to date.  
We leverage these strengths to address materialities and the value we provide to our stakeholders.

AEON MALL Strengths		FY2022 Actual	Related Materiality Items	Related 2023 Medium-Term Management Plan Strategies
Funds Generated and Raised to Support Growth	Using the cash flow obtained from managing and operating our malls, we constantly maintain a sound financial position and generate funds by utilizing our borrowing capacity. We push for flexible growth investments by acquiring growth capital through the sale of mall land and building assets to real estate investment trusts (REITs) and the use of development-type leases. At the same time, we accelerate return on investments and improve asset efficiency.	<ul style="list-style-type: none"><li>EBITDA: ¥114.4 billion (¥39.5 billion yen in overseas business * Simplified operating cash flow)</li><li>Equity ratio: 28.2%</li><li>Net D/E ratio: 1.5</li><li>ESG bond issuance amount: ¥40 billion</li></ul>	Responsible Business Promotion	<ul style="list-style-type: none"><li>Improve profitability through the effective use of existing assets</li><li>Implement fundamental business structure reforms</li></ul> <div>▶ P.30</div>
Unparalleled Business Scale and Ability to Attract Customers	We manage and operate more than 160 malls in Japan, serving approximately 1 billion customers annually. We also work to open new stores overseas, mainly in China and ASEAN countries, utilizing our expertise in retail-oriented development and localized operations cultivated in Japan. In anticipation of future increased rates of car ownership, we secured an abundance of parking spaces at our overseas properties in the opening stages, thereby giving us an advantage over the competition.	<ul style="list-style-type: none"><li>No. of malls: 143 Domestic, 35 Overseas (and 21 Urban Shopping Centers)</li><li>Domestic annual customer traffic: approx. 1 billion</li><li>Gross Lease Area (GLA): 10,555 thousand m<sup>2</sup> Japan: 8,075 thousand m<sup>2</sup> Overseas: 2,480 thousand m<sup>2</sup></li><li>No. of downloads of AEON MALL app: 17 million</li></ul>	Communities and Infrastructure Development  Local Community Ties	<ul style="list-style-type: none"><li>Accelerate mall openings in priority areas</li></ul> <div>▶ P.28</div>
Diversity of Human Resources for Growth	We pursue the creation of an environment in which diverse human resources can maximize their abilities under a common set of values, regardless of gender, age, or nationality. We actively promote local staff at overseas locations to executive positions and provide Japanese employees with overseas business experience. The growth of diverse and creative human resources with the ability to make changes are the most important capital of our Company. As such, we work on various growth measures for human resources.	<ul style="list-style-type: none"><li>Ratio of women in management positions: 20.4%</li><li>Ratio of local personnel in management positions: 29.0% (general manager positions or higher)</li><li>No. of local staff members overseas: 1,563</li><li>Male employees' parental leave acquisition rate: 100%</li></ul>	Diversity and Work-Style Reform  Responsible Business Promotion	<ul style="list-style-type: none"><li>Pursue a regional shift in Japan and overseas</li></ul> <div>▶ P.26</div>
Sustainable Malls in Harmony With Communities	We utilize our expertise in nearly 200 domestic and overseas locations to develop and operate safe, secure, and comfortable malls for use by diverse customers. As a local disaster relief facility, we provide temporary shelter, rescue and relief space, and food sales areas in the event of a disaster. We also work to secure energy supply systems, such as in-house power generation facilities, to enable stores and facilities to resume operations as soon as possible after a disaster strikes. We aim to be the sustainable mall of choice for customers and specialty retailers.	<ul style="list-style-type: none"><li>No. of malls that have signed disaster prevention agreements with local governing bodies: 137</li><li>No. of disaster-prevention malls: 43</li></ul>	Communities and Infrastructure Development  Local Community Ties	<ul style="list-style-type: none"><li>Create sustainable towns through industry-government-academic collaborations</li></ul> <div>▶ P.32</div>
Strong Network to Meet the Needs of Communities	We established a nationwide network of specialty retailers and work in close and equal partnership to expand public functions. Our efforts include creating local community hubs and strengthening cooperation with government agencies based on the characteristics and needs of each region. We also aim to raise awareness of customer service through customer service role-playing competitions* in Japan and overseas. By sharing our excellent examples and experience across industries, we strive to improve AEON MALL as a whole.	<ul style="list-style-type: none"><li>No. of tenant companies: approx. 8,000</li><li>AEON MALL Store Association Customer Service Role-Playing Contest</li><li>Regional localization projects: 1,714 (cumulative total since 2015)</li></ul>	Communities and Infrastructure Development  Local Community Ties	<ul style="list-style-type: none"><li>Diversify value offerings tailored to the market</li></ul> <div>▶ P.29</div>
Conservation of the Global Environment	We work to save energy, reduce CO <sub>2</sub> emissions, and reduce waste emissions by introducing technologies that reduce environmental impact. These technologies include LEDs, solar power generation (including low-voltage and distributed solar power generation through self-dispatch), EV chargers, and food waste recycling systems. As a local community hub, we also conduct environmental communication activities for customers and social studies field trips for elementary school students. At the same time, we are also working to strengthen our environmental management by acquiring ISO14001 certification.	<ul style="list-style-type: none"><li>No. of malls with 100% renewable energy: 11</li><li>No. of ABINC® (Association for Business Innovation in Harmony with Nature and Community) certified malls: 15</li><li>No. of installed EV charger stations: 2,663 (domestics and overseas)</li></ul>	Environment	<ul style="list-style-type: none"><li>Achieve decarbonized societies</li></ul> <div>▶ P.32</div>

\* A competition in which specialty store employees compete using the customer service skills cultivate on a daily basis. Approximately 8,000 companies and 30,000 specialty stores are eligible to complete in the national competition. The program is held in Japan, China, Cambodia, Vietnam, and Indonesia (FY 2019 results).

13	Our History in Value Creation
14	Value Creation Process
15	AEON MALL Business Model
16	AEON MALL Business (Japan and Overseas)
17	Value Creation Story (Our Strengths and Management Resource Strategy)
18	AEON MALL Materialities Selection and Policies
20	Stakeholder Engagement



# AEON MALL Materialities Selection and Policies

AEON Mall analyzed materialities from the perspective of SDGs and social issues specific to Japan, categorizing them into 5 areas and 10 items. From these, we determined Company KGIs and KPIs. We will share issues throughout the Company and work together to solve them. In doing so, we will contribute to local customers and a sustainable society.

	Relevant SDGs	① Why is it Important?	② Perceived Risks and Opportunities	③ Our Approach	
Communities and Infrastructure Development	 	As a Company that provides real estate services for distribution groups, important pillars of value creation include the development of sustainable and resilient infrastructure for our communities as well as the promotion of sustainable production and consumption.	<b>Risks</b> <ul style="list-style-type: none"><li>Natural disasters such as large-scale earthquakes and typhoons at mall locations</li><li>Environmental destruction resulting from increased demand for resources influenced by population growth and higher living standards in developing nations</li></ul> <b>Opportunities</b> <ul style="list-style-type: none"><li>Improved reliability of malls as infrastructure in their regions</li><li>More environmentally-conscious local residents</li></ul>	We will work with local authorities to achieve a society in which local residents constantly feel safe and secure, as well as to further strengthen the functions of disaster relief facilities. We will incorporate the concept of a circular economy into operations for waste and resources, building systems that enable resource recycling in our local communities.	➡➡
Local Community Ties	 	Cultural inheritance in each region and the achievement of a society that enables people to live comfortably both support important value creation in the company as we expand our business in Asia.	<b>Risks</b> <ul style="list-style-type: none"><li>Depopulation and disappearance of local culture in the regions where we operate</li></ul> <b>Opportunities</b> <ul style="list-style-type: none"><li>Increased population through regional revitalization</li></ul>	We pursue the construction of platforms that support local cultural inheritance and local community development to achieve a society that enables people to live comfortably.	➡➡
Environment (Climate Change and Global Warming)	    	Environmental problems, such as intensified natural disasters resulting from global warming, are impacting sustainability more than ever. The entire world must work together to address environmental measures, including businesses. To this end, we are committed to reducing the environmental impact of our business operations and taking environmental measures to achieve a sustainable society.	<b>Risks</b> <ul style="list-style-type: none"><li>Increased electricity procurement costs resulting from rising energy costs</li><li>Damage to business due to increased occurrence of extreme weather events (droughts, floods, typhoons, hurricanes, etc.)</li></ul> <b>Opportunities</b> <ul style="list-style-type: none"><li>Lower carbon tax payments and reduced investment in energy-saving equipment through reduced carbon emissions</li><li>Increased rental income, etc., through the enhancement of hardware and software in operating facilities</li></ul>	Based on the AEON Decarbonization Vision, we will continue our efforts to reduce total CO <sub>2</sub> emissions from our domestic operations to zero by 2040. We will also establish environmentally-friendly facilities that are full of greenery to create an abundant future in which various living things can coexist in harmony.	➡➡
Diversity and Work-Style Reform	  	Human resources are the greatest management resource for sustainable growth. We focus on organizational and human resource development that leverages diversity and enables employees to be healthy, fulfill their potential, and continue to grow.	<b>Risks</b> <ul style="list-style-type: none"><li>Decreased labor productivity, loss of talented human resources, loss of business opportunities, increased health-related costs, and other risks if appropriate measures are not taken</li></ul> <b>Opportunities</b> <ul style="list-style-type: none"><li>Improved labor productivity, health, and motivation, recruitment of talented human resources, and enhanced responsiveness to changes and business opportunities through the creation of rewarding work environments</li></ul>	Our business solves the issues of various stakeholders and communities. We formulated our human resources vision and organizational vision based on the recognition that the human resources, who can achieve these visions, are the most important capital for achieving sustainable growth.	➡➡
Responsible Business Promotion	 	Based on the AEON Human Rights Policy, we respect human rights and aim to create an organization and supply chain in which all employees can participate in corporate development regardless of gender, nationality, etc.	<b>Risks</b> <ul style="list-style-type: none"><li>Risk of business delays and business continuity due to increasingly widespread human rights issues arising in the course of business operating</li><li>Deteriorated trust due to inadequate social infrastructure services, etc.</li></ul> <b>Opportunities</b> <ul style="list-style-type: none"><li>Stabilized business and recruitment of talented human resources through coexisting with the local communities</li><li>Establishment of a safe and stable product supply system that considers human rights and accompanies improvements in the supply chain labor environment, etc.</li></ul>	We began human rights due diligence in 2021, aiming to establish a system to reduce human rights risks.	➡➡

## Value Creation

13 Our History in Value Creation

14 Value Creation Process

15 AEON MALL Business Model

16 AEON MALL Business (Japan and Overseas)

Value Creation Story (Our Strengths and Management Resource Strategy)

18 AEON MALL Materialities Selection and Policies

20 Stakeholder Engagement



# AEON MALL Materialities Selection and Policies



## Value Creation

4 Materialities	5 2030 Vision (KPIs)	6 2050 Vision (KGIs)	7 Progress Through FY2022
Develop a Sustainable and Resilient Infrastructure	1) As an initiative to strengthen the BCP system, make all malls in Japan disaster relief facilities 2) Improve ratio of malls that have signed disaster-response agreements with local governing bodies	A society in which local residents constantly feel safe and secure	• Disaster relief facilities: 43/158 malls • No. of Disaster-Response Agreements signed: 137/158 malls
Production and Consumption Formats	1) Pursue ethical consumption and green purchasing rate 2) Pursue plastic elimination initiatives	A society with near-zero impact on the global environment based on appropriate production and consumption	• Annual green purchasing rate: 42%
Cultural Preservation and Inheritance	Hold traditional and cultural events and expand events to other regions, including overseas	A society offering a platform for cultural inheritance	• Aeon 1% Club contributes ¥303.7 million/year to shopping malls nationwide for traditional and cultural events • Hold temporary events to convey the appeal of Japanese culture at overseas malls
Low Birthrate and Aging Population in Japan	1) Provide enriched services for children 2) Increase number of nursing staff for people with dementia	A society in which everyone, including children and seniors, lives a comfortable life	• Number of nursing staff for people with dementia: 838
Climate Change, Global Warming	1) Expand EV charger installations and number of EV chargers installed 2) Reduce total annual CO <sub>2</sub> emissions by 35% by creating renewable energy 3) Strengthen environmental awareness programs for local residents and specialty stores 4) 100% Certificate Test for Environmental Specialists acquisition rate	1) Achieve a decarbonized society 2) A society in which the entire community is environmentally conscious	• No. of installed EV charger stations: 2,043 (domestic and overseas) • CO <sub>2</sub> -free electricity procurement ratio: 18.9% (directly managed domestic malls) • Acquisition rate of Certificate Test for Environmental Specialists: 82.2%
Protect Biodiversity and Resources	1) Improve the number of Association for Business Innovation in Harmony with Nature and Community (ABINC®) certified malls 2) Achieve a 70% recycling rate * Excluding thermal recycling	A Society That Attaches Importance to Environmental Protection and Coexists in Harmony With the Nature	• No. of Association for Business Innovation in Harmony with Nature and Community (ABINC®) certified malls: 15 • Annual recycling rate: 56.9%
Health and Welfare	Support healthy lifestyles	A society in which all people enjoy good physical and mental health	• Conducted a study in collaboration with Chiba University on mall walking in AEON malls and health in August 2022 • Sponsored an event in March 2023 to propose healthy lifestyles in all malls in China
Diversity and Work-Styles	1) Improve the ratio of women in management positions 2) Maintain 100% acquisition ratio of male employees taking childcare leave 3) Cultivate human resources capable of global activity	A society in which all people have equal opportunities regardless of race, nationality, age, gender, or location	• Ratio of women in management positions: 20.4% • Ratio of male employees taking childcare leave: 100%
Human Rights	1) Establish and implement a human rights due diligence process 2) 100% (employee) participation in human rights education and training	A society in which all people's human rights are respected	• Harassment prevention training participation ratio: 99% • Business and human rights training participation ratio: 88%
Bribery	1) Provide anti-bribery education and raise awareness to ensure compliance with Basic Rules for the Prevention of Bribery 2) Ensure continued compliance with anti-bribery provisions in the rules of employment 3) Ensure continued reviews of our compliance with the Basic Rules for the Prevention of Bribery thorough reporting of compliance with said rules to the resident and CEO at least once a year and relevant correction	0 incidents	• Conduct bribery prevention training (100% attendance ratio at all companies in Japan, China, and ASEAN countries). • Report the status of compliance with the Basic Rules for the Prevention of Bribery to the Compliance Committee, which reports to the president and CEO at least once a year for continuous review and correction.

13 Our History in Value Creation

14 Value Creation Process

15 AEON MALL Business Model

16 AEON MALL Business (Japan and Overseas)

17 Value Creation Story (Our Strengths and Management Resource Strategy)

18 AEON MALL Materialities Selection and Policies

20 Stakeholder Engagement

# Stakeholder Engagement

AEON MALL is thoroughly committed to management based on the ESG perspective of creating economic, social, and environmental value for all stakeholders.

Stakeholder	Customers	Local Communities	Business Partners	Employees	Shareholders and Investors	NPOs and NGOs
Relationship with Stakeholder	We give thorough attention to our customers and share the best experiences that will become life-long memories	We aim to operate community-oriented malls and help create vibrant societies for local communities	We form partnerships and co-create in compliance, human rights, and environmental initiatives	We pursue human capital investments to become a Company that maintains a healthy and diverse workforce in which employees can demonstrate their capabilities	We strive to provide appropriate returns to shareholders and investors through appropriate information disclosure and proactive dialogues	We strengthen support for non-profit organizations with common ESG management directions to solve social issues
Dialogue Frequency	Regularly	As necessary	Regularly	Twice a year	As necessary	As necessary
Method of Dialogue	<ul style="list-style-type: none"><li>Customer feedback</li><li>Communication through events</li></ul>	<ul style="list-style-type: none"><li>Heartfelt Sustainable Projects* in cooperation with local communities</li></ul>	<ul style="list-style-type: none"><li>Communication in daily sales activities</li><li>Exchange through AEON MALL Store Association activities</li></ul>	<ul style="list-style-type: none"><li>Self-assessment of career and understanding aspirations</li></ul>	<ul style="list-style-type: none"><li>IR meetings</li><li>Strengthen information disclosure</li></ul>	<ul style="list-style-type: none"><li>Support for fundraising, blood drives, and other initiatives</li></ul>

\* Each area and mall plans and implements ongoing initiatives that contribute to resolving issues faced by local communities and society as a measure to embody ESG management.

## Examples of Co-Creation with Stakeholders (2022)

-Utilization of rivers for Next-River Restoration and Business Venture Challenge at the Waterside in Saitama Prefecture-

### Signing of Basic Agreement on Waterfront Utilization Along the Osagami Regulating Pond (tentative name) with AEON MALL, Koshigaya City

#### Overview

AEON MALL registered our business with the Next-River Restoration・Business Venture Challenge at the Waterside in Saitama Prefecture. This project undertakes community revitalization using the Osagami Regulating Pond adjacent to Lake Town. After registration, the project recruited private companies for the project. AEON MALL was selected as the operator and we signed the basic agreement.

- Agreement Items**
- ① Form positive waterfront and urban spaces
  - ② Generate liveliness
  - ③ Enhance attractiveness through cooperation with the local community
  - ④ Convey attractiveness

#### Community Needs

This project develops and revitalizes the community through the effective use of the Osagami Regulating Pond- a valuable local resource that enriches lives in the community.

#### Project Details

Koshigaya City and our Company will utilize the Osagami Regulating Pond waterside to revitalize the community in unison with Saitama Prefecture, the river administrator. To do so, we will further collaborate to create a positive waterfront and urban spaces, generate liveliness, and enhance the attractiveness of the waterfront area through cooperation with the local community.



Date signed: August 27, 2022



-Supporting work styles that suit employees’ growth and lifestyles-

### Conducting Career Plan Interviews for Employees Aged 28, 35, and 42

#### Overview

Our Basic Personnel Philosophy is to listen to our employees’ opinions, understand how they feel, and provide them with opportunities to best utilize their talents. Under this principle, we work to create a workplace environment in which employees can thrive and play active roles. We conduct career plan interviews for employees aged 28, 35, and 42 to provide an opportunity for each individual to discuss career development concerns and future plans with the Personnel Management Department. These interviews aim to provide employees with the opportunity to reconsider their lifestyles.

#### Societal Issues

We must pursue health management to eliminate employee concerns and issues as well as to achieve work-life balance.

#### Project Details

The program targets employees who are 28 years old, when life stages are likely to change; 35 years old, when they play central roles in business operations; and 42 years old, when they have gained experience and broadened their perspectives. Employees of these ages have many opportunities to reexamine their careers. We prepare them for career stagnation due to marriage or childbirth, or in the event that nursing care or medical treatment is required. By addressing their concerns and discussing their future career paths together, we welcome their individual aspirations and use them to identify, cultivate, and assign human resources that will embody our management philosophy. Through these efforts, we will work to foster health promotion awareness in each employee, encourage paid leave, and reduce long working hours by improving work productivity.



## Value Creation

13 Our History in Value Creation

14 Value Creation Process

15 AEON MALL Business Model

16 AEON MALL Business (Japan and Overseas)

17 Value Creation Story (Our Strengths and Management Resource Strategy)

18 AEON MALL Materialities Selection and Policies

20 Stakeholder Engagement

# Value Creation Strategy

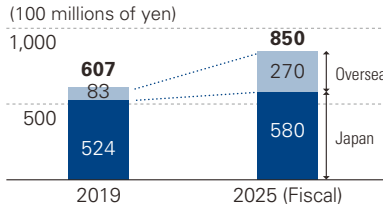
22	Three-Year Medium-Term Management Plan Overview and Progress
23	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
24	Three-Year Medium-Term Management Plan Targets and KPIs
26	<b>Initiatives</b> Pursue a Regional Shift in Japan and Overseas
27	<b>Initiatives</b> Create a Platform for Health and Wellness
28	<b>Growth Initiatives</b> Discover and Commercialize Business Opportunities in Overseas Growth Markets
29	<b>Growth Initiatives</b> Pursue Business Model Innovation in Japan
31	<b>Growth Initiatives</b> Create New Business Models That Break From Existing Business Frameworks
32	<b>Foundation</b> Build Strong Financial Foundations and Resilient Organizations From the Perspective of Sustainability
33	Financial Strategy: Message From the Director in Charge of Finance and Accounting
40	<b>Special Feature</b> Dialogue Between Outside Director and Securities Analyst

44	Digital Transformation (DX) Strategy
46	Sustainability Strategy
47	Human Resources Strategy: Message From the Director in Charge of Business Management
48	Investing in Human Capital
50	① Diversity Management: Expanding Individuality, Pioneering Future
53	② Health Management: Vibrant, Healthy, Sustainable
55	③ Adopt Developing Mutuals: Choose, Be Chosen, Be Social
56	④ Fostering Human Resources for Community Co-Creation: Connecting Communities, Connecting the Future
57	⑤ Providing Autonomous Career Development Opportunities
58	⑥ Succession Plan Promotion: NEXT
59	⑦ Fostering Global Human Resources: Connecting Asia, Expanding Human Resources

60	Environmental Strategy
61	① Achieving Decarbonized Societies
63	Disclosures Based on TCFD Recommendations
66	② Achieving Circular Malls
67	③ Preserving Biodiversity
68	Attention to Human Rights

# Three-Year Medium-Term Management Plan Overview and Progress

AEON MALL continues to execute business strategy toward our Vision for 2025, pursuing business model reform in Japan and overseas and engaging in ESG management.

2014 Medium-Term Management Plan (FY2014-FY2016)					2017 Medium-Term Management Plan (FY2017 to FY2019)			2020 Medium-Term Management Plan (FY2020-FY2022)			FY2023-FY2025 Three-Year Medium-Term Management Plan			
Growth Initiatives		Accelerate store openings in Japan and overseas to lift off for growth			Conduct a turnaround in overseas business and achieve a stable growth trajectory			Strengthen our business portfolio based on overseas profit growth			Pursue business model reform in Japan and overseas and engage in ESG management			
		① Expand new business bases in Japan ② Improve earnings ③ Establish a business base in China and ASEAN ④ Provide omnichannel support ⑤ Ensure financial discipline			① Capture growth opportunities in Asia ② Develop latent sources of domestic demand ③ Become the overwhelmingly dominant mall in each region ④ Capturing urban growth opportunities ⑤ Secure an optimal financing mix and form organizational structures to support growth			① Achieve high profit growth overseas ② Achieve stable growth in Japan ③ Build a financing mix and governance structures supporting growth ④ Pursue ESG-based management  To achieve these growth initiatives, we identified five management issues and implemented measures to solve these issues: 1. Achieve profit Growth in overseas businesses and accelerate new mall openings 2. Maximize the appeal of brick-and-mortar malls through customer experience (CX) 3. Build next-generation malls and pursue the urban shopping center business 4. Pursue digital transformation (DX) 5. Pursue medium- and long-term strategies, accelerate reforms based on ESG perspectives			Initiatives • Pursue regional shift in Japan and overseas • Create a platform for health and wellness  Growth Initiatives • Discover and commercialize business opportunities in overseas growth markets • Pursue business model reform in Japan • Create new business models that break from existing business frameworks  Foundation • Build strong financial foundations and resilient organizations from the perspective of sustainability			
Quantitative Goals		2014-2016 Three-Year Medium-Term Plan Results			2017-2019 Three-Year Medium-Term Plan Results			2020-2022 Three-Year Medium-Term Plan Results			2023 (Plan)		2025 Quantitative Targets	
		2014	2015	2016	2017	2018	2019	2020	2021	2022				
Consolidated Results	Operating revenue (100 millions of yen)	2,039	2,297	2,697	2,881	3,129	3,241	2,806	3,168	3,982*4	4,470	5,200		
	Operating income (100 millions of yen)	418	438	449	492	529	607	343	382	439	585	850		
Operating income by segment	Malls in Japan (100 millions of yen)	463	493	475	497	527	526	318	334	363	450	570		
	Urban Shopping Center Business (100 millions of yen)	—	—	12	3	△ 3	△ 2	△ 12	△ 15	△ 22	△ 15	10		
	Overseas Business (100 millions of yen)	△ 44	△ 54	△ 37	△ 8	5	83	37	62	98	150	270		
Target Performance Indicators	EPS Growth Rate (%) *1*2	—	—	—	—	—	—	—*3	△ 25.0	△ 27.6	△ 5.7	5.4		
	Net interest-bearing debt/EBITDA ratio (times)*1	—	—	—	—	—	—	6.2	6.6	6.0	5.9	6.1		
	ROIC (%)	4.9	4.5	4.4	4.6	4.4	4.3	2.2	2.4	2.5	3.1	3.7		
Results		• We opened 31 new malls (15 in Japan, 16 overseas). • In Japan, we opened malls based on new concepts (consumption of services; station-adjacent locations, etc.). • Overseas, we accelerated new mall openings and conducted property searches in China and ASEAN as new growth drivers.			• We opened 21 new malls (10 in Japan, 11 overseas). • The number of overseas mall openings exceeded that of Japan mall openings, and our shift to overseas operations began in earnest. AEON MALL achieved a turnaround overseas in fiscal 2018. • In Japan, the company pursued renovations and expansions for existing malls to enhance profitability (eight malls). We put ourselves back on track for growth, with consolidated profit growth averaging 10.6% per year over the three-year period.			• We opened 12 new malls (seven in Japan, five overseas). • In Japan, AEON MALL developed new mall formats that transcended the framework of traditional retail facilities, including the development of combined office/retail facilities. • In Vietnam, a country experiencing remarkable economic growth, we secured a pipeline of mall openings by concluding mutual cooperation agreements with local governments.			Qualitative Targets		Vision for 2025  ► Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation. ► Make AEON MALL a leading global commercial developer with consolidated operating income of ¥85,000 million. ► Conduct floor space expansions and renovations in Japan to become the dominant mall in each area. ► Secure overseas growth markets, aiming for an overseas business mall network of 50 malls and operating income of ¥27,000 million (operating margin of 20%).	
		• Increase in net losses due to acceleration of new mall openings overseas. (¥5.4 billion in FY2015) • Declining investment efficiency of new malls due to soaring construction unit prices in Japan. • These factors slowed profit growth to an average of 2.1% per year over the three-year period, while operating margin and asset efficiency declined.			• The Urban Business (OPA) was sluggish due to a lack of progress in business model reforms. • The efficiency of overseas operations declined due to expansion.			• After the Tokyo Olympics, construction unit prices in Japan continued to soar, and investment efficiency for new malls declined. • The spread of COVID-19 slowed business model reforms for OPA, our Urban Business. Certain malls experienced declining cash flow generation capacity.						
Issues													*1 Adopted as a target performance indicator in fiscal 2020. *2 Annualized growth rate beginning in fiscal 2019. *3 We did not calculate net income per share as we recorded net losses. *4 We adopted Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., in fiscal 2022	

# 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

We engage in ESG management as a measure of growth. To evolve ESG management further, we (1) pursue a regional shift in Japan and overseas and (2) create a Health and Wellness platform, aiming for sustainable growth through truly integrated ESG management that creates economic, social, and environmental value for our stakeholders.

## Truly Integrated ESG Management



Initiatives

Focus on local issues and take action to create new value together with stakeholders who support our efforts

Pursue a Regional Shift in Japan and Overseas



Support individual lifestyle design beyond physical health

Create a Platform for Health and Wellness





Growth Initiatives  
(Priority Measures)

Accelerate the opening of new malls in areas with high growth potential, and search for and develop new business opportunities that respond to the challenges of each country and region

Discover and Commercialize Business Opportunities in Overseas Growth Markets



Leverage rapid change in the business environment as opportunities to reform existing business models to increase our capacity to attract customers and improve profitability

Pursue Business Model Innovation in Japan



Expand into new business domains by creating businesses that offer new value in an era of rapid and uncertain change

Create New Business Models That Break From Existing Business Frameworks





Foundation

Strengthen our management foundation for sustainable growth toward truly integrated ESG management

Build Strong Financial Foundations and Resilient Organizations From the Perspective of Sustainability



## Value Creation Strategy

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy: Message From the Director in Charge of Finance and Accounting

Special Feature

Dialogue Between Outside Director and Securities Analyst

Digital Transformation (DX) Strategy

Sustainability Strategy

Human Resources Strategy

Environmental Strategy

Attention to Human Rights



# 2023-2025 Three-Year Medium-Term Management Plan Targets and KPIs

## Quantitative Medium- and Long-Term Targets

Overseas, we aim to increase the number of new malls by capturing growth markets in ASEAN and other regions. In Japan, we aim to become the dominant mall in each region through aggressive expansion and renovation, achieving operating revenue and operating income levels on par with the top global commercial developers.

		FY2019 Actual	FY2023 Plan	FY2025 Plan
Earnings	Operating revenue	¥324,100 million	¥447,000 million	¥520,000 million
	Operating income	¥60,700 million (18.7% margin)	¥58,500 million (13.1% margin)	¥85,000 million (16.3% margin)

## Financial Indicators

EPS Growth Rate	Based on the final year of the previous medium-term management plan (FY2022), we expect a high annual growth rate of +53.5% in FY2025.
Net interest-bearing debt/ EBITDA ratio	We experienced a decline in cash flow generation capacity resulting from COVID-19 and an increase in fundraising to secure new properties overseas in the future. We expect to close in on the target by FY2030, mainly by improving our ability to generate cash flows in our overseas properties.
ROIC	Excluding the impact of investments in properties identified as construction-in-progress, we expect ROIC to be 4.7% in FY2025, mainly the result of an increase in upfront investments to secure new overseas properties for future growth. We expect to achieve this target by FY2030 through improved cash flow in line with future profit growth.

Measure	Type	Target	FY2019	FY2020	FY2021	FY2022	FY2023 (Plan)	FY2025 (Projection)
EPS Growth Rate	Growth	7% average annual growth (indexed from 2019)	2.1% (YoY)	— *	▲25.0%	▲27.6%	▲5.7%	5.4%
Net interest-bearing debt/ EBITDA ratio	Safety	4.5 times or lower	4.7 times	6.2 times	6.6 times	6.0 times	5.9 times	6.1 times
ROIC	Efficiency	At least 5%	4.3%	2.2%	2.4%	2.5%	3.1%	3.7%

EPS: Net income attributable to owners of parent/average outstanding 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 did not calculate EPS growth rate for FY2020 as we recorded a net loss per share in FY2020.

## Value Creation Strategy

- Three-Year Medium-Term Management Plan Overview and Progress
- 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
- Financial Strategy:  
Message From the Director in Charge of Finance and Accounting
- Special Feature

Dialogue Between Outside Director and Securities Analyst
- Digital Transformation (DX) Strategy
- Sustainability Strategy
- Human Resources Strategy
- Environmental Strategy
- Attention to Human Rights

# 2023-2025 Three-Year Medium-Term Management Plan Targets and KPIs

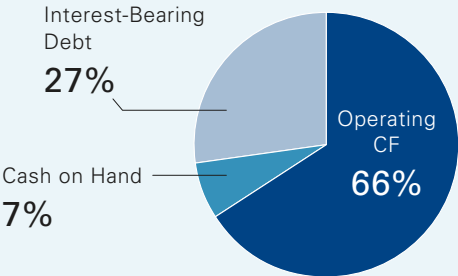
## Funds Acquisition Plan

In addition to maximizing operating cash flow, we intend to secure the necessary funds for growth investments by diversifying funding sources through a global financing mix.

(100 millions of yen)

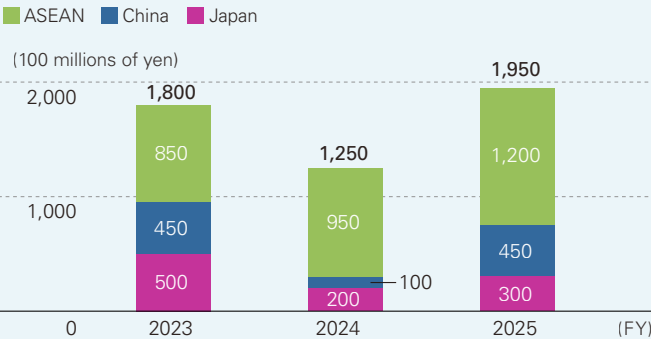
	2023	2024	2025	Three-Year Total
Capital investment	1,800	1,250	1,950	5,000
Other	500	350	350	1,200
Total expenditures	2,300	1,600	2,300	6,200
Operating CF	1,200	1,200	1,700	4,100
Cash on hand	250	50	100	400
Interest-Bearing Debt	850	350	500	1,700
Total procurement	2,300	1,600	2,300	6,200

Fund Sources Three-Year Breakdown



## Capital Investment Plan

We plan to achieve further growth by shifting our investment focus to ASEAN, an area of expected high growth.



## New Mall Opening Plan

We aim to increase malls through aggressive investments in growth, mainly in the growth-driving ASEAN region, as well as regions of China where we have yet to enter the market.

### Japan Mall Opening Plan

Total No. of Malls in FY2022 (Cumulative)	FY2023	FY2024	FY2025	FY2023 to FY2025	Total No. of Malls by FY2025 (Cumulative)
94	4	0	4	8	101

\* In addition to the above, we contract the management and operations of 49 commercial facilities of AEON Retail and AEON Tohoku.  
\* Shopping Mall Festa will cease operations temporarily on August 31, 2023, for renovation into a new commercial facility.

### China Mall Opening Plan

Total No. of Malls in FY2022 (Cumulative)	FY2023	FY2024	FY2025	FY2023 to FY2025	Total No. of Malls by FY2025 (Cumulative)
22	1	2	4	7	28

\* AEON MALL Beijing International Mall (China) will cease operations on June 24, 2023, when the lease agreement with the building owner expires.

### ASEAN Mall Opening Plan

Total No. of Malls in FY2022 (Cumulative)	FY2023	FY2024	FY2025	FY2023 to FY2025	Total No. of Malls by FY2025 (Cumulative)
13	1	2	7	10	23

## New Malls Under the 2023-2025 Three-Year Medium-Term Management Plan

\* Mall names are tentative

	2023	2024	2025
Japan	•Toyokawa •Yokohama Nishiguchi* •THE OUTLETS SHONAN HIRATSUKA •JIYUGAOKA de aone	—	• Hachioji Interchange North* • Suzaka* 2 others
China	•Wuhan Jiangxia	• Hangzhou Qiantang New Area* • Changsha Xingsha	• Changsha Xiang Jiang Xinqu 3 others
ASEAN	• Sihanoukville FTZ Logistics Center (Cambodia)	• Hue (Vietnam) • Delta Mas* (Indonesia)	• 7 others (to be announced)

## Value Creation Strategy

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy: Message From the Director in Charge of Finance and Accounting

**Special Feature**  
Dialogue Between Outside Director and Securities Analyst

Digital Transformation (DX) Strategy

Sustainability Strategy

Human Resources Strategy

Environmental Strategy

Attention to Human Rights

# Pursue a Regional Shift in Japan and Overseas



We focus on local issues and take action to create new value together with stakeholders who support our efforts

## Co-Creation for Sustainable Region Translating Global Goals to Local Contexts

~ Co-Creating for Sustainable Communities ~

We create new value through dialogue with people and stakeholders from diverse backgrounds. To this end, we translate global goals to implement in local contexts.



Co-creating sustainable communities is the act of translating global goals into the local contexts for each country and region, creating new value through dialogue with people and stakeholders from diverse backgrounds. We focus on local issues and take action to create new value together with people who support our efforts. In this way, we aspire to be a company that fosters empathy for the community while deepening and expanding human interconnections.

In a society where regional issues are becoming more diverse and complex, we cannot exceed the expectations of the communities we serve by doing business as usual. We intend to analyze the characteristics that make each community special, striving to engage in businesses beyond the framework of commercial shopping facilities and enhancing our corporate value.

Moving forward, we know we must co-create new solutions with others in countries and regions where we have malls, finding those who share an understanding of the issues and share our aspirations to work for solutions.

Co-creation is the idea of addressing global issues as local issues while creating new value together with people who share the same vision to solve each issue one by one.

Our business is to contribute to our communities, solving community issues through With-B-to-C initiatives as we work in solidarity with partner companies. The concept of regional shift is an action policy defined under our medium-term management plan. We intend to plan and execute initiatives for growth, continuing to develop as a sustainable company together with our local communities.



## Value Creation Strategy

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy:  
33 Message From the Director in Charge of Finance and Accounting

### Special Feature

40 Dialogue Between Outside Director and Securities Analyst

44 Digital Transformation (DX) Strategy

46 Sustainability Strategy

47 Human Resources Strategy

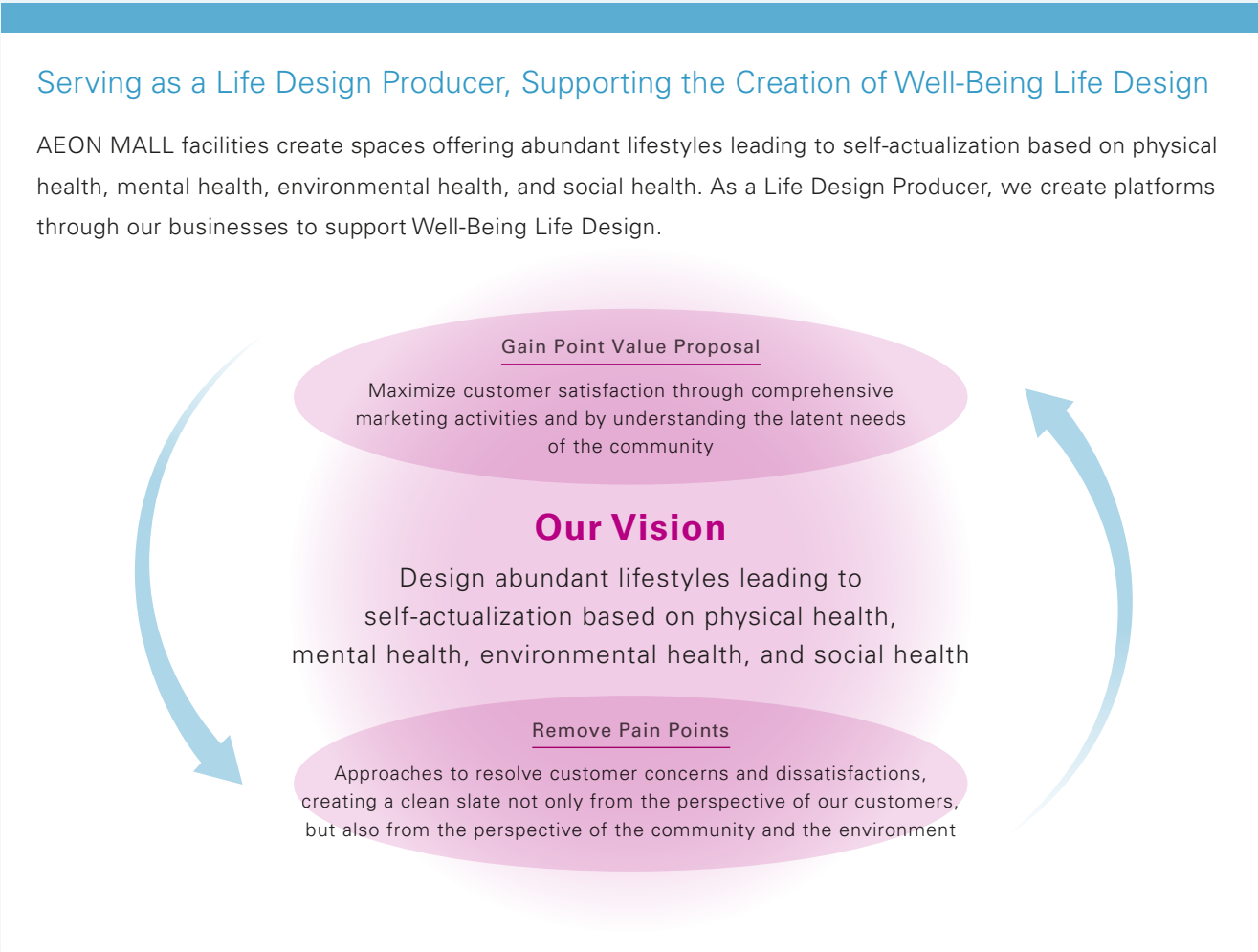
60 Environmental Strategy

68 Attention to Human Rights

Initiatives

# Create a Platform for Health and Wellness

 Supporting Individual Lifestyle Design Beyond Physical Health



We create community-based health and wellness platforms that support the physical and mental health of our customers, as well as the health of local communities and the environment. In this way, we continue supporting well-being lifestyles through our activities as a Life Design Producer.

To this end, we continue to foster well-being in our communities by deepening the value we provide to local residents through the discovery of wellness-related businesses based in comfortable and pleasant facilities, the formation of new curated zones, and initiatives to create new wellness-related businesses.

At the same time, maintaining a constant state of well-being is a challenge in the face of environmental change. We hope to create a cycle of pain point solutions, increasing gain points in solidarity with our co-creation partners.



Value Creation Strategy

- Three-Year Medium-Term Management Plan Overview and Progress
- 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
- Financial Strategy: Message From the Director in Charge of Finance and Accounting
- Special Feature

40 Dialogue Between Outside Director and Securities Analyst

44 Digital Transformation (DX) Strategy

46 Sustainability Strategy

47 Human Resources Strategy

60 Environmental Strategy

68 Attention to Human Rights



Growth Initiatives

# Discover and Commercialize Business Opportunities in Overseas Growth Markets



Accelerate the opening of new malls in areas with high growth potential, and search for and develop new business opportunities that respond to the challenges of each country and region

## Accelerate Mall Openings in Priority Areas

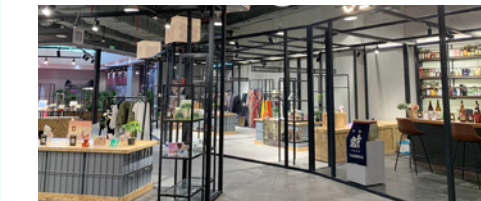
We continue to search for and secure properties in high-growth areas, accelerating new mall openings as we aim to achieve a 50-mall network by the end of fiscal 2025.

We intend to achieve further profit growth in our Overseas Business through steady mall openings in priority areas over the next three years.

- Search for and secure properties in areas of high future growth potential, such as Vietnam and inland China
- Strengthen area competitiveness by establishing dominance through new mall openings

## New Business Development to Solve Local Issues

We intend to move away from a single mall format to a value creation model tailored to the characteristics of each region, exploring new business opportunities outside the framework of commercial facilities through deeper research into the issues facing each country and region.



E-commerce linked showroom  
AEON MALL Meanchey (Cambodia)



Sihanoukville FTZ Logistics Center (Cambodia)

## Vietnam Open New Malls in Central Vietnam

We signed cooperation agreements with local governments to secure our mall opening pipeline in central Vietnam, in addition to our agreements in place in the north and south of the country. We plan to open our first mall in this area in 2024.

Signed a cooperation Agreement with Da Nang City (June 2022)



Began construction on AEON MALL Hue (February 2023)



2024 Grand Opening (Plan)



## China Accelerated Mall Openings in High-Growth Inland Regions

Changsha City, Hunan Province, is an urban hub that has continued to experience high economic growth in recent years. AEON MALL signed a comprehensive cooperation agreement with the Changsha City government, and we plan to continue opening new malls in the future.

Changsha City No.1  
AEON MALL Changsha Xingsha



2024 Grand Opening (Plan)

Changsha City No.2  
AEON MALL Changsha Xiang Jiang Xinqu



2025 Grand Opening (Plan)


# Value Creation Strategy

	Three-Year Medium-Term Management Plan Overview and Progress
	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
	Financial Strategy: Message From the Director in Charge of Finance and Accounting
<div>Special Feature</div>	
	Dialogue Between Outside Director and Securities Analyst
	Digital Transformation (DX) Strategy
	Sustainability Strategy
	Human Resources Strategy
	Environmental Strategy
	Attention to Human Rights



Growth Initiatives

# Pursue Business Model Innovation in Japan



Leverage rapid change in the business environment as opportunities to reform existing business models to increase our capacity to attract customers and improve profitability

Changes in the external environment in Japan can be characterized by a declining population, labor shortages due to falling birthrates and an aging population. In the internal environment, we see weakness in specialty store sales, particularly in the apparel industry, and high construction unit prices due to soaring materials costs. These factors represent significant issues that combine to reduce investment efficiencies.

Taking advantage of dramatic and seemingly daily changes in the business environment, we pursue business model reforms through diverse value offerings tailored to the markets, the effective utilization of existing assets, and the implementation of fundamental business structure reforms to strengthen our ability to attract customers and improve profitability in our domestic business to respond to changing local issues, customer values, and latent needs.

- Diversify Value Offerings Tailored to the Market

  - Open new malls in new business categories based on unconventional approaches
  - Pursue development patterns tailored to the characteristics of each location
  - Offer solutions for well-being
- Improve Profitability Through the Effective Use of Existing Assets

  - Diversify profit models based on the changing role of brick-and-mortar malls
  - Create new business areas within each mall site
  - Raise the attractiveness of malls to create incentives for mall visits
- Improve Operational Efficiencies and Convenience Through Digital Technologies

  - Improve the productivity of AEON MALL employees and the employees of tenants working in AEON MALL facilities
  - Expand points of contact by improving usability and by providing better value propositions
- Implement Fundamental Business Structure Reforms

  - Improve competitiveness and operational efficiency within our market areas, including investments in revitalization
  - Pursue structural reforms in real estate and finance

Diversify Value Offerings Tailored to the Market

In the wake of the COVID-19 pandemic, customer values and lifestyles have changed dramatically. Amid this change, people no longer look simply for a buying experience in commercial shopping facilities. Customers now search for the value of the experience as a motivation to leave their homes and visit malls.

The basis of this experience is *sensory value*, or the experiential value obtained through the five senses. Sensory value includes the atmosphere, cleanliness, background music, courteous customer service, and beautiful interior design. These values have a tremendous impact on the customer experience value. The key mission required of developers is how to create a comfortable experience value for customers to enjoy through their five senses.

We strive to improve customer experience value through new sensory value proposals. And we plan to incorporate this approach in both new and existing malls.

Provide Emotional Value Through Space Management



Incorporate mechanisms to appeal to the five senses for comfort and ease, striving to create facility environments that will become a place of relaxation for our customers



THE OUTLETS SHONAN HIRATSUKA (Kanagawa Prefecture)  
OKAMI VILLAGE Open space and terrace seating overflowing with greenery

	Three-Year Medium-Term Management Plan Overview and Progress
	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
	Financial Strategy: Message From the Director in Charge of Finance and Accounting
	<div>Special Feature</div> Dialogue Between Outside Director and Securities Analyst
	Digital Transformation (DX) Strategy
	Sustainability Strategy
	Human Resources Strategy
	Environmental Strategy
	Attention to Human Rights

Growth Initiatives

# Pursue Business Model Innovation in Japan

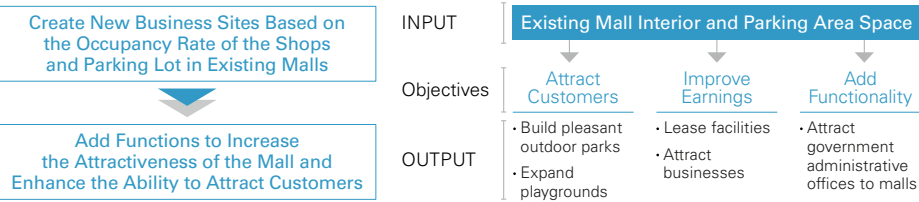
## Improve Profitability Through the Effective Use of Existing Assets

Having revised our former business model built around existing malls, we plan to diversify our revenue models to take into account both traditional lease income and the changing role of brick-and-mortar malls.

To use existing assets more effectively, we plan to create new business areas based on the utilization rate of shops and parking lots in our malls, converting underutilized space into new value. We analyze issues related to each community and each property, clarifying the purpose and nature of the value we provide. Based on this analysis, we implement a proper approach. For example, we will create new value to motivate customers to visit our malls, enhance our ability to attract customers, and improve profitability. This value takes forms including comfortable outdoor parks, recruiting businesses to the area, and inviting governments to open offices in on-site facilities.

### Develop New Uses for Business Sites for More Effective Use

AEON MALL creates new value using the land area of existing malls, mindful of tenant and parking lot capacity. We add functions to increase the attractiveness of the mall and enhance our ability to attract customers.



### Secure Revenue Opportunities Through the Effective Use of Existing Assets

We are using the former AEON Kyobashi location temporarily until we begin development on a future project. This temporary usage serves as a preliminary project to build anticipation and publicize the site to promote future development.



Temporary Facility on the Former AEON Kyobashi Site  
FULALI KYOBASHI  
July 2023 Grand Opening

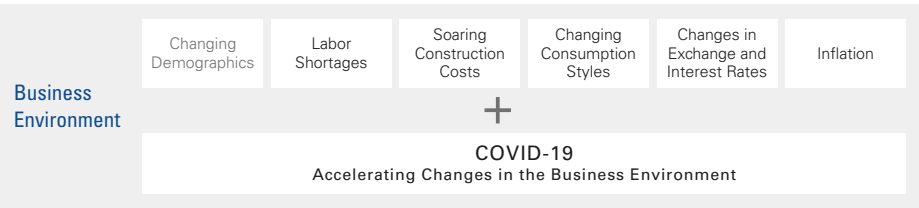
## Implement Fundamental Business Structure Reforms

While we strive to deepen existing businesses amid accelerating changes in the external environment and in customer values, certain facilities have not responded to these changes sufficiently. The ability of these facilities to attract customers and generate cash flow has been in decline due to sluggish profitability.

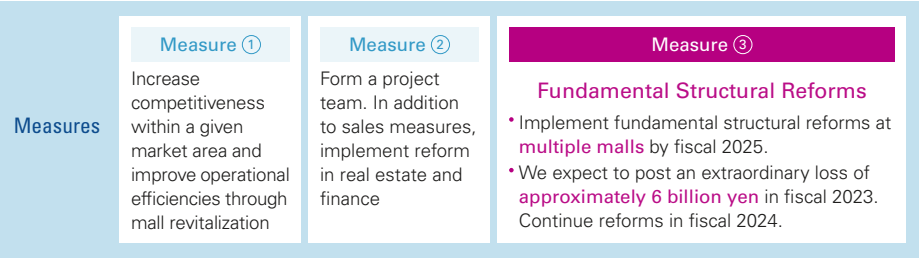
We are engaged in increasing competitiveness and improving operational efficiencies within the market area, including investments in revitalization. In addition, we are also moving forward with initiatives aimed at fundamental structural reforms from aspects of real estate and finances.

By fiscal 2025, we intend to implement fundamental structural reforms at several malls. In fiscal 2023, we will record structural reform losses as an extraordinary loss of approximately ¥6 billion.

Moving forward, we will implement fundamental business reforms designed to maximize future operating income.



Increasing Number of Malls Failing to Adapt to Changes in the Business Environment, Resulting in a Decline in Cash Flow Generation Capacity



# Value Creation Strategy

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy:  
Message From the Director in Charge of Finance and Accounting

### Special Feature

Dialogue Between Outside Director and Securities Analyst

Digital Transformation (DX) Strategy

Sustainability Strategy

Human Resources Strategy

Environmental Strategy

Attention to Human Rights

Growth Initiatives

# Create New Business Models That Break From Existing Business Frameworks

 Expand into new business domains by creating businesses that offer new value in an era of rapid and uncertain change

In an era of rapid and uncertain change, we not only develop existing businesses, but also focus on creating new businesses for new value and new initiatives, including broader complex development functions, to expand our business domains.

Expand Office Complex Development Functions

We aim for local co-creation through stronger collaborations with partner companies via M&A, equity investments, and business alliances. Our goal is to expand into social businesses designed to solve social issues.

We strive to address global issues as local issues, while creating new value together with people who share the same vision to solve each issue one by one. To this end, in March 2023, we entered into an equity and business alliance with Marimo Co., Ltd., a company focused on condominiums and income-producing real estate who shares our philosophy.

We believe we can contribute to sustainable urban reconstruction, which is the objective of the Japanese government’s Location Optimization Plan. We also believe we can be part of building vibrant communities and compact and networked cities by guiding urban functions that include residential functions, medical care, welfare, commerce, and public transportation to urban centers. Driven by this belief, we pursue redevelopment and mixed-use office complex development projects in urban areas, creating the future of community living.



Purpose of the Partnership

~ Co-Create the Future of Living in Communities ~  
Create Vibrant Communities and Compact and Networked Cities

Main Initiatives

- 1) Pursue large-scale, multi-function, mixed-use office complex development
- 2) Pursue urban redevelopment projects
- 3) Pursue mixed-use office complex development in urban areas
- 4) Engage in more advanced use of AEON MALL assets
- 5) Pursue investment in regions through the Marimo Regional Development REIT

CVC Life Design Fund

In April 2023, we established a new CVC (Corporate Venture Capital). This is not an initiative aimed at future capital gains through investment in startup companies, etc., but rather a growth strategy based on alliances through empathy and co-creation. In addition to bringing together cutting-edge technology and expertise from startup companies for new value through our in-house venture system, we take on the challenge of creating new business value through solutions for local issues and the advancement of mall operations.



Startup Companies



Life Design Fund

Investment Limited Partnership

Management Company: Ignition Point Venture Partners, Inc.  
Established: April 2023  
Investment period: 10 years  
Funds: ¥3 billion

Investment Policy



Offer new experiential value through commercial facilities



Develop new business models utilizing AEON MALL assets



Support advancements in specialty store businesses



Offer new experiential value through commercial facilities



Create next-generation facilities that transcend existing frameworks

Develop Joint Delivery Services to Solve Logistics Issues

Growing logistics challenges include driver shortages, small-lot, high-frequency deliveries, and rising fuel costs. Amid these challenges, we are developing a joint delivery service to provide value to our partner companies, who are mall tenants.

This joint delivery service will handle deliveries from the logistics bases of tenant companies to AEON MALL, other commercial facilities, stand-alone stores, etc., as well as inter-store deliveries and returns. On-demand warehousing services will also be available for partners to use when and as much as necessary.

In the future, we hope to achieve economic and environmental value by standardizing packaging materials and hangers.



## Value Creation Strategy

	Three-Year Medium-Term Management Plan Overview and Progress
	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
	Financial Strategy: Message From the Director in Charge of Finance and Accounting
	<b>Special Feature</b>
	Dialogue Between Outside Director and Securities Analyst
	Digital Transformation (DX) Strategy
	Sustainability Strategy
	Human Resources Strategy
	Environmental Strategy
	Attention to Human Rights



## Foundation

# Build Strong Financial Foundations and Resilient Organizations From the Perspective of Sustainability



Strengthen our management foundation for sustainable growth toward truly integrated ESG management

Amid a rapidly and dramatically changing business environment, build strong financial foundations and resilient organizations from the perspective of sustainability, supporting our pursuit of a regional shift in Japan and overseas and the creation of a Health and Wellness platform as we exercise truly integrated ESG management. In this way, we structure a strong management foundation capable of sustainable growth.

Pursue a finance mix and optimize our asset portfolio

- Diversify finance sources through a global finance mix
- Optimize our asset portfolio through development-type leases and by acquiring existing quality properties

Financial Strategy (▶ P.33)

Strengthen our management supervision function and establish a nimble business execution system

- Strengthen governance by separating management oversight and execution
- Accelerate management speed by adopting an executive officer system
- Cultivate the next generation of management personnel

Corporate Governance (▶ P.70)

Leverage human capital, the most important management resource

- Improve job satisfaction through human resources development, diversity, work-style reform, health management, etc., based on our vision for human resources and organizational structure
- Improve both employee performance and organizational productivity

Human Resources Strategy (▶ P.47)

## Create Sustainable Towns Via Industry-Government-Academic Collaborations

We are actively involved in efforts to contribute to community development. At Koshigaya Laketown, AEON MALL is working with the local government to use of the adjacent waterfront area more effectively.

In collaboration with Koshigaya City, AEON MALL is revitalizing the land near AEON Lake Town, testing and proving a community collaboration system with the University of Tokyo. (▶ P.20)



## Achieve Decarbonized Societies

All malls in Japan to be operated with effectively CO<sub>2</sub>-free electricity by fiscal 2025, reducing total domestic emissions to zero by the year 2040

AEON MALL formulated the AEON MALL Decarbonization Vision, setting a goal to reduce total CO<sub>2</sub> and other emissions in Japan to zero by the year 2040 and playing our part to create decarbonized societies. (▶ P.61)

### Using Renewable Energy

Last year, AEON MALL launched the AEON MALL *Machi no Hatsudensho* (community power plant) based on low-voltage, distributed solar power generation systems via self-directed transmission. By fall 2023, we increased the number of solar power generation facilities in operation further, supplying renewable energy with low environmental impact generated from approximately 1,390 low-voltage solar power plants in each region to approximately 50 AEON Mall facilities nationwide. Electricity generated by solar power generation systems is equivalent to the electricity consumed by seven or eight mall facilities.



## Adopt an executive officer system to separate management supervision from business execution

We introduced an executive officer system in May 2023 to clarify the roles and responsibilities of our organization, increasing the speed of business execution. At the same time, this system ensures the effective monitoring of growth measures and progress toward achieving the numerical targets of our business plans.

In addition to strengthening the supervisory function by separating management oversight and execution, clear definitions of responsibility for business execution and faster decision-making have been effective in advancing our organizational structure, including the training of the next generation of management personnel.



## Value Creation Strategy

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy:  
33 Message From the Director in Charge of Finance and Accounting

### Special Feature

40 Dialogue Between Outside Director and Securities Analyst

44 Digital Transformation (DX) Strategy

46 Sustainability Strategy

47 Human Resources Strategy

60 Environmental Strategy

68 Attention to Human Rights



# Financial Strategy:

## Message From the Director in Charge of Finance and Accounting

Aiming to improve management indicators and generate positive free cash flow through balanced financial management centered on growth strategy.



Managing Director in Charge of Finance and Accounting  
**Hiroshi Yokoyama**

Amid a rapidly and dramatically changing business environment, we strive to achieve truly integrated ESG management that creates economic, social, and environmental value for our stakeholders. AEON MALL began operating under our latest medium-term management plan (FY2023-FY2025) in fiscal 2023. Under this plan, we are building solid financial foundations and resilient organizations from the perspective of sustainability for sustainable growth.

Hiroshi Yokoyama, director in charge of finance and accounting, explains the financial management issues revealed by an analysis of our current situation, measures to address these issues, and our future vision for enhancing corporate value.

### Analysis, Management Indicators, and Share Price

To maximize cash flows in the future and improve corporate value, the Company has established the following target financial indicators: EPS growth rate of 7% (annual growth rate beginning FY2019); net interest-bearing debt/EBITDA ratio of 4.5 times or less, and return on invested capital (ROIC) of at least 5%. Our historical results are shown in the figure below. We did not achieve targets in these indicators, due in large part to sluggish performance since 2020 and the COVID-19 pandemic.

Looking at share price indicators (▶ P.89/11-Year Financial Highlights), we see that price-to-book ratios have traditionally remained above 1.0 times. Since 2020, the start of the COVID-19 pandemic, our price-to-book ratios have trended below 1.0 times. If we break price-to-book down into price-earnings ratio (PER) and return on equity (ROE), we see that the decline in ROE due to weak earnings has been a significant factor.

Target Performance Indicators

Indicators	Type	Target	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
ROIC	Efficiency	6% or higher	4.9%	4.5%	4.4%	4.6%	4.4%	4.3%
Equity	Safety	30% or higher	36.4%	34.2%	34.6%	33.2%	31.9%	28.5%
Net D/E ratio (times)	Safety	1.0 times	0.5	0.8	0.8	0.9	1.1	1.5

We modified performance indicators due to the adoption of IFRS 16 in fiscal 2019, as well as to maximize future cash flows and increase corporate value.

Indicators	Type	Target	FY2020	FY2021	FY2022
ROIC	Efficiency	5% or higher	2.2%	2.4%	2.5%
EPS Growth Rate (annual growth vs. FY2019)	Growth	7%	—*	▲25.0%	▲27.6%
Interest-bearing debt EBITDA (times)	Safety	4.5 times or less	6.2	6.6	6.0

\* We did not calculate EPS growth rate for fiscal 2020 as we recorded a net loss per share.

## Value Creation Strategy

- Three-Year Medium-Term Management Plan Overview and Progress
- 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
- Financial Strategy: Message From the Director in Charge of Finance and Accounting
- Special Feature
- Dialogue Between Outside Director and Securities Analyst
- Digital Transformation (DX) Strategy
- Sustainability Strategy
- Human Resources Strategy
- Environmental Strategy
- Attention to Human Rights

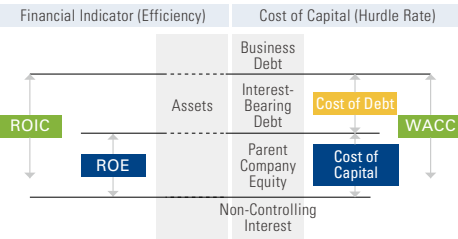
# Financial Strategy: Message From the Director in Charge of Finance and Accounting

## Understanding the Cost of Capital

ROE must exceed the cost of capital (positive equity spread) if a company is to increase corporate value. AEON MALL uses cost of capital and WACC as corresponding measures related to ROE and ROIC, respectively, which are indicators of efficiency.

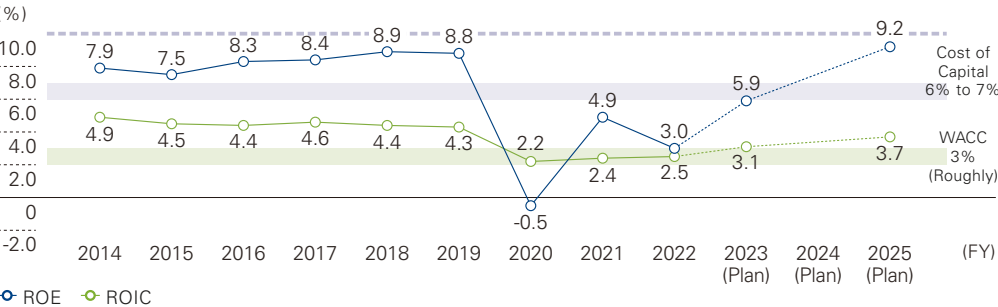
We calculate the cost of capital on a capital asset pricing model (CAPM) basis. Given historical trends, we set the AEON MALL cost of capital generally in the 6% to 7% range. To calculate WACC, we use the weighted average of the cost of capital and cost of debt, setting WACC at approximately 3%.

The relationship between efficiency indicators and cost of capital is shown below; the cost of equity for ROE and WACC correspond to ROIC.



As shown in the chart below, in FY2020, cost of capital (currently between 6% and 7%) fell below ROE. In other words, we have continued to experience a negative equity spread. Although we expect ROE to recover to 5.9% on the basis of this year's profit plan, we feel the urgency in returning our equity spread to positive territory as soon as possible.

ROE, ROIC Performance

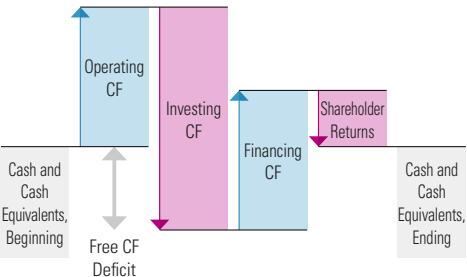


ROE ROIC

## Cash Allocation

The figure below shows our current cash allocation. Investment cash flow exceeds operating cash flow, with free cash flow continuing as a deficit. The shortfall is covered by financial cash flows from interest-bearing debt financing, including bond issuances and borrowings from financial institutions. As leverage increases, the net interest-bearing debt-to-EBITDA ratio declines. While eliminating the free cash flow deficit is a major issue for us, we are in a phase requiring continued investment in growth. We must manage our finances to maximize operating cash flow while balancing investment cash flow.

Current Status



For the time being, capital investment will outpace operating cash flows due to active overseas mall openings in areas of expected high growth.

Given these circumstances, we recognize the need to address ROE at less than the cost of capital and the continuation of free cash flow deficits as priority financial issues.

To enhance corporate value, we established goals to achieve ROE of 9% by fiscal 2025 and free cash flow surpluses by fiscal 2028. We expect that achieving these goals will lead to improvements in our target performance indicators as a matter of course.

Issues	Targets
• ROE less than the cost of capital • Continuation of free cash flow deficits	• FY2025 ROE of 9%+ • FY2028 free cash flow surplus

## Value Creation Strategy

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy: Message From the Director in Charge of Finance and Accounting

Special Feature

Dialogue Between Outside Director and Securities Analyst

Digital Transformation (DX) Strategy

Sustainability Strategy

Human Resources Strategy

Environmental Strategy

Attention to Human Rights

# Financial Strategy: Message From the Director in Charge of Finance and Accounting

## Achieving ROE of 9% and Challenges to ROE Improvement

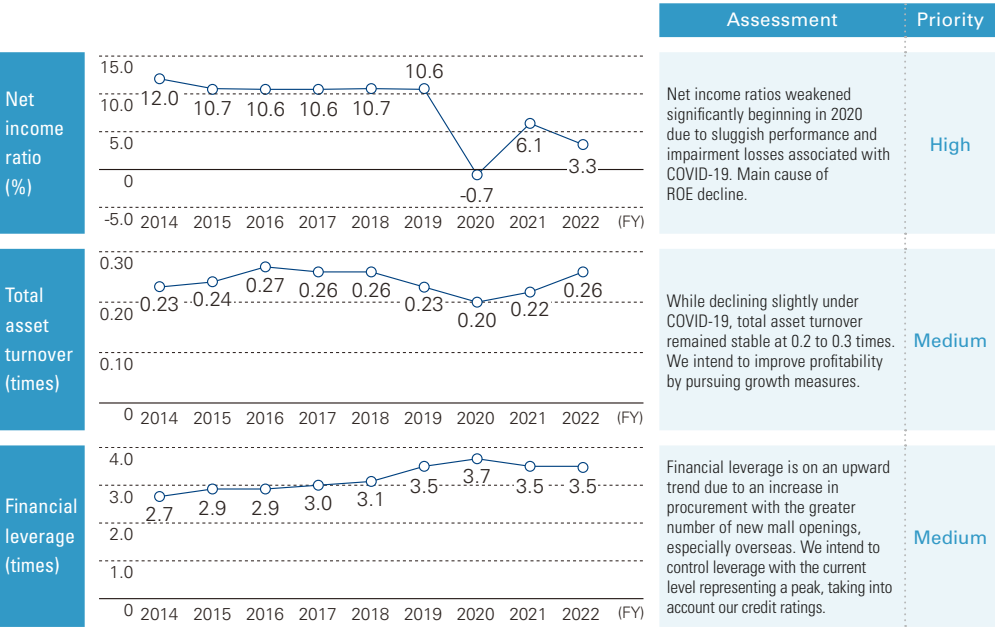
Breaking ROE into the three components of net income ratio, total asset turnover, and financial leverage provides a clear picture of the current issues.

The net income ratio has been trending downward due to the COVID-19 pandemic beginning in fiscal 2020. Extraordinary losses related to impairment and scrap-and-build have also contributed to the current decline.

Total asset turnover has stabilized; however, we must improve profitability through steady growth initiatives as described in our medium-term management plan.

Financial leverage is trending upward as we accumulate interest-bearing debt to meet our funding needs for the expansion of overseas mall openings. Increasing leverage would be undesirable when considering the reaction of rating agencies, and we intend to control leverage by maintaining current levels while implementing a liquidation scheme.

Considering these factors, the first order of business in improving ROE is to maximize net income.

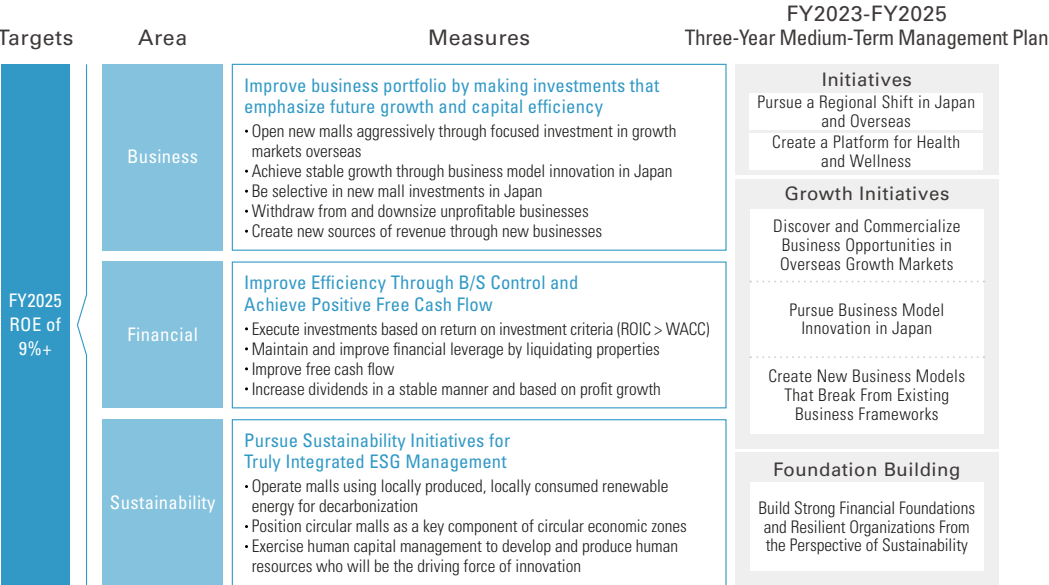


## ROE Improvement Measures

The chart below summarizes our plans in terms of business, finance, and sustainability to achieve our ROE goal of 9% or more by fiscal 2025.

In terms of business, we plan to improve our business portfolio through necessary investments in Japan and overseas in consideration of growth and efficiency. In the area of finance, we plan to improve efficiency through balance sheet control and positive free cash flow. In terms of sustainability, we will continue to address social issues in earnest, including decarbonization, resource recycling, and human capital. In these ways, we intend to earn the trust of our stakeholders and continue to be the Company of choice.

These efforts are in line with the growth measures outlined in our three-year medium-term management plan (FY2023-FY2025). We expect ROE to exceed 9% based on our profit plan through fiscal 2025, which will be the final year of our current plan. We believe it is important that we achieve the profit targets defined in our three-year medium-term management plan.



\* Each indicator is calculated as follows.

- ROE = Net income attributable to owners of parent ÷ equity
- Net income ratio = Net income attributable to owners of parent ÷ operating revenue
- Total asset turnover = Operating revenue ÷ total assets
- Financial leverage = Total assets ÷ equity

## Value Creation Strategy

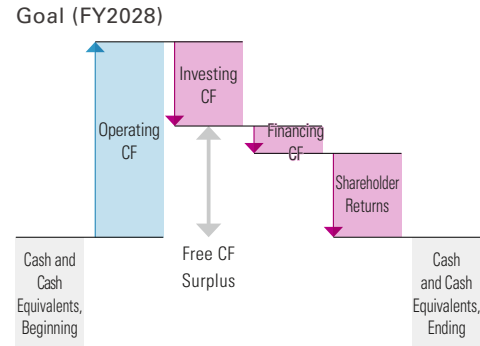
22	Three-Year Medium-Term Management Plan Overview and Progress
23	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
33	Financial Strategy: Message From the Director in Charge of Finance and Accounting
40	Dialogue Between Outside Director and Securities Analyst
44	Digital Transformation (DX) Strategy
46	Sustainability Strategy
47	Human Resources Strategy
60	Environmental Strategy
68	Attention to Human Rights

# Financial Strategy:

## Message From the Director in Charge of Finance and Accounting

### Free Cash Flow Surplus

The figure on the right illustrates our cash allocation goals. Our aim is to increase operating cash flow, make capital investments within the scope of said cash flow, and reduce interest-bearing debt. The following describes cash flows for the period under review.



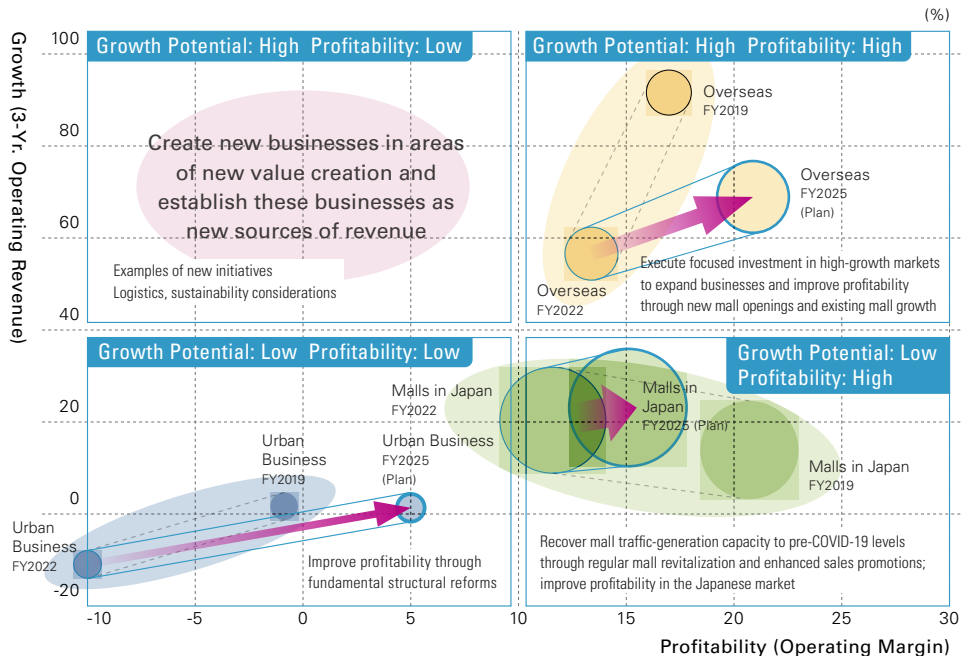
### Operating Cash Flow

The figure on the right describes our business portfolio, with profitability (operating margin) on the horizontal axis and growth (three-year operating revenue growth rate) on the vertical axis. The chart maps the position of each business for fiscal 2019, fiscal 2022, and fiscal 2025. The size of each circle indicates the relative size of operating revenue.

The upper right quadrant shows our overseas business. While this business, which is a growth driver, weakened in fiscal 2022 in terms of profitability and growth due to the impact of COVID-19, we will grow the scale of our businesses and profitability through new mall openings and high growth at existing malls.

The lower-right quadrant of the figure shows our mall business in Japan. Our malls in Japan also experienced declining profits, but the most apparent issue arising from the COVID-19 pandemic is our ability to attract customers. We will recover our ability to attract customers through activities to revitalize local markets, large-scale events, and sales promotions, working to achieve stable growth.

The lower-left quadrant shows our urban business. While performance has been sluggish to date, stemming from a slow response to changing consumer trends, we will focus on delivering profits by fiscal 2025 through fundamental structural reforms.



\* Growth rate compared to operating revenues over the three previous fiscal years.  
\* The size of each circle indicates the relative size of the business (by operating revenue).

The upper-left quadrant shows how we will pursue new business creation for value in this era of uncertainty (VUCA) and rapid change. So far, we have not established any revenue-supporting pillars, we aim to make these businesses profitable based on our philosophy of community co-creation.

Every business has its own position in our portfolio, and specific measures will differ for each. However, the common thread is that we must execute investments oriented to growth and efficiency in Japan and overseas to improve our portfolio and maximize operating cash flow.

## Value Creation Strategy

22 Three-Year Medium-Term Management Plan Overview and Progress

23 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

33 Financial Strategy: Message From the Director in Charge of Finance and Accounting

40 Dialogue Between Outside Director and Securities Analyst

44 Digital Transformation (DX) Strategy

46 Sustainability Strategy

47 Human Resources Strategy

60 Environmental Strategy

68 Attention to Human Rights



# Financial Strategy:

## Message From the Director in Charge of Finance and Accounting

The chart below shows the actual performance of our overseas business, domestic business, consolidated results, ROIC by business, and targets for fiscal 2025. We view ROIC as an indicator of investment efficiency by business segment. We forecast the domestic business to achieve 5.3%, surpassing the ROIC target by fiscal 2025. At the same time, we forecast the overseas business to be 2.4%, which will drag ROIC lower on a consolidated basis.

As we have invested in Vietnam and other regions of high future growth potential, ROIC improvement appears slow and low when cutting off projections at fiscal 2025.

		FY2019 Actual	FY2022 Actual	FY2025 Plan
Overseas Business	Operating revenue	¥49.1 billion	¥77.3 billion	¥130.0 billion
	Operating income	¥8.3 billion	¥9.8 billion	¥27.0 billion
	Operating margin	16.9%	12.7%	20.8%
	ROIC (by business)	2.0%	1.5%	2.4%
Japan Business	Malls in Japan	Operating revenue	¥250.3 billion	¥299.8 billion
		Operating income	¥52.6 billion	¥36.3 billion
		Operating margin	21.0%	12.1%
	Urban Business	Operating revenue	¥24.6 billion	¥21.8 billion
		Operating income	-¥0.2 billion	¥1.0 billion
		Operating margin	-0.8%	-10.4%
	ROIC (by business) (Total of Japanese Malls and Urban Business)		4.6%	2.7%
				5.3%
Consolidated	Operating revenue	¥324.1 billion	¥398.2 billion	¥520.0 billion
	Operating income	¥60.7 billion	¥43.9 billion	¥85.0 billion
	Operating margin	18.8%	11.0%	16.3%
	ROIC (overall)	4.3%	2.5%	3.7%

\* ROIC (by business) is simply calculated as the ratio of after-tax operating income to the residual carrying value of each business.

While we expect to achieve an ROIC of 5% or greater in Japan as of FY2025, we project ROIC of 3.7% on a consolidated basis due to the failure to achieve the target in our overseas businesses.

The upper section of the figure below shows the profit/loss model and ROIC per project for overseas malls. The lower section shows the number of overseas malls opened and ROIC (per business) for the overseas business. On a project basis, ROIC for overseas malls generally exceeds the 5% target after eight years.

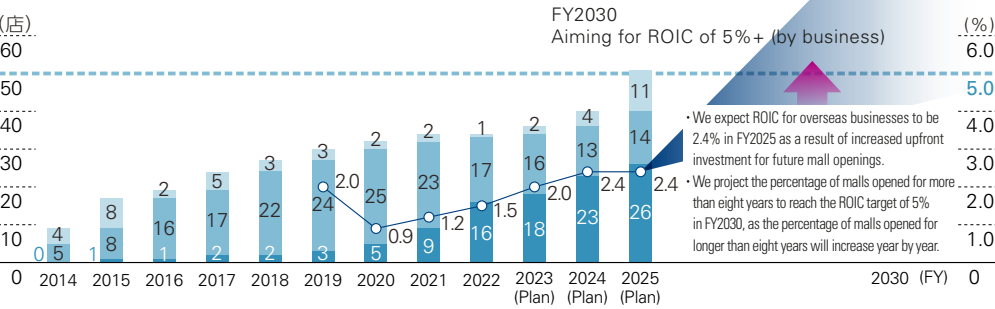
Since the opening of our overseas business in earnest in fiscal 2015, the percentage of malls in their eighth year or later will increase in the future. The ratio of malls in their eighth year of operation or longer will increase in fiscal 2025 and later, and we project to achieve our ROIC target of 5% for the overseas business by fiscal 2030.

### Overseas Mall Profit Model and ROIC (Per-Project Basis)

	Year 1	Year 4	Year 8	Year 12	
Operating revenue	¥1.45Bn	¥2.18Bn	¥3.70Bn	¥4.93Bn	• We expect operating revenue and operating income to increase in overseas malls due to high economic growth in the areas where malls are located and growing populations within the market area. • We expect ROIC (per-project basis) to improve year by year in line with profit growth. In year eight, ROIC exceeds the target level of 5% and continues to improve thereafter.
Operating income	- ¥0.27Bn	¥ 0.72Bn	¥ 1.39Bn	¥ 2.43Bn	
Operating income margin	-18.5%	33.0%	37.5%	49.3%	
ROIC (per-project basis)	—	2.6%	5.0%	8.8%	

\* Model case reflecting existing mall performance

### Overseas Business Number of Malls Opened and ROIC (by Business)



■ Number of existing malls (8+ years) ■ Number of existing malls (7 years or fewer) ■ Number of new malls  
○ ROIC (by business)

\* One mall in China will close in FY2023



## Value Creation Strategy

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy: Message From the Director in Charge of Finance and Accounting

Special Feature

Dialogue Between Outside Director and Securities Analyst

Digital Transformation (DX) Strategy

Sustainability Strategy

Human Resources Strategy

Environmental Strategy

Attention to Human Rights

# Financial Strategy:

## Message From the Director in Charge of Finance and Accounting

### Investing Cash Flow

The chart below shows the composition of capital investments (cash basis) by region for the three years of our current medium-term plan. We plan to invest a higher proportion in ASEAN, including Vietnam, which we see as a growth market and one of our key strategic areas.

Total capital investment under the current plan will total ¥500 billion over three years. We increased capital investment in response to the impact of COVID-19, which pushed back the opening of certain overseas properties. We expect future capital investment to reach a cruising pace of ¥150 billion per year, as we use development-type leases and other mall opening schemes to reduce the initial investment.

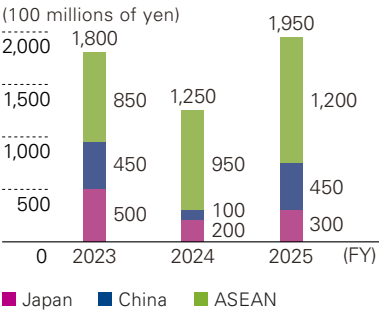
Upfront investments for new mall openings will continue for some time to ensure future growth in inland China and ASEAN countries, particularly in Vietnam. However, we aim to achieve positive free cash flow by fiscal 2028 by growing operating cash flow through profit growth at existing overseas malls, which have become a larger proportion of our total sales.

Capital Investment Plan

(100 millions of yen)				
	2023	2024	2025	3-Yr. Total
Japan	500	200	300	1,000
New	375	120	230	725
Revitalization	110	50	50	210
Urban SC	15	30	20	65
Overseas	1,300	1,050	1,650	4,000
China	450	100	450	1,000
ASEAN	850	950	1,200	3,000
Total	1,800	1,250	1,950	5,000

\* Capital investment plan represents net figures reflecting development type leases and the use of REITs.

Capital Investment Allocation Plan



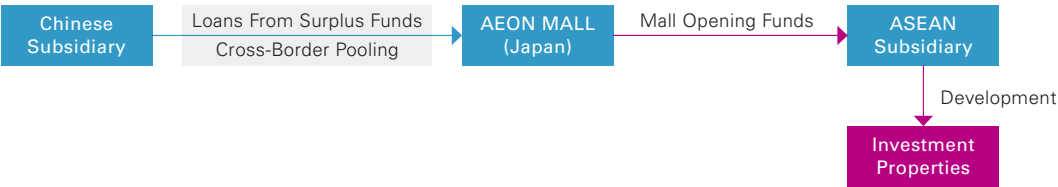
### Financing Cash Flow

As we continue to engage in capital investment in growth markets while running deficits in free cash flow, we must continue to raise funds through interest-bearing debt, including bond issuances and loans from financial institutions. At the same time, our financial leverage is on an upward trend. Considering our credit rating, it may be difficult to apply excessive leverage further. Therefore, we will need to control leverage at this current peak level.

A balanced approach to financial management will be required to achieve free cash flow surpluses, and it will be imperative to secure a variety of funding sources for this purpose. Therefore, AEON MALL conducts indirect financing, direct financing, and real estate liquidation schemes in Japan and overseas. In other words, we pursue a global financing mix.

Specific initiatives include the use of cross-border pooling to enhance cash management. As the AEON MALL overseas business continues to expand in scale and transition to the profit generation stage, cash balances have increased significantly in certain regions. We optimize cash management by transferring funds flexibly from regions with cash surpluses to regions with a strong demand for cash.

One example is the cross-border pooling established in fiscal 2020 between our Chinese subsidiary and AEON MALL (Japan). Here, surplus funds from the Chinese subsidiary were loaned to AEON MALL (Japan) beginning in fiscal 2021 to reduce interest-bearing debt, fund store openings at ASEAN subsidiaries, and other purposes.



## Value Creation Strategy

22 Three-Year Medium-Term Management Plan Overview and Progress

23 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

33 Financial Strategy: Message From the Director in Charge of Finance and Accounting

40 **Special Feature** Dialogue Between Outside Director and Securities Analyst

44 Digital Transformation (DX) Strategy

46 Sustainability Strategy

47 Human Resources Strategy

60 Environmental Strategy

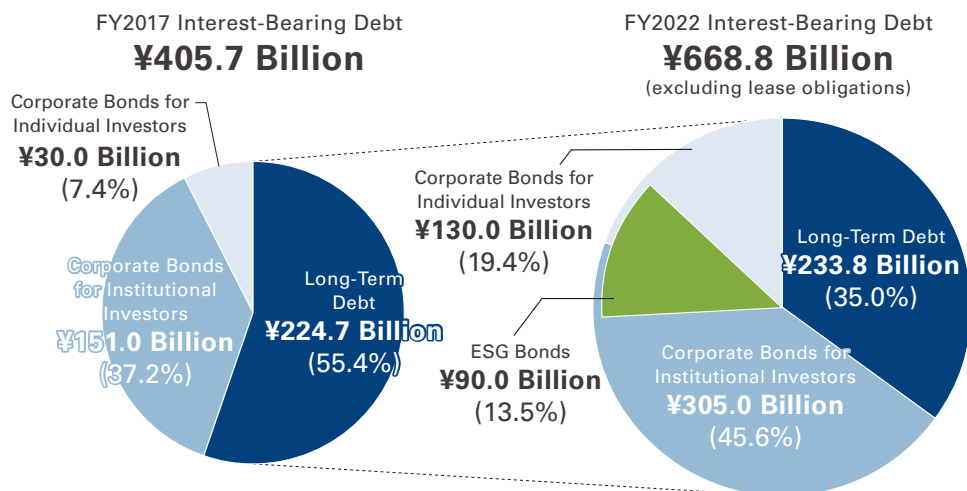
68 Attention to Human Rights

# Financial Strategy:

## Message From the Director in Charge of Finance and Accounting

Another example is how we strengthen our procurement base by expanding ESG finance initiatives. Investors have become increasingly interested in ESG issues in recent years, and AEON MALL engages in ESG finance initiatives.

In terms of corporate bond procurement, we issued ¥30 billion in sustainability bonds in September 2020 to fund measures against COVID-19, to construct environmentally friendly malls, and for other purposes. In November of the following year, we issued ¥20 billion in sustainability-linked bonds with the goal of making the electricity used at all AEON MALL facilities in Japan CO<sub>2</sub>-free by the year 2025. Utilizing the same linked bond framework, we issued Japan's first-ever sustainability linked bonds for private investors in April 2023 in the amount of ¥40 billion. By conducting ESG financing in this way, we demonstrate sustainability while securing a stable base of financing by developing new investors and sourcing funds from the Funds-Supplying Operations to Support Financing for Climate Change Responses of the Bank of Japan. We hope to create a virtuous cycle by utilizing the funds raised for ESG initiatives and investments, enhancing external evaluations and stabilizing our procurement environment.

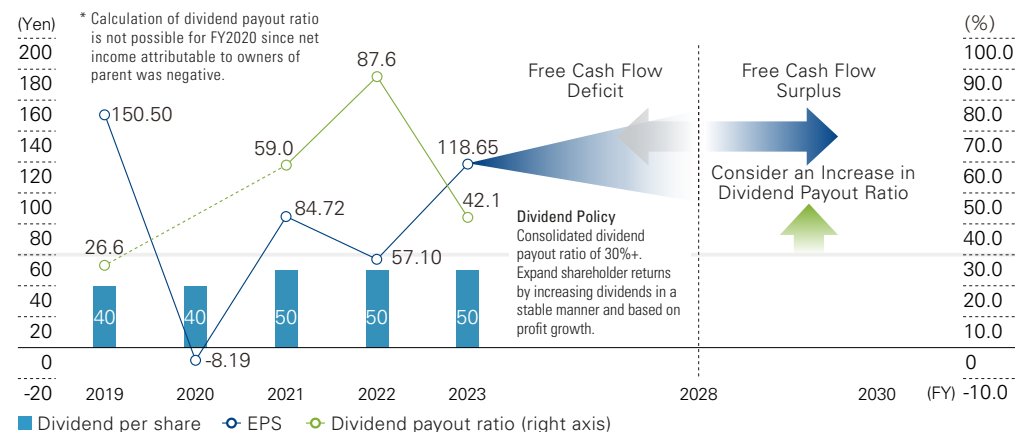


### Expanded Shareholder Returns

Last, I want to address shareholder returns. Our dividend policy emphasizes stable dividends and a consolidated payout ratio of 30% or greater. As shown in the chart below, EPS declined during the COVID-19 pandemic, but we did not reduce dividends, holding to our policy of paying stable returns. We believe we have provided a minimum standard, albeit insufficient, return to shareholders.

Free cash flow has been at a deficit due to increased investments for growth, and we find ourselves in a difficult position related to share buybacks or raising the dividend payout ratio as methods to raise shareholder returns. Based on our profit plan for fiscal 2025, we expect EPS to be approximately ¥200 per share. We intend to increase shareholder returns by raising dividend levels supported by profit growth.

When free cash flow becomes a surplus again in fiscal 2028, we will consider raising the dividend payout ratio target, which is 30% or greater presently.



- Based on our three-year profit plan, we expect EPS in the final year of the plan (FY2025) to grow to roughly ¥200.
- At the stage we achieve positive free cash flow (FY2028 target), we will consider another increase in the dividend payout ratio.

AEON MALL pursues steady growth measures to achieve our numerical targets, and we will conduct well-balanced financial management by interweaving various procurement methods to improve ROE, ROIC, and other management indicators as we achieve free cash flow surpluses.

## Value Creation Strategy

- Three-Year Medium-Term Management Plan Overview and Progress
- 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
- Financial Strategy: Message From the Director in Charge of Finance and Accounting
- Special Feature**
- Dialogue Between Outside Director and Securities Analyst
- Digital Transformation (DX) Strategy
- Sustainability Strategy
- Human Resources Strategy
- Environmental Strategy
- Attention to Human Rights



# Dialogue Between Outside Director and Securities Analyst

A securities analyst and an AEON MALL outside director conducted an interview-style discussion regarding the current status and issues in the AEON MALL management structure and strategy.



## Expectations, Evaluations, and Issues Related to AEON MALL Governance and New Medium-Term Management Plan From the Perspective of an Outside Director

AEON MALL Co., Ltd. Outside Director  
Nomination and Compensation Committee Chair

**Kunihiro Koshizuka**

Mizuho Securities Co., Ltd.  
Equity Research Department  
Senior Analyst

**Yoshihiro Hashimoto**

### Activities of the Nomination and Compensation Committee

**Yoshihiro Hashimoto:** The markets expect outside directors to play a role in supervising Company management. Director Koshizuka, how are you involved in management oversight at AEON MALL, and what is your opinion of the management team? Please begin by describing the activities of the Nomination and Compensation Committee, which you chair.

**Kunihiro Koshizuka:** Under the rules of the Nomination and Compensation Committee, five outside directors provide independent assessments of the appropriateness of performance-based remuneration for the president and each director in light of individual tasks and KPIs established at the beginning of the fiscal year. Then, we compare the results of each outside director's assessments.

In our experience, the assessments are often in agreement. We submit a final report to the board of directors after a last discussion with the president, but the draft advisory report respects the assessments of the outside directors.

In this time of VUCA, we conduct rigorous assessments based on a comparison of targets and results in the event of a miscalculation of a business environment that is far beyond the scope of an individual's capacity. In light of the purpose of a compensation plan to motivate employees, we consider whether the system is fair and accurate, and a reflection of the shareholder perspective. We also want to continue discussions on whether to separate evaluation periods into much shorter time frames to account for unforeseen circumstances.

Apart from these assessments, the Nomination and Compensation Committee discusses succession plans and policies for developing candidates for director positions. We also meet directly with candidates to provide advice that enhances their perspective. Until last year, the Nomination and Compensation Committee had served as an advisory body to the president. Beginning this fiscal year, the committee is now an advisory body to the board of directors. The substance of our activities has not changed, but the structure has improved in terms of transparency, fairness, and rationality.

### Assessing President Iwamura

**Hashimoto:** As an outside director, I assume you participate in AEON MALL meetings. What is your opinion of President Iwamura?



## Value Creation Strategy

22 Three-Year Medium-Term Management Plan Overview and Progress

23 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

33 Financial Strategy: Message From the Director in Charge of Finance and Accounting

### Special Feature

40 Dialogue Between Outside Director and Securities Analyst

44 Digital Transformation (DX) Strategy

46 Sustainability Strategy

47 Human Resources Strategy

60 Environmental Strategy

68 Attention to Human Rights



Value Creation Strategy

	Three-Year Medium-Term Management Plan Overview and Progress
22	
23	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
33	Financial Strategy: Message From the Director in Charge of Finance and Accounting
	Special Feature
40	Dialogue Between Outside Director and Securities Analyst
44	Digital Transformation (DX) Strategy
46	Sustainability Strategy
47	Human Resources Strategy
60	Environmental Strategy
68	Attention to Human Rights

**Koshizuka:** The reality is that the Company’s performance has been at the mercy of COVID-19 for around two years. In fiscal 2022, we finally saw signs of recovery in operating income at +15% year on year. I think the real test for the president will be fiscal 2023.

At the same time, I appreciate the fact that AEON MALL—both domestically and internationally—is working in the direction of co-creation with communities, and the president is leading the way. From this perspective of community co-creation, I think fiscal 2023 will be a year of real value in terms of concreteness and narrowed focus. I can say without reservation that as a manager, President Iwamura is a rare combination of both future-oriented visionary and clear-eyed realist. Looking at his abilities, I understand why AEON MALL chose someone as president who is neither native to the Company nor from an AEON Group background. There have been many situations where we experienced his excellent business sense as a developer. At the same time, being responsible for the overseas business at the same time is too great a workload. I think the situation should be resolved as quickly as possible so the president can shift focus on reforming the Company as a whole.

The Meaning of an Executive Officer System

**Hashimoto:** AEON MALL adopted an executive officer system in May 2023.



**Koshizuka:** The main objective of the executive officer system is to speed up decision-making and develop candidates for executive positions. Another important purpose is to ensure the achievement of medium- to long-term strategies. In terms of the Company as a whole, there seems to be a lack of balance between the search for knowledge as compared to deepening knowledge. When evaluating the effectiveness of the board of directors, we reconsidered the need for more time devoted to discussions of medium- and long-term strategies. In fiscal 2022, we set aside several opportunities to discuss medium- and long-term strategies in Management Strategy Advisory Committee meetings.

For AEON MALL, rather than the so-called competency trap, where the focus is on the familiar rather than new businesses that tend to be inefficient, I think the new executive officer system was driven more by the fact that the director and executive levels were just too busy with current operations to devote much time to medium- and long-term initiatives. The executive officer system, combined with a delegation of authority, is intended to emphasize the director’s role on the board in forming medium- to long-term strategies, focusing less on day-to-day business execution. Of course, an executive officer system has advantages and disadvantages. But we were looking for the aforementioned advantages, even if we had to swallow the complications of adding more management layers.

Role Awareness and AEON MALL Challenges

**Hashimoto:** As you serve as an outside director, what issues do you feel AEON MALL has in terms of management oversight?

**Koshizuka:** We understand that the role of outside directors, or the board of directors, is to enhance corporate value and support sustainable growth. There is a defensive aspect and an offensive aspect here. In other words, there are two aspects to governance. There’s the so-called defense-oriented governance, which oversees management through a PDCA cycle to ensure fairness, transparency, and rationality and to ensure business performance and targets are achieved. And then there’s offense-oriented governance, which seizes on changes in the business environment as opportunities to take on challenges and create an atmosphere encouraging corporate reform, or risk-taking. You might call it a form of risk-taking governance. Naturally, both defense and offense are important. However, in this age of VUCA, we believe that the latter approach plays an important role. As I mentioned earlier when talking about the executive officer system, I believe this idea of taking on challenges and reforming is the most important issue for AEON MALL.

I think we saw signs of momentum for corporate reform in fiscal 2022 after discussions in the Management Strategy Advisory Committee and the opportunity to consider the next medium-term management plan. Securing competitive advantage in this next era and establishing a concrete CSV story will be important to settle as quickly as possible.

Once we see progress in issues, then other issues that concern shareholders and investors should take care of themselves. For example, the issue of corporate value, including PBR of less than 1.0 times, ROIC and other efficiencies, etc. These are baseline matters that the Company must accomplish.

The second issue is communication. AEON MALL is an ethical and well-meaning Company with a very diverse range of initiatives in malls across Japan. These initiatives address everything from decarbonization and the circular economy to biodiversity.

## Value Creation Strategy

	Three-Year Medium-Term Management Plan Overview and Progress
22	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
23	Financial Strategy: Message From the Director in Charge of Finance and Accounting
33	<b>Special Feature</b>
40	Dialogue Between Outside Director and Securities Analyst
44	Digital Transformation (DX) Strategy
46	Sustainability Strategy
47	Human Resources Strategy
60	Environmental Strategy
68	Attention to Human Rights

However, I don't feel that the Company has communicated very well to this point. Stronger communication is a key factor in sustainable progress for environmental and social initiatives, since communication is the only way to tell stakeholders about activities, gain support, and conduct marketing to create fans.

### The AEON MALL Medium- to Long-Term Strategy

**Hashimoto:** How does the board of directors discuss AEON MALL strategy from a medium- to long-term perspective among the management team? Are these discussions in response to the activities of the Management Strategy Advisory Committee? And how do you make recommendations on business strategy, especially from your expert perspective of DX?

**Koshizuka:** The Management Strategy Advisory Committee and the board of directors have been discussing medium- to long-term strategy since fiscal 2022. Outside directors and members of the Audit & Supervisory Board provide advice from different perspectives, and the bodies I just mentioned deliberate from a viewpoint somewhat distant from the management team.

As an example, I was a specialist in DX and technology at my previous job. I provide this experience and expertise by speaking at meetings of the Management Strategy Advisory Committee and board of directors. I also engage in dialogue directly with the younger leaders of the departments for which I am responsible. I train newly appointed executive officers and share ideas as a person with experience from a different background. AEON MALL is in a position fighting as Japan's champion in mega-competition with renowned global companies. To trigger innovation and secure competitive advantage will require the Company to truly raise its sights, backcast from observations about the future, and continue to evolve its vision.

### The AEON MALL Governance Structure: Protecting the Interests of Minority Shareholders

**Hashimoto:** As an outside director, what is your opinion of AEON MALL governance from the perspective of protecting minority shareholder interests in a publicly listed subsidiary?

**Koshizuka:** We are aware that certain aspects of corporate governance do not meet the formal standards of what one might think of as the pinnacle of corporate governance. For example, despite being in a publicly listed parent-subsidary relationship, the board consists of a minority of outside directors.

We would like to discuss this and other issues in the future. Having said that, the Company established a Governance Committee, a Nomination and Compensation Committee, and a Management Strategy Advisory Committee in quick succession over the past several years. In fiscal 2022, the Governance Committee met nine times, the Nomination and Compensation Committee met six times, and the Management Strategy Advisory Committee met twelve times, all conducted with rigorous formality. We are proud that AEON MALL has strengthened its substantive governance structure in terms of fairness, transparency, and rationality in recent years. Of course, formal standards are important, but I am confident that the Company has ensured fairness and reasonableness in substantive terms. The organization moves at a speed appropriate to one of its size, as changes would be meaningless if the Company jumped from one step to the next, creating form without substance.

### Transactions With AEON Group Companies

**Hashimoto:** What is your view as an outside director on the advantages and disadvantages of intra-group transactions? This question includes the fact that AEON Group general merchandise companies are anchor tenants. Do you think the Group enjoys synergistic relationships?

**Koshizuka:** There are advantages and disadvantages. The first advantage is AEON Group general merchandise companies and other group subsidiaries such as AEON Card, WAON, and private brands increase the potential for one-stop services for AEON MALL as a stand-alone publicly listed company. In particular, the general merchandise companies are important strategic partners in that they create a significant incentive for weekday trips to the mall and drive customer traffic.





# Dialogue Between Outside Director and Securities Analyst

The Group relationship also facilitates speedy decision-making and scalability, fostering social contributions that include making malls disaster relief facilities in the event of an emergency, venues for vaccinations, and early voting poll stations. To go further, the AEON Group name is what generates brand power overseas.

Conversely, we can say the same for the presence of AEON MALL in each AEON Group company. Although part of a larger group, each company is independent to ensure transparency, rationality, and fairness for group development and mutual growth. I understand that AEON MALL offers tremendous value as both a subsidiary and an independent operator.

In this era of global war among corporate giants, companies will survive or fail depending on how they use data and AI. The conglomerate advantage of the AEON Economic Bloc is a significant weapon for competing in Asia and globally. Data is the Company’s lifeline, and AEON MALL must leverage data even further while using the Group’s comprehensive strengths to generate new customer value, digital innovation, and other tangible competitive advantages.

One disadvantage is the energy required to provide detailed explanations and maintain transparency, fairness, and rationality on behalf of customers, tenants, shareholders, and other interested parties. We are not aware of any unfair favoritism or pressure on or from AEON Group companies. But constant vigilance and supervision will continue to be necessary, even if the majority of board members consists of outside directors.

## Future Outlook

**Hashimoto:** Various issues emerged during the COVID-19 pandemic. Now that the pandemic is winding down, customer lifestyles are returning to normal, including fewer customers wearing masks, even in Japan. It seems that many reasons are returning that will make AEON MALL a good investment from the investor’s point of view. What is your future outlook?

**Koshizuka:** Speed is the key to overseas business. While we must account for the situation in each country, there appears to be room for growth through increased profits. AEON MALL covers Japan to a certain extent, but the Company believes in the need for more market share in its market areas, adding greater depth of value, attracting the support of greater numbers of customers and becoming the overwhelmingly dominant mall in each region. We also recognize that customer needs are changing. We must discuss medium- to long-term strategy in the context of whether the winning formula of expansion via new suburban malls will remain relevant.

In pursuit of the 2030 Vision of co-creating with our communities, AEON MALL desires to contribute to communities as a central hub. The Company must become a Life Design Developer that provides well-being for local customers beyond the so-called commercial agglomeration functions. So it is important to look beyond the shopping mall itself, viewing the mall from a higher perspective as a community hub offering services truly needed by customers, supporting local production for local consumption, providing renewable energy, education, and jobs, and even disaster relief. AEON MALL must always consider the value it can provide to address the concerns and issues faced by its communities. The idea underlying the 2030 Vision is to rethink AEON MALL in the context of local communities. AEON MALL management will grow the Company overseas at a higher speed to generate profits. In Japan, we will see the Company establish an overwhelmingly dominant presence in every region. Demonstrating this aggressive stance in concrete terms and making the Company more attractive as an investment will lead to share price recovery and, by extension, higher levels of corporate value.

**Hashimoto:** Thank you for your time today.

**Koshizuka:** Thank you for the opportunity.



## Value Creation Strategy

- 22 Three-Year Medium-Term Management Plan Overview and Progress
- 23 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
- 33 Financial Strategy: Message From the Director in Charge of Finance and Accounting
- 40 **Special Feature** Dialogue Between Outside Director and Securities Analyst
- 44 Digital Transformation (DX) Strategy
- 46 Sustainability Strategy
- 47 Human Resources Strategy
- 60 Environmental Strategy
- 68 Attention to Human Rights

# Digital Transformation (DX) Strategy

AEON MALL pursues the creation of value through the use of digital technology under our policy to *achieve digital transformation (DX) centered on individual sensibilities*. We will create new services, new relationships, and new ways of conducting business by crossing DX with brick-and-mortar malls.

## Direction of DX Promotion

### ■ Direction Toward Achieving DX

The AEON MALL DX policy to *achieve DX centered on individual sensibilities* prioritizes the ideas we want to fulfill and delivers solutions with technology.

Our DX Vision is to create value for AEON MALL communities, vendors, and customers.

As a foundation to pursue DX, we are reviewing our business processes through digitalization and hiring and training digital human resources to build an operational system compatible with the next generation.

## DX Promotion Organizational Structure

### ■ Establishing a DX Promotion Structure

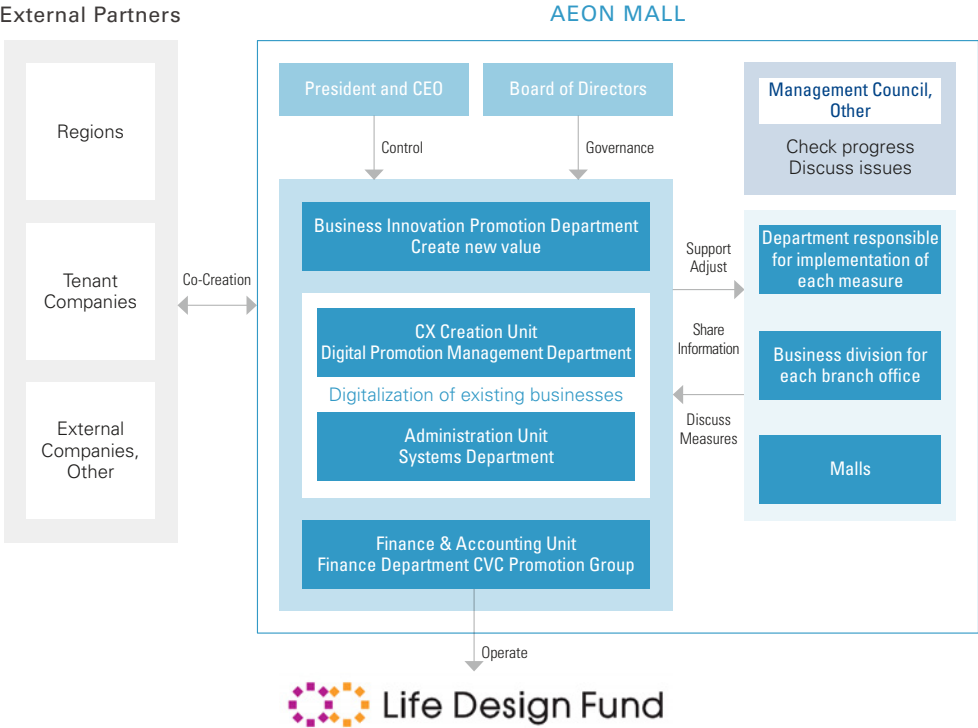
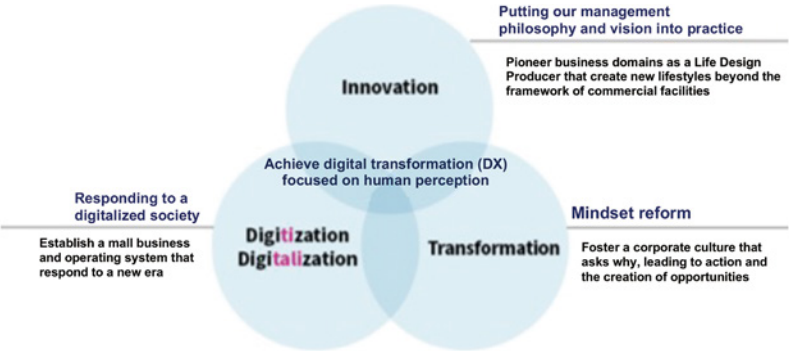
We established the DX Promotion Department in April 2021 as an organization under the direct control of the president and CEO and have pursued digital transformation initiatives. In April 2023, the Digital Promotion Department was upgraded to the Digital Promotion Management Department to further promote intensive digitalization of existing businesses.

We also renamed the DX Promotion Department as the Business Innovation Department. This department creates new value-creating business models from an even broader perspective than just the digital field.

Furthermore, we newly established the Life Design Fund as a corporate venture capital (CVC) with Ignition Point Venture Partners, Inc. in April 2023. This fund encourages growth strategy based on alliances with startup companies through shared aspirations and co-creation.

### ■ Developing and Securing Digital Human Resources

AEON Business School (ABS), the education system of the AEON Group, introduced a course on digital technologies. This course aims to train personnel to master the basics of IT and digital fields and lead the way in digitalization. Some of our employees that participated in this ABS course are now working in departments related to digital technologies. We will continue to create opportunities and establish an environment to develop digital human resources who will lead our transformation. We will also work to strengthen recruitment to secure digital human resources.



## Value Creation Strategy

- Three-Year Medium-Term Management Plan Overview and Progress
- 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
- Financial Strategy: Message From the Director in Charge of Finance and Accounting
- Special Feature**
- Dialogue Between Outside Director and Securities Analyst
- Digital Transformation (DX) Strategy
- Sustainability Strategy
- Human Resources Strategy
- Environmental Strategy
- Attention to Human Rights



# Digital Transformation (DX) Strategy

## DX Promotion Overview

### ■ Reaching Beyond the Commercial Facility Framework to Provide Lifestyle Solutions Through Digital Technologies

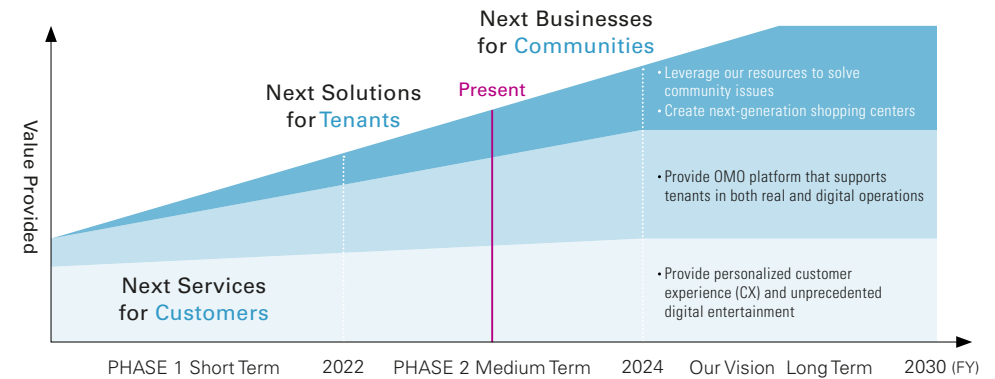
AEON MALL planned steps to promote digital transformation from a medium- to long-term perspective to achieve our vision.

In this plan, we depicted our vision for the Next Services for our customers, the Next Solutions for companies opening stores, and the Next Businesses for the community.

We work to go beyond selling products and services, aiming to provide new value to stakeholders with our co-creation partners by leveraging data and technology.

## Develop the “NEXT VALUE”

Three Perspectives and Steps to DX promotion



## Goals for Each Step

### ■ Become an Entity That Delivers New Value to Solve Community Issues

PHASE 1 Short Term -FY2022	<ul style="list-style-type: none"><li>Develop infrastructure for customer behavior data analysis</li><li>Establish OMO platform</li></ul>	<ul style="list-style-type: none"><li>Support tenants</li><li>Develop new digital entertainment</li></ul>
PHASE 2 Medium Term -FY2024	<ul style="list-style-type: none"><li>Create personalized customer experience (CX) based on collected data</li><li>Create new revenue models that leverage data resources</li></ul>	
Our Vision Long Term	<ul style="list-style-type: none"><li>AEON MALL will go beyond selling products and services and become an entity that provides new value to solve local issues together with our co-creation partners by utilizing big data and technology.</li></ul>	

### DX Vision Achieve digital transformation (DX) centered on individual sensibilities

Goals (KGIs)	Customer Interactions	Improve customer convenience and satisfaction through new personalized value tailored to customer life stages and tastes, combining the insights gained from real assets at approximately 200 facilities in Japan and overseas with digital technologies.
	Cooperation with Local Communities and External Entities	Create new businesses and establish a platform to provide solutions to local issues through data collaboration and co-creation, leveraging digital technology and relationships with local and external partners
	Support for Tenants	Provide management support and new business opportunities that contribute to specialty store company sales. At the same time, reduce the workload (work hours) related to store processes by adopting the latest digital equipment and by using big data.
	Corporate Strength Strengthen Our Own Company	Pursue operational efficiencies through digital technologies. Review IT infrastructure and create an environment for focusing on new added value through mindset reform and DX human resources development.
Action Indicators (Main KPIs)	Customer Interactions	<ul style="list-style-type: none"><li>AEON MALL app.....Number of downloads, active user rate, coupon usage</li><li>Real time shopping.....Number of malls with live shopping, real time shopping sales</li><li>Food delivery.....Number of participating specialty stores, food delivery sales</li></ul>
	Support for Tenants	<ul style="list-style-type: none"><li>AEON MALL WORKS.....Number of locations, tenant ES, reduction in paper-based applications</li></ul>

### ■ PHASE 1 Review

<b>For Customers</b> <ul style="list-style-type: none"><li>Expanded AEON MALL app functions (Kids Club, Sustainability Action, WAONPOINT linkage, etc.)</li><li>Implemented in-person events using augmented reality (AR)</li><li>Expanded food delivery companies</li></ul>	<b>For Tenants</b> <ul style="list-style-type: none"><li>Introduced a new sales reporting system to improve the operational efficiency of tenants</li><li>Conducted demonstration tests of in-facility robot delivery</li><li>Distributed in-store product recommendations and coordination suggestions via digital signage</li></ul>	<b>Internal Infrastructure</b> <ul style="list-style-type: none"><li>Transferred internal business infrastructure to the cloud</li><li>Completed the infrastructure to utilize data</li><li>Introduced customer relationship management (CRM) tools to provide personalized value to customers</li></ul>
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## Value Creation Strategy

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy: Message From the Director in Charge of Finance and Accounting

**Special Feature** Dialogue Between Outside Director and Securities Analyst

Digital Transformation (DX) Strategy

Sustainability Strategy

Human Resources Strategy

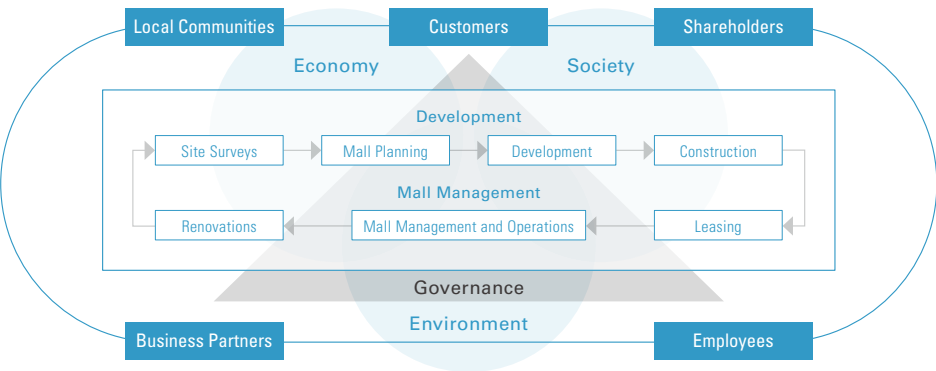
Environmental Strategy

Attention to Human Rights

# Sustainability Strategy

Amid growing social demands for sustainability, we position ESG in our growth strategy clearly, identify materialities, and pursue the maximization of economic and social value. We accelerate specific initiatives by raising awareness within the Company through a strengthened promotion system and a new evaluation and commendation system.

### ESG-Based Management Approach



### Roadmap Toward ESG

#### Independently, Motivated by Materiality to Solve Community Issues

In 2021, we implemented organizational reforms to create social and economic value through ESG-Based Management and collaborative growth with local communities. We established the ESG Promotion Group as the entity responsible to accelerate company-wide initiatives to achieve materiality KPIs. In addition, we divided the CSR Committee in to the ESG Promotion Committee and the ESG Promotion Subcommittee. Whereas the CSR Conference previously functioned to suggest and report on matters such as social contribution and environmental activities, the ESG Promotion Committee and ESG Promotion Subcommittee now address CSR and ESG issues. These bodies work to instill materialities throughout the Company by including ESG elements in annual personal goals. In doing so, we aim to strengthen our organizational structure and raise awareness among each employee.

Please refer to [P.18](#) for information on materialities, such as their reasons for selection and policies, etc.

#### Measures to Communicate ESG to Employees

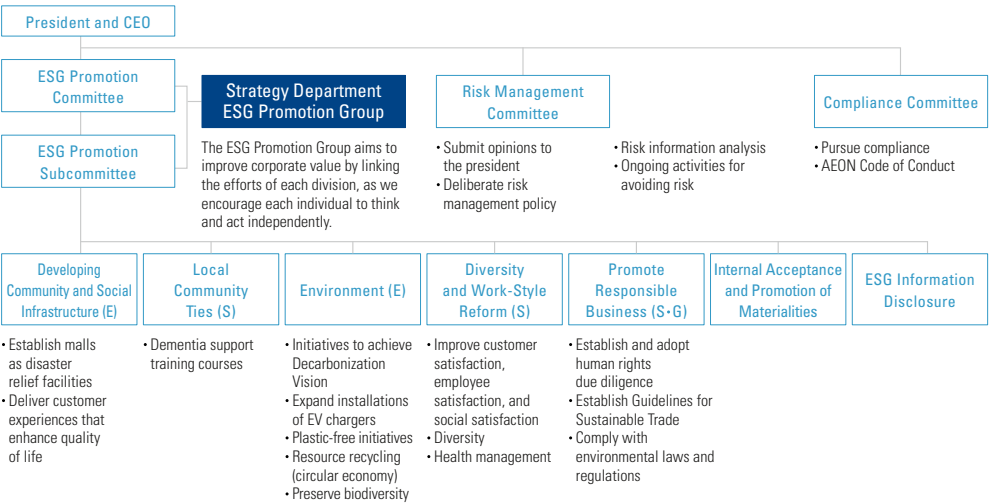
In strengthening ESG management, we established our 2019 materialities and KPIs, as well as set our action guidelines through 2030. We introduced the ESG Awards, an internal system to recognize employees who have made outstanding achievements during the fiscal year. In doing so, we ensure that the entire Company acts in accordance with these guidelines to achieve its goals. We encourage ambitious ESG activities and are accelerating our efforts. Our initiatives are also discussed in our ESG report.

▶ <https://www.aeonmall.com/en/sustainability/pdf/>

### ESG Promotion Structure

#### Reinforce ESG-Based Management Through Organizational Reform to Accelerate Materiality Initiatives

The ESG Promotion Committee is a subordinate body of the Management Council. The committee consults with the president in response to his or her inquiries, advising or reporting to the president on related matters. In addition, the ESG Promotion Subcommittee will be established for the purpose of reviewing and discussing specific measures for policies or reports made by the ESG Promotion Committee. The ESG Promotion Committee will promptly publicize initiatives on ESG issues throughout the Company regarding decisions that have been made by the committee.



#### ESG Promotion Committee Meetings Held

Date		Agenda * Only representative agenda items are listed
6th Meeting	April 2022	Responsible business
7th Meeting	June 2022	Achieving circular malls
8th Meeting	August 2022	Direction of EV chargers in 2030
9th Meeting	October 2022	Biodiversity
10th Meeting	December 2022	Progress of circular economy measures
11th Meeting	February 2023	Sustainable apps

## Value Creation Strategy

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy: Message From the Director in Charge of Finance and Accounting

**Special Feature** Dialogue Between Outside Director and Securities Analyst

Digital Transformation (DX) Strategy

Sustainability Strategy

Human Resources Strategy

Environmental Strategy

Attention to Human Rights

# Human Resources Strategy: Message From the Director in Charge of Business Administration



Managing Director in Charge of  
Business Administration

Masahiko Okamoto

To achieve truly integrated ESG management, we will implement measures that reflect the importance of human capital management.

AEON MALL formulated a new 2030 Vision, *AEON MALL, Co-Creating With Our Communities*, aiming to contribute to sustainable societies. Further, our medium-term management plan, under which we began operating in fiscal 2023, describes how we will leverage human capital, our most important management resource, to build a foundation for growth.

We require employees who co-create with stakeholders and revitalize our communities if we are to remain rooted in those communities as co-creators, earn the trust of our customers, and continue to grow together. Human resources are our greatest management resource. Therefore, investments in human capital are one of our most important issues, and we intend to enhance the value of our human capital through initiatives that include diversity management, education and development, and health management.

## The Relationship Between Management Strategy and Human Resources Strategy

Last year, we created the Human Resources and Organizational Vision. This vision incorporates the idea of our employees as Life Design Producers and our vision as a group of professionals who continue to innovate. AEON MALL believes that it will be through the growth of human resources possessing diversity, creativity, and the ability to change that we achieve our 2025 Vision and 2030 Vision.

Two points were key in establishing our vision for human resources and our organization. The first is empathy and co-creation with stakeholders. The word *relationship* expresses what we search for in our human

resources and organization. The other point is making the most of the individual. We maximize the potential of each employee through a combination of individuals and job matching that allows people to pursue their desires and take on challenges in their own way, assigning people to the work for which they are most suited.

### Diversity Management

In this era of opaqueness and uncertainty, the values of society and customers, lifestyles, and consumer behavior continue to change at an accelerating pace. To provide value to our customers and other stakeholders in these times, we must approach matters through multiple perspectives, always maintaining an awareness of the importance of diversity.

By attracting diverse human resources and creating opportunities to play active roles, we create opportunities for individuals to make the most of their individuality and achieve well-being.

### Human Resources Education and Development

The idea that education is the highest form of welfare is deeply rooted in the corporate culture of the AEON Group. We believe we must shift from an attitude of passive training to one of active, self-directed learning. For this reason, we significantly increased the number of training sessions and opportunities for self-learning available to employees voluntarily.

The ideal situation is one in which people are suited to their work, work in positions they desire, and work in styles of their own choosing. We support the career development of our employees through opportunities for them to express their own wishes and raise their hands through self-assessment systems, transfers under an open recruitment system, and personnel exchanges with other outside corporations and entities.

### Health Management

Our medium-term management plan includes the creation of a health and wellness platform to support lifestyles of well-being in our communities. To this end, we must allow our employees to pursue better ways of working and living, achieving self-actualization in their own way. Therefore, we have committed to health management through initiatives focusing on physical and mental health, including work-style reforms.

Last, allow me to say that my utmost aspiration—what I feel I must accomplish—is to hand the reins of AEON MALL to the next generation, which will only be possible if we develop our people. The young employees of today are the future leaders of our Company, communities, and society. Our greatest desire is to support their growth and success.

## Value Creation Strategy

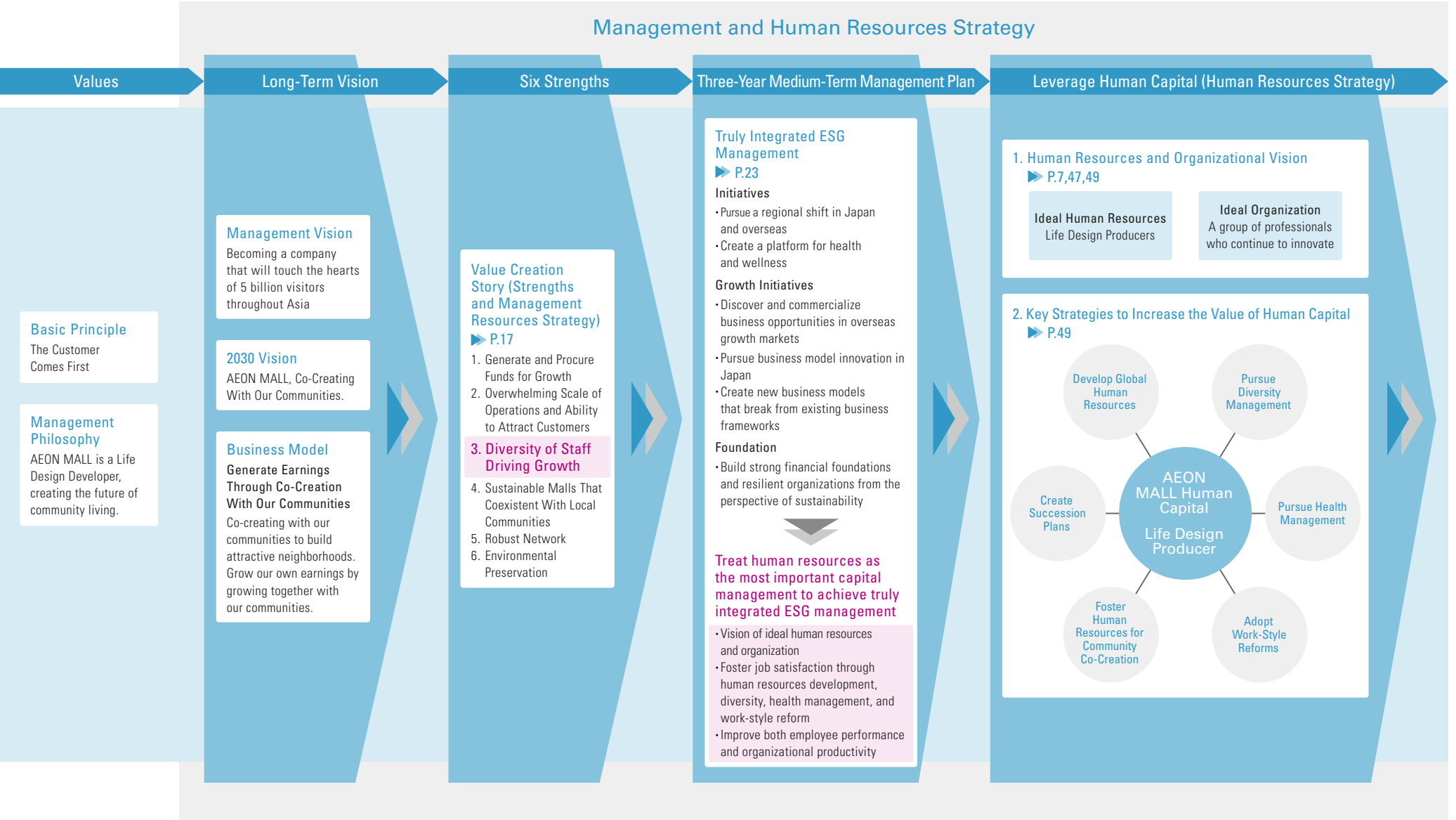
	Three-Year Medium-Term Management Plan Overview and Progress
22	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
23	Financial Strategy: Message From the Director in Charge of Finance and Accounting
33	<b>Special Feature</b> Dialogue Between Outside Director and Securities Analyst
40	Digital Transformation (DX) Strategy
44	Sustainability Strategy
46	Human Resources Strategy
47	Environmental Strategy
60	Attention to Human Rights
68	

# Human Resources Strategy

Investing in Human Capital: Human Resource Strategies to Achieve Management Strategies

Human capital is the most important resource for growth toward truly integrated ESG management.

We understand that the growth and development of our human resources will lead to sustainable enhancement of AEON MALL corporate value. Our approach is to engage in human resources strategy through human capital management as a part of our business strategy.



## Value Creation Strategy

	Three-Year Medium-Term Management Plan Overview and Progress
	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
	Financial Strategy: Message From the Director in Charge of Finance and Accounting
	<b>Special Feature</b>
	Dialogue Between Outside Director and Securities Analyst
	Digital Transformation (DX) Strategy
	Sustainability Strategy
	Human Resources Strategy
	Environmental Strategy
	Attention to Human Rights



### Creating a Human Resources and Organizational Vision

Last year, we developed a new vision for human resources and our organization. This vision is based on our management philosophy, which describes the types of people and organization that will serve as a foundation for initiatives to achieve truly integrated ESG management.

Employees of the AEON MALL Group reaffirm their roles as Life Design Producers. As our employees make the most of their individuality, they solve problems through empathy and co-creation with stakeholders.

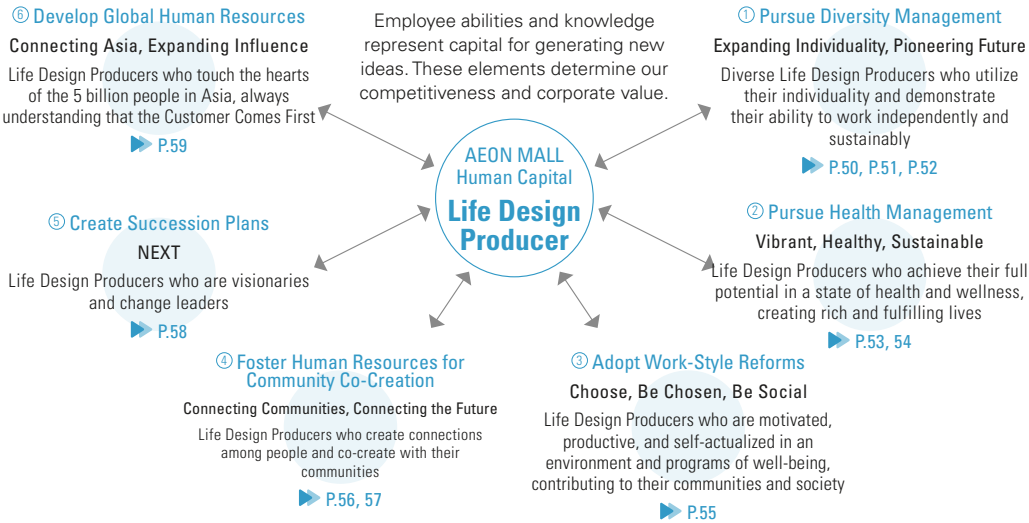
As a group of professionals who continue to innovate, we are committed to pioneering sustainable futures for our communities.

Human Resources and Organizational Vision	
<div><div>Ideal Human Resources</div><div>Life Design Producers</div><div><div>① Human resources who achieve self-fulfillment through positive outcomes for co-workers, for local communities, and for the future</div><div>② Human resources capable of creating and nurturing relationships</div><div>③ Human resources who envision a personal ideal future, making the most of their individuality</div></div></div>	<div><div>Ideal Organization</div><div>A Group of Professionals who Continue to Innovate</div><div><div>① An organization that creates customers constantly and pioneers new areas of business</div><div>② An organization that expands and deepens relationships</div><div>③ An organization with a culture that respects each employee, allowing them to maximize their talents</div></div></div>
Basic Policy on Human Resources	
<div><div>• Create an environment that encourages employees to take on challenges to contribute to customers, contribute to their communities, and contribute to society</div><div>• Believe in and expand the potential of each individual to achieve both organizational and personal growth</div><div>• Create an environment where employees can work with peace of mind over an extended career by providing options that respect employee diversity and life plans</div></div>	

### Increasing the Value of Human Capital

We believe that it is the growth of diverse, creative human resources possessing the ability to change that will lead our way to our vision of an ideal AEON MALL. To this end, we provide education and training, pursue diversity, and conduct health management to encourage employees to take on new challenges.

### Policies Supporting Our Life Design Producers (Linked to Management Strategy)



### KGIs and KPIs for Developing Life Design Producers

#### 2025 KGIs

We create opportunities for diverse human resources to learn and challenge themselves to motivate and maximize their abilities. As Life Design Producers, we contribute to our communities through personal growth and company development.

		Develop Life Design Producers			
KGI	Targets for priority items  *Specific details to determine whether achievement is possible	Each individual is highly motivated and maximizes their abilities			
KPI	Process KPI effectiveness indicators  *Indicators to monitor progress on a regular basis	Pursue Diversity	Foster Human Resources for Community Co-Creation	Develop Global Human Resources	Pursue Health Management
Process KPI	Indicators to measure progress	Ratio of women in management positions	Increase the number of employees working with initiative	Increase the population of candidates	Become a White 500 Health & Productivity Management Outstanding Organization by 2025
		Increase career hires and hires of persons with disabilities	Encourage career self-development	Implement systematic job rotations	
			Cultivate the next generation of managers		

Pursuing Diversity

With a variety of customers coming to our malls, diverse human resources generate creative ideas by actively exchanging opinions from different perspectives to embody our basic philosophy: The Customer Comes First. An increasing number of female employees are highly motivated to take on the challenges of upper-level positions. We strive to build a foundation for career development through flexible options and comfortable work environments for employees to work without stress when changing life stages, including raising children or caring for family members. These options are available to all employees, regardless of gender, age, nationality, physical or mental disabilities, sexual orientation, or gender identity.

Diversity Policy

Aeon Co., Ltd. respects the diverse values, individuality, and privacy of individuals and has established the Aeon Human Rights Basic Policy. This policy states that the Company will never discriminate on the basis of race, nationality, ethnicity, gender, age, place of birth, religion, education, physical or mental disability, sexual orientation, gender identity, or any other reason.

Diversity Promotion System

Following Aeon’s basic philosophy of respecting people and contributing to the community, our Diversity Promotion Group takes the lead in driving initiatives for diversity. This group operates under the Personnel Management Department and Human Resources Department, led by the director in charge of administration. We formulate and implement measures based on changes in the social environment surrounding work styles, as well as surveys and employee feedback. The Management Council and other meeting bodies regularly discuss the progress of diversity-related initiatives with directors.

Aeon Diversity Declaration: Dai Manzoku

Aeon views the promotion of diversity and inclusion (D&I) not only as a way of responding to social issues, but also as a management strategy. We aim to be an organization that continues to innovate and flexibly respond to customer needs by leveraging the capabilities of our diverse human resources. We use the term Dai Manzoku (“diversity satisfaction”) to describe the satisfaction that the pursuit of diversity brings to employees and their families, customers, and the Company. We share this idea of Dai Manzoku as a common vision for the Group.

Each fiscal year, we hold the Dai Manzoku Awards to share and recognize good examples of D&I promotion by group companies that are rooted in the community and take advantage of business characteristics. We also hold Dai Manzoku College to empower diverse human resources, including training for female employees at different levels and training for people with disabilities. Participants gather from locations across the country, and through cross-group connections, the event provides an opportunity to interact with diverse opinions and role models.



Diversity-Related KPIs

Item	KPI	FY2018	FY2019	FY2020	FY2021	FY2022
Ratio of women in management positions	30.0%	15.1%	17.4%	18.1%	19.4%	20.4%
Male employees’ parental leave acquisition rate*2	100%	5.2%	30.6%	53.5%	100%	100%
Paid leave acquisition rate	60%	39%	59%	55%	60%	55%
Paid leave acquisition days	—	8	9	10	11	11
Ratio of employees with disabilities	2.50%	1.90%	1.86%	2.32%	2.14%	2.20%
No. of new employees (new graduates) (male / female)	—	100 (57/43)	87 (46/41)	53 (25/28)	65 (30/35)	74 (37/37)
Turnover (personal reasons)	—	2.4%	3.7%	3.1%	3.9%	4.1%

<Reference> No. of Employees Data

Item	KPI	FY2018	FY2019	FY2020	FY2021	FY2022
Number of regular employees (male / female)	—	1,792 (1,191/601)	1,788 (1,168/620)	1,842 (1,196/646)	1,939 (1,239/700)	1,888 (1,188/700)
No. of local staff at companies outside Japan	—	1,125	1,288	1,429	1,465	1,563

Obtained Platinum Eruboshi Certification

Obtained Platinum Eruboshi certification\*1 in March 2023, recognized as an excellent company under the Act on the Promotion of Women’s Active Engagement in Professional Life.

Reasons for Certification Award

- Implemented training to develop female management candidates
- Established 22 AEON Yume-Mirai Nursery Schools (on-site childcare facilities supporting employees who are raising children)
- A unique childcare leave subsidy system to encourage male employees to take childcare leave

FY2021, FY2022  
Eligible Male Employees Taking Childcare: 100%\*2



Platinum Eruboshi Certification Ceremony (at Chiba Labor Bureau)

\*1. <What is the Platinum Eruboshi Certification?>  
The Minister of Health, Labour and Welfare certifies particularly excellent companies among Eruboshi entities that have implemented measures to promote the advancement of women; Eruboshi is a system that certifies companies that are working actively to promote the advancement of women.

\*2. Including the number of employees who used the Company’s leave system for the purpose of childcare.

Value Creation  
Strategy

Creation of Opportunities for Diverse Human Resources

We create rewarding work environments by clarifying career paths through timely career plan interviews (▶ P. 20) and other means. In addition, we will continue to reform our human resources information system to create and utilize a database of information related to individual careers. We also plan to establish a system for career planning with a greater focus on the individual.

- Conducting career plan interviews
- At age 28, 35, and 42
- Support for self-fulfillment
- Self-selection of assigned books for various examinations and training sessions
  - Self-study guidebook and financial assistance for professional certifications
  - Personnel transfers through open recruitment or secondment to other companies and organizations
  - Correction of the age pyramid (28-35 years old)

Ratio of Women in Management Positions

AEON MALL believes that each employee can continue to work as a Life Design Producer regardless of his or her life stage while playing an active role in management. This is our goal for women’s active engagement. We set a goal to increase the ratio of women in management positions to 30% by fiscal 2025. Various initiatives are in the planning and implementation stages to foster a desire to take on challenges and strengthen support systems from the Company and superiors.

- Motivating employees to take the first steps toward management
- Conduct training to change mindsets regarding higher-level positions
- Producing and publicizing a variety of role models for management positions
- Operating model malls with managers working shorter hours
- Follow-up before childbirth and before returning to work
- Motivating female employees through interviews, etc.
  - Promote male employees to take maternity leave.
- Improving manager skills in developing subordinates
- Conducting subordinate development training for middle management

Childcare Support Initiatives

■ AEON Yume-Mirai Nursery School

We opened nursery schools in AEON MALL facilities to provide childcare services encouraging children to keep their dreams alive, to help working people balance work and life, and to help families be happy and healthy. The nursery school is also used by specialty store employees working at our malls and by the local community.



■ Ikuboss Financial Support System

At AEON MALL, we have a unique system in place to provide financial assistance to employees on childcare leave. To support employees in balancing their work and family life and to encourage Ikuboss (childcare bosses) who are the primary breadwinners of their families, this program compensates 80% of the monthly wage of employees who take childcare leave for the first three months of childcare leave for their dependents covered by their child’s health insurance. The difference from the childcare leave benefit (equivalent to 67% of the monthly wage) provided by employment insurance is provided as the childcare leave assistance payment (Ikuboss support money).

■ Holding roundtable discussions on balancing work and childcare

AEON MALL regularly holds training and roundtable discussions on the topic of balancing work and childcare. In fiscal 2022, we held roundtable discussions on the topic of balancing work and childcare with employees who are active at work while raising children as a couple.

Balancing Work and Childcare - Comments from Osamu Kanemori and Ayami Kanemori

I am the general manager (head) of a mall, and my wife is the operations manager at another mall. I have informed the members of my workplace of my family situation, and they have been very understanding and helpful in adjusting my work shifts. AEON MALL has an established culture in which 100% of eligible male employees take childcare leave, and the childcare work system is also well-developed, including shortened working hours and a career employee system that does not require relocation. Rather than making employees give up a career to raise children, we want to offer flexible work styles that reduce the burden of housework, childcare, and nursing care. In this way, we hope to create balanced work-family environments allowing careers to be developed together.



General Manager  
Osamu Kanemori

I believe it is important to aim for an environment where employees can continue to work, rather than giving up on their career. AEON MALL offers a system for community employees who do not relocate to become general managers or advance to other executive positions. I believe that we must promote awareness among men of the need to share housework and childcare responsibilities. We must reform work styles to close the gender gap with married women in Japan who leave the workforce due to childbirth and childcare, and who re-enter the workforce through non-regular employment.



Operations Manager  
Ayami Kanemori



## Value Creation Strategy

### LGBTQ+ and Gender-Free Initiatives

AEON MALL creates workplaces where everyone can work comfortably, respecting human rights and individual differences. In this way and others, we strive to become a gender-equal and LGBTQ+ -friendly company.

#### Gender Equality Agreements With Labor Unions

AEON MALL and the labor union signed an agreement (memorandum of understanding) in August 2021 toward achieving gender equality. Under this agreement, employees may use leave-of-absence and other benefit programs upon submitting a notification of same-sex marriage. Notifications can be submitted directly to the Human Resources Department without going through a supervisor at the workplace. We also affirmed our common goal of eliminating discrimination or harassment against employees for gender, LGBTQ+ and other gender identities, sexual orientation, and pregnancy and childbirth. We strive to deepen our understanding of gender and diversity through training and other opportunities.

### Securing Diverse Human Resources

AEON MALL aims to create a group of professionals who continue to innovate by attracting diverse human resources and creating opportunities for them to play active roles, thereby making the most of their individuality.

#### <Hiring Policy>

##### New graduate recruitment

We hire diverse human resources with a focus on those who embody the AEON MALL character and who will lead the next generation.

- Expertise (architecture, urban development, IT skills, SDGs)
- Language skills, study abroad experience

Etc.

##### Mid-career recruitment

We are expanding mid-career recruitment to strengthen sales capabilities in mall operations, including sales promotions and specialty store support. We also seek employees capable of driving new businesses.

- People with B-to-C experience, such as in the commercial or service industries.
- Specialized human resources to achieve business goals in finance and accounting, leasing, IT, new business, etc.

#### Recruiting Approach and Progress

##### Mid-Career Employee Interviews

We offer environments where employees can expand their careers and take on new challenges.

I chose AEON MALL to utilize my experience in customer service sales and take on challenges in a new world as a commercial developer. I participated in a major project in my first year with AEON MALL. As a result of my proactive sales activities, I received a company-wide award for increasing the number of customers, opening a new specialty store, and revitalizing the entire community. AEON MALL is a workplace full of opportunities and possibilities, even for someone with no experience other than sales.

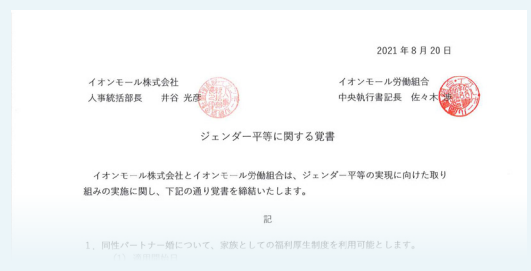
(Joined the Company in 2016, W.S.)

#### Clarification in Internal Rules and Regulations, Internal Awareness-Raising Activities

- We prohibit verbal or physical harassment related to sexual orientation or gender identity.
- We make family welfare benefits available for same-sex marriages.
- We conduct conducting training for all employees (understanding of sexual minorities, consideration in the workplace, etc.) and engage in awareness-raising activities to deepen an understanding of gender equality and eliminate unconscious bias.

##### Benefit plans available for same-sex partners

- Special leave for weddings and funerals
- Kirakira leave (Unique paid benefit for family events, etc.)
- Company housing/housing subsidies and travel expenses for relocation
- Re-entry system
- Childcare/nursing care leave (\* leave benefits are not covered)
- Childcare/nursing care work





Promoting Health Management

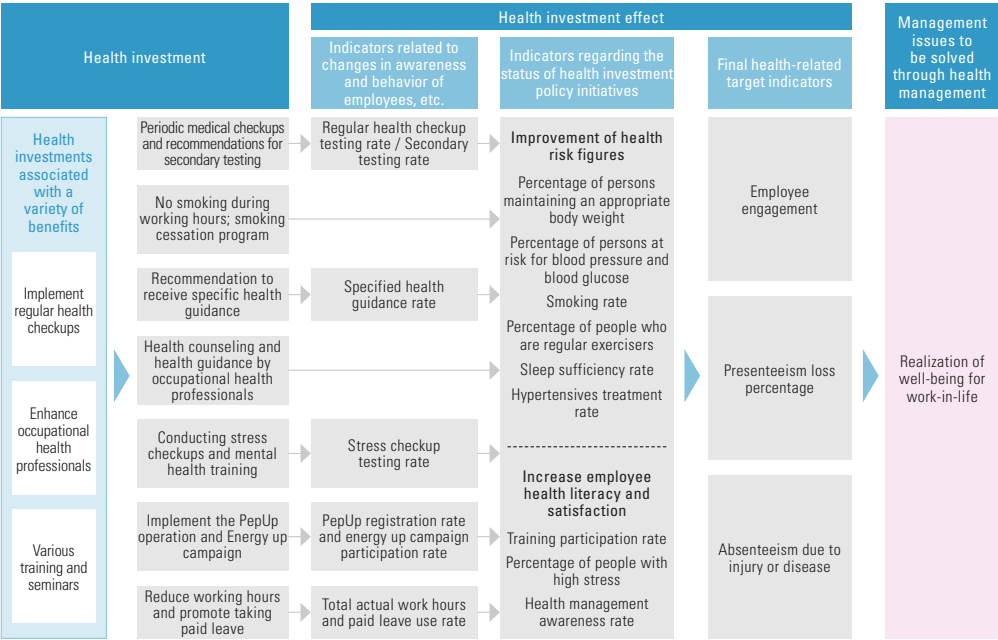
AEON MALL engages in health management based on the belief that the well-being of our employees is the basis of our corporate activities and that healthy employees enable us to provide services that bring health and spiritual enrichment to our customers in local communities. In March 2023, we were recognized as the 2023 Health and Productivity Management Outstanding Organization (Large Enterprise Category) under the Health and Productivity Management Outstanding Organization System. This is the fourth consecutive year since 2020 that the Company has received this certification.

Our president and CEO has issued the following Health Management Declaration and Action Guidelines to promote health management throughout the Company.



Health Management Objectives and Expected Benefits

AEON MALL has defined the management issues to solve through health management (i.e., the state of management we want to achieve) as the embodiment of well-being for work-in-life, defining final target indicators to measure progress. We have organized the relationships between these investment effects into our health management strategy map, as shown in the diagram below.



<Measurement of Final Target Indicators and Actual Values>

Final target indicators	Measurement method	Number of people measured and response rate (FY2022)	FY2021 Actual	FY2022 Actual
Employee engagement	Average scores of responses to employee values (motivation and sense of belonging) in the morale survey *5 points out of 5	2,380 (70.1% response rate to the target population)	3.84	3.72
Presenteeism loss percentage	We measured absolute presenteeism using the WHO-HPQ index, calculating the percentage of loss as 100- (average response score x 10)	3,482 (98.5% response rate to the target population)	–	37.6%
Absenteeism due to injury or disease	Percentage of enrolled employees at the end of the fiscal year who were absent from work for 30 or more consecutive days due to personal illness or injury (including paid leave)	2,126 (all daily/ monthly paid employees)	2.8%	2.8%

Aeon supports the health of its employees and their families. And together with our employees, we realize the health and happiness of the community.

<AEON MALL Health Management Action Guidelines>

We believe that the health of our employees is the driving force behind the challenge to create new value, and we are committed to the following action guidelines.

- ① We strive to prevent illness through the implementation of health checkups and follow-up based on the results of these checkups.
- ② We strive toward mental health through ongoing stress checkups and mental health care initiatives.
- ③ We comply with the Declaration on Elimination of Service Overtime and Long Working Hours and the Anti-Harassment Regulations to create a psychologically safe organizational climate and a vibrant workplace.
- ④ We improve the health literacy of each employee and, as a Life Design Developer, provide the community with prosperous lifestyles to enjoy good mental and physical health.

Yasutsugu Iwamura, President

22	Three-Year Medium-Term Management Plan Overview and Progress
23	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
33	Financial Strategy: Message From the Director in Charge of Finance and Accounting
40	Special Feature Dialogue Between Outside Director and Securities Analyst
44	Digital Transformation (DX) Strategy
46	Sustainability Strategy
47	Human Resources Strategy
60	Environmental Strategy
68	Attention to Human Rights

# Value Creation Strategy

## Organizational Structure for Health Management Promotion

AEON MALL pursues health management with the administration director as the chief health officer. We formed a health promotion team within the Personnel Department, assigning four part-time industrial physicians and two public health nurses as specialists. The Management Council, which includes senior management, formulates company-wide policies such as action guidelines and strategic maps, and regularly reports on the progress of initiatives. In addition to monthly health committee meetings with labor unions, we have individual opportunities to share information and discuss issues as needed. The following table shows the organizational structure of the Company as a whole, including each office.

### <Health Management Promotion System>

Position	Staff	Role
Chief Health Officer	Administration Director	Chief responsible party for health management Internal and external dissemination of the Health Management Declaration
Health Promotion Manager	General Manager, Personnel Management Department	Responsible party for promotion of health management Building a health management structure
Health Promotion Officer	General Manager, Personnel Department Personnel Department managers Personnel Department staff	Planning and implementation of facilities in collaboration with various related institutions Supporting each business location
Health Promotion Leader	General Manager of each location	Responsible party for health management at business locations/ departments Promoting employee health checkups and health initiatives
Health Promotion Sub-leader	Operations managers and managers, unit managers at business bases	Responsible party for health administration at business locations/ departments Specific engagement, including rigorously ensuring health checkups are taken and making recommendations for measures to be taken after health checkups

## Specific Initiatives

### Internal Awareness and Education

- Create posters describing the Health Management Declaration, action guidelines, organizational structure, etc. (once a year; recognition rate of 22.2% in FY2022)
- Public health nurses introduce seasonal health topics in the Public Health Nurse Newsletter (once a month)
- Hold discussions on the subject of the newsletter at workplace environment improvement meetings at each workplace (once a month)

### Supporting Mental Health Issues

- Implement stress checks and provide self-care content based on the results of stress checks (once a year)
- Conduct training for all employees, focusing on self-care (to be implemented in August 2023)
- Conduct training for managers, focusing on line care (once a year, 99% participation rate in FY2022)
- Establishment of AEON MALL Health Center, where any employee can feel free to consult with a public health nurse (permanent)

### Addressing Women’s Health Issues

- Conduct seminars for all employees to promote understanding of women’s health (once a year, 2.6% participation rate in FY2022 \* Management participation rate: 10.3%)
- Write a column on PepUp, a health portal site covering not only women’s menopause, but also men’s menopause
- Assist with the cost of cancer screenings, including breast and uterine cancer screenings

### <Data on Health Management>

Item	KPI	FY2018	FY2019	FY2020	FY2021	FY2022
Periodic health testing rate	100%	100%	99.9%	99.5%	99.8%	99.9%
Secondary testing rate*1	100%	—	—	34.6%	44.6%	71.8%
Specified health guidance rate	100%	4.8%	9.8%	7.9%	21.7%	42.5%
Energy up campaign participation rate*2	100%	20.7%	16.4%	17.2%	17.4%	16.7%
Smoking rate*3	Less than 15%	22.0%	21.1%	19.6%	17.2%	17.6%
Percentage of people who are regular exercisers*3	30% or higher	19.0%	16.5%	19.1%	18.9%	22.4%
Stress checkup testing rate	100%	96.6%	95.9%	98.5%	96.2%	98.5%
Percentage of people with high stress	10% or less	12.0%	12.8%	11.7%	13.7%	15.5%
Total annual work hours	1,975 hours or less	2,044 hours	2,025 hours	2,018 hours	1,998 hours	1,989 hours
Number of work-related accidents	15 or less	21	19	19	17	23
Health Management Survey	Obtained White 500	Submission of survey form	Certified as an Excellent Corporation	Certified as an Excellent Corporation	Certified as an Excellent Corporation	Certified as an Excellent Corporation

\*1 Secondary testing rate: The participation rate among those with symptoms who are judged by industrial physicians to require medical examination (those requiring reexamination, close examination, or treatment).

\*2 Campaign by the Aeon Health Insurance Association to work towards the improvement of lifestyle for two months.

\*3 Totaled for subjects 40 years old and over.

## Health care for employees posted overseas

In China and ASEAN countries where we have a presence, we offer vaccinations recommended by the Ministry of Health, Labour and Welfare to employees posted overseas and their accompanying family members prior to their travel. The program also includes providing medical support at the new location, ongoing regular health checkups, and medical consultation services. We also ensure that expatriate staff housing, including serviced apartments, and the surrounding environment are safe and well-maintained company housing.

## Conducting Morale Surveys

The purpose of the program is to achieve customer satisfaction and improve business performance by enhancing employee satisfaction by monitoring Aeon Basic Principles, compliance awareness, and the workplace environment. In fiscal 2022, for the first time, we conducted a unified survey including local employees overseas.

The survey asks questions from the perspectives of degree of penetration of philosophy and policies, satisfaction with the Company, treatment, job, and workplace, communication and human relations, employee values, and diversity to develop and implement measures to improve employee satisfaction.

The results of the survey are also reported to the Management Council. As an improvement measure, we plan to conduct psychological safety improvement training for all employees in the second half of 2023.

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy: Message From the Director in Charge of Finance and Accounting

### Special Feature

Dialogue Between Outside Director and Securities Analyst

Digital Transformation (DX) Strategy

Sustainability Strategy

Human Resources Strategy

Environmental Strategy

Attention to Human Rights

Adopt Work-Style Reforms

As part of our work-style reform initiative, we launched the Mall Operations Kaizen Project to improve the efficiency and productivity of employee operations at shopping malls, pursuing a cross-department initiative throughout fiscal 2022.

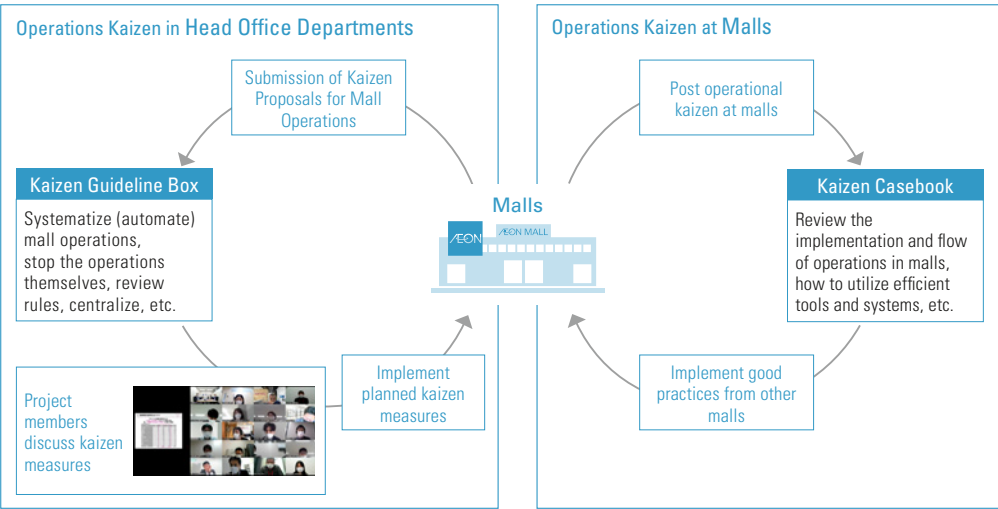
With this project, we have developed a plan to improve the efficiency of back-office operations equivalent to about 15% of working hours at malls, where about half of our employees work, by eliminating inefficient procedures and implementing systemization.

Some of the measures in the plan had not been fully implemented by the end of the fiscal year and are still underway in fiscal 2023.

Mall Operations Kaizen Project Promotion Structure

Twenty representatives from head office departments and malls were designated as project members, and review meetings were held on a regular basis. An internal bulletin board, Kaizen Guide Box, has been set up to solicit a wide range of improvement suggestions from all our employees working in the malls. Based on the suggestions from mall employees, the head office department in charge of each operation examined ways to improve the efficiency of the relevant operations.

The Kaizen Casebook is a bulletin board for posting examples of operational efficiency improvements at each mall to promote horizontal roll-out of good practices.



Kaizen Initiatives and Results at Head Office Departments

A total of 106 measures were developed as a result of the project. Measures that have not yet been implemented will continue to be promoted in fiscal 2023.

[FY2022] Estimated time reductions by operation

Mall Operations		Time reduction
Operation Category	Time required per mall (hours/month)	
Specialty store management	257.6	15.5
Other	61.4	13.8
Sales management	90.4	13.8

[FY2023 and beyond] Estimated time reductions by operation

Mall Operations		Time reduction
Operation Category	Time required per mall (hours/month)	
Specialty store management	257.6	35.8
Sales management	90.4	35.5
Event management	147.7	31.7
Store opening contract management	31.6	23.5

In fiscal 2022, we reduced operating hours for specialty store management and sales management tasks. In fiscal 2023 and beyond, we expect to reduce operating hours for event management and store opening contract management as well.

Promoting Kaizen at Mall Sites

We communicate Kaizen Cases (best practices) of initiatives at each mall through a horizontal roll-out across our organization. An employee award called the Kaizen Promotion Award was established for the initiators of good practices to encourage efforts to improve operational efficiency at malls. In fiscal 2022, there were 41 entries and 32 individuals awarded.

Effectiveness of the Kaizen Project

Over the course of the year, efficiency improvements in various operations have been promoted, and in addition to project activities, individual malls are increasingly engaging in independent initiatives.

Feedback from Employees at Internal Roundtable Discussions

We improved operating efficiency for accounting, general affairs, and other work-intensive tasks by referring to the Kaizen Casebook on the in-house bulletin board. We were also happy to receive inquiries from other malls in response to improvement cases posted from our mall. It seems that more employees are interested in discussing with each other ways to improve their work.

AEON MALL Kyoto  
Katsuragawa  
Aoi Hasebe

Introduction	
Top Message	Three-Year Medium-Term Management Plan Overview and Progress
2030 Vision	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
Value Creation	Financial Strategy: 33 Message From the Director in Charge of Finance and Accounting
Value Creation Strategy	Special Feature 40 Dialogue Between Outside Director and Securities Analyst
Corporate Governance	44 Digital Transformation (DX) Strategy
Corporate Data	46 Sustainability Strategy
	47 Human Resources Strategy
	60 Environmental Strategy
	68 Attention to Human Rights

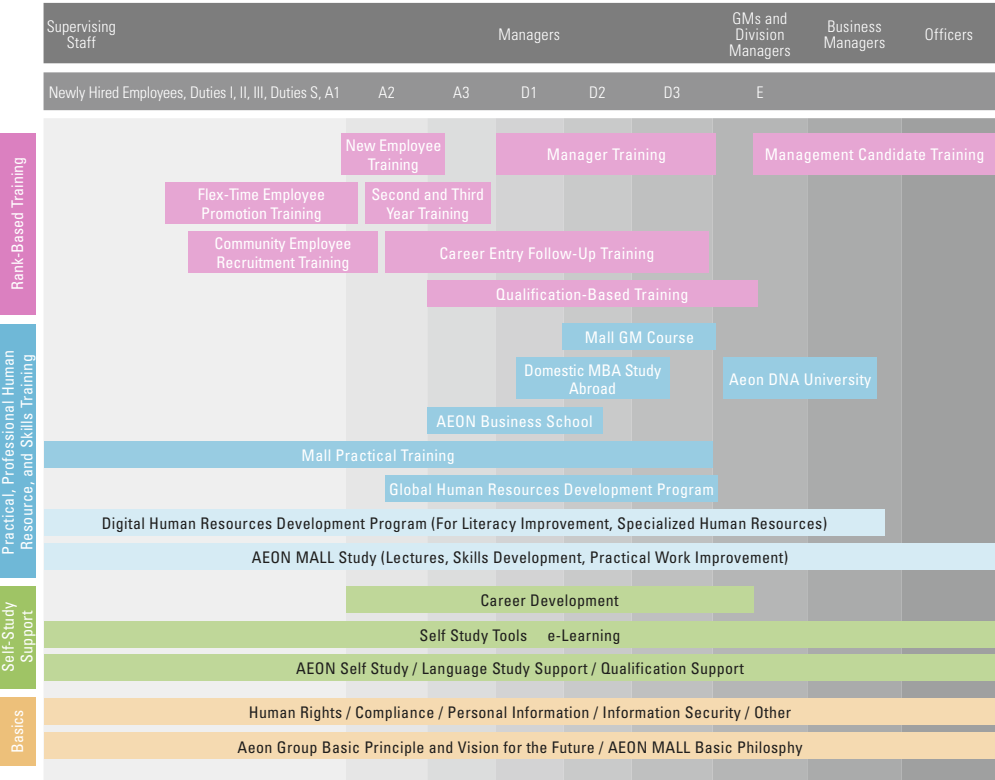
Cultivating Human Resources for Community Co-Creation

We aim to develop human resources based on our human resources and organization vision formulated in 2022. These human resources should empathize with various partners and engage in local co-creation to connect their ideas from the perspective of positive outcomes for co-workers, for local communities, and for the future.

Our idea that education is the greatest welfare drives us to provide opportunities to develop each the abilities of each individual, enabling them to maximize their potential.

For example, we emphasize new employee training and other year-specific and rank-based training as well as open training programs where employees study to be assigned to a position of their choice. We are committed to fostering a culture that encourages people to take on challenges toward growth to take control of their own career and achieve their own aspirations.

AEON MALL Human Resources Development Structure



A GM More Rooted in the Community Than Anyone Else

I became a community employee in 2010, and although there were times when I worried about working in a limited geographic area, I have continued to think about how our mall can contribute to the community by knowing the area better than anyone else and making it my choice to not move. I felt uneasy in my work due to my lack of mall experience, but I took the Mall GM Course in 2021 to grow my skills. This opportunity enabled me to greatly enhance my outlook, vision, and perspective. The strategic thinking that goes into backcasting the community vision has been very helpful in formulating the ongoing plan to revitalize the AEON MALL Ota floor space expansion. Every day is a learning experience, and I am truly grateful to be standing here with the support of those around me. I will continue to devote myself to being the best marketer in the region.



AEON MALL Ota General Manager Tomo Yoshida

Expanding Opportunities to Learn

We shifted from a passive learning attitude, regardless of position or employee classification, to one of self-directed learning. To expand learning opportunities for numerous employees, we hold regular seminars and introduce e-learning.

AEON MALL Study - Seminar Edition is a seminar that provides participants a place to learn the skills and thoughts required of businesspeople by inviting prominent figures who have garnered attention in their respective fields to give lectures. In fiscal 2023, more than 1,000 participants attended lectures on presentations and writings focused on the power of communication. We also introduced a subscription-based e-learning program to update users business skills. In an environment where anyone can learn anywhere at any time online, we increase opportunities for employees to continue learning digital and other business skills needed for work at their own initiative.

AEON MALL Labor Union Training for Local Co-Creation - Visit to Kamikatsu-cho, Tokushima Prefecture

The AEON MALL Labor Union participates in activities to pursue solutions for local issues for co-creating with our communities. We visited Kamikatsu-cho in Tokushima Prefecture as a union activity in hopes to learn more about the public and private sectors working together to achieve a circular economy.



22	Three-Year Medium-Term Management Plan Overview and Progress
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46	Sustainability Strategy
47	Human Resources Strategy
60	Environmental Strategy
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The Public Recruitment System and Expanding Human Resource Exchange With External Parties

We offer internal job openings that challenge employees to demonstrate their abilities in new fields, aiming to cultivate human resources who leverage their individuality and envision their own aspirations. Not only did we open recruitment to newly established departments, but in fiscal 2023, we focused on openly recruiting employees for secondment outside the Company (to government agencies, universities, etc.). Rather than providing One Culture through exchanges with government agencies and other companies, we will provide opportunities to demonstrate the knowledge gained in both organizations at the respective organization. In doing so, we expect the employees to bring back their knowledge and experience gained at the other organization to their originating organization after returning from secondment.

Interview With a Participant of the MBA Dispatch Program in Japan

Graduate school forces us to apply theory to reality and think about how to leverage theory in practice, so it feels like we are practicing connecting theory to reality. I also feel that I now have an aerial view of the business I have been involved, as the program provided me with a comprehensive knowledge of management. After graduation, I would like to establish a corporate culture of entrepreneurship within the



Company and create a system that enables start-ups to emerge from within the Company.

Makoto Kano  
(Dispatched by the Company to Tokyo University of Science)

Human Resource Exchange (Chiba Prefectural Government ⇄ AEON MALL)

Two employees from each side are seconded to each other's workplaces to experience new perspectives in different environments.

Human Resource Exchange Interviews  
Chiba Prefectural Government → AEON MALL



Fumiaki Kusakami  
(Seconded from Chiba Prefectural Government to the Company ESG Promotion Group)

I was transferred from the prefectural government to the AEON MALL ESG Promotion Group and work on resource recycling at the mall. AEON MALL has a global perspective and is engaged in active daily discussions to solve local issues to achieve local co-creation, the 2030 Vision. I personally am motivated by those around me and can work with high aspirations. When I return to the prefectural government, I want to see what kind of problems local businesses and residents are facing and how we as a government can support them. To do so, I will leverage the local I perspective I developed working at the

AEON MALL and make Chiba Prefecture a place that more people would choose and want to live in.



Shiori Kasai  
(Seconded from Chiba Prefectural Government to the AEON MALL Human Resources Development Group)

I felt like I was back in my first year as a member of society when I was exposed to the working environment at AEON MALL, their vision of co-creating with local communities, their global perspective, and their work procedures such as their decision-making processes and speed. Every day is interesting working in a different organization and interacting with employees. It allows me to learn what people think of the Chiba Prefectural Government and objectively see the environment I have spent my life working in. At AEON MALL, I work on human resource cultivation for employees, especially on their re-skilling. I want

to contribute to Chiba Prefecture by understanding changes in our surrounding environment and proactively continuing to learn, never forgetting that we cannot survive in the future by being who we have always been.

Human Resource Exchange Interviews  
AEON MALL → Chiba Prefectural Government



Takahiro Koshiyama  
(Seconded from the Company to the Crisis Management Policy Division of the Chiba Prefectural Government)

I belong to the Crisis Management Policy Division of the prefectural government, where I am engaged in activities to improve the disaster preparedness of Chiba Prefecture and enhance their self-help and mutual aid capabilities. It was extremely valuable to have a connection with the government, not just the disaster management department. Secondment enabled me to experience the knowledge and passion of those who work in disaster management, such as working as part of a disaster response team during a large-scale disaster. In addition, I actively participated in opportunities to exchange opinions with municipal officials. I believe that this is an experience that only a secondment can provide, as administrative officials involved are located in various parts of Chiba Prefecture. I am aware that the Aeon Group is expected to serve as a disaster relief facility. As such, I want to leverage this experience after I return to the Company to improve our disaster relief capabilities by conducting disaster drills at the mall in light of our Disaster-Response Agreement signed with the prefecture.



Fumiya Chihara  
(Seconded from the Company to the Cultural Promotion Division of the Chiba Prefectural Government)

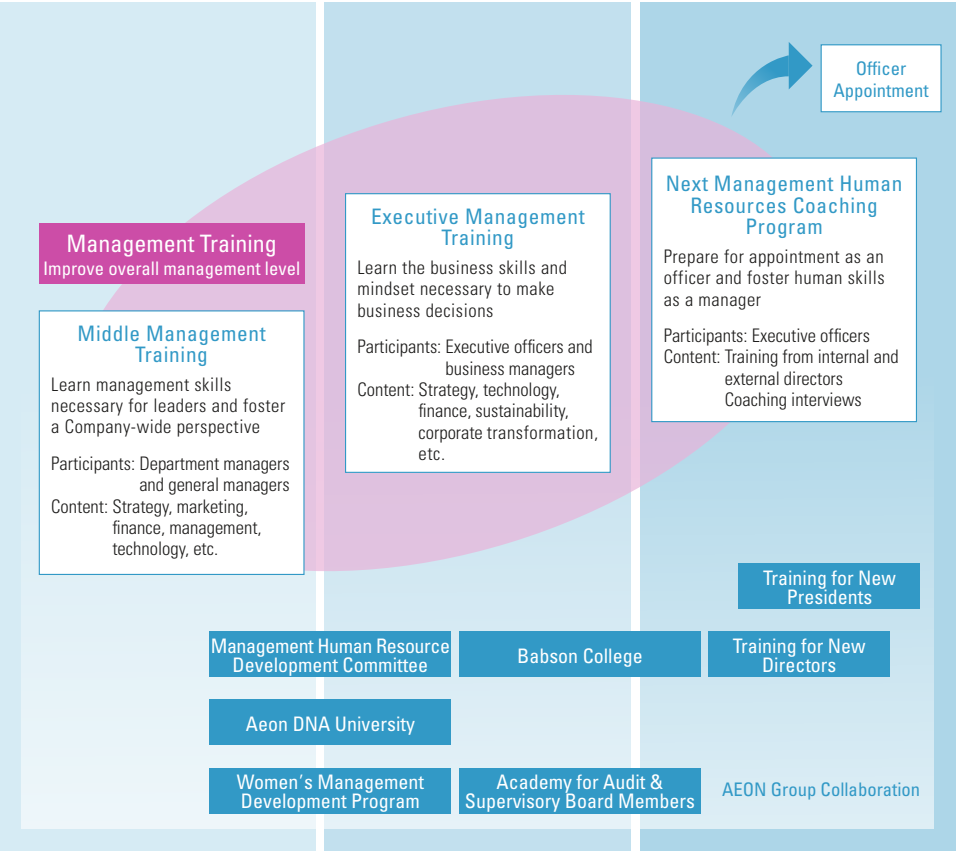
This year marks the 150th anniversary of the birth of Chiba Prefecture, and commemorative events are being held throughout the prefecture. I belong to the Cultural Promotion Division of the prefectural government and am primarily responsible for cooperating with the private sector to plan and coordinate these commemorative projects. Secondment enabled me to experience working with companies for the same commemorative projects. AEON MALL would normally have few opportunities to collaborate with these companies, and I was able to formulate my own ideas about what the government is looking for from a private company (our Company). I am glad I was seconded to the prefectural government for this rare opportunity, available only once every 50 years. After returning to AEON MALL, I want to leverage my experience gained through this human resource exchange and work together with the government and local organizations to achieve the community vision.

Succession Plan Policy

In achieving our Vision, we systematically identify and train the next generation of management human resources to enhance our corporate value and lead Company transformation toward medium- and long-term growth.

The Nomination and Compensation Committee plays a central role in clarifying human resource requirements for management candidates, discussing the direction of their development, and fostering candidates.

Training is provided through strategic placement, training from management, and other education and training.



Developing Management Human Resources and Drafting Succession Plans

Review from the Management Human Resources Development Council and the Nomination and Compensation Committee plays an important role in the development of management human resources at AEON MALL.

**<Management Human Resources Development Council>**  
Establishes the ideal management human resources and drafts training policies and systems

**<Nomination and Compensation Committee>**  
Monitors the screening process for fairness and transparency regarding certain processes from candidate selection to screening

**Management Human Resources Development Council**

- Clarify human resource requirements for management candidates
- Discuss candidates (directors and executive officers)
- Discuss the direction of training

<b>Composition</b> <ul style="list-style-type: none"><li>Committee members: President and representative director, internal directors</li><li>Secretariat: Personnel Management Department</li></ul>	<b>Session Frequency</b> Once every six months
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**Nomination and Compensation Committee**

- Nomination policies and criteria for director candidates
- Selection policy criteria for executive directors
- Training policies and plans for the development of successors and other director candidates

<b>Member Composition</b> <ul style="list-style-type: none"><li>Committee chair: (Head) Outside independent director</li><li>Committee members: President and representative director, officers in charge of administration, outside independent directors</li><li>Secretariat: Personnel Management Personnel Department</li></ul>	<b>Session Frequency</b> Once every six months
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Formulating Major Human Resources Requirements for Next Management (Director) Candidates

We base the development and selection of director candidates on the following six perspectives.

1. Activity Overview

  - Improve the excellent foresight and corporate value of the Company
  - Lead change
2. Executive Responsibilities

  - Propose and execute unique and attractive business concepts
3. Expertise and Functional Competency as Management Human Resources

  - New business development
  - Knowledge of areas in marketing and finance involving investment decisions
  - Ability to solve social issues and pursue sustainability strategies
4. Behavioral Characteristics (Competency)

  - Insight into change, foresight, responsiveness, feasibility
  - Global adaptability
  - Mission, enthusiasm, capacity, integrity
  - Implementation of succession planning
5. Preferred Work Experience

  - Experience in positions with organizational responsibility both domestically and internationally
  - Experience in managing a business enterprise and accomplishing new projects
6. Embodying Our Unique Character Rooted in Our Philosophy and Values

  - Take actions that embody an understanding of the AEON philosophy.
  - Have the ability to transform organizational culture through actions rooted in the AEON MALL management philosophy, visions, and sense of values

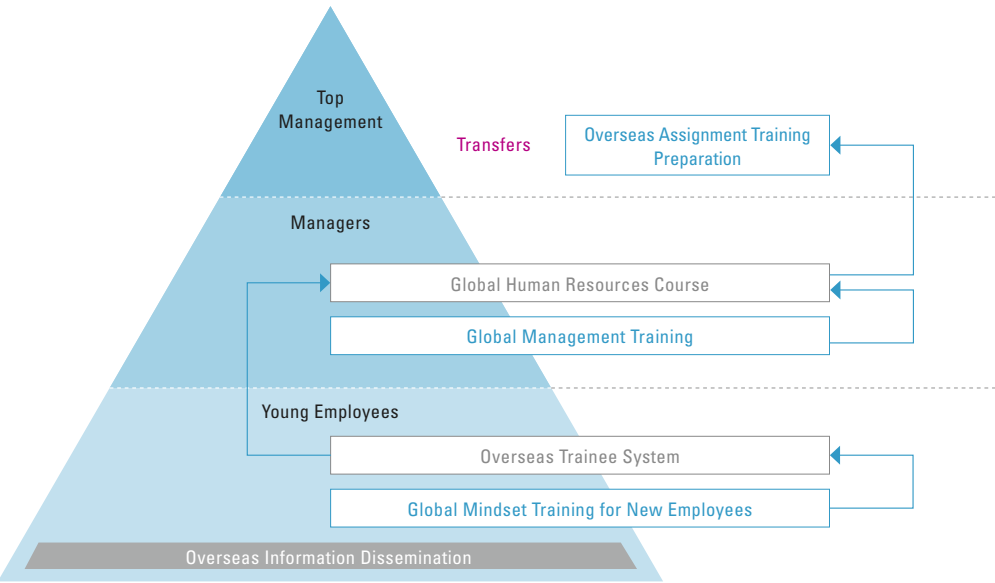
Refer to ▶ P.79 for information on succession planning in corporate governance and comments from the Nominating and Compensation Committee and Chairman.

	Three-Year Medium-Term Management Plan Overview and Progress
22	
	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
23	
	Financial Strategy:
33	Message From the Director in Charge of Finance and Accounting
	<b>Special Feature</b>
40	Dialogue Between Outside Director and Securities Analyst
44	Digital Transformation (DX) Strategy
46	Sustainability Strategy
47	Human Resources Strategy
60	Environmental Strategy
68	Attention to Human Rights

Global Human Resources Development

AEON MALL believes that by 2025 we will need numerous newly transferred employees, especially new mall general managers, in our overseas business that drive our growth strategy. We systematically train employees, including transfers from each unit to overseas locations, in our Global Human Resources Course, Overseas Trainee System, and other training programs. We develop and appropriately allocate global human resources through establishing a consistent overseas human resource training course that includes raising awareness of global perspectives, acquiring skills, and learning languages.

Overseas Human Resources Development Program and Structure



Interviews with Overseas Trainee System and Global Human Resources Course Participants

The Overseas Trainee System enabled me to work closely with managers who decide what is best from the perspective of Company management. This was a stimulating experience for me as someone in charge. I became more aware of what was best for the Company after returning to Japan, and I transferred to Vietnam after taking the Global Human Resources Course. Now, it is my mission to contribute to the development of Vietnamese corporations.



AEON MALL Vietnam  
General Affairs Department  
Senior Manager  
Akira Higashi

Global Human Resources Initiatives in Overseas Malls

It is our basic policy to operate overseas malls with local staff who understand our philosophy. As such, we focus on human resources development in each country and actively promote employees to executive positions. Currently, local staff in 14 malls work as general managers responsible for the malls.

Instilling the Customer Comes First philosophy in our employees enables them to understand various principles and tendencies that keep customers coming back, such as mall cleanliness and safety. We work to create malls that will be supported by the local community. To do so, we offer various training programs that teach employees to sense their own personal growth and leverage their knowledge and experience to create these malls.

In China, we hold regular training programs to help local staff advance their careers. Not only do we implement common training programs throughout China, but we also conduct training programs in each area, horizontally rolling out any superior content. Furthermore, we work to motivate employees to take on executive positions by focusing on human resources development through joint training with Japanese employees and the introduction of a personnel evaluation system.

Employees assigned from Japan gain business experience from a management perspective overseas. At the same time, their interactions with local staff and training provide them with first-hand experience with diversity and lead to their own personal growth.

Ratio of Management Localization (General Managers and Above)

We are advancing the promotion of local staff to management positions. The current ratio of management localization (general managers and above) is at 29% in 2022 (previously 26% in 2021). We aim for a ratio of 40% in 2025 and 50% in 2030.

Introduction	
Top Message	Three-Year Medium-Term Management Plan Overview and Progress
2030 Vision	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
Value Creation	Financial Strategy: Message From the Director in Charge of Finance and Accounting
	Special Feature
	Dialogue Between Outside Director and Securities Analyst
	Digital Transformation (DX) Strategy
Value Creation Strategy	Sustainability Strategy
	Human Resources Strategy
Corporate Governance	Environmental Strategy
	Attention to Human Rights

# Environmental Strategy

In accordance with the AEON Basic Policy on Sustainability, revised and enacted in 2018, we identified and are working on three items that we will focus on as AEON MALL. These initiatives are to achieve a decarbonized society, achieve circular malls, and preserve biodiversity.

Relevant  
SDGs

6

12

13

14

15

AEON MALL pursues the following three environmental initiatives.

## ① Achieving Decarbonized Societies

Switching to 100% locally produced, locally consumed renewable energy at directly managed malls in the year 2040



We launched operations of low-voltage, distributed solar power generation systems with self-directed transmissions. AEON Malls nationwide use renewable energy with low environmental impact.

## ② Achieving Circular Malls

Leveraging the concentration and scale of our malls where various resources are gathered to create recycling-based societies through co-creation



Starting with AEON MALLs, we aim to become a company that recycles waste as a resource to reduce waste while we work to build a system for reuse.

## ③ Preserving Biodiversity

Assessing the impact of our business activities on ecosystems and actively engaging in activities to reduce impact and conserve ecosystems



We are committed to Preserving biodiversity, aiming for an abundant future in which various living creatures coexist in harmony with each other by creating facilities that are friendly to the green environment.

For more information, refer to the special page *Machi no ACTION!*

[▶ https://www.aeonmall.com/heartful-sustainable/](https://www.aeonmall.com/heartful-sustainable/)

# Value Creation Strategy

Introduction	
Top Message	Three-Year Medium-Term Management Plan Overview and Progress
2030 Vision	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
Value Creation	Financial Strategy: 33 Message From the Director in Charge of Finance and Accounting
Value Creation Strategy	Special Feature 40 Dialogue Between Outside Director and Securities Analyst
	44 Digital Transformation (DX) Strategy
	46 Sustainability Strategy
	47 Human Resources Strategy
	60 Environmental Strategy
	68 Attention to Human Rights



# Environmental Strategy ① Achieving Decarbonized Societies

Aeon created the Aeon Decarbonization Vision 2050 in 2018. Based on this vision, we continue our efforts to achieve decarbonized societies through three main pillars: stores, products and logistics, and hand in hand with customers.

Relevant SDGs

6

12

13

14

15

## Aeon Decarbonization Vision

### Aeon Decarbonization Vision

Aeon will work to reduce CO<sub>2</sub> and other greenhouse gas (hereinafter “GHG”) emissions by taking the following three-pronged approach, thereby contributing to the realization of a decarbonized society.

Stores

Products and Logistics

Hand in Hand With Customers

We will reduce the total GHG emissions from our stores to zero by 2050.

We will continue our efforts to achieve zero GHG emissions from our business operations.

We will cooperate with our customers for the realization of a decarbonized society.

	Interim Target	Target to Achieve
As of 2018	Reduce CO <sub>2</sub> emissions by 35% by 2030 (vs. 2010)	Reduce the total GHG emissions from stores to zero by 2050
2021 Revision	Shift 50% of the electricity used in stores to renewable energy by 2030	Reduce total GHG emissions from stores to zero by 2040

## AEON MALL Decarbonization Vision

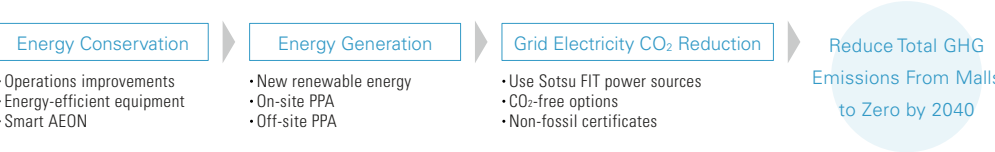
As a decarbonization initiative based on Aeon Decarbonization Vision, we intend to reduce total CO<sub>2</sub> and other emissions from our businesses in Japan to zero by the year 2040.

We continue to engage in energy conservation activities that include installation of solar power generation systems and EV chargers. In addition to these reduction measures, we aim to convert electricity used at approximately 160 malls in Japan to renewable energy sources by fiscal 2025 through direct renewable energy contracts in each region. We will then shift over time from procuring effectively CO<sub>2</sub>-free electricity through direct renewable energy contracts in each region to locally produced and locally consumed renewable energy (including PPA\*1). By fiscal 2040, we aim to operate 100% of our directly managed malls using locally produced and locally consumed renewable energy.

We will accelerate our efforts to achieve a decarbonized society in Japan and overseas, aiming to reduce the total amount of CO<sub>2</sub> and other emissions from all our business activities to zero.

## The AEON MALL Approach to Decarbonized Societies

We work in a three-pronged approach toward decarbonization by 2040. By strengthening energy-savings and energy-creating initiatives, we aim to achieve 100% use of locally produced and locally consumed renewable energy in mall operations and to reduce total mall CO<sub>2</sub> emissions to zero.



### 1 Pursue energy conservation

We pursue energy conservation in malls and strive to reduce power consumption.

- ① Rationalize HVAC operation
- ② Introduce high-efficiency energy-saving equipment
- ③ Install solar power generation systems on mall roofs
- ④ Install LED lighting

Achieved a 55.1% reduction in energy use (per floor area) over the 10-year period between 2010 and 2020.

\* The term *energy* refers to electricity, gas, and water.

AEON MALL endeavors to reduce power consumption by installing high-efficiency, energy-saving equipment and rationalizing HVAC operation. AEON MALL Toyokawa acquired ZEB\*2 Ready certification, which certifies that the building reduces primary energy consumption by 50% or more compared with standard primary energy consumption (excluding renewable energy). This mall was the first large-scale commercial facility with a total floor area of 100,000 m<sup>2</sup> or more to achieve this goal in Japan.

### 2 Pursue energy generation: On-site (renewable energy) and off-site (self-directed transmission)

AEON MALL is adopting and expanding self-consumption models of solar power generation. In Japan and overseas, we implement on-site PPA. The solar panels installed on the roof of AEON MALL Meanchey in Cambodia have a capacity of 2,880 kWp (DC), making it the second largest solar panel installation of all AEON MALL facilities. This installation will expand the use of environmentally friendly renewable energy by reducing the burden on Cambodia’s electricity supply and demand, thereby reducing CO<sub>2</sub> emissions.

\*1 PPA: Abbreviation for power purchase agreement (sales contract model). This is a business model in which a PPA operator leases space in a building premises or roof belonging to an electricity customer, installing a solar power generation system and selling the energy generated thereby to the customer.

\*2 ZEB (Net Zero Energy Building) refers to buildings that aim to achieve a comfortable indoor environment while reducing the net annual primary energy consumed to zero.

(Source: <https://www.env.go.jp/earth/zeb/about/index.html> Ministry of the Environment website (Japanese Only))

Introduction

Top Message

2030 Vision

Value Creation

Value Creation Strategy

Corporate Governance

Corporate Data

Value Creation Strategy

Three-Year Medium-Term Management Plan Overview and Progress

2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

Financial Strategy: Message From the Director in Charge of Finance and Accounting

Special Feature

Dialogue Between Outside Director and Securities Analyst

Digital Transformation (DX) Strategy

Sustainability Strategy

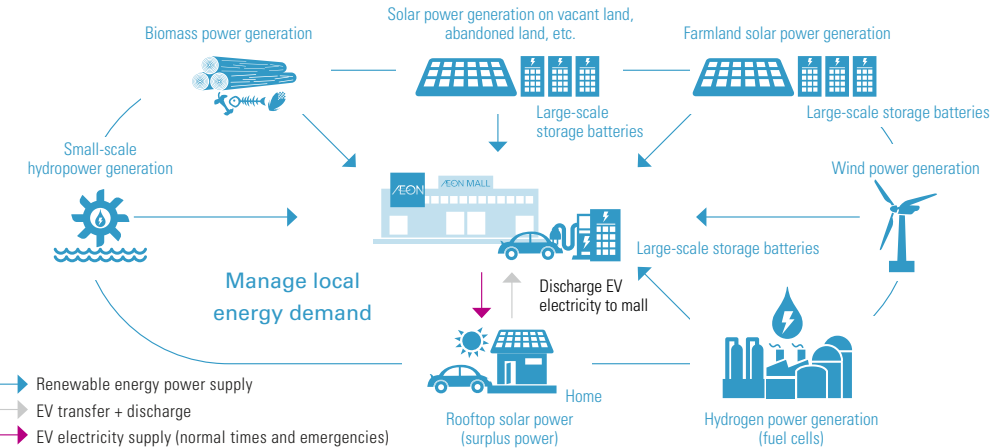
Human Resources Strategy

Environmental Strategy

Attention to Human Rights

3 Work with local communities to create renewable energy locally for local consumption

Pursuing the procurement of effectively CO<sub>2</sub>-free electricity, we will switch gradually to locally produced, locally consumed renewable energy (including PPA) by 2025. This transition is part of our commitment to 100% locally produced, locally consumed renewable energy at all directly managed malls by 2040. We plan to establish an in-house renewable energy procurement model by 2040 and make the switch in stages. In addition to expanding the use of wind power, hydrogen energy, and storage batteries, we aim to operate directly managed malls using 100% locally produced and consumed renewable energy (1.4 billion kWh/year) by fiscal 2040.



Expanding Renewable Energy Procurement

In September 2022, we began operations of AEON MALL *Machi no Hatsudensho* (community power plant), an off-site PPA model for self-directed transmission. We launched the second phase of the project in fall 2023 at approximately 650 new locations, bringing the total number of locations in operation nationwide to 1,390. We expect this project to supply approximately 120 MW of renewable energy\*<sup>1</sup> to 50 AEON MALL facilities\*<sup>2</sup>. As a new initiative this year, we intend to begin farmland solar power generation (solar sharing)\*<sup>3</sup>. Solar sharing, the installation of solar panels over farmland, allows for power generation and crop growth at the same time. This approach is expected to encourage the development of agriculture through the planned and efficient use of abandoned farmland, and is also attracting attention as a contributor to the spread of renewable energy and means of revitalization for local economies.

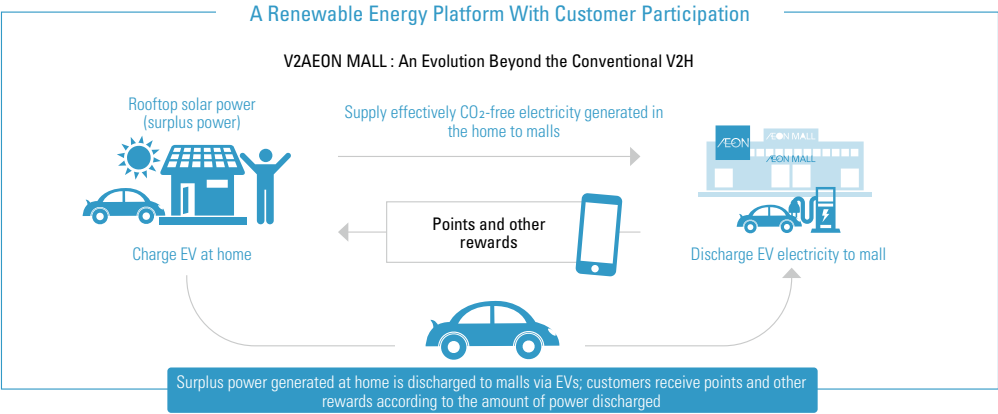
\*1 Renewable energy power generated by a 120 MW-scale power plant is equivalent to the electricity consumption of approximately 30,000 average households.  
\*2 50 AEON MALL facilities means that the amount of the electricity transmitted to 50 malls is equivalent to the power consumption of seven or eight actual malls.  
\*3 Solar sharing (farmland solar power generation) is an initiative to utilize sunlight in both agricultural production and power generation by installing solar power generation systems suspended in the space over farmland.

Accelerating Decarbonization Initiatives With Our Customers

We pursue and implement community-wide efforts to decarbonize through customer-involved renewable energy cycle measures, working with and encouraging customers to modify their behavior by encouraging through environmental action.

V2AEON MALL: Surplus Energy From Private Homes

In May 2023, AEON MALL launched the V2AEON MALL (vehicle-to-AEON MALL) program at three locations in the Kansai area. This program represents a new evolution in conventional V2H (vehicle-to-home). Participating customers who discharge electricity generated at home (surplus electricity) to our malls via their EVs will earn shopping points representing their cooperation in efforts to create decarbonized societies. Through this customer-participatory renewable energy circulation platform, we will contribute to opportunities for customers to choose renewable energy for use at home.



We will continue to work with customers to build decarbonized societies, expanding our support to link the environmental awareness of our customers (main actors in the community) to action.

Value Creation Strategy

	Three-Year Medium-Term Management Plan Overview and Progress
23	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
33	Financial Strategy: Message From the Director in Charge of Finance and Accounting
40	Dialogue Between Outside Director and Securities Analyst
44	Digital Transformation (DX) Strategy
46	Sustainability Strategy
47	Human Resources Strategy
60	Environmental Strategy
68	Attention to Human Rights

# Environmental Strategy

Disclosures Based on TCFD Recommendations



Relevant  
SDGs



AEON MALL conducts scenario analysis based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to analyze the impact of climate change on the sustainability of our businesses and to address the various opportunities and risks associated with climate change.

## Addressing Climate Change Through Scenario Analysis

We endorse the recommendations of the TCFD, an information disclosure task force, and commit to reducing total domestic CO<sub>2</sub> and other emissions to zero by 2040 in line with the AEON MALL Decarbonization Vision. We also pursue other initiatives toward decarbonized societies, including operating all AEON MALL locations in Japan using effectively CO<sub>2</sub>-free electricity by 2025, which is included in our interim targets.

## Governance

Recognizing that the risks and opportunities of climate change impact our business strategy significantly, AEON MALL defines climate change as a key sustainability issue. Our president has the ultimate responsibility for Company activities in this area.

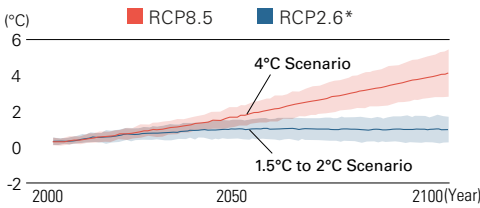
Our ESG Promotion Committee, organized under the Management Council, is chaired by the president and includes internal directors and full-time members of the Audit & Supervisory Board. The committee meets once every two months to discuss important policies, measures, and targets related to the environment, including our response to climate change and systems for the prompt response and resolution of any issues. The committee reports the outcome of discussions to the Board of Directors as appropriate, and the Board discusses important climate-related issues at Board meetings. In this way, we ensure the supervision of decisions made in each meeting body to avoid errors.

## Strategy

### Scenario Analysis

We selected the 1.5°C to 2°C scenario and the 4°C scenario, referencing the climate change scenarios in the United Nations Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report. We consider the long-term perspective of the Aeon Decarbonization Vision and the AEON MALL Decarbonization Vision, projecting the impact of climate change in the year 2050.

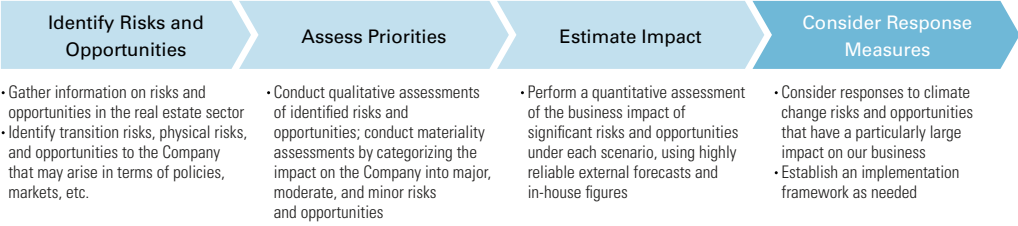
\* Climate change projection scenarios (JMA website) in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) <https://www.jma-net.go.jp/sapporo/bosai/publication/kiko/kikohendo2020/scenarios.html>



**4°C Scenario**  
A temperature increase of between 3.2°C and 5.4°C compared with the era of the Industrial Revolution if no additional measures are taken beyond the current level.

**1.5°C to 2°C Scenario**  
A temperature increase of between 0.9°C and 2.3°C compared with the era of the Industrial Revolution period if drastic measures are taken

### Analysis Process



Evidence used for scenario analysis:  
UN Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report  
*World Energy Outlook 2020*, IEA; *World Energy Outlook 2021*, IEA

### TOPICS

## TCFD Workshop

The Company held a joint workshop among relevant departments to assess risk materialities in selecting climate change-related risks and opportunities, mitigating transition and physical risks, and considering measures to take advantage of opportunities. We identified approximately 70 response measures, including responses currently in progress, summarizing and prioritizing measures for implementation.

- Participating Departments**
- Operations Support Department
  - Construction Planning Department
  - General Affairs Department
  - Regional Sustainability Promotion Office
  - Strategy Department



TCFD Workshop

# Value Creation Strategy

- Three-Year Medium-Term Management Plan Overview and Progress
- 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
- Financial Strategy: Message From the Director in Charge of Finance and Accounting
- Special Feature**
- Dialogue Between Outside Director and Securities Analyst
- Digital Transformation (DX) Strategy
- Sustainability Strategy
- Human Resources Strategy
- Environmental Strategy
- Attention to Human Rights



Value Creation  
Strategy

Major Risks and Opportunities

Identifying Subject Risks

Based on external information, AEON MALL has summarized the significant climate change risks and opportunities in Japan, China, and ASEAN countries where we operate our mall business. We also collected forward-looking forecast data on each of these risks and opportunities. Based on this information, we examined the transition risks and opportunities related to decarbonized societies and the physical risks and opportunities arising from climate change, identifying potential risks to our businesses as described in the chart to the right.

Of those risks and opportunities, we evaluated and identified the financial impact and time horizon for each of those that we consider to be of high importance to our mall business. For example, we believe the risk of reduced customer attraction due to delays in investments in electric vehicle charging stations could have a significant negative financial impact on the Company. Similarly, the opportunity to differentiate ourselves from competing facilities through appropriate capital investments will have a significant positive financial impact on the Company. These risks and opportunities will be the topic of discussion among particularly relevant departments, after which we will develop action plans.

For more information about risks and opportunities:  
▶ <https://www.aeonmall.com/en/esg/environment/03/>

List of Risks and Opportunities

Evaluated Item	Business Impact Considerations (Qualitative Information)		Financial Impact (billions of yen)*		Calculation Method	Time Horizon	Response Measures
	Risks	Opportunities	4°C Scenario	1.5°C to 2°C Scenario			
Transition	Carbon tax, GHG emission regulations	<ul style="list-style-type: none"><li>• Increase in market value due to energy savings, renewable energy shift, and the use of low-carbon building materials</li><li>• Increase in lease income due to the sale of CO<sub>2</sub>-free electricity to companies opening new stores</li></ul>	Minor (-0.69)	Minor (-0.33)	Incremental carbon tax cost (GHG emissions in 2050 x carbon tax rate)	Medium-term	<ul style="list-style-type: none"><li>• Achievement of Decarbonization Vision 2050</li><li>• Achievement of medium-term environmental plan</li><li>• Cool Share at malls</li></ul>
	Changes in customer behavior	<ul style="list-style-type: none"><li>• Increase in vacant floor space due to the failure to respond to growing energy efficiency needs of specialty stores</li></ul>	Outside scope of estimation	Outside scope of estimation	—	Short- to long-term	<ul style="list-style-type: none"><li>• Achievement of Decarbonization Vision 2050</li><li>• Solutions to issues in collaboration with specialty stores and communication of efforts to customers</li><li>• V2AEON MALL implementation, PR</li></ul>
	Changes in energy mix and demand	<ul style="list-style-type: none"><li>• Increased operating costs due to higher energy prices</li><li>• Increased costs of acquiring non-fossil certificates</li></ul>	Moderate (-2.65)	Moderate (-1.34)	Incremental cost of electricity and HVAC (current electricity and HVAC costs x rate of increase in electricity and HVAC costs x mall growth rate)	Medium-term	<ul style="list-style-type: none"><li>• Achievement of Decarbonization Vision 2050</li><li>• Membership in RE100</li><li>• Increase in the number of electricity- and gas-based zero CO<sub>2</sub> malls</li><li>• Adoption of smart meters</li></ul>
	Popularization of electric vehicles	<ul style="list-style-type: none"><li>• Increased capital investment and maintenance costs for EV charging facilities</li></ul>	Moderate (-1.48)	Moderate (-3.48)	Increase in installation and operation cost/year for charging facilities = (Additional units installed/year x installation cost/unit ÷ service life) + (additional units installed through 2050 x operating cost/unit)	Medium-term	<ul style="list-style-type: none"><li>• Achievement of Decarbonization Vision 2050</li><li>• Development of a roadmap for EV chargers</li></ul>
	Renewable energy and energy-saving technologies	<ul style="list-style-type: none"><li>• Lower occupancy rates and higher operating costs due to slow adoption of energy-saving/ renewable energy technologies</li></ul>	Outside scope of estimation	Outside scope of estimation	—	Medium-term	<ul style="list-style-type: none"><li>• Achievement of Decarbonization Vision 2050</li><li>• Collaborations with the AEON Group in power generation and providing environmental value</li><li>• Energy conservation through LEDs, etc.</li><li>• Creation of non-financial indicators</li></ul>
Physical	Average temperature increase	<ul style="list-style-type: none"><li>• Increased construction costs due to added insulation, HVAC systems, etc.</li><li>• Increased in operating and repair costs due to higher cooling load</li></ul>	Outside scope of estimation	Outside scope of estimation	—	Long-term	<ul style="list-style-type: none"><li>• Achievement of Decarbonization Vision 2050</li></ul>
	Rise in sea levels	<ul style="list-style-type: none"><li>• Increased costs to address sea level rise in coastal facilities</li><li>• Increase in damages due to lack of disaster prevention training in coastal areas</li></ul>	Outside scope of estimation	Outside scope of estimation	—	Long-term	<ul style="list-style-type: none"><li>• Measures to improve safety at each mall</li><li>• Evacuee hosting manuals</li><li>• Disaster drills at malls</li></ul>
	Intensification of extreme weather	<ul style="list-style-type: none"><li>• Increased restoration costs and insurance premium costs; fewer days in operation and fewer customers</li><li>• Increase in damages due to lack of disaster prevention training in coastal areas</li></ul>	Moderate (-2.32)	Minor (-0.77)	Increased flood/typhoon damage (Historical damage/location x number of locations expected to be flooded x probability of flooding x rate of increase in flood frequency)	Short- to long-term	<ul style="list-style-type: none"><li>• Evacuee hosting manuals</li><li>• Measures to improve safety at each mall</li></ul>

Financial impact calculation criteria: Major (¥10 billion or more), moderate (more than ¥1 billion/less than ¥10 billion), minor (less than ¥1 billion), (financial impact not yet calculated)

\* Financial impact: We calculated the quantitative financial impact on the Company for matters determined in the TCFD workshop discussions to have a relatively large impact on our business.





Value Creation  
Strategy

■ Addressing Natural Disasters and Other Physical Risks

The results of the assessment revealed that in addition to transition risks, such as the imposition of a carbon tax for decarbonization and the additional cost of EV chargers, physical risks, such as increased flood and typhoon damage, have a significant impact on AEON MALL. To construct a resilient infrastructure system, and 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 included floods and tornadoes as 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. We will continue to examine further measures to limit these risks and maximize opportunities.

■ Business resilience

Our scenario analysis identified certain risks under each scenario, including the risk of changes in energy mix and demand, the popularization of electric vehicles, and the severity of extreme weather events. At the same time, we consider our businesses to be resilient, as we confirmed that we can mitigate negative impacts through response measures.

Risk Management

AEON MALL includes fluctuations in sales due to competition, fluctuations in exchange rates, reputational damage, and earthquakes and fires as risks. We describe our basic approach to managing these risks in our Corporate Risk Management Rules. Depending on the nature and type of risk, these risks are handled by different groups, such as the Strategy Department, the Compliance Committee, and the Risk Management Committee. The objective of the Risk Management Committee is to stay abreast of risk management operations, to exchange information, and to review the risk management system. The committee also makes reports and proposes policies to the president and CEO with regard to risk management.

In addition, we include climate change risk in our regular risk surveys to identify and manage climate change risks of high importance.

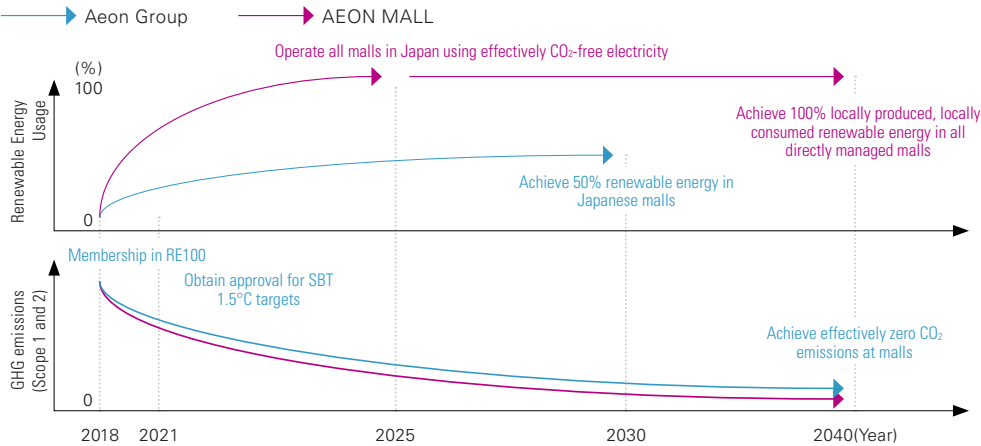
The ESG Promotion Committee brings together internal directors and meets six times a year to discuss climate change risks. Risks of particular importance are managed and evaluated in the Management Council and meetings of the Board of Directors.

Indicators and Targets

■ Reduction Targets

AEON MALL is committed to the achievement of decarbonized societies as part of our AEON MALL Decarbonization Vision, and we seek to reduce CO<sub>2</sub> emissions at directly managed malls in Japan to zero by 2040 through renewable energy sourced 100% via local production for local consumption. (1.4 billion kWh/year) To achieve our long-term targets, we established milestones that include operating our approximately 160 malls in Japan using effectively CO<sub>2</sub>-free electricity by 2025, steadily taking measures to achieve our vision.

Roadmap Toward Carbon Neutrality



See the following for more about energy usage and GHG emissions:  
ESG Databook ▶ <https://www.aeonmall.com/en/sustainability/esgdatabook/>

■ Third-Party Verifications

We verify greenhouse gas emissions (Scope 1, 2, and 3), water, and waste via a third-party organization to ensure transparency and improve reliability. Using forecasts for improvements derived from this verification, we work to improve internal information on a continued basis.

\* We verify Scope 3 in accordance with the AEON MALL Scope 3 Calculation Rules.

(Verification methods are the same as for Scope 1 and 2)

\* Third-party verification report (▶ <https://www.aeonmall.com/en/esg/environment/03/>)

Three-Year Medium-Term  
Management Plan Overview  
and Progress

2023-2025 Three-Year  
Medium-Term Management Plan  
Policies and Strategies

Financial Strategy:  
Message From the Director in  
Charge of Finance and Accounting

Special Feature

Dialogue Between Outside Director  
and Securities Analyst

Digital Transformation (DX)  
Strategy

Sustainability Strategy

Human Resources Strategy

Environmental Strategy

Attention to Human Rights

# Environmental Strategy ② Achieving Circular Malls

We pursue the 6Rs to create circular malls that cycle resources within AEON MALL facilities under the concept of a circular economy.  
We strive to establish recycling-based societies through co-creation with our customers, store association members, and our communities.

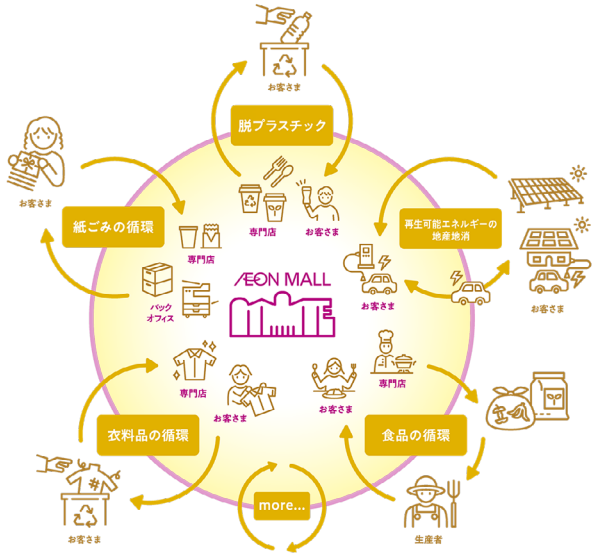
## Toward a Recycling Society Through the 6Rs

### 1 Our Vision

We aim to reduce the resources used within our malls and collect and reuse resources no longer needed at home to create societies with revitalized economies based on recycled resources.

What are the 6Rs?

- ① Rethink
- ② Recycle
- ③ Repair
- ④ Returnable
- ⑤ Reduce
- ⑥ Reuse



### 2 Total amount of waste generated and recycling rate in 2022

Recycling rate of directly managed malls in Japan (including thermal recycling) **90.6%**

Raw garbage	90.2%	Paper	100.0%
Cardboard	100.0%	Large garbage	84.8%
Mixed garbage	79.7%	Other non-combustible waste	76.0%
Waste plastics	95.8%	Fluorescent bulbs	93.3%
Waste plastic (valuable)	100.0%	Waste batteries	83.3%
PET bottles	99.9%	Disposable chopsticks	99.4%
Glass bottles	92.0%	Waste alkali/paint remover	9.5%
Cans	100.0%	Sludge	85.6%
Styrofoam	100.0%	Total	90.6%
Waste oil	100.0%		

## Specific initiatives

### 1 Eliminating plastic

Utilizing the Sustaina Action function of the AEON MALL app, we are implementing the NO Cutlery Action initiative, in which customers who decline cutlery (spoons, forks, straws, chopsticks, etc.) when eating in or taking out at participating specialty stores are given an Eco Ticket.



### 2 Food recycling loop

THE OUTLETS KITAKYUSHU installed a bio-based composter to eliminate wasted food that can still be eaten, thereby reducing environmental impact.  
The mall composts leftover food from customers and food scraps from restaurants and stores. Through the cultivation of corn and other vegetables on nearby farms, the mall is investigating the effects of compost on crops (effect on taste and appearance).  
In the future, the Company will implement initiatives to establish a food recycling loop, such as using harvested farm products in menu options at specialty restaurants.



### 3 Clothing collection

We hold Happiness Relay events to collect clothing that customers no longer use at AEON MALL facilities across the country (excluding some malls).  
In the future, we plan to establish a system to collect unwanted clothing for reuse, recycling, and repair, reduce incineration and landfill of discarded clothing on a permanent basis, visualizing the circulation of remanufactured items within the AEON MALL ecosystem to solve community environmental issues.



# Value Creation Strategy

- Three-Year Medium-Term Management Plan Overview and Progress
- 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
- Financial Strategy: Message From the Director in Charge of Finance and Accounting
- Special Feature
- Dialogue Between Outside Director and Securities Analyst
- Digital Transformation (DX) Strategy
- Sustainability Strategy
- Human Resources Strategy
- Environmental Strategy
- Attention to Human Rights

# Environmental Strategy ③ Preserving Biodiversity

Our lives are supported by the many blessings of nature. But biodiversity, the source of these blessings, is said to be disappearing across the world. Damage to biodiversity would have a major impact on our lives, including issues of food and water. Recognizing this issue, we aim to preserve biodiversity to foster sustainable societies.

Relevant  
SDGs

6

12

13

14

15

## Relationship Between AEON MALL Activities and Biodiversity

AEON monitors the impact of our business activities on ecosystems. We partner with customers, governments, NGOs, and other stakeholders to actively mitigate those impacts, protect ecosystems, and establish a policy to protect biodiversity.

AEON MALL not only sponsor the Aeon *Furusato no Mori* (Hometown Forest) initiative, but we also pursue green purchasing to protect biodiversity and ecosystems. In this manner, we seek to achieve both business growth and the sustainability of natural resources.

Aeon Biodiversity Principle ▶ <https://www.aeon.info/en/sustainability/biodiversity/>


We identified biodiversity as a materiality for our business, establishing a KPI to increase the number of malls with ABINC certification to assist in achieving environmentally conscious societies that exist in harmony with nature. By 2030, all malls will meet the criteria for certification: (1) Develop environments for biodiversity conservation; (2) Engage in biodiversity-conscious maintenance and management; (3) Conduct communication activities. Our certification will lead to reduced risk and preserve biodiversity.

Our directly managed malls have been ISO 14001 certified since 2001. Since fiscal 2022, preserving biodiversity has been an organization-wide environmental goal whose progress we continue to manage.

AEON MALL Hakusan and AEON MALL Shinrifu (North Wing) underwent regular surveillance audits by JACO , an ISO 14001 certification body, receiving high marks for operational and management performance.

ABINC Certification

The ABINC Certification is granted by the Association for Business Innovation in Harmony with Nature and the Community (ABINC), a third party that independently evaluates and certifies biodiversity-conscious efforts to create green spaces based on the ABINC Guidelines written and registered by the Japan Business Initiative for Biodiversity (JBIB).  
Four malls received certification in March 2023, bringing the total to 19 malls that certified.



ABINC

Follow the link below for more about ABINC.  
▶ [https://www.aeonmall.com/files/management\\_news/1688/pdf.pdf](https://www.aeonmall.com/files/management_news/1688/pdf.pdf)

## Risk Assessments in Advance of TNFD Disclosure

We are in the process of assessing nature-related business risks for disclosures in line with the Task Force on Nature-Related Financial Disclosures (TNFD).

In identifying nature-related materialities, we first assess the risk of nature-related topics closely related to the real estate sector (vertical axis). Here, we use the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool.

We then investigate cases in which business risks closely related to our business have materialized, considering and evaluating the magnitude of the potential impact on AEON MALL businesses (horizontal axis) to identify and assess key issues. Tools such as the Integrated Biodiversity Assessment Tool (IBAT) help us identify surrounding ecosystems on a broader scale. Aqueduct is a tool we use to identify water stress. Using these and other tools, we conduct a regional analysis of all malls to identify hotspots or important ecosystems in the vicinity of our malls that potentially demand priority action in the future.

Stakeholder Interest

High

Medium

Low

Low

Medium

High

Relevance to Our Business

• Water use and drainage

• GHG emissions

• Development of land with high conservation value

• Use of hazardous chemicals

• Resource mining

• Deforestation

• Waste emissions

• Violation of indigenous peoples' rights

• Impact on surrounding ecosystems

• Use of fertilizers

• Extraction of natural raw materials

• Spread of invasive species


## Initiatives

### ■ Aeon *Furusato no Mori* (Hometown Forest) Program

The Aeon *Furusato no Mori* (Hometown Forest) Program involves surveying plants native to the region and planting trees at each mall to grow into a natural forest, thereby restoring a habitat for a diverse range of organisms.

Total number of trees planted by the AEON Group: **12,554,305**

Total number of trees planted by AEON MALL: **3,617,830**  
(as of February 2023)



Follow the link below for more about our biodiversity preservation efforts.  
▶ <https://www.aeonmall.com/en/sustainability/environment/kankyo/>

# Value Creation Strategy

	Three-Year Medium-Term Management Plan Overview and Progress
22	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
33	Financial Strategy: Message From the Director in Charge of Finance and Accounting
40	Special Feature Dialogue Between Outside Director and Securities Analyst
44	Digital Transformation (DX) Strategy
46	Sustainability Strategy
47	Human Resources Strategy
60	Environmental Strategy
68	Attention to Human Rights

# Attention to Human Rights

To prevent human rights violations and to build a sustainable value chain, we place importance on dialogue with our stakeholders and conduct our business activities in accordance with our Human Rights Policy.

## Human Rights Initiatives

In conducting its global business, AEON regards respect for the human rights of its own employees and those of people working in its supply chain, as well as the human rights of people and customers in countries and regions affected by its business, as an extremely important social responsibility. In addition to AEON’s Basic Philosophy , and in line with the principles of the United Nations Global Compact, in which we announced our participation in 2004, AEON is committed to protecting the human and labor rights of everyone affected by our business activities. In addition to complying with national laws concerning human and labor rights, we are also in compliance with the human rights norms set out in the International Bill of Human Rights and the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work. Furthermore, we respect the rights of children and women on the basis of the concepts of the Children’s Rights and Business Principles and the Principles on the Elimination of Discrimination against Women, and we fully support and practice the UN Guiding Principles on Business and Human Rights. We follow the philosophy and policy of our Company, with the intention of creating an organization that respects human rights and allows all its employees to participate in the development of the Company regardless of gender or nationality. And at the same time, we are creating a workplace in which all employees can fully demonstrate their abilities. We believe that responding to human rights risks is the foundation for developing human resources and allowing our employees to demonstrate their capabilities, and we are promoting initiatives accordingly.

AEON’s Basic Philosophy ➡ <https://www.aeon.info/en/company/concept/concept/>

AEON’s Human Rights Policy ➡ <https://www.aeon.info/en/humanrights/aeonhumanrightspolicy/>

Human Rights Initiatives ➡ <https://www.aeon.info/en/humanrights/>

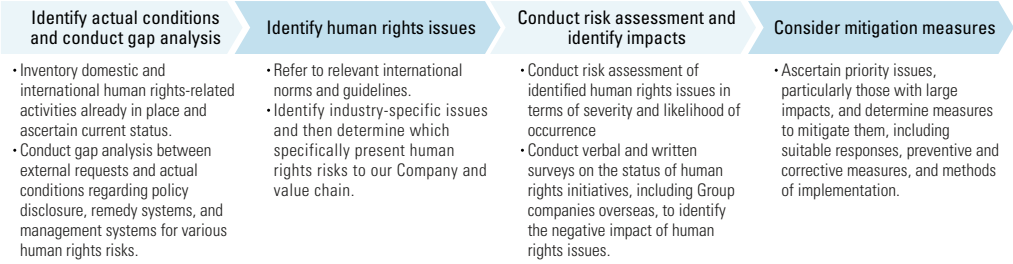
## Promotion System for Human Rights Initiatives

AEON MALL aims to create a society where human rights are respected for all people and has thus set being a responsible business as a materiality. We strive to prevent, reduce, and mitigate any negative impacts our corporate activities may have on human rights. So that we can fulfill our responsibilities, our ESG Promotion Subcommittee, which is made up of department managers who take a proactive approach to human rights issues, examines and discusses various related matters, with the ESG Promotion Committee, chaired by our President and CEO, then making decisions on how to proceed.

In August 2021, the ESG Promotion Committee formulated our *Guidelines for Sustainable Transactions*, and we are working to disseminate them through external briefings and internal training.

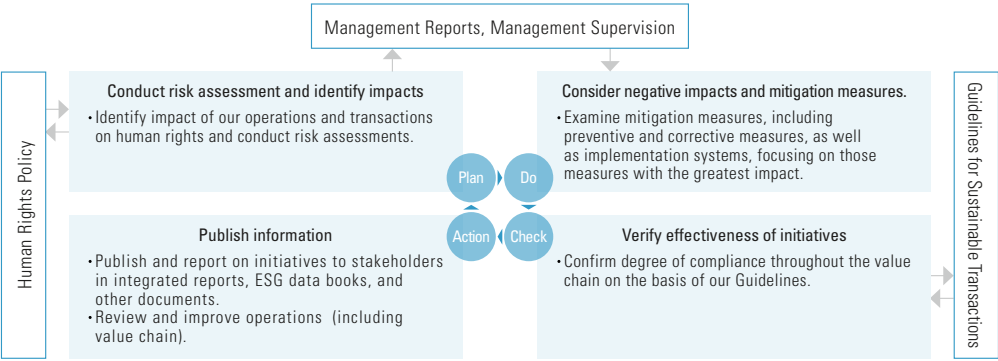
In addition, in October 2021, the President & CEO delivered a message to a subcommittee of the Aeon Store Association on the subject of establishing *Guidelines for Sustainable Transactions* that will lead to mutual and sustainable development.

### Human Rights Due Diligence Implementation Process



## Human Rights Due Diligence Post-Implementation Roadmap

On the basis of the results of our human rights due diligence, corrective plans can be developed and a PDCA cycle established to routinely address human rights risk mitigation. We will continue to disclose our progress in our Integrated Report and other documents.



### Implementation Scope Related to Human Rights Due Diligence



# Value Creation Strategy

	Three-Year Medium-Term Management Plan Overview and Progress
22	
	2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies
23	
	Financial Strategy: Message From the Director in Charge of Finance and Accounting
33	
	<b>Special Feature</b>
40	Dialogue Between Outside Director and Securities Analyst
44	Digital Transformation (DX) Strategy
46	Sustainability Strategy
47	Human Resources Strategy
60	Environmental Strategy
68	Attention to Human Rights





Details of the scope of human rights, corrective actions, and future initiatives

Scope	Details of Scope	Corrective Actions and Future Initiatives
Human rights in the workplace	Our people at AEON are our most important asset. We will create a safe, secure, and comfortable work environment so that they can maximize their potential. As part of this, we must understand the actual state of occupational health and safety, harassment, and abuse in the workplace, making improvements immediately when problems are recognized.	<ul style="list-style-type: none"><li>Educate employees on mental health issues</li><li>Please refer to our Human Resources Strategies for details on our corrective measures and future initiatives on human rights in the workplace, which includes harassment prevention, work style reform, and response to mental health issues. See ▶ P.50 onwards</li></ul>
Human rights in relationships with business partners	We seek mutual prosperity as equal partners through fair transactions. For example, we must prevent bribery so as not to be complicit in human rights abuses and their associated negative impacts. We must also ensure our supply chains are transparent so as to further reduce the risk of human rights violations.	<ul style="list-style-type: none"><li>We will conduct surveys of our business partners in order to eliminate unfair business practices, and we will also prevent human rights violations before they occur.</li><li>Implement education on our basic stance toward our business partners.</li><li>Disseminate guidelines on sustainable trade.</li><li>Please refer to Compliance for our anti-bribery and anti-corruption initiatives. (See ▶ P.82)</li><li>Human rights violations can occur in a variety of ways in our business relationships, so each division has established a system to respond to the risks that come under its purview. Please refer to Risk Management for our relevant initiatives. (See ▶ P.80 onwards)</li></ul>
Human rights in relationships with local communities	As a good corporate citizen, we will contribute to the development of local communities and the enhancement of lifestyles and culture. Building healthy relationships with local communities is important, so we must prevent unfair trade practices and not exacerbate human rights issues, as well as take into consideration human rights risks in our procurement practices.	<ul style="list-style-type: none"><li>Confirm compliance with laws, articles of incorporation, and internal rules</li><li>Please refer to Compliance for details of how we handle matters concerning anti-bribery and anti-corruption. (See ▶ P.82)</li><li>Disseminate guidelines on sustainable trade.</li><li>Human rights violations can occur in a variety of ways in our relationships with local communities, and so each division has established a system to respond to the risks that come under its purview. Please refer to Risk Management for details. (See ▶ P.80 onwards)</li></ul>
Human rights in customer relationships	We provide safe and reliable products and services and treat all our customers fairly and equitably.	<ul style="list-style-type: none"><li>Regular education on human rights</li><li>Education on the protection of personal information</li><li>Please refer to Internal Control System for details how we handle the protection of customers' personal information. (See ▶ P.83)</li></ul>

Human rights in the workplace

Since its founding, AEON has respected human rights and has never discriminated on the basis of nationality, human rights, gender, academic background, religion, or physical or mental disability. Our intention has always been to be a company where a diversity of human talent can flourish.

We conduct surveys of the morale of all employees, with the findings reported to a management committee. (See ▶ P.54) In fiscal 2023, as a form of corrective action, the Company plans to conduct psychological safety training with all employees.

Human rights in relationships with business partners

To prevent human rights violations before they occur and to build a sustainable value chain, AEON MALL established its own Guidelines for Sustainable Transactions

(hereinafter referred to as the Guidelines). The Guidelines were drawn up with reference to AEON’s Policy on Human Rights and AEON’s Supplier Code of Conduct. We ensure the Guidelines are comprehensive by reviewing international norms on human and labor rights and matters pertaining to human rights in our industry, and during the review we identify items that should be included in the Guidelines by conducting materiality assessments. We contribute to the realization of a sustainable society by sharing our values with our business partners and using them as a guide to fulfilling our social responsibility together.

Guidelines for Sustainable Transactions

1 Objectives

The insistence that a company, as it engages in its business activities, not only focus on its profits but should also fulfill its social responsibilities is increasing every year. At the same time, social and environmental issues that arise in the international community are becoming more complex and cross national boundaries, and thus situations arise in which these issues cannot be addressed by a single company or organization alone. In response to these situations, we at AEON MALL, each of our business partners, and each organization involved in our business are ourselves responsible for fulfilling our respective social responsibilities. Furthermore, each of our business partners must themselves demand that their respective suppliers, contractors, and subcontractors take action to address the situation, thus completing a chain of social responsibility. These Guidelines clarify the issues that we wish to share with each of our business partners. As each partner addresses these issues, the trust and confidence of its stakeholders will be gained. Addressing these social issues is fundamental to our business activities and organizational management. We aim for mutual and lasting development through fair trade based on a partnership.

2 Scope of Application

These Guidelines are designed to share the values of AEON MALL with all the companies and organizations involved in our business activities, and apply to our entire organization.

▶ <https://www.aeonmall.com/en/esg/society/02/>

Briefing Sessions for Suppliers to Raise Awareness of Human Rights

We held information sessions for business partners on the formulation of our Human Rights Policy and Guidelines and Sustainable Trade. (December 2021, June 2022)

Going forward, we will demand compliance with our Guidelines for Sustainable Trade so that we can bring about a society where human rights are respected for everyone along our value chain.

22 Three-Year Medium-Term Management Plan Overview and Progress

23 2023-2025 Three-Year Medium-Term Management Plan Policies and Strategies

33 Financial Strategy: Message From the Director in Charge of Finance and Accounting

Special Feature

40 Dialogue Between Outside Director and Securities Analyst

44 Digital Transformation (DX) Strategy

46 Sustainability Strategy

47 Human Resources Strategy

60 Environmental Strategy

68 Attention to Human Rights

# Corporate Governance

71 Basic Approach and Corporate Governance Reform History

72 Corporate Governance Structure

73 Board of Directors

74 Director Expertise and Experience Skills Matrix

75 Board of Directors Operation and Evaluation of Board Effectiveness

76 Officer Compensation

77 Operational Status of Each Committee

78 Protection of Minority Shareholders

79 Succession Planning and Cross-Shareholdings

80 Risk Management

82 Compliance

83 Internal Control System

84 Directors and Audit & Supervisory Board Members



Introduction

Top Message

2030 Vision

Value Creation

Value Creation  
Strategy

Corporate  
Governance

Corporate Data

# Basic Approach and History of Corporate Governance Reform History

We work to strengthen our corporate governance functions and create a system that enables prompt decision-making. In doing so, we aim to enhance long-term stable corporate value and achieve sustainable growth.

## Basic Approach to Corporate Governance

- 1

We provide a consistent and fair environment to support shareholder rights and the execution of said rights. We work in cooperation with shareholders toward the goal of sustainable growth.
- 2

Our board of directors and senior management exercise proper leadership in fostering a corporate culture that respects the rights and perspectives of customers, communities, partner corporations, employees, shareholders, investors, and other stakeholders, conducts business activities ethically, and engages in a positive approach to sustainability.
- 3

We have created the Disclosure Policy and Rules for Managing Information Disclosure to address disclosure of financial and non-financial information. Guided by these policies, we ensure transparency and fairness through appropriate and clear information disclosure.
- 4

Our board of directors consists of individuals with diverse experience and expertise, helping AEON MALL capitalize on our background as a retail developer. We appoint independent outside directors to strengthen our supervisory function and ensure highly transparent management. Our board of directors determines important strategies and measures to achieve our long-term vision and medium- to long-term plans.
- 5

We incorporate feedback and evaluations received through constructive dialogue with shareholders to improve our corporate value.

## Our History of Corporate Governance Reforms (as of February 28, 2023)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Corporate Governance Structure	Company With Board of Directors, Company With Audit & Supervisory Board															
Committees	Chairperson: Outside Director (members include a majority of independent outside directors)											Nomination and Compensation Committee				
	Chairperson: President (members include directors * excluding advisors)														Management Strategy Advisory Committee	
	Chairperson: Outside director (members include only independent outside directors)														Governance Committee	
Directors	20	17	13	14	11	12		11	12	13		14			13	
Independent Outside Directors								1		2				3	5	
Female Directors									1				2		4	
Audit & Supervisory Board Members	4															
Outside Members	4		3					4				3				
Independent Outside Members						2			1			2				
Female Members							1					2				
Board of Directors Operation	Effectiveness evaluation of the board of directors															
	Meetings between the president and outside directors (2-3 times a year)															



## Corporate Governance

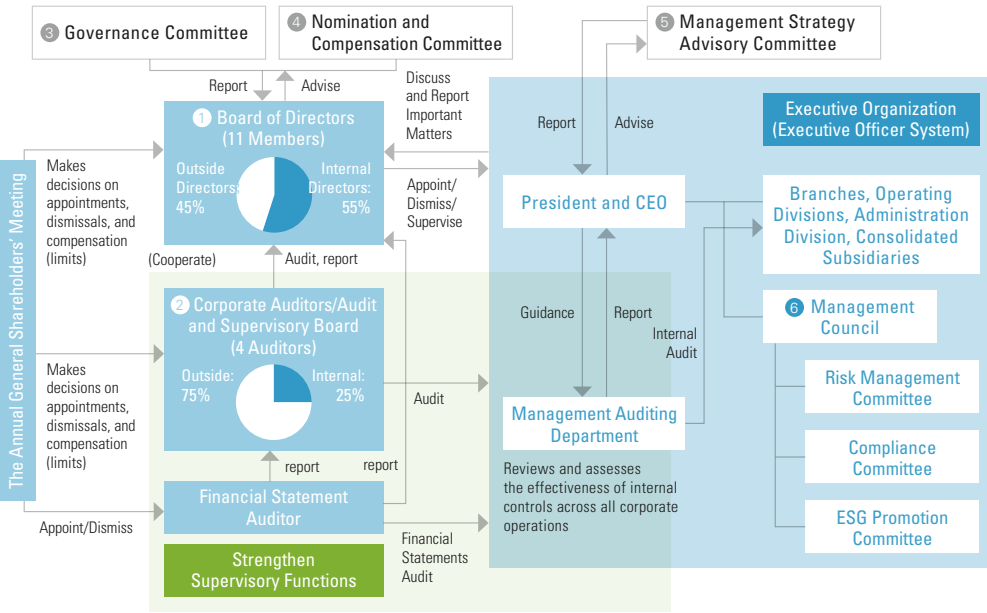
- 70 Corporate Governance
- 71 Basic Approach and Corporate Governance Reform History
- 72 Corporate Governance Structure
- 73 Board of Directors
- 74 Director Expertise and Experience Skills Matrix
- 75 Board of Directors Operation and Evaluation of Board Effectiveness
- 76 Officer Compensation
- 77 Operational Status of Each Committee
- 78 Protection of Minority Shareholders
- 79 Succession Planning and Cross-Shareholdings
- 80 Risk Management
- 82 Compliance
- 83 Internal Control System
- 84 Directors and Audit & Supervisory Board Members

# Corporate Governance Structure

## Corporate Governance Structure

The Company has adopted an Audit & Supervisory Board system comprised of 11 directors (5 of whom are outside directors) and 4 members of the Audit & Supervisory Board (3 of whom are outside members). By inviting outside directors with expertise in various fields to the board of directors, we aim to strengthen the management system with highly effective supervision. We also maintain and strengthen sound management by enhancing the function of corporate auditors. Meetings of the board of directors and the Audit & Supervisory Board are generally held once a month. In addition, we strive to disseminate information through committees led by general managers or senior managers below the rank of representative director. The purpose of these committees is to ensure efficient business activities.

Our Audit & Supervisory Board works to improve the effectiveness and efficiency of audits. They do so by cooperating in the mutual exchange of information and opinions with Financial Statement Auditors and the Management Auditing Department, which is our internal audit department, on a case-by-case basis. All Audit & Supervisory Board Members regularly attend board of directors meetings, while full-time members also attend management meetings and other important meetings.



### ① Board of Directors

The board of directors is chaired by the president. As a management decision-making body, the board supervises general management by voting matters such as legal matters and important business execution decisions. Members of the Audit & Supervisory Board also attend meetings of the board of directors, offering opinions as necessary.

### ② Audit & Supervisory Board

The Audit & Supervisory Board is chaired by a full-time member (outside member). Members of the Audit & Supervisory Board work with the board of directors in supervising the company and conduct audits regarding legality and adequacy. In doing so, they aim to achieve sound and sustainable company growth, as well as create medium- to long-term corporate value.

### ③ Governance Committee

The Governance Committee is chaired by an independent outside director. This committee serves as an advisory body to the board of directors and aims to contribute to their legal and efficient operation, as well as to the sustainable growth of the company. The committee advises and reports to the chair of the board of directors on matters related to organizational restructuring, such as mergers and corporate divestitures, as well as on transactions with the parent company and group companies. In doing so, they ensure the fairness and rationality of such transactions.

### ④ Nomination and Compensation Committee

The Nomination and Compensation Committee is chaired by the lead independent outside director. The committee advises and reports the board of directors on matters regarding the nomination and appointment of candidates for directors, as well as their compensation, therefore ensuring transparency and objectivity.

### ⑤ Management Strategy Advisory Committee

The Management Strategy Advisory Committee is chaired by the president and CEO. In consultation with the president, the committee discusses and exchanges opinions on important policies and management issues, such as the concept and direction of initiatives, specific plans, and progress reports. In this way, the committee advises and reports to the president.

### ⑥ Management Council

As an advisory body for the president, we established the Management Council consisting mainly of directors, full-time auditors, and individuals nominated by the president. This committee serves to strengthen management strategy functions and improve the efficiency of the decision-making process.

- **Risk Management Committee:** Analyzes risk conditions and works continuously to avert unwarranted risk, as well as provides opinions the president and CEO and discusses risk management policy.
- **Compliance Committee:** Monitors the state of compliance throughout the organization. Exchanges information with, reports, and proposes policies to the president and CEO.
- **ESG Promotion Committee:** Formulates strategies and policies regarding ESG management, determines progress, exchanges information and offers advice and reports to the president and CEO.



## Corporate Governance

70	Corporate Governance
71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members



Board of Directors Composition

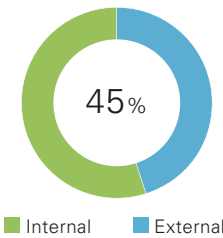
To ensure active deliberations and rapid decision-making, no more than 20 directors shall be appointed according to the Company corporate charter. At present, five board members are independent outside directors. The board of directors is composed of directors with diverse expertise and knowledge that will not only strengthen the management supervisory functions, but also promote key strategies and growth measures by leveraging our business characteristics. The skills expected from each director are disclosed in the following skills matrix.  
(▶ P.74)

Internal directors have an understanding of our overall business operations, a sense of balance, a history of achievements, and decision-making skills. They also have various expertise in shopping mall development, operations, and management, overseas business expansion, improved governance, sound finances, and so on.

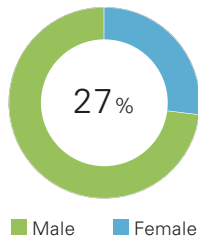
Outside directors consist of independent and expert individuals with management experience, expertise in a variety of industries. In addition to possessing a wealth of experience and a depth of knowledge, they offer various viewpoints and expertise on items such as international business strategy, enhancing governance, improving corporate branding, diversity management, and finance.

As a developer, manager, and operator of shopping malls, AEON MALL believes that female values and conceptual ideas are important. Currently, 3 of the 11 board members are women and the Company employs a diverse workforce without regard to items such as nationality, race, gender, age, educational background, and religion.

Ratio of Outside Directors



Ratio of Female Directors



Please refer to our Corporate Governance Report for more information on the independence criteria for outside directors.

▶ [https://www.aeonmall.com/en/ir/pdf/c\\_governance\\_report.pdf](https://www.aeonmall.com/en/ir/pdf/c_governance_report.pdf)

Directors and Audit & Supervisory Board Members Election Criteria

The president and CEO suggests director candidates for nomination according to the criteria below. After consulting independent outside directors on the Nomination and Compensation Committee, the board of directors resolves to submit said candidate for approval by the annual general shareholders’ meeting.

(Policy for Nominating Director Candidates)

- Internal directors should have the ability, knowledge, experience, and track record in their specialized fields of expertise, as well as a sense of balance and decisiveness to understand and act on all aspects of the business.
- Outside directors must have abundant experience and a high level of insight in their respective fields of background. They must also have sufficient time to perform their duties as directors of the Company, and have the qualifications to supervise and make proposals from an independent standpoint to ensure the adequacy and appropriateness of decision-making by the board of directors.

The president and CEO suggests Audit & Supervisory Board member candidates s for nomination according to the criteria below. After discussing candidates and receiving consent at the Audit & Supervisory Board, the board of directors resolves to submit said candidate for approval by the annual general shareholders’ meeting.

(Policy for Nominating Audit & Supervisory Board Member Candidates)

- Individual is aware of business issues from experience in general business management.
- Individual has no interests or business relationships that may affect their execution of duties as a member of the Audit & Supervisory Board.
- Individual has considerable knowledge in finance and accounting, or has skills, expertise, and experience in a specialized field.

The appointment and dismissal of the Company president and CEO shall be decided by resolution of the board of directors. The Company follows a highly transparent and fair procedure to determine whether the candidate appointed has the necessary qualifications, reputation, and experience to serve as president and CEO. Discussions are held by the Nomination and Compensation Committee, which consists mainly of independent outside directors, followed by deliberations by the board of directors on the matter.

The appointed president and CEO must have a wealth of experience, a high degree of insight, and high level of expertise, as well as the managerial ability and leadership skills necessary to achieve the continued growth of our business.

70	Corporate Governance
71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members

# Director Expertise and Experience Skills Matrix

## Director Expertise and Experience Skills Matrix

We appoint directors with diverse expertise and knowledge to the board of directors that will not only strengthen the management supervisory function, but also pursue key strategies and growth measures by leveraging our business characteristics. This skills matrix summarizes the skills we expect from each director.

Internal directors have an understanding of our overall business operations, a sense of balance, a history of achievements, and decision-making skills. They also have expertise in shopping mall operations and management, overseas business expansion, improved governance, sound finances, and so on.

Outside directors consist of independent and expert individuals with management experience, expertise in a variety of industries. In addition to possessing a wealth of experience and a depth of knowledge, they offer various viewpoints and expertise on items such as international business strategy, enhancing governance, improving corporate branding, diversity management, and finance.

The following table is not exhaustive of the expertise and experience possessed by each director, but rather indicates the skills particularly expected from them.

Name	Current Position and Responsibilities in the Company	Board of Directors Attendance	Tenure	Corporate Management	Internal Control	Finance & Accounting	Real Estate		Diversity and Work-Style Reform	Digital Transformation (DX)	Sustainability	Global	Marketing and Branding
							Develop-ment	Man-agement					
Yasutsugu Iwamura	President and CEO, Officer in Charge of Overseas Operations	14/14 meetings (100%)	4 years	●			●			●	●	●	
Mitsuhiro Fujiki	Senior Managing Director, Officer in Charge of CX Creation	14/14 meetings (100%)	8 years					●			●		●
Masahiko Okamoto	Managing Director Officer in Charge of Business Management	14/14 meetings (100%)	5 years		●				●		●		
Hiroshi Yokoyama	Managing Director Officer in Charge of Finance	14/14 meetings (100%)	6 years		●	●	●						
Motoya Okada	Director and Advisor	13/14 meetings (93%)	25 years	●							●	●	
Shinichiro Minami	Director Officer in Charge of Development	-	-				●				●	●	
Kunihiro Koshizuka	<div>OutsideIndependent</div> Director	14/14 meetings (100%)	3 years	●	●					●			
Chisa Enomoto	<div>OutsideIndependent</div> Director	14/14 meetings (100%)	2 years		●						●		●
Hironobu Kurosaki	<div>OutsideIndependent</div> Director	14/14 meetings (100%)	2 years	●								●	
Junko Owada	<div>OutsideIndependent</div> Director	14/14 meetings (100%)	2 years		●				●				
Junko Taki	<div>OutsideIndependent</div> Director	11/11 meetings (100%)	1 year		●	●							

\*1 Information presented for years in office and the composition of each committee is current as of the close of the 112th annual general meeting of shareholders.

\*2 The above table indicates Director Taki's attendance at board meetings held after her appointment to outside director at the 111th annual general meeting of shareholders held on May 19, 2022.

70	Corporate Governance
71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members

# Board of Directors Operation and Evaluation of Board Effectiveness

## Board of Directors Operation

In addition to holding regular board of directors meetings at least once a month, AEON MALL convenes extraordinary board meetings as necessary. Decisions encompassing substantial risk threatening far-reaching impact on the Group are brought to the Management Council for discussion. These decisions are then approved by the president and/or by resolution of the board of directors. We clarify management responsibilities by granting the necessary authority in the execution of each duty according to the predetermined Rules for Organization Management, Rules for Segregation of Duties, Rules of Jurisdiction, Rules for Approval Requests, and Rules for Management of Affiliates.

Major resolutions and reports of the board of directors in fiscal 2022 are as follows.

FY2022 Board of Directors Major Resolutions and Reports

Type	Main Resolutions and Reports	
Directors	<div>• Appointment of the president and CEO</div> <div>• Director compensation</div>	<div>• Appointment of directors to execute business</div> <div>• Reports on business execution of directors</div>
Corporate Governance	<div>• Effectiveness evaluation of the board of directors</div> <div>• Yearly reports on related-party transactions</div>	<div>• Ownership policy on cross-shareholdings</div> <div>• Reports on Governance Committee deliberations</div>
Budget and Settlement of Accounts	<div>• Medium-term management plan</div> <div>• Approval of annual and quarterly financial statements</div>	<div>• Budget decision for the fiscal year</div> <div>• Dividends from surplus</div>
Finance and Personnel and Organizational Matters	<div>• Partial revision of the Articles of Incorporation</div> <div>• Reorganization and restructuring</div>	<div>• Introduction of the executive officer system</div> <div>• Bonds issued</div>
Risk Management, Compliance, and Auditing	<div>• Risk Management Committee annual report</div> <div>• Internal audit policies and plans for the fiscal year</div>	<div>• Compliance Committee annual report</div> <div>• Report on the internal control financial reporting effectiveness evaluation</div>
Business Promotion	<div>• Progress report on future development properties</div> <div>• Capital and business alliances</div> <div>• Measures for unprofitable stores</div>	<div>• Investment profitability plan for new properties and properties with floor space expansion or revitalization</div> <div>• Establishment of corporate venture capital</div>
Sustainability	<div>• ESG Activities</div>	

## Board of Directors Effectiveness Evaluation

The Company ensures that corporate governance functions effectively and is strengthened by examining the contribution of the board of directors, identifying issues, and making improvements. In doing so, the board of directors self-analyzes and evaluates board effectiveness. The following is a summary of fiscal 2022 implementations.

### Analysis and Evaluation Process



Our board of directors was evaluated to function appropriately with active discussions by directors and Members of the Audit & Supervisory Board that possess diverse insights and experience. As a whole, the board was also evaluated as generally effective.

Our Strengths	The evaluation confirmed that our Company tends to agree on many items and indicated that our use of the PDCA cycle is steadily resolving issues. In particular, our cooperation with auditing agencies and our support system for outside directors were rated as highly effective.
Our Challenges	<div>The following are considered issues that require continued improvement and enhancement.</div> <div><div>Lack of discussions from the perspective of medium- to long-term management strategies and management supervision</div><div>Acceleration of decision-making process and training of director candidates for the next term through the review of business execution authority</div><div>Improvement of areas such as the position and functions of each committee</div></div>
Response to Issues	We introduced the Executive Officer System in May 2023 to resolve the above issues. We will enhance management mobility and strengthen our corporate governance structure by accelerating management decision-making processes, as well as by separating and clarifying the supervisory and business execution functions. At the same time, we will pursue the development of next generational management personnel. The Company will consider measures at the board of directors and each committee to address other issues and further enhance the effectiveness of the board.



## Corporate Governance

70	Corporate Governance
71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members

# Officer Compensation

## Director Remuneration Structure

Compensation for directors consists of base compensation, performance-based compensation, and stock options. The maximum compensation amount is submitted to the annual general shareholders’ meeting and compensation is paid within the scope determined by their resolution. The Nomination and Compensation Committee (consisting mainly of independent directors) considers job responsibilities, company performance, and other factors, and deliberates the appropriateness of each director’s performance and payments levels. The board of directors then determines the amount to be paid. Compensation for members of the Audit & Supervisory Board is determined according to negotiation with said members, subject to the scope determined by resolution at the annual general shareholders’ meeting.

Directors compensation strongly motivates the execution of management policies. It is also linked to business performance, and is designed to be objective and transparent.

- i

Basic Compensation

Base compensation is paid monthly and determined based on individual evaluations within the standard amount set for each position.
- ii

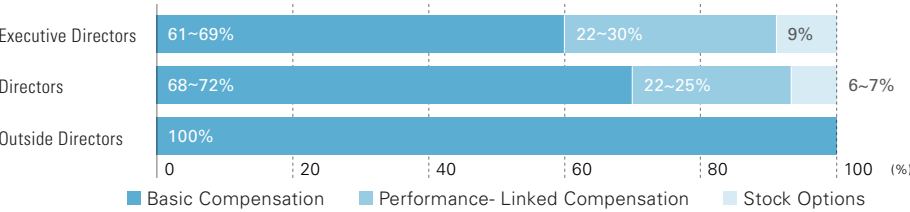
Performance-Linked Compensation

The weight of performance-linked compensation in total cash compensation (base compensation + performance-linked compensation) is set at around 30%, and the weight is increased in proportion to director responsibility. The amount of performance-based compensation paid to each director (individual) is calculated as stipulated performance-based compensation x performance-based compensation payment rate. The compensation is determined by reflecting the payment rate (0% to 170%) based on company performance and individual performance evaluation. The Company selected the percentage of ordinary income budget attained at the beginning of the period to be the indicator that most appropriately represents our normal business performance. Individual performance evaluations are conducted by independent outside directors on the Nomination and Compensation Advisory Committee. These evaluations are based on the annual business report of each director, and evaluated by the president.
- iii

Stock Options

By allocating stock acquisition rights as performance-reflected stock option compensation, we aim to motivate and raise morale for continued performance improvement and increased corporate value. To do so, we link compensation to share price and business performance, and share the benefits and risks of share price fluctuations with shareholders. The percentage of stock options in total compensation is set at around 10%, with a higher weighting in proportion to director responsibility. However, if ordinary income for the target year is less than 80% of the budgeted amount, half of the planned compensation amount will be granted; if ordinary loss is incurred, no compensation will be granted.

Directors Compensation Composition



## Authority to Determine Individual Remuneration Amount

The board of directors determines the amount of compensation for each individual director. The particulars of this authority and scope of discretion relate to individual compensation amounts (basic compensation and performance-linked compensation) for each director.

At a meeting held in November 2018, the board of directors resolved to establish the Nomination and Compensation Committee, which began operating in January 2019. The committee aims to discuss and report to the board of directors with its five independent outside directors.

The board of directors decide performance-linked compensation based on the proposal from the president and CEO within a set range. It is also based on company performance, reports from the committee, and the individual performance evaluation for each director.

## Audit & Supervisory Committee Member Remuneration Structure

Given their independent position in supervising the execution of duties by directors, members of the Audit & Supervisory Committee are paid only fixed compensation. This level of remuneration is necessary to ensure the appropriate people play a central role in establishing and operating high-quality corporate governance.

- i

Basic Compensation

The Company pays a fixed amount according to the experience, insight, and title of each member of the Audit & Supervisory Board.
- ii

Performance-Linked Compensation

The Company does not offer performance-linked compensation to members of the Audit & Supervisory Board.
- iii

Stock Options

The Company does not offer stock options to members of the Audit & Supervisory Board.

Total Amount of Officer Compensation for Fiscal 2022

Classification	Total Compensation (Thousands of Yen)	Total Compensation by Type			No. of Target Directors (Persons)
		Basic Compensation (Thousands of yen)	Performance-Linked Compensation (Thousands of Yen)	Stock Options (Thousands of Yen)	
Directors (Including 5 Outside Directors)	208,591 (36,000)	153,480 (36,000)	46,400 (-)	8,711 (-)	13 (6)
Audit & Supervisory Board Members (Including 3 Outside Members)	24,000 (24,000)	24,000 (24,000)	- (-)	- (-)	3 (3)
Total (Internal and Outside Directors)	232,591 (60,000)	177,480 (60,000)	46,400 (-)	8,711 (-)	16 (9)

## Corporate Governance

- 70 Corporate Governance
- 71 Basic Approach and Corporate Governance Reform History
- 72 Corporate Governance Structure
- 73 Board of Directors
- 74 Director Expertise and Experience Skills Matrix
- 75 Board of Directors Operation and Evaluation of Board Effectiveness
- 76 Officer Compensation
- 77 Operational Status of Each Committee
- 78 Protection of Minority Shareholders
- 79 Succession Planning and Cross-Shareholdings
- 80 Risk Management
- 82 Compliance
- 83 Internal Control System
- 84 Directors and Audit & Supervisory Board Members



# Operational Status of Each Committee

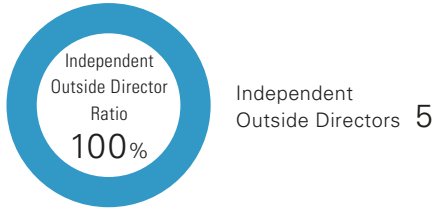
## Governance Committee, Nomination and Compensation Committee, and Management Strategy Advisory Committee

	Governance Committee	Nomination and Compensation Committee	Management Strategy Advisory Committee
Duties	Aims to contribute to the lawful and efficient operation of the board of directors and the sustainable growth of the Company; independent outside directors providing advice and reports upon request by the board of directors regarding the rationality of transactions and reasonableness of transaction terms with respect to conflicts of interest, etc., to ensure the perspectives of minority shareholders are considered appropriately	Advises and reports on the nomination policies for director and Audit & Supervisory Board member candidates, training plans, director compensation, etc., in response to advisory comments from the president and CEO	Promotes initiatives and solutions for important policies and management strategy issues based on the opinions and advice of independent outside directors; offers advice and reports in response to advisory comments from the president and CEO
Meetings (FY2022)	9	6	12
Member Composition (as of May 18, 2023)	Directors: 5 (all independent outside directors)	Directors: 7 (5 independent outside directors, 2 internal directors)	Directors: 10 (5 independent outside directors, 5 internal directors) Audit & Supervisory Board Members: 4
Yasutsugu Iwamura		●	◎ (Committee Chair)
Mitsuhiro Fujiki			●
Masahiko Okamoto		●	●
Hiroshi Yokoyama			●
Motoya Okada			
Shinichiro Minami			●
Kunihiro Koshizuka	Outside Independent	◎ (Committee Chair)	●
Chisa Enomoto	Outside Independent	◎ (Committee Chair)	●
Hironobu Kurosaki	Outside Independent	●	●
Junko Owada	Outside Independent	●	●
Junko Taki	Outside Independent	●	●
Kazuhiro Aoyama	Audit & Supervisory Board Member	—	●
Emi Torii	Audit & Supervisory Board Member	—	●
Rumiko Tanabe	Audit & Supervisory Board Member	—	●
Masato Nishimatsu	Audit & Supervisory Board Member	—	●

### Governance Committee

The committee consists solely of independent outside directors to ensure that the opinions of minority shareholders are appropriately reflected in the board of directors. Members discuss the reasonableness and appropriateness of transactions with conflicts of interest in board of directors agenda items from a standpoint independent of management and controlling shareholders. They then report their approval or disapproval to the board with an overview of their reasoning.

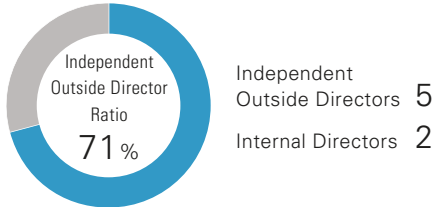
### Committee Composition



### Nomination and Compensation Committee

In accordance with the Nomination and Compensation Advisory Committee Rules, the committee focuses on discussions on the nomination and nomination policies for director candidates as well as the appropriateness of performance evaluations of each director in determining their base and performance-linked compensation. The committee reports their discussion to the board of directors as appropriate.

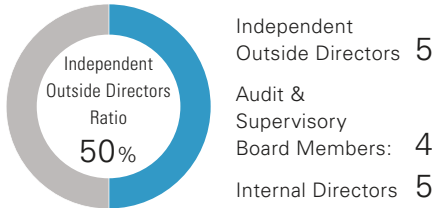
### Committee Composition



### Management Strategy Advisory Committee

This committee promotes initiatives and solutions for important policies and management strategy issues based on the opinions and advice of independent outside directors. The committee also reports in response to advisory comments from the president and CEO.

### Committee Composition



## Corporate Governance

- 70 Corporate Governance
- 71 Basic Approach and Corporate Governance Reform History
- 72 Corporate Governance Structure
- 73 Board of Directors
- 74 Director Expertise and Experience Skills Matrix
- 75 Board of Directors Operation and Evaluation of Board Effectiveness
- 76 Officer Compensation
- 77 Operational Status of Each Committee
- 78 Protection of Minority Shareholders
- 79 Succession Planning and Cross-Shareholdings
- 80 Risk Management
- 82 Compliance
- 83 Internal Control System
- 84 Directors and Audit & Supervisory Board Members

# Protection of Minority Shareholders

## Policy on Measures to Protect Minority Shareholders in Conducting Transactions With a Controlling Shareholder

AEON Co., Ltd. is the parent company of the Company, holding 58.22% of the Company's voting rights (as of February 28, 2023).

When the Company conducts transactions with AEON Co., Ltd. or AEON Group companies, we obtain approvals at a meeting of the board of directors attended by independent outside directors to ensure the fairness and rationality of the transaction from the perspective of enhancing company corporate value. In this way, we ensure appropriate supervision of transactions according to importance.

AEON MALL works with AEON Co., Ltd. and its subsidiary, the general merchandise store (GMS) AEON Retail Co., Ltd., as well as other Group companies, to conduct shopping mall management and operations in various regions. While AEON MALL signs building lease agreements with AEON Retail Co., Ltd. and other Group companies, we enter into agreements with transaction terms similar to general agreements of the type in question. Therefore, we recognize that we have secured a certain degree of independence from AEON Co., Ltd. and Group companies.

## Related-Party Transactions

AEON MALL has established a system to ensure transactions with directors or major shareholders (related-party transactions) do not infringe on the interests of the Company or our shareholders.

1. We engage in prior deliberations via the Governance Committee, consisting of independent outside directors, and carefully consider in board of director deliberations whether competitive transactions by directors and transactions involving conflicts of interest between directors and AEON MALL infringe on the interests of the Company and our shareholders. Our investigations include consulting with experts regarding the reasonable nature of the transactions in question. The Company ensures fairness in this process through a number of means, including recusing directors having special interests in transactions with the Company from voting in the resolution.
2. When the Company enters into transactions with related parties, we clarify the identity of such parties in our Related Party List according to the provisions of our Rules for Managing Related-Party Transactions. We ensure objectivity in transaction terms through rules that include providing comparison tables when making decisions that show examples of transactions with non-related parties. According to the importance and nature of the transaction in question, we comply with our Rules of Jurisdiction by soliciting opinions from outside directors and members of the Audit & Supervisory Board regarding the rationality of the transaction (its necessity from a business perspective) and the appropriateness of the transaction terms before submitting it to the board of directors. On an annual basis, we investigate the rationality and reasonableness of transactions, issuing a report on the annual increase or decrease in transactions with related-party companies.

## Status of Governance Committee Activities (As of February 28, 2023)

Establishment	Major Discussion Items
October 2021	<b>Matters to Be Resolved by the Board of Directors</b> <ul style="list-style-type: none"><li>• Verification of the reasonableness of transaction conditions with the AEON Group (Joint group sales promotion expenses, corporate contributions, brand royalty agreements)</li></ul>
Meetings	<b>Reported Matters</b> <ul style="list-style-type: none"><li>• Board of directors effectiveness evaluation method</li><li>• Issues and countermeasures in response to the FY2022 board of directors effectiveness evaluation results</li><li>• Annual report on related-party transactions</li><li>• Company response and procedures for related-party transactions</li><li>• Review of group synergies</li><li>• Disclosed content of the Corporate Governance Report</li></ul>
FY2021: 2 FY2022: 9	

## Comment From the Governance Committee Chair



The Governance Committee was established in 2021 as part of our efforts to strengthen governance. The committee met a total of nine times in fiscal 2022. The committee held robust discussions and reported in response to board of directors' inquiries. Discussions covered ensuring transparent management decisions with respect to parent-subsidiary listings and inter-group transactions, as well as the rationality and reasonableness in conflict-of-interest transactions from the minority shareholders' viewpoint. In addition, committee members strengthen their own involvement by setting topics and pursuing discussions from a broader perspective, such as by requesting the secretariat to address topics that improve the Company governance functions. The Governance Committee will continue to strive to meet the expectations of all stakeholders by maximizing the value of the Aeon brand while strictly supervising the Company as a committee from the perspective of minority shareholders.

Committee Chair, Director  
**Chisa Enomoto**



## Corporate Governance

70	Corporate Governance
71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members

# Succession Planning

## Overall Succession Plan Process

The Nomination and Compensation Committee, consisting mainly of outside directors, discusses training policies and plans to provide managers (including manager candidates) with the necessary standards, career development, and training content. The board of directors then deliberate on said policies and plan to ensure transparent and fair planning. (For more information, see our Human Resources Strategy on ▶ P.58 )



## Policies Regarding Training for Director and the Support System for Outside Directors

We provide capacity building for directors and members of the Audit & Supervisory Board to cultivate stronger leadership skills and management strategies. We also provide training opportunities for senior management, such as seminars for newly appointed directors and top executives to gain a stronger understanding of compliance and governance.

The support system for outside directors and outside members of the Audit and Supervisory Board is assisted by the General Affairs Department. We also assign one full-time member to assist the Audit & Supervisory Board members, including outside members. The Company distributes materials for discussion and provides explanations in advance of the board of directors meetings to enable effective discussions within the limited time of the meetings. We additionally provide accurate and necessary information as needed.

## Comment From the Nomination and Compensation Committee Chair

The Nomination and Compensation Committee is responsible for important governance matters such as nomination and nomination policies for director candidates as well as the appropriateness of performance evaluation for determining compensation for each director. The committee also discusses policies and plans for developing successors and other director candidates for those in place to be the next director candidates. Through direct interviews with the candidates, the committee provides them with advice to enhance their perspectives on management and enable them to play active roles as future managers. The Nomination and Compensation Committee will continue to strive to enhance corporate value and strengthen the corporate governance structure through committee discussions.

Committee Chair, Director  
**Kunihiro Koshizuka**



# Cross-Shareholdings

## Policy on Cross-Shareholdings

The AEON MALL policy on cross-shareholding is to hold shares for the purpose of contributing to improved AEON MALL Group corporate value over the medium and long term. This policy considers a number of factors including business strategy and business relationships.

## Verification of Reasonableness by the Board of Directors

Our board of directors meets to review individual cross-shareholdings on an annual basis, considering the purpose for holding shares, risks involved in holding shares, the cost of capital, and other economic rationale on a comprehensive basis, determining the reasonableness for cross-shareholdings. We consider selling shareholdings when deemed as having little significance, considering the impact of such sales on the markets. We disclose the results of such sales publicly.

## Standards for Exercising Voting Rights

When exercising the voting rights of cross-shareholdings, we verify whether each proposal will contribute to an improvement in the medium- to long-term corporate value of the investee company and whether the proposal may potentially damage our corporate value. As necessary, we hold discussions with the issuing company as part of our overall decision-making process.

## Cross-Shareholdings Status (As of February 28, 2023)

Number of issuing companies	14 (including 11 exchange-listed stocks)
Total amount recorded on balance sheet	2,129 million yen



## Corporate Governance

70	Corporate Governance
71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members

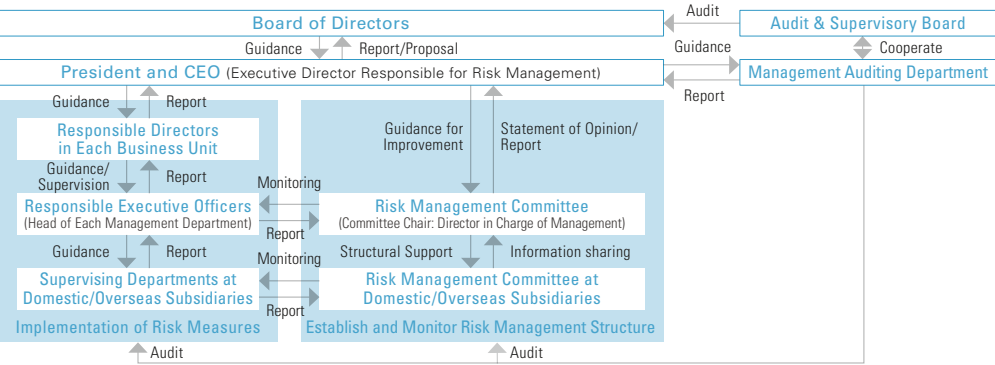
Risk Management Promotion System

The Company designates its president and CEO as the executive director of risk management and business division heads as directors in charge of risk management. Heads of supervisory departments under each business division are designated as the executive officers in charge of risk management. By separating risk management execution and supervision, we arrange a system and environment to ensure business continuity and the safety of human lives. The Group established Risk Management Rules to prevent crises or minimize damages in the event of a crisis, striving to reduce risk and mitigate any damages.

Specifically, we selected risk categories that have a high impact on the Group and established departmental teams to address risk management by category. While these teams perform the PDCA cycle of risk countermeasures, executive officers in charge of risk management are responsible for cycle implementation. Directors in charge then monitor the status and effects of the cycle. Through this structure, we strive to prevent damage to our brand value and improve overall corporate value by managing the risk of losses for the Group as a whole.

Furthermore, in the event of an emergency presenting a risk of significant loss, we engage in appropriate information sharing and decision-making according to our Risk Management Rules, taking proper steps to minimize damages.

Risk Management Promotion System Diagram



Members of the Risk Management Committee

- Committee chair: Director in charge of management
- Members: A) Heads of supervising departments for risk response as defined in the Risk Management Rules  
B) Persons nominated by the chair
- Secretariat: Legal Department

(Note) In order to improve the effectiveness of the risk management system, a responsible member will be selected within the department to lead the prevention of and response to a given high-impact risk for the Group.

Establishment of the Risk Management Committee and Overview of Activities

The Company established the Risk Management Committee, chaired by the director in charge of management. The purpose of this committee is to maintain and improve risk management systems. The Risk Management Committee analyzes risk status, conducts ongoing activities to avoid risks, provides opinions to the president and CEO, and deliberates issues related to risk management promotion systems and measures. The Risk Management Committee discusses risk measures to address major incidents, etc., leading to highly effective risk measures.

Furthermore, for crises that require immediate judgment, e.g., during an earthquake, a separate emergency response office will be established to provide a rapid and appropriate initial response, prevent escalation, and aid an early resolution. The Risk Management Committee held activities approximately five times each year, with the committee reporting to the board of directors at the beginning of each fiscal year (March) regarding details of initiatives in the previous fiscal year and policy regarding initiatives in the current fiscal year. Domestic subsidiary OPA and overseas subsidiaries and companies outside Japan have established Risk Management Committees by country. The details of committee deliberations are shared with the Company's Risk Management Committee.

Risk Management Process

To carry out efficient and effective management of various risks, the Risk Management Committee identifies risk items that affect the Group in particular. The committee then makes recommendations to the president and CEO regarding systems for managing said risks. Subsequently, we select departments to be in charge of handling each risk item. These departments are responsible for working with responsible executive officers to plan, execute, and review risk measures. The Risk Management Committee, responsible directors, and internal auditors monitor the implementation status of the executive body and assess risk measure effectiveness.

We categorize risks under one of three categories (management strategy risk, compliance risk, other risk) according to the nature of the risk to consider and monitor the progress of risk measures at each department related to the risk in question. The Management Strategy Advisory Committee, which deliberates and exchanges opinions regarding important management strategy risk policies, will consider the approach and direction of initiatives for each risk and appoint an executive officer in charge of risk management according to the category. This individual will report to the board of directors on the progress of the risk countermeasures on a quarterly basis.

Compliance risks are reported at the Compliance Committee, and other risks are reported at the Risk Management Committee, with details and progress of risk measures discussed as necessary. All risk measures for each risk item are eventually aggregated and managed by the Risk Management Committee.

The implementation of risk measures is decided and carried out after internal approval by the respective supervising department for risk response.

70	Corporate Governance
71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members

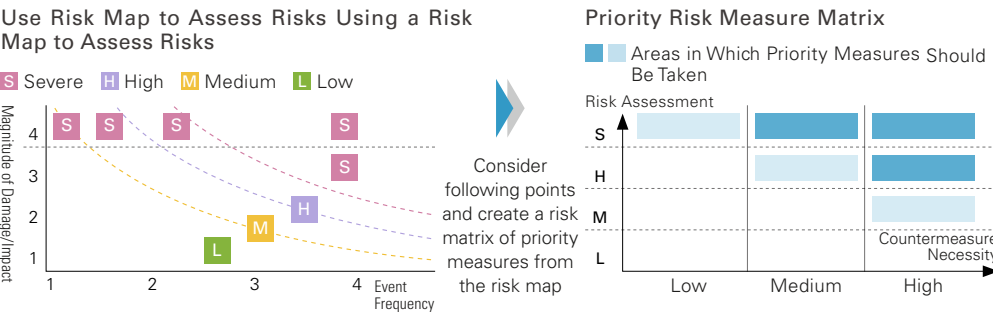


Identifying Risk

We use the following methods to identify risks that affect the Group.

- Identifying risks  
We conduct risk surveys (questionnaires and interviews) with directors, Audit & Supervisory Board members, executive officers, and employees, assessing risks quantitatively and qualitatively.
- Using a risk map to assess and identify risks  
Based on the results of risk surveys, we create a risk map based on the frequency and magnitude of damage or impact of each risk. We evaluate risks and identify those risks that require countermeasures.
- Establishing priorities using a priority risk measure matrix  
Based on the status of existing measures for identified risks, we create a priority risk measure matrix based on the need for measures, identifying the risks that should be prioritized.

We conventionally identify specific risks mentioned above through risk surveys and implement countermeasures against such risks. We conducted another risk survey in fiscal 2021, identifying and revising 91 risk items, and are currently implementing countermeasures.



Risk Assessment

- Risks are assessed and categorized across four levels (Severe, High, Medium, Low) based on risk map location
- Risks categorized at higher levels that have greater frequency and magnitude of damage/impact

Other

Other matters identified in interviews

Countermeasure Necessity

- (Assessed by the Company based on interviews and other methods)
- Risks for which suggestions to revise assessment upward have been indicated in interviews
  - Risks for which measures may have room for improvement
- Low:** Requires verification of measure effectiveness
- Medium:** Requires steady measure implementation and verification of effectiveness
- High:** Requires rapid response

We plan to periodically conduct risk surveys based on business changes that occur every few years, with the aim of reflecting the results in our medium- to long-term management plans. We annually review risk items and assessments, even in fiscal years when risk surveys are not conducted, to respond to the ever-changing business environment. In addition, we update the risks that need to be prioritized according to changes in this environment, such with certain incidents, as needed.

Business and Other Risks

Based on the latest business environment in Japan and overseas, we have examined risks that may impact the Group’s business activities and that require company-wide management. Of the risk items identified through risk map assessments and priority risk measure matrix, certain risk items require risk assessment and measures in particular. We categorize those risks as follows after review by the Risk Management Committee.

Classification	Risk Items	Risk Assessment	Countermeasure Necessity
Business Strategy Risks	① Risks related to changes in the business environment	S	High
	② Risks related to real estate development and investment	S	High
	③ Risks related to securing and cultivating human resources	S	High
	④ Risks related to governance	H	High
Risks Related to Finances	⑤ Impairment risks	S	High
	⑥ Risks related to capital procurement, interest rate fluctuations, and exchange rate fluctuations	S	Medium
Operational Risks	⑦ Risks related to the occurrence of natural disasters, accidents, and terrorism	H	High
	⑧ Risks related to the occurrence of war, civil disorder, and coup d’état	S	Medium
	⑨ Risks related to the spread of infectious diseases	S	Medium
	⑩ Risks related to information security	H	High

Please refer to our website for details on each risk item.

[▶ https://www.aeonmall.com/en/ir/risks.html](https://www.aeonmall.com/en/ir/risks.html)

Corporate Governance

70	Corporate Governance
71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members

Compliance Promotion System

AEON MALL focuses on compliance management to foster improved relations with local communities and meet our social responsibilities. We established Anti-Harassment Regulations, providing education and awareness building for employees to prevent harassment. To prevent bribery, we improve our internal Group structures and educate employees based on the Basic Rules for the Prevention of Bribery.

AEON MALL established a Compliance Committee, which is chaired by the director in charge of the Administration Division. The role of this committee is to ensure Group compliance with laws, regulations, our corporate charter, and internal rules. The committee is also responsible for identifying problems and advancing discussions to resolve said problems. Committee proceedings are reported to the Management Council, and matters of note are elevated to the board of directors and presented in an annual report. We newly established the Compliance Department during our April 2022 reorganization.

This department centrally implements compliance measures, including legal compliance and compliance not limited to harassment. The Compliance Department also offers awareness activities, training, and corrective guidance to ensure that each employee is able to comply.

Internal Reporting Desk

The Company has established a helpline (AEON MALL Hotline) for internal reporting. The Company’s labor union has likewise established its own Kumiai 110 helpline. Subsidiaries have also established helplines that mirror the AEON MALL system. We ensure that the privacy of individuals who use this helpline is protected, and that they do not suffer retaliation. Additionally, we thoroughly investigate any problems reported to the Company through this helpline. If unacceptable behavior is discovered, we take disciplinary action in accordance with our internal rules. The issue in question is reported to the Compliance Committee and the Company implements company-wide measures to prevent recurrence in the future.

Initiatives to Prevent Corruption

All executives and employees agree that the Company will not pursue profit through bribery or other fraudulent means under any circumstances.

Although executives and employees abide by internal rules and regulations established by AEON MALL, each individual in the Company promises to consider, judge, and take action in line with social justice when asked to comply with a demand by public officials or others.

Executives and employees must not damage our corporate culture by furnishing benefits, paying expenses, making donations, or providing aid for improper purposes. Executives and employees must also refrain from improper behavior that could impede the healthy advancement of any particular country or region. Finally, executives and employees recognize that any such behavior will have an adverse effect on the Company’s approach to compliance.

Executives and employees affirm their strong commitment and dedication to high ideals, approaching anticorruption in a serious and sincere manner. Toward the implementation of these principles, AEON MALL has established the Basic Rules for the Prevention of Bribery. Executives and employees of the Company comply with and follow these rules as a code of conduct. To instill and enshrine corporate ethics in our Company, we provide training to directors and employees at every level of our organization. We also incorporate corporate ethics into the behavior evaluation sections of our goal management system.

Compliance Training

Period	Eligible Trainees	Training Content
First half of FY2022	Department heads (317)	Trainings use AEON MALL case studies and all participants submitted action plans after the training
Second half of FY2022	All employees	・Compliance training at each sales office and office, led by general managers (including of business departments) and office heads ・All employees participate in this training

For more information on specific initiatives, such as anti-corruption policies and systems, please refer to the section of our website titled To ESG Investors and Experts.

▶ <https://www.aeonmall.com/en/esg/index.html>

70	Corporate Governance
71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members

# Internal Control System

Please refer to our Corporate Governance Report for more information about the basic concept and development status of the internal control system.

▶▶ [https://www.aeonmall.com/en/ir/pdf/c\\_governance\\_report.pdf](https://www.aeonmall.com/en/ir/pdf/c_governance_report.pdf)

The major operational status for fiscal 2022 is as follows.

- We divided risks according to their importance and need for countermeasures. This division was based on findings from a risk survey conducted in fiscal 2021 and its responses to serious incidents that occurred as well as to new business fields and environments. We establish a more effective management system through intensive discussions at the Risk Management Committee on the details of initiatives taken by the responsible departments. From fiscal 2023, we will review the division of risk levels each fiscal year going forward and strengthen our system to retaliate quickly to changes in the business environment. In addition, we will review the system that explores management strategy risks, conduct risk management training, examine and address new risks associated with the launch of new businesses, and provide education to improve risk management capabilities in each department. In doing so, we will further enhance the effectiveness of our risk management system.
- We established a risk management system for our subsidiaries in accordance with their size and business operations. OPA Co., Ltd. and our subsidiaries in China, Vietnam, Cambodia, and Indonesia established autonomous risk management systems in accordance with AEON MALL. Like the Company, they also established their own risk management committees to discuss risk countermeasures and will conduct risk surveys sequentially from fiscal 2023. The companies will renew risks to be managed by comparing these survey results with the results of past risk surveys.
- In April 2022, we newly established the Compliance Department. This department centralizes awareness-raising activities that address harassment and compliance with laws and regulations. The department also centralizes the enforcement of our code of conduct, compliance trainings, and corrective guidance. Since fiscal 2022, domestic subsidiaries and overseas corporations also participate in the Compliance Committee to establish a system to promote compliance globally. At the same time, they conduct employee, executive, and general training programs respectively to ensure that all employees are aware of compliance.
- For responses to transactions that may cause a conflict of interest between the Company and its parent or Group companies, we deliberate on the rationality of transactions and the appropriateness of the terms and conditions of the transactions in accordance with Rules for Managing Related- Party Transactions. We also provide explanations in advance to outside directors on the proposals submitted to the board of directors to help them make necessary judgments. In addition, we establish regulations and strengthen the audit system in overseas subsidiaries in China and the ASEAN region to strengthen internal controls. At the same time, we control and manage information through appropriate measures, such as obtaining approval from the Management Council for important decisions. In September 2018, we established the Basic Rules for Prevention of Bribery to prevent bribery in Japan and overseas countries. We improve internal systems and provide education based on these rules.
- The internal audit department holds meetings with full-time Audit & Supervisory Board Members once a month to manage the progress of the improvement status and sends reports to the Management Council once every semi-annual period.

## Basic Policy on Information Security

In accordance with the AEON Group Basic Policy on Information Security, we formulated the Information Security Management Rules. These rules establish and operate a system and framework to maintain and improve the security level of information and information systems handled by the Group. The Information Security Committee, chaired by the director in charge of the Administration Division, formulates, monitors, and reviews annual information security plans. The committee also conducts risk management related to information security through discussions and information sharing on information security within the Group. The Company conducts an annual internal audit on information security through the Management Auditing Department, which is objectively evaluated and linked to the improvement cycle, in addition to itself-inspection within the Information Security Management Department.

## Policy for Protection of Personal Information

At AEON MALL, our basic philosophy is the customer comes first. As such, we are fully aware of our social mission regarding the protection of all personal information handled by the Company. We comply with laws and regulations regarding the protection of individual rights and personal information. We hereby declare that we will establish a system to manage the protection of personal information and enact the policies located on our website below. We will take Company-wide measures to continuously improve this system as we monitor changes in social demands and in the business environment.

Policy for Protection of Personal Information

▶▶ [https://www.aeonmall.com/en/personal\\_info.html](https://www.aeonmall.com/en/personal_info.html)

## Information Security and Protection of Personal Information

Information security and the protection of personal information are closely related. As such, we regularly educate our directors, employees, and contractors of information, equipment, and security on matters to be observed when entrusting information, points to keep in mind when sending important information or when taking Company PCs out of the office, as well as on the communication flow during emergencies.



## Corporate Governance

70	Corporate Governance
71	Basic Approach and Corporate Governance Reform History
72	Corporate Governance Structure
73	Board of Directors
74	Director Expertise and Experience Skills Matrix
75	Board of Directors Operation and Evaluation of Board Effectiveness
76	Officer Compensation
77	Operational Status of Each Committee
78	Protection of Minority Shareholders
79	Succession Planning and Cross-Shareholdings
80	Risk Management
82	Compliance
83	Internal Control System
84	Directors and Audit & Supervisory Board Members

# Directors and Audit & Supervisory Board Members (as of May 18, 2023)

## Directors



**Yasutsugu Iwamura**  
President and CEO  
In Charge of Overseas  
Business Division

Tenure	Number of the Company's shares owned
4	3,312
Aug 2005:Joined the Company	
Aug 2007:General Manager of Planning Development First Group, Planning Development Department, the Company	
May 2009:General Manager of Kanto and Tohoku Development Department, Development Division, the Company	
Apr 2013:General Manager of Development Management Department, Development Division, the Company	
May 2016:General Director, AEON MALL VIETNAM CO., LTD.	
May 2019:Director, the Company, and General Director, AEON MALL VIETNAM CO., LTD.	
Mar 2020:President and CEO, the Company	
Apr 2021:President and CEO, the Company, and Executive General Manager, Overseas Business Division	
Apr 2023:President and CEO, the Company, and in charge of Overseas Business Division (to present)	



**Mitsuhiro Fujiki**  
Senior Managing Director  
In Charge of Customer  
Experience (CX) Creation

Tenure	Number of the Company's shares owned
8	11,664
Apr 1985:Joined AEON MALL Co., Ltd.	
Apr 2011:General Manager of AEON MALL Niihama, the Company	
Nov 2012:General Manager of AEON MALL Miyazaki, the Company	
Apr 2013:General Manager of West Japan Business Department, Sales Division, the Company	
Sep 2014:General Manager of Chushikoku Business Department, Sales Division, the Company	
Feb 2015:Deputy General Manager, Sales Division, the Company	
Apr 2015:General Manager of Sales Division, the Company	
May 2015:Director, General Manager of Sales Division, the Company	
Apr 2017:Director, General Manager of Leasing Division, the Company	
May 2018:Managing Director, General Manager of Leasing Division, the Company	
Apr 2021:Managing Director, Executive General Manager of CX Creation Division, the Company	
May 2021:Senior Managing Director, Executive General Manager of CX Creation Division, the Company	
May 2023:Senior Managing Director, CX Creation Manager, the Company (to present)	



**Masahiko Okamoto**  
Managing Director  
In Charge of Administration

Tenure	Number of the Company's shares owned
5 years	4,700
Mar 1981:Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)	
Mar 1997:General Manager of Personnel & General Affairs Department, Megamart Division, JUSCO Co., Ltd.	
Mar 2000:General Manager of Personnel & Education Department, Kinki Business Division, JUSCO Co., Ltd.	
Mar 2001:General Manager of Administration Center, Headquarters, JUSCO Co., Ltd.	
Apr 2006:General Manager, Business Support Office, JUSCO Co., Ltd.	
Sep 2008:General Manager of Personnel Training Department, Kanto Company Division, AEON Co., Ltd.	
Feb 2015:General Manager of General Affairs Department, Administration Division, the Company	
Apr 2018:General Manager of Administration Division, the Company	
May 2018:Director, General Manager of Administration Division, the Company	
May 2021:Director, General Manager, Administration Division, the Company	
Apr 2023:Managing Director, in charge of Administration, the Company (to present)	



**Hiroshi Yokoyama**  
Managing Director  
In Charge of Finance & Accounting

Tenure	Number of the Company's shares owned
6	5,710
Apr 1987:Joined The Chuo Trust and Banking Company, Limited (now Sumitomo Mitsui Trust Bank, Limited)	
Oct 2000:Manager, Real Estate Investment and Development Department, The Chuo Mitsui Trust and Banking Company, Limited (now Sumitomo Mitsui Trust Bank, Limited)	
Apr 2004:Joined AEON MALL Co., Ltd.	
Apr 2004:Manager of Finance Group, Finance & Accounting Group, Administration Division, the Company	
Aug 2007:General Manager of Finance & Accounting Department, Administration Division, the Company	
May 2013:General Manager of Finance & Accounting Management Department, Finance & Accounting Division, the Company	
Apr 2017:General Manager of Development Planning Management Department, Development Division, the Company	
May 2017:Director, General Manager of Development Planning Management Department, Development Division, the Company	
May 2021:Managing Director, General Manager of Finance & Accounting Division, the Company	
Apr 2023:Managing Director, in charge of Finance & Accounting Manager, the Company (to present)	



**Motoya Okada**  
Director and Advisor

Tenure	Number of the Company's shares owned
25	5,280
Mar 1979:Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)	
May 1990:Director, JUSCO Co., Ltd.	
Feb 1992:Managing Director, JUSCO Co., Ltd.	
May 1995:Senior Managing Director, JUSCO Co., Ltd.	
Jun 1997:President, JUSCO Co., Ltd.	
May 1998:Director, the Company	
May 2002:Director and Advisor, AEON MALL Co., Ltd. (to present)	
May 2003:Director, President and Representative Executive Officer, AEON Co., Ltd.	
Mar 2012:Director, President and Representative Executive Officer, and Group CEO AEON Co., Ltd.	
Feb 2015:Director and Advisor, AEON Retail Co., Ltd. (to present)	
Mar 2020:Director and President and Representative Executive Officer, AEON Co., Ltd. (to present)	



**Shinichiro Minami**  
Director  
In Charge of Development

Tenure	Number of the Company's shares owned
New election	176
Apr 2000:Joined AEON MALL Co., Ltd.	
Feb 2012:General Manager, AEON MALL Hubei Province Development Department, China Division, the Company	
Jun 2013:General Manager, AEON MALL Hubei Province Department, China Division, the Company	
Jun 2015:General Manager of Wuhan Jinyintan, AEON MALL (Hubei) Business Management Co., Ltd., the Company	
Oct 2016:General Manager of Wuhan Jinqiao, AEON MALL (Wuhan) Business Management Co., Ltd., the Company	
May 2018:President of AEON MALL (Hubei) Business Management Co., Ltd., the Company	
Oct 2020:General Manager, Chushikoku Business Department, Sales Division, the Company	
May 2023:Director, in charge of Development, the Company (to present)	

Please refer to ▶ **P.74** for information on director and auditor skills.

Please refer to our website for reasons for director and Audit & Supervisory Board member selection.

▶ <https://www.aeonmall.com/en/ir/executives.html>


## Corporate Governance

- 70 Corporate Governance
- 71 Basic Approach and Corporate Governance Reform History
- 72 Corporate Governance Structure
- 73 Board of Directors
- 74 Director Expertise and Experience Skills Matrix
- 75 Board of Directors Operation and Evaluation of Board Effectiveness
- 76 Officer Compensation
- 77 Operational Status of Each Committee
- 78 Protection of Minority Shareholders
- 79 Succession Planning and Cross-Shareholdings
- 80 Risk Management
- 82 Compliance
- 83 Internal Control System
- 84 Directors and Audit & Supervisory Board Members



# Directors and Audit & Supervisory Board Members (as of May 18, 2023)

## Outside Directors



Kunihiro Koshizuka

Outside Director (Independent)

Tenure
3
Number of the Company's shares owned
0

Apr 1981:Joined Konishiroku Photo Industry Co., Ltd. (now KONICA MINOLTA, INC.)

Apr 2013:Executive Officer, General Manager of Technology Strategy Department and R&D Headquarters, KONICA MINOLTA, INC.

Jun 2014:Senior Executive Officer, General Manager of Technology Strategy Department and R&D Headquarters, KONICA MINOLTA, INC.

Jun 2015:Director and Senior Executive Officer (CTO), KONICA MINOLTA, INC.

Jun 2019:Senior Technical Advisor, KONICA MINOLTA, INC.


Nov 2019:Outside Director, Founder International Inc. (to present)

May 2020:Outside Director, AEON MALL Co., Ltd. (to present)

Jun 2021:External Director, Tokyo Construction Co., Ltd. (to present)

Jun 2022:Outside Director, Will Group, Inc. (to present)

Jun 2022:Outside Director, F.C.C. Corporation (to present)



Chisa Enomoto

Outside Director (Independent)

Tenure
2
Number of the Company's shares owned
0

Apr 1984:Joined Recruit Co., Ltd.

Nov 2005:General Manager, Public Relations, Philips Electronics Japan, Ltd.

Jul 2012:Division Manager, Communications and Public Relations, Janssen Pharmaceutical K.K.

Jan 2014:Executive Director, Tokyo Electric Power Company

Apr 2018:Executive Communications Strategist, Hitachi, Ltd.


Jun 2018:Outside Director (Audit & Supervisory Committee member), Persol Holdings Co., Ltd. (to present)

Sep 2018:Outside Director, Joyful Honda Co., Ltd.

Apr 2019:Member, Public Relations Strategy Office, Meiji University (to present)

May 2021:Outside Director, AEON MALL Co., Ltd. (to present)

Jun 2022:Outside Director, Japan Post Holdings Company, Ltd. (to present)



Hironobu Kurosaki

Outside Director (Independent)

Tenure
2
Number of the Company's shares owned
0

Apr 1983:Joined NEC Corporation

Jul 1993:Chief Resident Officer, Cairo Resident Office, the Company

Oct 1994:Chief Resident Officer, Bahrain Resident Office, the Company

Apr 2002:General Manager of China Business Department, Sales Division, the Company


Jun 2010:President, NEC Turkey (Istanbul)

Jun 2014:General Manager, Americas and EMEA (NEC)

Oct 2017:Representative NEC EMEA Region President, NEC Europe (London)

Apr 2020:Senior Global Business Officer, Global Business Unit (NEC)

May 2021:Outside Director, AEON MALL Co., Ltd. (to present)



Junko Owada

Outside Director (Independent)

Tenure
2
Number of the Company's shares owned
0

Apr 1989:Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (now NTT Communications Corporation)

Aug 2001:People Analytics Research Laboratory, Recruit Group Co., Ltd.

Apr 2009:Executive Director, Recruit Management Solutions Co., Ltd.

Apr 2013:Executive Director, Recruit Career Co., Ltd.

Jul 2016:Fellow, Recruit Career Co., Ltd.

Jul 2017:Advisor, Tokyo Ichiban Foods Co., Ltd. (to present)

Apr 2017:Human Resources Professional Contractor, Hitachi, Ltd. (to present)

Jun 2020:Outside Director, Arbeit-Times Co., Ltd. (to present)

May 2021:Outside Director, AEON MALL Co., Ltd. (to present)

Jan 2023:Outside Director, H.I.S. Co., Ltd. (to present)



Junko Taki

Outside Director (Independent)

Tenure
1
Number of the Company's shares owned
0

Apr 1990:Joined ORIX Corporation

Oct 1997:Joined Asahi & Co. (now KPMG AZSA LLC)

Jun 2018:General Manager of Global strategies Department, Suminoe Textile Co., Ltd.

Aug 2019:General Manager of Global strategies Department and General Manager of Management Planning Department, Suminoe Textile Co., Ltd.


Feb 2021:Representative, Taki CPA Office (to present)

May 2022:Outside Director, AEON MALL Co., Ltd. (to present)

Jun 2022:Outside Audit & Supervisory Board Member, Nitta Gelatin Inc. (to present)

Jun 2022:Outside Director, NIHON KAGAKU SANGYO CO., LTD. (to present)

## Audit & Supervisory Board Member



Kazuhiro Aoyama

Full-time Audit & Supervisory Board Member (Outside) (Independent)

Tenure
New election
Number of the Company's shares owned
0

Apr 1991:Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)

May 2007:General Manager, Product Department, Mega Sports Co., Ltd.

Apr 2010:General Manager, Sales Strategy Department, Mega Sports Co., Ltd.

Apr 2014:Management Auditing Office, AEON Group

Nov 2017:General Manager, Corporate Planning Office, Mega Sports Co., Ltd.

May 2020:Director, General Manager, Business Promotion Division and General Manager, Project Promotion Office, Mega Sports Co., Ltd.

Mar 2021:Director, General Manager, Business Promotion Division, Mega Sports Co., Ltd.


May 2021:Director in charge of Products and Digitalization, G-FOOT Co., Ltd.

Apr 2022:Director, Managing Executive Officer in charge of Sales and Products, G-FOOT Co., Ltd.

Oct 2022:Director, Managing Executive Officer in charge of Sales and EC, G-FOOT Co., Ltd.

Apr 2023:Director, Managing Executive Officer, Assistant to President, G-FOOT Co., Ltd.

May 2023:Full-Time Audit & Supervisory Board Member, the Company



Emi Torii

Outside Member of the Audit and Supervisory Board (Independent)

Tenure
4
Number of the Company's shares owned
0

Nov 2005:Passed the National Bar Examination


Apr 2006:Legal apprentice

Sep 2007:Joined Nozomi Sogo Attorneys at Law

Apr 2015:Kanto-Shinetsu Regional Pension Records Correction Council Committee Member, Ministry of Health, Labour and Welfare (to present)

Apr 2019:Partner, Nozomi Sogo Attorneys at Law (to present)

May 2019:Outside Audit & Supervisory Board Member, AEON MALL Co., Ltd. (to present)



Rumiko Tanabe

Outside Member of the Audit and Supervisory Board (Independent)

Tenure
New election
Number of the Company's shares owned
0

Apr 1992:Joined Asahi Shinwa & Co. Accounting Firm (current KPMG AZSA LLC)

Dec 2004:General Manager and Controller of Finance & Accounting Department, American Home Assurance Company (current American Home Assurance Co., Ltd)

Mar 2006:Consolidated Accounting Team Leader, Fast Retailing Co., Ltd.

Oct 2014:General Manager, Finance Department, HOYA Corporation

Jun 2020:Outside Director (Audit & Supervisory Committee Member), Fast Fitness Japan, Inc.

Jul 2020:Head of TANABE ACCOUNTING (to present)

Sep 2020:Outside Audit & Supervisory Board Member, TechnoPro Holdings, Inc.

Oct 2020:Outside Audit & Supervisory Board Member, Credit Engine Group, Inc.

Sept2022:Outside Director (Audit & Supervisory Board Member), TechnoPro Holdings, Inc. (to present)

May 2023:Outside Audit & Supervisory Board Member, the Company (to present)



Masato Nishimatsu

Audit & Supervisory Board Member

Tenure
3
Number of the Company's shares owned
0

Mar 1978:Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)

May 2000:Director, JUSCO Co., Ltd.

Dec 2001:Acting Trustee for Business, MYCAL Corp. (now AEON Retail Co., Ltd.)

Mar 2007:Finance & Accounting Officer, AEON Group

May 2007:Vice President, AEON Group

May 2007:Audit & Supervisory Board Member, AEON MALL Co., Ltd.

Aug 2008:Vice President, Responsible for Group Accounting and Affiliated Companies, AEON Co., Ltd.

Mar 2013:Director, Senior Managing Director and in charge of Business Management, AEON Retail Co., Ltd.

Feb 2015:Director, Senior Managing Director and in charge of the Financial Units and the Corporate Planning, The Daiei, Inc.

Mar 2016:Executive Officer, Senior Chief Officer of Business Management, AEON Co., Ltd.

Mar 2017:Executive Vice President and Representative Director, and in charge of Administration, AEON Retail Co., Ltd.

May 2018:Audit & Supervisory Board Member, AEON HOKKAIDO Corp. (to present)

Mar 2020:Advisor, AEON Co., Ltd. (to present)

May 2020:Audit & Supervisory Board Member, AEON Delight Co., Ltd. (to present)

May 2020:Audit & Supervisory Board Member, AEON MALL Co., Ltd. (to present)

Mar 2022:Corporate Auditor at Fuji Co., Ltd. (to present)

Please refer to ►P.74 for information on director and auditor skills.

Please refer to our website for reasons for director and Audit & Supervisory Board member selection.

► <https://www.aeonmall.com/en/ir/executives.html>

## Corporate Governance

70 Corporate Governance

71 Basic Approach and Corporate Governance Reform History

72 Corporate Governance Structure

73 Board of Directors

74 Director Expertise and Experience Skills Matrix

75 Board of Directors Operation and Evaluation of Board Effectiveness

76 Officer Compensation

77 Operational Status of Each Committee

78 Protection of Minority Shareholders

79 Succession Planning and Cross-Shareholdings

80 Risk Management

82 Compliance

83 Internal Control System

84 Directors and Audit & Supervisory Board Members

# Financial Performance

## FY2022 Highlights

We recorded higher revenue and profit for the consolidated fiscal year ended February 28, 2023. Operating revenue amounted to ¥398,244 million (+25.7% year on year), while operating income amounted to ¥43,979 million (+15.0%) and ordinary income amounted to ¥36,409 million (+11.9%). Extraordinary losses included losses of ¥3,037 million due to COVID-19 (¥4,075 million in the previous consolidated fiscal year), recorded as fixed costs during temporary closure periods. Extraordinary losses also included impairment loss of ¥4,461 million (¥3,302 million in the previous consolidated fiscal year), provision for loss on store closings of ¥2,017 million (no provision in the previous consolidated fiscal year), and loss on retirement of fixed assets in the amount of ¥2,499 million (¥759 million in the previous consolidated fiscal year) from promoting the revitalization of domestic and overseas malls. As a result, income before income taxes and other adjustments amounted to ¥24,592 million (-6.0% year on year). In addition, total income taxes increased ¥4,573 million year on year, mainly due to the recording of deferred tax assets in connection with the absorption-type merger of our subsidiary, OPA Co., Ltd. As a result, net income attributable to owners of parent decreased to ¥12,994 million (-32.6% year on year).

### ■ Performance by Segment

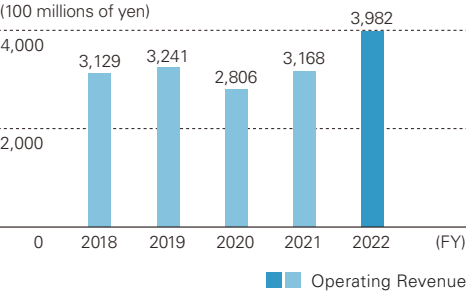
Our Domestic Business recorded higher revenue and profit, with operating revenue in the amount of ¥321,700 million (+23.2% year on year) and operating income of ¥34,114 million (+6.8%). Operating revenue and operating income were +17.0% and -35.0%, compared to fiscal 2019, which was not affected by COVID-19.

During the current consolidated fiscal year, we closed certain malls temporarily in the Tohoku region due to the Fukushima Prefecture earthquake that occurred on March 16. During the previous consolidated fiscal year, we closed a

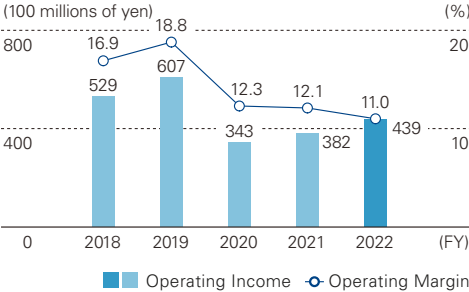
certain number of malls due to the declaration of a state of emergency following the spread of COVID-19 infections in Japan. However, we have operated malls normally through the current consolidated fiscal year, despite the emergence of a seventh wave of COVID-19 infections in July and an eighth wave in December. To attract more customers, we held special events at each mall. In addition, we implemented sales measures under various approaches, including TV commercials to promote the AEON MALL SDGs Festival held September 16 to September 27, as well as collaboration projects with specialty stores on Black Friday and year-end and New Year sales season, etc. As the transition to With-COVID continues in Japan, customer spending behavior has become more active over time. Specialty store sales at existing malls (85 malls) during the fourth quarter (December to February) grew +10.0%. As a result, sales at existing specialty stores in existing malls for the current consolidated fiscal year were up +10.0% year on year. Sales were down -9.2% compared with fiscal 2019 (83 malls).

The Company recorded operating revenue in China in the amount of ¥52,538 million (+21.8% year on year) and operating income of ¥6,634 million (-4.7%). We recorded ¥2,910 million as loss of impact of COVID-19, transferring fixed costs and other expenses incurred during temporary closure periods from operating costs to extraordinary losses. Operating revenue and operating income were +46.5% and +18.0% compared to fiscal 2019. Performance was impacted significantly due to severe restrictions on activities based on the Zero-COVID policy. This policy resulted in temporary closure of certain AEON MALL locations. The government was expected to strengthen large-scale economic stimulus measures in preparation for the Chinese Communist Party Congress in October, and we anticipated a recovery in consumption trends. However, the Zero-COVID policy continued after the conclusion of the Communist Party Congress, and temporary closures occurred intermittently in areas where there were cases of infection. The government relaxed the Zero-COVID policy on December 7, and our malls resumed operations. However, the outbreak of infections in the absence of behavioral restrictions resulted in many specialty stores closing due to the inability of employees to come to work. As a result, specialty store sales at existing malls (21 malls) during the consolidated fiscal year were down -18.1% compared with the previous consolidated fiscal year. Sales were down -14.1% compared with fiscal 2019 (19 malls).

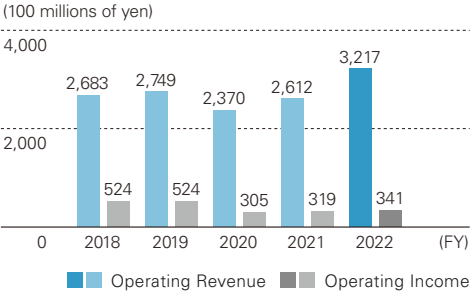
Operating Revenue



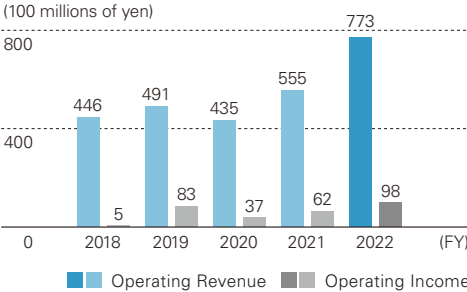
Operating Income/Operating Margin



Domestic Business



Overseas Business



## Corporate Data

- 86 Corporate Data
- 86 Financial Performance
- 89 11-Year Financial Highlights
- 90 11-Year Non-Financial Highlights
- Corporate Profile and Recognition and Certifications from External Organizations
- 92 Stock Information

The Company recorded higher revenue and profit in Vietnam. Operating revenue amounted to ¥13,283 million (+124.2% year on year) and operating income in the amount of ¥3,063 million (compared with a loss of ¥83 million in the previous consolidated fiscal year). Operating revenue and operating income were +145.1% and +144.2%, compared to fiscal 2019. All specialty stores across all business types were open for business in our malls as the government shifted to a With-COVID policy. Customers flocked to our malls that offered leisure functions such as shopping, amusement, and dining. As a result of seasonal sales, Black Friday sales, and other sales promotion activities at each mall, specialty store sales at existing malls (6 malls) during the current consolidated fiscal year rose significantly at +110.1% compared with the previous consolidated fiscal year. Sales were up +39.6% compared with fiscal 2019 (4 malls).

The Company recorded operating revenue in Cambodia in the amount of ¥5,672 million (+89.0% year on year) and operating income of ¥1,145 million (+133.2%). Operating revenue and operating income were +40.9% and -3.2% compared to fiscal 2019. Restrictions on activities in the country were eased significantly. AEON MALL Sen Sok City (Phnom Penh City) sponsored a public broadcast event in the TV station studio located in the mall, sponsored sales promotion activities, held events, and engaged in other measures to attract more customers. As a result, specialty store sales at existing malls (2 malls) during the current consolidated fiscal year were up +61.3% compared with the previous consolidated fiscal year. Sales were down -8.0% compared with fiscal 2019 (2 malls).

The Company recorded higher revenue in Indonesia of ¥5,897 million (+66.9% year on year). We also recorded a ¥96 million improvement in operating loss to ¥987 million (compared with an operating loss of ¥1,084 million in the previous consolidated fiscal year). Compared to fiscal 2019, operating revenue increased +53.5% and operating income decreased ¥1,235 million yen. All of our malls in Indonesia returned to regular operating hours in April, and restrictions on the number of customers allowed in facilities were lifted in May, as the government lowered the level of activity restrictions in response to a decrease in the number of new COVID-19 infections. In August, AEON MALL BSD CITY (Tangerang City, Banten Province) held an educational and hands-on event related to local production for local consumption. The event catered to local children through an association of Indonesian organic farmers as part of an industry-academia-government collaboration and was featured on a leading local TV station. Activities like these aid the Company in our efforts to attract more customers through strengthening our brand. As a result, customer traffic at existing malls (3 malls) during the current consolidated fiscal year was up +36.0% compared with the previous consolidated fiscal year. Customer traffic was -24.9% compared with fiscal 2019 (2 malls).

■ Assets, Liabilities, and Net Assets

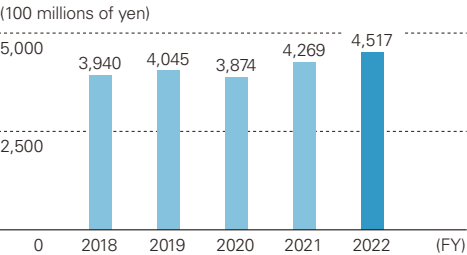
Total assets amounted to ¥1,559,592 million, up ¥96,336 million compared to the end of the previous consolidated fiscal year. This result was mainly due to investments of ¥109,998 million, in excess of depreciation and amortization expense of ¥70,422 million, incurred for the opening of new malls, the revitalization of existing malls, and upfront costs for purchasing land for existing malls and for future mall development, leading to an increase in property, plant and equipment of ¥65,534 million. Also, deposits paid to affiliates increased ¥16,000 million and cash and deposits increased ¥5,534 million. In addition, we recorded a significant increase in cash due to the impact of foreign currency translation.

Total liabilities stood at ¥1,107,881 million, up ¥71,556 million from the end of the previous consolidated fiscal year. This result was mainly due to a decrease of ¥12,424 million yen in lease obligations (including lease obligations under current liabilities), and increases of ¥40,000 million in bonds (including current portion), ¥9,030 million in long-term debt (including current portion), ¥17,204 million in accounts payable-other related to facilities, and ¥8,493 million in deposits received from specialty stores.

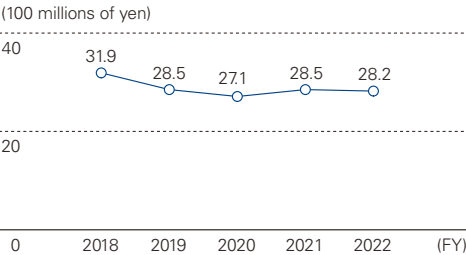
Net assets totaled ¥451,711 million, up ¥24,779 million compared to the end of the previous consolidated fiscal year. This result was mainly due to an increase in retained earnings of ¥449 million stemming from the recording of ¥12,994 million

in net income attributable to owners of parent, payment of ¥11,377 million in dividends, and a decrease of ¥1,167 million in retained earnings due to the application of Accounting Standard for Revenue Recognition. At the same time, the Company recorded an increase of ¥23,316 million in foreign currency translation adjustments.

Net Assets



Equity Ratio



■ Cash Flows

Cash and cash equivalents ("Cash") as of the current consolidated fiscal year amounted to ¥101,101 million, up ¥18,127 million compared to the end of the previous consolidated fiscal year. Cash flows in the period under review were as follows:

Net cash provided by operating activities amounted to ¥101,490 million, compared to cash flows of ¥61,492 million in the previous consolidated fiscal year. This result was mainly due to income before income taxes and other adjustments of ¥24,592 million (¥26,149 million in the year-ago period), depreciation and amortization of ¥70,422 million (¥63,735 million in the year-ago period), and an increase in deposits received from specialty stores of ¥8,010 million (decrease of ¥22,122 million in the year-ago period). These amounts were offset in part by income taxes paid of ¥12,456 million (¥11,403 million in the year-ago period).

Net cash used in investing activities amounted to ¥103,276 million, compared to cash flows of ¥122,382 million in the previous consolidated fiscal year. This result was mainly due to payments for purchases of property, plant and equipment in the amount of ¥99,670 million (¥117,864 million in the previous consolidated fiscal year). These payments include those for facilities at THE OUTLETS KITAKYUSHU (Fukuoka Prefecture), which opened in the current consolidated fiscal year, and AEON MALL Meanchey (Phnom Penh, Cambodia). Other purchases such as those of land for existing malls, as well as upfront costs for the purchase of land for future development, also affected these results.

Net cash provided by financing activities amounted to ¥13,515 million, compared to net cash provided of ¥8,225 million for the same period in the previous fiscal year. This result was mainly due to proceeds from the issuance of bonds in the amount of ¥80,000 million (¥65,000 million in the previous consolidated fiscal year) and proceeds from long-term debt of ¥51,053 million (¥34,026 million in the previous consolidated fiscal year). During the same period, the Company made cash outlays for repayment of long-term debt of ¥46,670 million (¥33,644 million in the previous consolidated fiscal year), redemptions of bonds of ¥40,000 million (¥30,000 million in the previous consolidated fiscal year), ¥18,925 million in repayment of lease obligations (¥16,384 million in the previous consolidated fiscal year), and ¥11,377 million in dividend payments (¥10,239 million in the previous consolidated fiscal year).

86 Corporate Data

86 Financial Performance

89 11-Year Financial Highlights

90 11-Year Non-Financial Highlights

Corporate Profile and Recognition and Certifications from External Organizations

92 Stock Information

Outlook for FY2023

For our Overseas Business, the Chinese government relaxed the Zero-COVID policy on December 7, 2022. Economic activity and consumer behavior have been increasing rapidly under the With-COVID policy, and we expect mall sales to recover to a +30% year-on-year growth trajectory for fiscal 2023. In ASEAN, we expect double-digit growth across the region as a whole, supported by ongoing high economic growth, particularly in Vietnam.

We plan to open one new mall in China and one new logistics center in Cambodia during fiscal 2023. Our overseas business has entered a stage of expanding profits as a growth driver for the Company, and we will proceed in securing a pipeline to accelerate the opening of new malls in the future. At the same time, we are moving forward with renovations for new tenants, floor space expansions, and initiatives to improve our operations at existing malls.

Consumer behavior in Japan is picking up with the transition to With-COVID, including the policy to allow individuals a choice in wearing masks as of March 13, 2023. We expect mall sales to grow +10% for fiscal 2023. We plan to open four new properties during fiscal 2023. We intend to grow earnings at existing malls by pursuing aggressive floor space expansion and renovations, while opening new malls that take advantage of the characteristics of the locations where they are situated.

FY2023 Consolidated Results Earnings Plan (March 1, 2023 - February 29, 2024)

	Operating Revenue		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income Per Share Yen
	Million Yen	YoY (%)	Million Yen	YoY (%)	Million Yen	YoY (%)	Million Yen	YoY (%)	
1st Half (March 1, 2023 - August 31, 2023)	220,000	113.3	27,500	120.5	22,500	121.4	15,000	210.6	65.91
Full Year	447,000	112.2	58,500	133.0	49,000	134.6	27,000	207.8	118.65

Policy on Dividends

AEON MALL recognizes that returning profits to shareholders through improving earnings power is a key management priority. Our basic policy on income distribution emphasizes steady dividend payments to shareholders, while using internal reserves to invest in structural business improvements, including investments in growth businesses, new businesses, and other areas that strengthen our operating foundation. Our policy is to maintain a consolidated payout ratio of at least 30%.

We issue dividends twice annually, in the interim and at the end of the fiscal year, according to the provisions of Article 459, Paragraph 1 of the Companies Act. The Company's articles of incorporation state that dividends paid from surplus are to be determined by resolution of the board of directors.

At a meeting held on April 11, 2023, our board of directors resolved to pay year-end dividends of ¥25 per share, in line with our initial plan. In combination with an interim dividend of ¥25 per share, our annual dividend for the current consolidated fiscal year amounted to ¥50 per share. Consolidated payout ratio was 87.6%.

We expect the annual dividend for the next consolidated fiscal year to remain unchanged at ¥50 per share.

Corporate Data

86	Corporate Data
86	Financial Performance
89	11-Year Financial Highlights
90	11-Year Non-Financial Highlights
	Corporate Profile and Recognition and Certifications from External Organizations
92	Stock Information



# 11-Year Financial Highlights

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022
<b>Consolidated Fiscal Year</b>	Millions of Yen											Thousands of U.S. Dollars (Note)
Operating revenue	161,427	176,931	203,902	229,754	269,793	288,111	312,976	324,138	280,688	316,813	398,244	2,920,964
Operating income	41,743	42,227	41,872	43,870	44,935	49,211	52,987	60,794	34,394	38,228	43,979	322,574
Operating margin (%)	25.9	23.9	20.5	19.1	16.7	17.1	16.9	18.8	12.3	12.1	11.0	11.0
EBITDA	63,365	66,173	71,447	75,959	82,993	87,654	95,627	117,653	92,981	101,964	114,401	839,093
Segment profit												
China	(1,411)	(2,306)	(3,529)	(4,448)	(3,451)	(1,132)	(453)	5,622	2,296	6,958	6,634	48,660
ASEAN	(105)	(536)	(944)	(1,013)	(348)	248	999	2,686	1,474	(701)	3,205	23,510
Japan	43,260	45,069	46,346	49,322	48,716	50,074	52,415	52,460	30,597	31,945	34,114	250,218
Net income attributable to owners of parent	21,865	23,430	24,513	24,639	28,527	30,542	33,538	34,239	(1,864)	19,278	12,994	95,309
Capital expenditure	67,960	114,859	181,953	207,215	163,407	190,100	217,101	99,633	59,738	122,243	102,297	750,315
Depreciation and amortization	21,621	23,945	29,574	32,088	38,058	38,443	42,640	56,858	58,586	63,735	70,422	516,518
Cash flows from operating activities	63,226	44,382	76,152	61,785	73,646	80,616	90,600	133,645	61,621	61,492	101,490	744,390
Cash flows from financing activities	35,493	17,232	54,994	73,446	8,312	44,841	91,199	22,808	12,244	8,225	13,515	99,133
Free cash flow	(6,525)	(2,761)	(51,353)	(84,547)	10,072	(61,393)	(85,589)	37,862	(2,822)	(60,890)	(1,786)	(13,099)
Cash and cash equivalents	39,292	59,096	67,222	53,652	69,593	54,223	55,414	114,368	124,080	82,973	101,101	741,536
<b>Per-Share Data</b>	Yen											U.S. Dollars (Note)
Net income	109.73	106.96	107.58	108.43	125.45	134.29	147.45	150.50	(8.19)	84.72	57.10	0.42
Net assets	1,079.22	1,295.30	1,438.25	1,481.77	1,539.36	1,642.59	1,685.46	1,731.11	1,658.23	1,830.21	1,935.77	14.20
Dividends	22.00	22.00	22.00	22.00	27.00	35.00	38.00	40.00	40.00	50.00	50.00	0.37
<b>Consolidated Fiscal Year-End</b>	Millions of Yen											Thousands of U.S. Dollars (Note)
Total assets	630,887	759,245	900,957	974,970	1,012,758	1,123,781	1,203,211	1,381,217	1,394,199	1,463,256	1,559,592	11,438,996
Net assets	217,776	298,526	332,536	339,849	356,203	385,561	394,059	404,522	387,486	426,931	451,711	3,313,122
Equity	215,046	295,124	327,708	333,547	350,073	373,572	383,393	393,849	377,318	416,455	440,495	3,230,860
Interest-bearing debt	220,146	190,366	253,798	334,406	360,292	405,749	506,975	666,076	709,659	757,593	794,199	5,825,137
<b>Financial Indicators</b>												
Equity ratio (%)	34.1	38.9	36.4	34.2	34.6	33.2	31.9	28.5	27.1	28.5	28.2	
ROE (Ratio of net income to equity) (%)	10.7	9.2	7.9	7.5	8.3	8.4	8.9	8.8	(0.5)	4.9	3.0	
ROA (Ratio of net income to total assets) (%)	3.7	3.4	3.0	2.6	2.9	2.9	2.9	2.6	(0.1)	1.3	0.9	
ROIC (Return on invested capital) (%)	—	—	4.9	4.5	4.4	4.6	4.4	4.3	2.2	2.4	2.5	
D/E ratio (times)	1.0	0.6	0.7	1.0	1.0	1.0	1.3	1.6	1.8	1.8	1.8	
Net D/E ratio (times)	0.8	0.4	0.5	0.8	0.8	0.9	1.1	1.5	1.5	1.6	1.5	
PER (Price earnings ratio) (times)	19.0	26.3	21.4	14.7	13.7	16.6	12.3	10.1	—	19.0	31.1	
PBR (Price book-value ratio) (times)	1.9	2.1	1.6	1.0	1.1	1.3	1.0	0.8	1.0	0.8	0.9	

Note: Amounts in U.S. dollars are for convenience only, calculated at an exchange rate of ¥136.34 to US\$1, the approximate rate on February 28, 2023.

\* AEON MALL issued 23.5 million and 2.5 million new shares on June 19, 2013 and July 12, 2013, respectively.

AEON MALL conducted a 1.1 for 1 split for common shares on August 1, 2013. Accordingly, fiscal 2012 net-income per share has been calculated assuming this stock split occurred as of the first day of fiscal 2012.

\* Due to a change in fiscal year, fiscal 2012 consists of the 12-month-eight-day period from February 21, 2012 to February 28, 2013.

## Corporate Data

86 Corporate Data

86 Financial Performance

89 11-Year Financial Highlights

90 11-Year Non-Financial Highlights

Corporate Profile and  
91 Recognition and Certifications  
from External Organizations

92 Stock Information

Introduction

Top Message

2030 Vision

Value Creation

Value Creation  
Strategy

Corporate  
Governance

Corporate Data

# 11-Year Non-Financial Highlights

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<strong>Non-Financial Indicators</strong>											
No. of malls (Japan/Overseas)	64(61/3)	138(133/5)	148(139/9)	161(144/17)	166(147/19)	174(150/24)	180(153/27)	172(142/30)	174(142/32)	174(140/34)	178(143/35)
New malls (Japan/Overseas)	3(2/1)	7(5/2)	11(7/4)	13(5/8)	7(5/2)	10(5/5)	7(4/3)	4(1/3)	3(1/2)	6(4/2)	3(2/1)
No. of reactivated malls (floor space expansion/renovation)	5(1/4)	11(0/11)	8(0/8)	12(1/11)	20(2/18)	14(2/12)	8(2/6)	15(4/11)	10(2/8)	10(1/9)	12(0/12)
No. of urban Shopping centers	—	—	—	—	20	21	23	23	22	22	21
Total leasing area (m²)											
Japan	3,498,400	6,615,900	6,996,700	7,312,900	7,753,950	7,923,800	8,154,700	7,876,500	7,922,700	7,985,700	8,075,700
Overseas	170,000	283,300	544,300	1,136,000	1,266,000	1,599,700	1,828,000	2,072,000	2,251,000	2,366,000	2,480,000
Total	3,668,400	6,899,200	7,541,000	8,448,900	9,019,950	9,523,500	9,982,700	9,948,500	10,173,700	10,351,700	10,555,700
Energy consumption (crude oil equivalent kl)	96,083	100,598	106,155	114,856	117,278	118,030	118,723	117,801	112,922	127,251	124,691
Energy consumption intensity (denominator: floor space/mall operating hours) (GJ/1,000 m² x h)	0.539	0.510	0.475	0.453	0.432	0.410	0.401	0.379	0.364	0.384	0.373
Energy consumption intensity YoY (%)	92.21	94.62	93.01	95.45	95.33	94.88	97.86	94.43	95.99	105.49	97.06
Waste recycling volume (t)	46,603	48,467	54,348	60,271	62,805	65,748	68,977	71,066	56,032	65,707	69,949
Waste recycling rate (%)	82.9%	83.2%	84.3	86.6	86.8	86.1	86.9	89.4	88.7	92.7	90.6
Water consumption (m³)	3,183,332	3,328,665	3,175,143	3,354,719	3,592,795	3,612,049	3,629,433	3,596,512	3,146,507	3,457,894	3,496,469
Water consumption intensity (denominator: floor space/mall operating hours) (m³/1,000 m² x h)	0.46	0.44	0.37	0.34	0.34	0.32	0.32	0.30	0.26	0.27	0.27
Trees planted (Japan, Overseas, ASEAN)	2,695,000	2,788,000	3,046,000	3,190,000	3,275,000	3,344,000	3,467,000	3,496,000	3,550,000	3,578,000	3,617,800
No. of malls with EV charging stations (Japan, China, ASEAN)	25	35	73	128	136	149	158	154	155	158	173
No. of EV chargers (Japan, China)	60	103	187	516	1,045	1,944	2,332	2,404	2,418	2,424	2,663
No. of employees (consolidated)	1,042	1,689	2,024	2,313	2,871	3,091	3,303	3,447	3,656	3,756	3,801
No. of female managers	79	99	112	115	121	136	151	155	165	192	193
Ratio of female managers to total managers (%)	—	12.5	13.1	13.2	13.7	14.2	15.1	17.4	18.0	19.4	20.4
No. of female officers	—	—	2	2	2	3	4	4	4	6	5
Ratio of female officers to total officers (%)	—	—	12.5	13.3	13.3	17.6	23.5	23.5	22.2	35.3	33.3
No. of local staff members overseas	—	392	580	829	956	1,113	1,125	1,288	1,429	1,465	1,563

\* Figures for energy, waste, and water do not include those for PM contracted malls. Rates provided use multipliers including floor space of common areas and back areas.

\* Energy consumption, energy consumption intensity, and energy usage reduction figures are fiscal April through fiscal March figures in conformance with the regular reporting requirements of the Act on the Rational Use of Energy.

\* Figures for waste output volume, recycling volume, and recycling rate are aggregated figures for specialty stores, common areas, and AEON MALL offices.

\* Figures for water consumption and water consumption intensity are aggregated figures for common areas and AEON MALL offices.

\* The number of trees planted is an aggregated number of trees in all malls including PM contracted properties.

\* Figures for ratio of female managers to total managers before fiscal 2012 are not listed, because the number of employees increased as a result of signing a PM contract for the malls of AEON Retail Co., Ltd. in 2013.

\* The number of local staff members overseas is listed in and after fiscal 2013, since when the opening of malls has accelerated.



## Corporate Data

86 Corporate Data

86 Financial Performance

89 11-Year Financial Highlights

90 11-Year Non-Financial Highlights

Corporate Profile and  
91 Recognition and Certifications  
from External Organizations

92 Stock Information

Company Name: AEON MALL Co., Ltd. (Stock Code: 8905)  
Date Established: November 1911  
Representative: Yasutsugu Iwamura, President  
Common stock: ¥42,381 million  
Headquarters: 1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba 261-8539, Japan  
No. of Shopping Malls: 199 (Domestic 164/Overseas 35)  
\* Includes OPA Co., Ltd. (urban shopping center business converted to subsidiary in March 2016) and other affiliates.  
Business Activities: Business Activities Large scale community development and shopping mall development and operation  
Real estate sales, lease, brokerage [Minister of Land, Infrastructure and Transport (4) No. 7682]  
No. of Employees: 3,801

Offices

Eastern Japan Branch	Fuundo Honkan Building 5F, 1-2 Kandaogawamachi, Chiyoda-ku, Tokyo 101-0052, Japan
Sendai Office	Sendai Minamimachi-dori Building 7F, 3-6-12 Chuo, Aoba-ku, Sendai-shi, Miyagi 980-0021, Japan
East Kanto Division Office	AEON MALL Makuhari Shintoshin Family Mall, 1-1 Toyosuna, Mihama-ku, Chiba-shi, Chiba 261-8535, Japan
Central Japan Branch	Kurabo Annex Building 12F, 2-4-11 Kyutaromachi, Chuo-ku, Osaka-shi, Osaka 541-0056, Japan
Nagoya Office	Aizo building 4F, 5-25-1 Meieki, Nakamura-ku, Nagoya-shi Aichi 450-0002, Japan
Western Japan Branch	Sankyo Fukuoka Building 5F, 2-9-11 Hakataekiminami, Hakata-ku, Fukuoka-shi, Fukuoka 812-0016, Japan
Kobe Office	2-1-1 Nakanoshima, Hyogo-ku, Kobe-shi, Hyogo 652-0844, Japan
Hiroshima Office	1-3-52 Danbara-minami, Minami-ku, Hiroshima-shi, Hiroshima 732-0814, Japan

Recognition and Certifications from External Organizations

Inclusion in ESG Indexes



**FTSE Blossom Japan Sector Relative Index**

Selected for inclusion in an industry-specific investment index in the ESG field developed by FTSE Russell



**MSCI Japan Empowering Women Index (WIN)**

Selected for inclusion in the investment index developed by MSCI for gender-diverse companies



**2023 Sompo Sustainability Index**


Selected for inclusion in the investment index developed by SOMPO Asset Management for ESG investments



**S&P/JPX Carbon Efficient Index**


Selected for inclusion in the investment index developed by S&P Dow Jones Indices LLC focused on carbon efficiency, etc.

Certifications and Evaluations for ESG-Related




**CDP DISCLOSURE INSIGHT ACTION**

Assigned A- rating by CDP




**CDP SUPPLIER ENGAGEMENT LEADER 2022**

Recognized for 2 consecutive years as a Leader Board Company; Highest CDP Supplier Engagement Rating




**G R E S B**  
★★★★☆ 2022

Awarded 4 Star Rating in the 2022 GRESB Real Estate Assessment




**CLIMATE GROUP EV100**

First Japanese company to participate in EV100




**健康経営優良法人 2023**  
Health and productivity

2023 Certified Health & Productivity Management Outstanding Organization (Large Enterprise)




**Platinum Eruboshi Certification**

Obtained Platinum Eruboshi Certification from the Minister of Health, Labour and Welfare on the basis of the Act on Promotion of Women's Active Engagement in Professional Life



**Child-rearing Support Company**

Certified as a Child-rearing Support Company by the Minister of Health, Labour and Welfare



**CASBEE**  
不動産 2022  
総合評価S級(2022)

Certified as Superior (highest of 5 levels) under the CASBEE for Real Estate System in 2022

Please refer to our website for information on certifications and evaluations obtained from external organizations not mentioned above.  
[▶ https://www.aeonmall.com/en/esg/basicdata/03/](https://www.aeonmall.com/en/esg/basicdata/03/)

Corporate Data

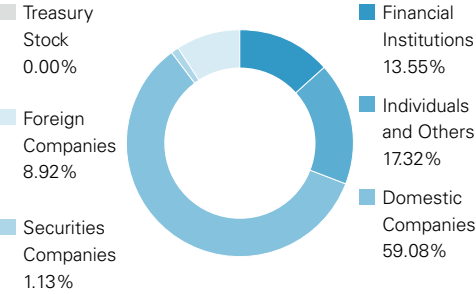
86	Corporate Data
86	Financial Performance
89	11-Year Financial Highlights
90	11-Year Non-Financial Highlights
91	Corporate Profile and Recognition and Certifications from External Organizations
92	Stock Information

# Stock Information (as of February 28, 2023)

## General Stock Information

Authorized No. of Shares: 320,000,000 shares  
No. of Shares Issued: 227,559,339 shares  
No. of Shareholders: 200,850

## Distribution of Shareholders



## Shareholder Notes

Fiscal Year End: February 28 (or 29)  
Record date: Record Date for Annual General Meeting of Shareholders February 28 (or 29)  
Record Date for Year-End Dividend February 28 (or 29)  
Record Date for Interim Dividend August 31

Annual General Shareholders' Meeting: Held annually by the end of May  
Minimum Trading Unit: 100 shares  
Stock Listing: 1-3-3 Marunouchi, Chiyoda-ku, Tokyo, Japan  
Mizuho Trust & Banking Co., Ltd.

## Major Shareholders (Top 10)

Name/Company Name	Number of Shares Owned (1,000 shares)	Percentage (%)
AEON Co., Ltd.	132,351	58.16
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,430	5.90
Custody Bank of Japan, Ltd. (Trust Account)	7,423	3.26
Bnymsanv as Agent / Clients Lux Ucits Non Treaty 1	2,614	1.14
Japan Securities Finance Co., Ltd.	1,656	0.72
AEON MALL Trading-Partner Shareholding Association	1,500	0.65
State Street Bank West Client -Treaty 505234	1,417	0.62
Mizuho Bank, Ltd.	1,100	0.48
The Norinchukin Bank	1,100	0.48
Sumitomo Mitsui Trust Bank, Limited	1,100	0.48

Notes 1) Shareholdings are rounded down to the nearest 1,000 shares.  
2) Ownership ratios have been calculated excluding treasury stock (4,270 shares) and rounded to the nearest hundredth.

## Credit Rating (as of February 28, 2023)

Rating Agency	Long-Term Rating	Short-Term Rating
Japan Credit Rating Agency, Ltd. (JCR)	A	—
S&P Global Ratings	BBB	—
Rating and Investment Information, Inc. (R&I)	A-	a-1