

Value Creation Strategy

AEON MALL pursues strategies to maximize value from the work of community co-creation, striving to achieve our 2030 Vision. In light of the business environment and social changes in which we find ourselves, we selected two measures for growth under our FY2023-FY2025 Three-Year Medium-Term Management Plan: (1) Pursue a Regional Shift in Japan and Overseas; and (2) Create a Platform for Health and Wellness. In this section we discuss our measures for growth, as well as the direction and role of our financial strategy, sustainability strategy, human resources strategy, respect for human rights, and environmental strategy, all of which are indispensable to these efforts.



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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.

2017 Medium-Term Management Plan (FY2017 to FY2019)

2020 Medium-Term Management Plan (FY2020 to FY2022)

FY2023–FY2025 Three-Year Medium-Term Management Plan

Growth Initiatives		Conduct a turnaround in overseas business and achieve a stable growth trajectory <ol style="list-style-type: none"> 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 			Strengthen our business portfolio based on overseas profit growth <ol style="list-style-type: none"> 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 Identified five management issues and implemented solutions <ol style="list-style-type: none"> 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 		
Quantitative Goals		2017–2019 Three-Year Medium-Term Plan Results			2020–2022 Three-Year Medium-Term Plan Results		
		2017	2018	2019	2020	2021	2022
Consolidated Results	Operating revenue (100 millions of yen)	2,881	3,129	3,241	2,806	3,168	3,982*4
	Operating income (100 millions of yen)	492	529	607	343	382	439
Operating income by segment	Malls in Japan (100 millions of yen)	497	527	526	318	334	363
	Urban Shopping Center Business (100 millions of yen)	3	-3	-2	-12	-15	-22
	Overseas Business (100 millions of yen)	-8	5	83	37	62	98
Target Performance Indicators	EPS Growth Rate (%)**1*2	—	—	—	—*3	-25.0	-27.6
	Net interest-bearing debt EBITDA (times)*1	—	—	—	6.2	6.6	6.0
	ROIC (%)	4.6	4.4	4.3	2.2	2.4	2.5
Results	No. of Malls	•We opened 21 new malls (10 in Japan, 11 overseas).			•We opened 12 new malls (seven in Japan, five overseas).		
	Japan	•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.			•In Japan, AEON MALL developed new mall formats that transcended the framework of traditional retail facilities, including the development of combined office/retail facilities.		
	Overseas	•The number of overseas mall openings exceeded the number of Japan mall openings; the shift to overseas is in full swing. The Company swung to a net profit in fiscal 2018.			•In Vietnam, a country experiencing remarkable economic growth, we secured a pipeline of mall openings by concluding mutual cooperation agreements with local governments.		
Issues		•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 reform of the OPA (urban) business model. Cash flow generation capacity declined in some malls.		

Pursue business model reform in Japan and overseas and engage in ESG management

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.

Initiatives

- Pursue a 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 innovation 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		FY2023 (Actual)	FY2024 (Plan)	FY2025 Quantitative Targets	
Consolidated results	Operating revenue (100 millions of yen)	4,231	4,535	4,800	(100 millions of yen)
	Operating income (100 millions of yen)	464	550	690	800
Operating income by segment	Malls in Japan (100 millions of yen)	376	430	490	
	Urban Shopping Center Business (100 millions of yen)	-17	-15	-10	
	Overseas Business (100 millions of yen)	105	135	210	
Target performance indicators	EPS growth rate (%)**1*2	-12.1	-13.6	0.1	
	Net interest-bearing debt EBITDA (times)*1	6.2	5.8	5.9	
	ROIC (%)	2.5	2.8	3.3	

Background Behind Changes in Medium-Term Quantitative Targets

- In the first year of the three-year medium-term plan (FY2023), each country made full-scale transitions to With-COVID-19 lifestyles. Based on these transitions, our initial forecast assumed domestic sales would return to pre-COVID-19 levels and overseas business would return to pre-COVID-19 growth. However, we did not meet our goal by 12.1 billion yen in operating income due to delays in these transitions.
- Recent results have deviated from plans. In response, we revised FY2024 and FY2025 plans in consideration of current trends and risk scenarios. (We changed our FY2025 operating income target from 85 billion yen to 69 billion yen)

*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 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



Philosophy and Vision

Value Creation

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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.

As of April 9, 2024

		FY2023 Actual	FY2024 Plan	FY2025 Plan
Earnings	Operating revenue	¥423,100 million	¥453,500 million	¥480,000 million
	Operating income	¥46,400 million (11.0% margin)	¥55,000 million (12.1% margin)	¥69,000 million (14.4% 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 +38.8% 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

ROIC fell short due to the increase of upfront investments to secure new overseas properties for future growth. We aim to achieve this target through improved cash flow in line with future profit growth.

Item	Type	Target	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (Plan)	FY2025 (Projection)
EPS Growth Rate	Growth	7% average annual growth (indexed from 2019)	2.1% (YoY)	—*	–25.0%	–27.6%	–12.1%	–13.6%	0.1%
Net Interest-Bearing Debt EBITDA Ratio	Safety	4.5 times or lower	4.7 times	6.2 times	6.6 times	6.0 times	6.2 times	5.8 times	5.9 times
ROIC	Efficiency	At least 5%	4.3%	2.2%	2.4%	2.5%	2.5%	2.8%	3.3%

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.



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

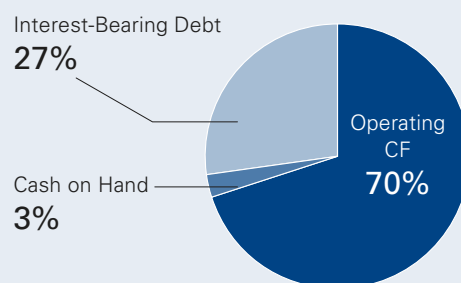
Funds Acquisition Plan

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)

	FY2023 Actual	FY2024 Plan	FY2025 Plan	Three-Year Total
Capital investment	900	1,600	2,400	4,900
Other	650	550	300	1,500
Total expenditures	1,550	2,150	2,700	6,400
Operating CF	1,270	1,500	1,700	4,470
Cash on hand	30	150	0	180
Interest-Bearing Debt	250	500	1,000	1,750
Procurement Total	1,550	2,150	2,700	6,400

Fund Sources Three-Year Breakdown

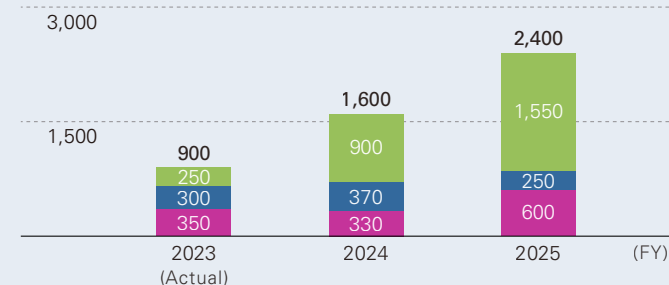


Capital Investment Plan

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

■ ASEAN ■ China ■ Japan

(100 millions of yen)



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	3	7	99

* In addition to the above, we contract the management and operations of 49 commercial facilities of AEON Retail and AEON Tohoku.

* Shopping Mall Festa ceased operations temporarily on August 31, 2023, for renovation into a new commercial facility.

* QUALITE PRIX is no longer under AEON MALL management and operation as of June 30, 2024.

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	2	5	26

* AEON MALL Beijing International Mall (China) ceased operations on June 24, 2023, when the lease agreement with the building owner expired.

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	2	5	18

* AEON MALL Beijing International Mall (China) ceased operations on June 24, 2023, when the lease agreement with the building owner expired.

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

* Mall names are tentative

	2023	2024	2025
Japan	•Toyokawa •THE OUTLETS SHONAN HIRATSUKA •CeeU Yokohama •JIYUGAOKA de aone	—	•Suzaka •Sendai Amamiya* 1 other
China	•Wuhan Jiangxia	•Hangzhou Qiantang •Changsha Xingsha	•Changsha Xiang Jiang Xinqu 1 other
ASEAN	•Sihanoukville FTZ Logistics Center (Cambodia)	•Delta Mas (Indonesia) •Hue (Vietnam)	•2 others (to be announced)



Initiatives

Pursue a Regional Shift in Japan and Overseas

Create a Platform for Health and Wellness

Business Environment

Issues (As Is)

Policies (To Be)

Population Decline

Depopulation of Rural Areas

Soaring Construction Costs

Acceleration of E-Commerce

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 must analyze the characteristics that make each community special, engage in businesses beyond the framework of commercial shopping facilities, and enhance our corporate value in each region.

Changing mindsets and developments in science and technology throughout a 100-year life expectancy have given many people the opportunity to rethink their own health, happiness, and values.

As people grow more conscious of self-actualization and well-being, they tend to focus more on both physical and mental health.



Pursue a Regional Shift in Japan and Overseas

Focusing on local issues and taking 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.



Create a Platform for Health and Wellness

Supporting Individual Life Design to Achieve Well-Being

Serving as a Life Design Producer, supporting the creation of well-being

AEON MALL facilities create spaces offering abundant lifestyles leading to self-actualization based on physical health, mental health, environmental health, and social health. As a Life Design Producer, we create platforms through our businesses to support Well-Being Life Design.



Gain Point Value Proposal

Maximize customer satisfaction through comprehensive marketing activities and by understanding the latent needs of the community

Goals

Design abundant lifestyles leading to self-actualization based on physical health, mental health, environmental health, and social health

Remove Pain Points

Approaches to resolve customer concerns and dissatisfactions, creating a clean slate
Approaches must consider not only people, but also local communities and the environment



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Initiatives



Health Initiatives The AEON MALL Approach to Health and Wellness

AEON MALL strives to extend healthy life expectancy as a community health center, aiming to foster well-being for our customers.

Health is the sum total of our daily lives. As AEON MALL is rooted in our local communities and attracts a wide variety of customers, we aspire to create spaces where even people who are not interested in health can enjoy themselves and become healthier in natural and fun ways.

Going forward, we will strive for customer well-being from a long-term perspective based on the 10 policies shown in the matrix that follows.

Our Vision

AEON MALL towns encourage all to live healthy lifestyles in their own way.

01

Accessible to all, even the sick or disabled



Selection Method

Based on the guidelines for improving social environments and creating environments fostering health naturally, etc., in Health Japan 21 (Third Term), AEON MALL created a summary under the three points listed above. We referenced our 2030 Vision and the nature of our malls as commercial facilities where even customers not interested in health can enjoy daily living.

02

Connections with the mall for naturally better health



03

Energized communities



Initiatives to Strengthen

We aim to take advantage of AEON MALL venues to strengthen our efforts related to exercise, food, and social interaction.

We will also develop a data infrastructure to analyze the effectiveness of our efforts and accumulate information.



Exercise



Food



Social Interaction

Selection Method

Based on the policy, we mapped the intersection of health issues in Japan with our social responsibility and capabilities. We summarized these intersections into the three effective approaches listed above, which are highly significant for us to address and encompass many health issues that we can impact positively.

	01 Accessible to all, even the sick or disabled	02 Connecting with the mall for naturally better health	03 Energized communities
Exercise	1. A variety of means for anyone to visit our malls	2. Unconscious exercise, forming exercise habits	3. Expand exercise and walking habits throughout the community
Food	4. Offer food and dining everyone can enjoy	5. Unconscious eating of a healthy diet	6. Expand access to nutrition education and healthy eating in the community
Social Interaction	7. Offer shopping everyone can enjoy	8. Connect people and society through our malls	9. Protect and expand connections throughout the community

10. Establish a system to accumulate evidence and data

Examples of Past Exercise Initiatives

01

Accessible to all, even the sick or disabled

AEON MALL walking courses are available in every mall to provide a safe and secure space in all weather conditions.

02

Connecting with the mall for naturally better health

The AEON MALL app incorporates a walking function, and we sponsor a lottery to award points based on the number of steps taken.



03

Energized communities

AEON MALL Miyazaki was commissioned by Miyazaki Prefecture to conduct a project to promote the habit of sports participation. The mall held regular walking events in cooperation with the local government.

Growth Initiatives (Priority Measures)



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



To Further Our Presence in Asia

Daisuke Isobe

Director
In Charge of Overseas
Business Division

China

Redesigning Area Strategies to Respond to Changes in the Business Environment

Since opening our first mall in Beijing in 2008, AEON MALL has grown to 23 malls in China (as of August 2024) by focusing on four regions: Beijing and Tianjin, Hubei Province, Jiangsu Province, and Guangdong Province. In Wuhan City (Hubei Province) and Suzhou City in (Jiangsu Province), we established area branding by opening malls ahead of the competition, gaining tremendous support from our customers. In 2024, we plan to open our first mall in Changsha City, Hunan Province, and we will continue to open malls with a focus on inland regions offering high growth potential.

Our strength in China lies in the services and customer consideration. In particular, the convenience provided by our vast flat parking lots has become a major differentiating factor not found at other facilities. Another competitive advantage is the strengths we cultivated in mall operations in Japan. These strengths include comfort and cleanliness, customer service, relationships with specialty retailer companies, and maintaining a freshness to our malls through systematic tenant replacements and other means.

With the changes in business environment and the experience of the COVID-19 pandemic, we have sensed a

shift in needs in the Chinese market from the consumption of *goods* to the consumption of *moments in time*. China features a high demand for nighttime dining, and we plan to respond to this demand by developing hybrid mall properties that blend interior and exterior, creating zones that are not restricted by business hours.

With the recent slowdown of the Chinese economy due to the sluggish real estate market and other factors, our malls are experiencing differences in growth potential among regions. The competitive environment is intensifying, and the shakeout of commercial facilities is becoming more apparent. We recognize that we are in a phase in this business environment where we must assess trends carefully in each region and redesign our overall strategy for our businesses in China. We will reexamine our allocation of management resources, reflecting a keen awareness of investment efficiency. These investments will include measures to help malls that generate money make even more money and put malls with issues firmly back on a growth trajectory.

ASEAN

Building a solid foundation for growth in Vietnam by expanding the areas selected for new malls

In ASEAN, we opened our first mall in Ho Chi Minh City, Vietnam, in 2014. Since then, we opened malls in Cambodia and Indonesia, expanding our business to a total of 14 malls in three countries (as of August 2024). In 2019, we designated Vietnam as our most important area for opening new malls, acknowledging the high growth potential of that market. We have opened malls mainly in the Ho Chi Minh City area in the south and the Hanoi area in the north. We have few competitors developing large-scale commercial facilities in the suburbs of Vietnamese cities. For this reason, AEON MALL facilities enjoy high awareness, and we create a competitive advantage through area dominance. In fiscal 2024, we plan to open our first mall in Hue City in central Vietnam. Success in outlying cities is a key point of our mall opening strategy in Vietnam, and this approach will lay the

foundation for further growth.

Indonesia has suffered the impact of the COVID-19 pandemic over the past several years. However, consumption trends began to recover this fiscal year, and we intend to step up efforts to improve profitability at existing malls. Considering the population and market size, Indonesia represents a promising market. We will continue to open new malls, mainly in the suburbs of Jakarta.

In Cambodia, we plan to solidify area dominance further through a three-mall configuration in Phnom Penh. We will also take on the challenge of creating new businesses, including a logistics business at the logistics center we opened last year in Sihanoukville.

More than 10 years have passed since our foray into the Vietnamese market and ASEAN. The economic and social situation has changed dramatically in that time. We are approaching a new stage of growth, which necessitates reassessing our area strategy to determine where to concentrate management resources. We will continue to expand our focus to the next likely growth regions, conducting market research in countries and regions we have yet to enter—countries and regions of potentially high population and GDP growth in the future.

Emphasizing Human Capital Investments as a Basis for Growth

Our growth strategy for overseas operations still centers on opening more malls in growth areas. To this end, we must allow local employees to play active roles. In addition to stepping up our recruitment and training of local employees, we will seek actively to promote local hires to senior management positions. We also believe that the exchange of diverse values and expertise through personnel exchanges across national boundaries strengthens our organization and serves as a source of further competitiveness. We intend to invest in human capital overseas at a steady pace, ensuring AEON MALL will continue to build a presence in Asia.

► 2023-2025
Three-Year Medium-Term
Management Plan



Growth Initiatives (Priority Measures)



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

We continue to search for and secure properties in high-growth areas, accelerating new mall openings. In Vietnam, our most important area for new mall openings, we are pursuing area-dominant mall openings focused on Ho Chi Minh City in the south, Hanoi in the north, and cities in the central area of the country. In China, we plan to accelerate the opening of malls in the high-growth inland regions of Hubei and Hunan Provinces, treating these provinces as priority areas.

We intend to move away from a single mall format to a new 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.

Expanding Mall Openings in the High-Growth Inland Regions of China

We opened AEON MALL Wuhan Jiangxia, our fourth mall in Hubei Province, on November 11, 2023. The mall features entertainment facilities for adults and children alike, as well as a variety of food experience zones. The mall also offers five themed atrium spaces and a rooftop park offering a basketball court, event space, a multi-purpose lawn area, and park space for a variety of other purposes, representing a space where customers of all ages can interact.

We plan to open our first mall in Hunan Province, AEON MALL Changsha Xingsha (Changsha City, Hunan Province), in 2024, and a second mall, AEON MALL Changsha Xiang Jiang Xinqu (Changsha City, Hunan Province), in 2025. Hunan Province is located in central China, and Changsha City, the capital of Hunan Province, is experiencing strong economic growth. The population of the province increased by more than 3 million in the last 10 years. AEON MALL signed a comprehensive cooperation agreement with the Changsha Municipal People's Government in May 2021, and we plan to continue opening new malls.

Hubei Province No. 4 AEON MALL Wuhan Jiangxia



Opened in November 2023

Hunan Province No.1 AEON MALL Changsha Xingsha



Scheduled to open in second half, 2024

Hunan Province No. 2
AEON MALL Changsha Xiang Jiang Xinqu



Scheduled to open in 2025

Securing New Properties in Vietnam

In December 2023, we signed new comprehensive memorandums of understanding on investment and business for shopping mall development in Vietnam with Can Tho City in the south and Bac Giang Province in the north. In January 2024, we signed a memorandum of understanding with Viet Phat Group, a developer of shopping malls in Quang Ninh Province in the northern part of Vietnam. We added the central area (Da Nang City, Hue Province), Vietnam's third largest economic zone, to our current southern area (Ho Chi Minh City, Binh Duong Province) and northern area (Hanoi City and Hai Phong City), accelerating area-dominant mall openings in surrounding cities. In the future, we intend to establish an even stronger foundation for business in Vietnam, expanding our businesses to regional cities to contribute to sustainable development and urban planning, which is experiencing remarkable economic growth.



Mutual cooperation agreements signed with Can Tho City and Bac Giang Province (December 2023)



Signed a cooperation agreement with Viet Phat Group, a development company in Quang Ninh Province (January 2024)

In the second half of 2024, we plan to open AEON MALL Hue, which will be our first mall in the central area of the country. Thua Thien Hue Province, where the mall will be located, has a population of 1.13 million, and Hue City has a population of 650,000, making the area one of promising economic development. The population is expected to continue to grow as the building of administrative facilities and residences are scheduled in the development area in the eastern part of Hue City.



AEON MALL Hue (scheduled to open in the second half of 2024)



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Growth Initiatives (Priority Measures)



Pursue Business Model Innovation in Japan (CX)

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



Responding to
changes in consumer
behavior and
stepping up our
ability to attract
customers

**Masayuki
Tsuboya**

Director
In Charge of Customer
Experience (CX)
Creation

Responding to changes in consumer lifestyles and strengthening our ability to attract customers

Consumer lifestyles in the Japanese market are changing dramatically, including the growing use of e-commerce. We do not view these changes as transient, but as behavior already established and requiring a response.

Our most important KPI in mall operations is the number of visitors. While this number has been recovering steadily since the end of the COVID-19 pandemic, customer traffic has not yet returned to the levels we are looking for. To recover customer numbers, we must offer new incentives to visit malls and create new customers. We must break away from what we have taken for granted and our mindset in fundamental ways, including how we approach events and the day-to-day aspects of mall operations.

Redefining Malls to Best Suit Our Communities

To respond to changing consumer trends and strengthen our ability to attract customers, we must reevaluate and redefine the value of AEON MALL in each community. For example, in revitalizing existing malls from a zero-based perspective, we intend to reconfigure specialty store compositions and functions to best suit the community in question. Depending on the situation, we may have to make a courageous decision not to cling too tightly to the services and functions offered currently, but rather rethink the mall itself.

In this context, the AEON Group advantage of scale, with various operating and functional companies, is a major strength for AEON MALL. If we maximize synergies through collaboration with group companies, rather than going it alone, our options for revitalization will expand significantly, allowing us to continue existing as necessary infrastructure for the community.

Utilizing Data to Create Deep Connections With Customers

To provide new experiences not bound by conventional thinking, we must first gain an accurate understanding of our customers' needs. To this end, we are changing how we collect and use customer data. Currently, we use the AEON MALL app to collect information. By gaining a real-time understanding of the problems and requests of our customers, including customers who do not visit our malls regularly, we can apply the information quickly to our next actions.

Based on customer feedback gathered in this way, we are improving the environment in mall common areas to provide comfortable spaces and improve customer satisfaction. For example, we are beginning to offer *Mokuiku Hiroba* to customers with small children. Mokuiku Hiroba is a playground within the mall where children can play in a safe and secure environment built using local natural wood. These efforts have a psychological and emotional impact on customers who feel more comfortable and stress-free when they come to AEON MALL. These feelings lead to an increase in customer traffic from customers who make visits to the mall a regular habit.

Improving Profitability by Maximizing the Existing Assets

As the number of inbound travelers to Japan continues to increase, our response to inbound demand is a business opportunity to improve profitability. Certain of our malls near airports and tourist attractions have implemented measures in this regard. At the same time, it is quite possible that we will be able to capture further inbound demand by taking advantage of our strengths in the suburbs of outlying regions, preparing for an influx of inbound travelers to these areas.

Our network and the information obtained from opening malls nationwide is a major asset and strength. By maximizing the value of these existing assets and developing businesses rooted in each community, we will improve the profitability of the Domestic Business and achieve our goal of community co-creation.

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Growth Initiatives (Priority Measures)



Pursue Business Model Innovation in Japan (Development)

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



Executing Approaches to Maximize Mall Value

**Shinichiro
Minami**

Director
In Charge of
Development

Executing an Approach to Maximize Mall Value

AEON MALL operates approximately 160 locations in Japan highly regarded not only for convenience, but also as indispensable community infrastructure in the form of disaster relief facilities. As the business environment undergoes major changes in the wake of the COVID-19 pandemic, we recognize that our malls are also at a crossroads of necessary change.

In response to the Large-Scale Retail Stores Location Act of 2000, AEON MALL accelerated the development of large-scale shopping malls in Japan, and an increasing number of our malls today have now been in operation for 20 years. We must renovate aging facilities into transformed malls to maintain their necessary functions and continue to exist as part of the community. In response to ever-rising construction costs, we must face the challenge of adopting new development styles in addition to traditional suburban facilities design.

We must invest in existing malls in Japan to foster greater customer support and continue mall operations.

Increasing the Value of Existing Malls From a Long-Term Perspective

From a development perspective, we must rethink those malls that have been in operation for 20 years from a development perspective, proposing a new vision for the next 50 to 60 years.

Given future macro trends in Japan, including the population decline and depopulation, competition to meet declining demand will only accelerate the shakeout of commercial facilities in the future. If we can improve the functionality of our malls further and outlast the competition, we believe we will grow our market share and create a positive effect that outweighs the negative impact of the population decline. At the same time, we may need to make the decision to downsize certain malls, modify functions, or change business format in light of competitiveness and future market changes. By taking the lead in determining policies for each mall, our development department will encourage efficient capital investment.

Aspiring to New Development Patterns Through Co-Creation

In Japan, we continue to open malls that leverage our strengths in suburban locations, developing properties in areas where no malls exist. At the same time, it is true that there are fewer and fewer such facilities in Japan. We believe that there are growth opportunities in

participating in redevelopment projects in urban areas, given the fact that large-scale redevelopment projects will become more apparent in urban areas in the future as development properties that supported Japan's period of rapid growth deteriorate over time.

JIYUGAOKA de aone, which opened in October 2023, is a mall we redeveloped to provide new commercial functions. The new mall sits on a site that we expanded to include adjacent land once used by a store operated by AEON Market. In this way, we believe we can secure growth opportunities in urban areas by reexamining AEON Group assets and introducing new commercial functions. We continue to develop community-based projects in collaboration with various companies inside and outside the AEON Group. These partnerships include a collaboration with Marimo Co., Ltd., with whom we have a capital and business alliance.

The functions required of shopping malls are changing. In the past, malls became popular for the convenience provided by the concentration of goods, services, food and beverage, amusement, etc. These functions alone will not be enough to keep pace with future changes. Our malls will interact with customers, local communities, employees, and other stakeholders at various times and places in their lives. The malls will become an indispensable presence that solves local issues, helping us accomplish our goal of community co-creation.



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Growth Initiatives (Priority Measures)



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

The external environment in Japan can be characterized by a declining population and labor shortages due to falling birthrates and aging demographics. In the internal environment, we see weakness in specialty store sales, particularly in the apparel industry, and high construction costs due to soaring materials prices. These factors represent significant issues that combine to reduce investment efficiencies. Taking advantage of dramatic and seemingly daily changes in the business environment, we strive to strengthen our ability to attract customers and improve profitability in Japan by introducing reforms into existing business models to respond to developing regional issues, customer values, and latent needs.

Maximizing the Appeal of Brick-and-Mortar Malls Through Customer Experience (CX)

As consumer behavior and purchasing habits change at an accelerating pace, AEON MALL strives to improve our ability to attract customers by creating customer experiences (CX, customer experiential value) and maximizing the appeal of brick-and-mortar malls. As customer needs for open and comfortable outside zones increase, we 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 (April 2023)

THE OUTLETS SHONAN HIRATSUKA makes the most of its open-air environment, with planted landscapes throughout and an open space with green terrace seating in the center of the facility, creating a comfortable environment in which visitors enjoy shopping while strolling through the park-like setting. The event court is equipped with a large LED vision system boasting a 300-inch screen. Artificial turf has been laid over the court, creating a space for relaxation, sports viewing, and other entertainment events, not to mention opportunities to eat and drink while watching the events.



Improve Profitability Through the Effective Use of Existing Assets

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 the issues for each region and each property, taking a precise approach once we have clarified the objectives and what value to provide.

Laketown OUTLET Expansion and Renovation (March 2024)

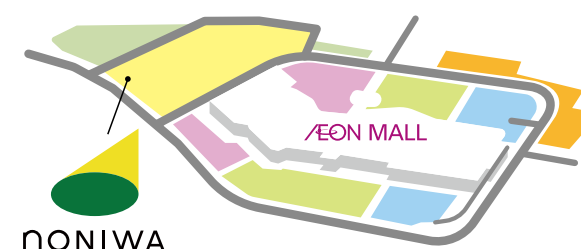
The renovated mall features a new two-story building and 64 international brand and lifestyle brand stores between the new and old buildings, including 34 new stores. A new bridge connects to the Kaze building, improving circulation throughout the facility.



HANYU noNIWA New Concept Facility (October 2023)

AEON MALL Hanyu built a new park in the area to the west the building, which had been used as a flat parking lot. The outside facility features a large outdoor goods specialty store (first entry in the northern Kanto region), as well as a plaza with lawn and fountain.

The mall plans to build an outside sauna, glamping facilities, and velamping facilities to create more private spaces that enhance the functions of the facility.



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Growth Initiatives (Priority Measures)



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

Diversify Value Offerings Tailored to the Market

The direction of mall development in the future calls for market analysis from various perspectives, based on which we will build new mall models across a variety of development patterns according to the characteristics of the location in question. In this way, we will develop malls capable of proposing new value.

JIYUGAOKA de aone (October 2023)

Aiming for an environmental design that becomes a familiar part of the town of Jiyugaoka over time, we used an environmental design concept of urban, greenery, and walkable street space. A lush green terrace of 1,000 square meters will be located on the third floor as an outdoor space, offering a sense of openness and an area where local residents and visitors relax and gather.



Renovating Existing Malls to Attract More Customers and Improve Profitability

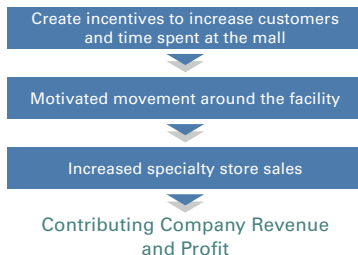
We continue to replace specialty stores and revitalize malls with new comfortable spaces and environments in common areas.



Playground for children using natural wood from the region



Furniture and plantings provide a sense of openness



AEON MALL Ota Expansion and Renovation (April 2024)

The mall features a new two-story building (West Mall). We also renovated the existing building, focusing on lifestyle-type specialty stores that support everyday living. The new Picnic Court is an area within the food court where customers can experience nature through all five senses, and represents just one way the mall has evolved into a community exchange hub, encouraging connections across generations.



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 the aspects of real estate and finances.

By fiscal 2025, we intend to implement fundamental structural reforms at several malls. In fiscal 2024, 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.

Progress in Fundamental Business Structure Reforms

Current Status

Increasing number of malls failing to adapt to changes in the business environment, resulting in a decline in cash flow generation capacity

Measures

Measures ①

Increase competitiveness within a given market area and improve operational efficiencies through mall revitalization

Measures ②

Form a project team. In addition to sales measures, implement reform in real estate and finance.

Measures ③

Fundamental Structural Reforms

- Implement fundamental structural reforms at multiple malls during fiscal 2024.
- We expect to post an extraordinary loss of approximately 6 billion yen in fiscal 2024.

Timeline

FY2023

Negotiate with property owners and specialty retail companies

↳ QUALITE PRIX (ended management on June 30, 2024)

* Management company switched to Sapporo Sub-center Development Public Corporation.

Recorded extraordinary loss of 0.65 billion yen for the fiscal year ended February 29, 2024

FY2024

Held ongoing negotiations on mall closure
Incorporate extraordinary losses into our plan

FY2025 or Later

Improve operating income by increasing management efficiency.

We expect operating income to improve 0.4 billion yen by the end of FY2025 and 3.0 billion yen by the end of FY2030.

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Growth Initiatives (Priority Measures)



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.

Expanding Complex Development Functions

To expand our office complex development capabilities, we aim to co-create the future of living in communities through stronger collaborations with partner companies via equity investments and business alliances. 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 and compact, 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.

Capital and Business Alliance With Marimo Co., Ltd. (March 2023)

This capital and business alliance focuses on multi-functional large-scale development, urban redevelopment projects, mixed-use development in urban areas, upgrading the use of AEON MALL assets, and investments in rural areas through the Marimo Rural Development REIT. Through this partnership, we aim to create vibrant communities and compact, networked cities.



Creating New Businesses Through Investments in Startup Companies

AEON MALL launched a corporate venture capital (CVC) arm through which we will invest in startup companies. The Life Design Fund brings together cutting-edge technology and expertise from startup companies for new value, helping us take on the challenge of creating new business value through solutions for local issues and the advancement of mall operations. We invested in COUNTERWORKS Inc., orosy Co., Ltd. and ATOMica Co., Ltd. through the Life Design Fund (operated in partnership with Ignition Point Venture Partners). We combine the mutual expertise of AEON MALL and investee companies to leverage effective company assets (malls) in providing spaces more integrated with local communities and achieving community co-creation.



Startup
Companies

Life Design Fund
Investment Limited
Partnership

Management Company:
Ignition Point Venture Partners, Inc.
Established: April 2023
Investment period: 10 years
Funds: ¥3.0 billion

Investment Policy



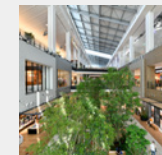
Offer new experiential value through commercial facilities



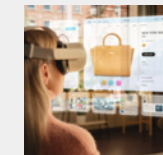
Develop new business models utilizing AEON MALL assets



Support advancements in specialty store businesses



Offer new experiential value through commercial facilities



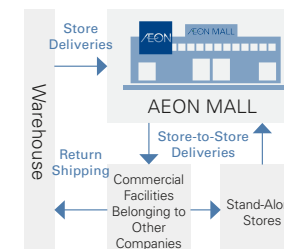
Create next-generation facilities that transcend existing frameworks

Develop Joint Delivery Services to Solve Logistics Issues

The joint delivery service takes deliveries from the logistics facilities of tenant companies to AEON MALL locations, other commercial facilities, street-facing stores, etc. The service will also handle inter-store deliveries and returns, helping tenant companies reduce costs and maintain quality in logistics services. In February 2023, we started providing services to the Kinki and Tokai areas. In response to requests from many companies, we expanded the service area to seven areas and 24 prefectures in December 2023.

We plan to expand the delivery service area to include all of Japan in fiscal 2024.

We look to play our part in building a sustainable logistics network, achieving both economic and environmental value through the common use of packing materials and hangers.





Foundation

Amid a 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.36)

Strengthen 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.76)

Leverage human capital, which is the most important management resource

Base approach on a vision of human resources and our organization
Improve job satisfaction through human resources development, diversity, work-style reform, health management, etc.
Improve both employee performance and organizational productivity

Human Resources Strategy (▶ P.40)

Sustainability Finance Initiatives

In November 2023, we formulated the Green Finance Framework to strengthen our efforts to achieve a decarbonized society and to truly integrated ESG management. We will use funds raised under the framework for new investments in qualified projects and the refinancing of existing ones. In addition to projects that focus on green buildings in Japan and overseas, for example, we are involved in creating local renewable energy for local consumption ("renewable energy," below) by installing solar power generation facilities, purchasing CO₂-free power sources derived from renewable energy, adopting EV charging and discharging facilities to build a renewable energy circulation platform with our customers, and the creation of biodiversity-conscious green spaces. We believe these initiatives are in line with the purpose of green finance and will have a positive impact on society.

Financial Strategy (▶ P.36)



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

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

Achieving Decarbonized Societies

As a decarbonization initiative, we will shift over time from procuring effectively CO₂-free electricity through direct renewable energy contracts in each region to locally produced and locally consumed renewable energy (including PPA (see note below)). By fiscal 2040, we aim to operate 100% of our directly managed malls using locally produced and locally consumed renewable energy.

In January 2024, we signed an on-site solar PPA contract to install the largest all-inclusive solar carport in Japan. Solar Carports are attracting increasing attention as they provide improved convenience for parking lot users and renewable energy by using parking lot space effectively through carport installations of solar power generation systems. By fiscal 2025, we aim to expand the adoption of this system to more than 50 malls.



Design with no pillars to avoid blocking auto movement.
Both sun and rain protection for customers.

Environmental Strategy (▶ P.63)

*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.

Diversity Management

AEON MALL respects human rights and is committed to diversity management that allows each individual, regardless of gender or nationality, to express their abilities fully, and we aim to secure higher levels of diversity within our organization. We formulate measures based on social changes surrounding work styles and feedback from surveys and employees. We discuss the progress of diversity-related initiatives with directors on a regular basis in the Management Conference and other meeting bodies.

In addition, we are taking steps to support the advancement of women, including the on-site AEON Yume-Mirai Nursery Schools, achieving 100% for the male employee paternity leave rate for three consecutive years, and increasing educational opportunities to foster motivation and career aspirations for women.

Our efforts have been recognized by third-party organizations. In 2023, AEON MALL was awarded the *Platinum Eruboshi Certification*, and in 2024 we were certified as a Health & Productivity Management Outstanding Organization for a fifth consecutive year.



Human Resources Strategy (▶ P.45)

Financial Strategy

We are expanding investments in existing malls in Japan to improve profitability and strengthen our financial base

Message From the Director in Charge of Finance and Accounting

Hideki Hayami

Managing Director
In Charge of Finance & Accounting

Fiscal 2023 Performance Review

Fiscal 2023 consolidated operating revenue amounted to ¥423.1 billion, a record high and an improvement of ¥24.9 billion year on year. Consolidated operating income amounted to ¥46.4 billion, an improvement of ¥2.4 billion, and we posted higher profits at each stage of measurement. The markets in Japan and overseas entered the post-COVID-19 era, and while there were differences in recovery status across countries, AEON MALL sales and customer traffic overall continued to improve.

In Japan, operating revenue was ¥333.7 billion, up ¥12.0 billion from the previous year. Operating income was ¥35.8 billion, up ¥1.7 billion. The Japanese government reclassified COVID-19 to a Class 5 disease in May 2023. With customers more willing to leave the home, specialty store sales at existing malls were +5.6% year on year, which also resulted in an increase in lease income percentages. On the cost front, factors such as soaring electricity prices and increased labor costs due to higher wages put upward pressure on expenses. However, we endeavored to curb costs by switching to new electric power options and reducing electricity rates through the installation of solar power generation systems, among other measures.

Overseas, operating revenue amounted to ¥90.0 billion, an increase of ¥12.6 billion year on year. Operating income marked a new high at ¥10.5 billion, an improvement of ¥0.7 billion. China saw a profit decrease of ¥0.09 billion year on year, while Vietnam posted an increase of ¥0.8 billion. Existing malls in Vietnam delivered steady profit growth despite the partial impact of sluggish external demand and slowed economic growth due to power shortages.

While these results indicate growth in operating revenue and profit, fiscal 2023 profit results fell short of plan across all stages of measurement. In light of the continued performance gaps compared with published plans over the past several years, we will endeavor to improve the accuracy of plans and ensure steady execution.

Toward Improving Financial Indicators

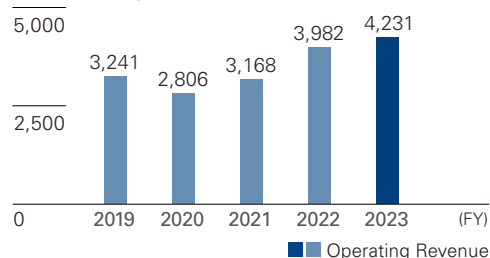
We defined targets for ROIC, EPS growth rate, and net interest-bearing debt/EBITDA ratio as three management indicators. To achieve these targets, we intend to focus on improving profitability in reforming our Domestic Mall Business, which accounts for a particularly large ratio of revenues.

In Japan, we will emphasize investments for renovating existing malls to improve profitability. In particular, we intend to improve facility environments and specialty store mix at malls that have established the No.1 position in their respective areas, aiming to strengthen competitiveness further and generate cash that will serve as a source of growth for the Company as a whole. We anticipate future demographic changes and market contraction to affect certain malls. We are planning efforts to revitalize these malls, perhaps even changing business categories, to meet local community needs.

With a new management structure in place, we are holding deeper discussions within the company to re-formulate our medium- to long-term strategies. Financially, we focused on overseas investments in future growth markets. Going forward, however, we intend to establish a muscular financial base by clarifying the order of priority for domestic and overseas investments and conducting well-balanced management. We will provide disclosures of this new financial strategy to our stakeholders once our stance has been finalized.

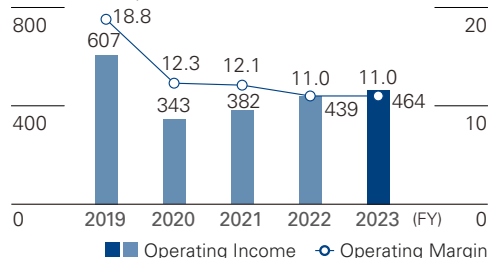
Operating Revenue

(100 millions of yen)



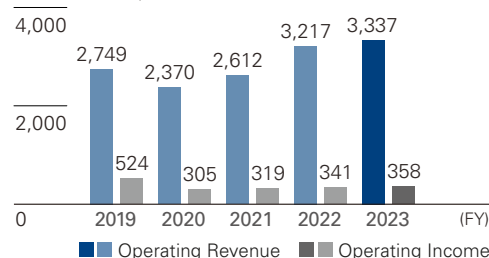
Operating Income/Operating Margin

(100 millions of yen)



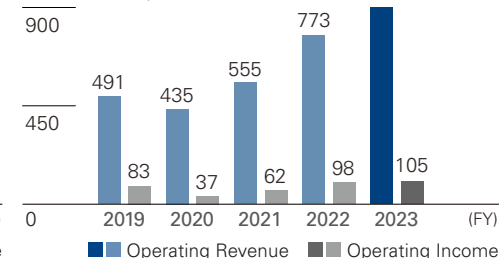
Domestic Business

(%) (100 millions of yen)



Overseas Business

(100 millions of yen)



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Digital 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 digital with brick-and-mortar malls.

DX Promotion

Direction Toward Achieving Digital Transformation (DX)

The AEON MALL DX Policy is to achieve digital transformation (DX) focused on human perception, pursuing future solutions we hope to bring about through technology. Our DX Vision is to create value for the communities surrounding AEON MALL facilities, for our mall tenant companies, and for their customers.

As the foundation beneath our digital strategies, we continue to review business processes through digitalization and by hiring and training digital human resources. Our end goal here is to achieve operating systems compatible with the next generation. In January 2022, we obtained certification as a DX Certified Business Operator under the DX Certification System established by the Ministry of Economy, Trade and Industry.



* The Ministry of Economy, Trade and Industry (METI) certifies businesses that are ready to implement DX under the basic requirements of the Digital Governance Code, which outlines the actions required of management in light of social transformation brought about by digital technology.

DX Promotion Organizational Structure

Development of a Digital Implementation Framework

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 renamed the Digital Promotion Management Department and placed under the CX Creation Unit to focus on the 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 who 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.

DX Promotion Overview

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

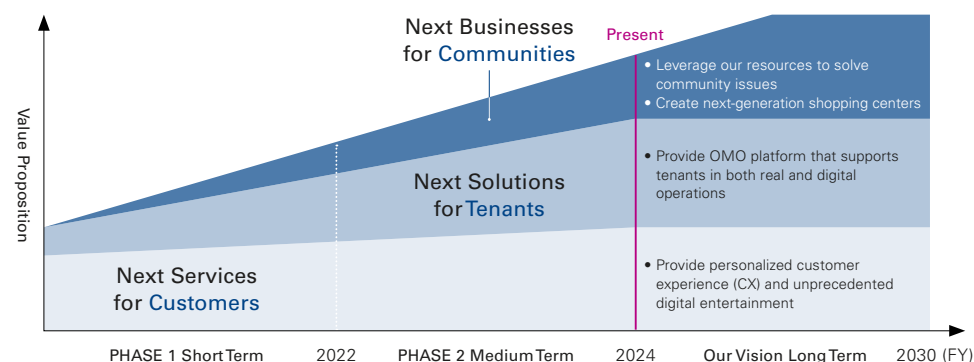
AEON MALL planned steps to promote digital transformation from a medium- to long-term perspective to achieve our vision.

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



PHASE 2 Review

For Customers

- Expanded AEON MALL app functions (Kids Club, Sustainability Action, WAONPOINT linkage, etc.)
- Expanded food delivery companies

For Tenants

- Introduced a new sales reporting system to improve the operational efficiency of tenants
- Conducted demonstration tests of in-facility robot delivery
- Used digital signage to broadcast specialty store product recommendations and highlight fashion coordinates
- Rolled out smartphone app for specialty store employees

Internal Infrastructure

- Internal business infrastructure shifted to the cloud
- Introduced customer relationship management (CRM) tools to provide personalized value to customers
- Launched the Transaction Process Reform Project to streamline administrative procedures (contracts, accounting, etc.).



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DX Vision Achieve digital transformation (DX) focused on human perception

Goals (KGIs)	Customer Interaction	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.
	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 digital human resources development.
Action Indicators (Main KPIs)	Customer Interaction	<ul style="list-style-type: none"> • AEON MALL app.....Downloads, active users, coupon usage • Live shopping.....Number of malls offering live shopping, live shopping sales • Food delivery.....Number of specialty stores participating in food delivery, food delivery sales
	Support for Tenants	<ul style="list-style-type: none"> • AEON MALL WORKS.....Number of areas adopted, specialty store ES, paper reduction

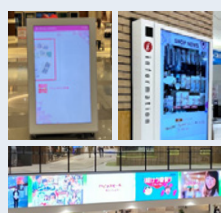
Mall Media Initiatives

Monetize Mall Customer Attraction

We strive to increase revenues by leveraging the capability of malls to attract customers and leasing facility signage (existing mall asset) as advertising space. In April 2024, we established the Asset Utilization Department within the CX Creation Unit to strengthen the utilization of existing assets.



Customers



Digital signage



App (ads and surveys)

Provide real and digital value unique to AEON MALL and our mall traffic, tailored to the needs of corporate clients

Use the PDCA cycle to set targets, measure effectiveness, and verify using data owned by AEON MALL

Leverage nearly 1,200 digital signage units and a cumulative total of 18 million AEON MALL app users (as of February 2024)

Improving the Way Shopping Malls Work

Improving Operational Efficiencies Through Digitalization

AEON MALL WORKS

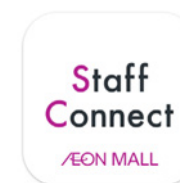
Shopping malls involve numerous administrative procedures, including various applications, etc., for tenants that open specialty stores. In the past, much of this administration involved manual paperwork, but AEON MALL installed tablets in each specialty store loaded with the AEON MALL WORKS app. This app centralizes administrative procedures between AEON MALL and specialty stores, improving operational efficiency and helping specialty store employees concentrate on sales activities.



Smartphone App for Specialty Store Employees

Staff Connect

We introduced the *Staff Connect* smartphone app to improve the work environments at specialty stores in AEON MALL facilities, and we are in the process of expanding the number of malls where the app can be used. In addition to streamlining the building access process, the app provides direct communication to specialty store employees, rather than having information filtered through store managers. Other employee-only special features also contribute to increased employee satisfaction.



Using Generative AI to Improve Operational Efficiency

We are committed to using generative AI to help employees work more efficiently. In fiscal 2024, we developed the AEON MALL ChatBot (AI chatbot) for employees, leveraging internal data for use in certain business cases to answer questions. We hold regular seminars to strengthen the understanding and adaptability of employees to generative AI.



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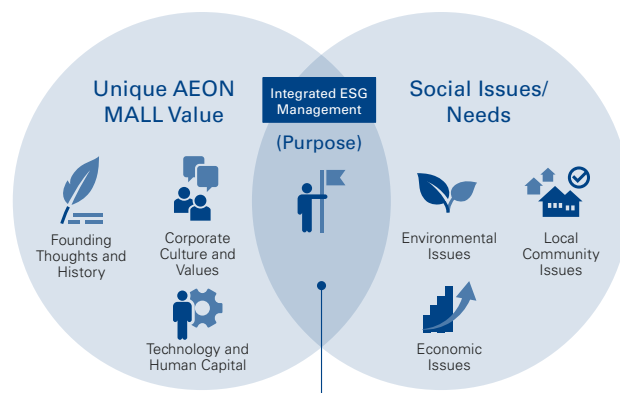
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Corporate Data

Sustainability Strategy

Amid growing social demands for sustainability, we clearly position ESG in our growth strategy and engage with identified materialities, aiming to maximize social, environmental, and economic value. We accelerate specific initiatives by raising awareness within the Company through a strengthened promotion system and a new evaluation and commendation system.

Approach to Truly Integrated ESG Management



Balance Between Corporate Value Enhancement and Self-Fulfillment

Value for Society Based on the AEON MALL Unique Strengths

Together with our stakeholders, we aim for truly integrated ESG management that creates social, environmental, and economic value. We accomplish this aim by being sensitive to changes of the times and customer needs, as well as by conducting management that reflects these changes.

The Path Toward Truly Integrated ESG Management

We conducted a series of updates to pursue truly integrated ESG management.

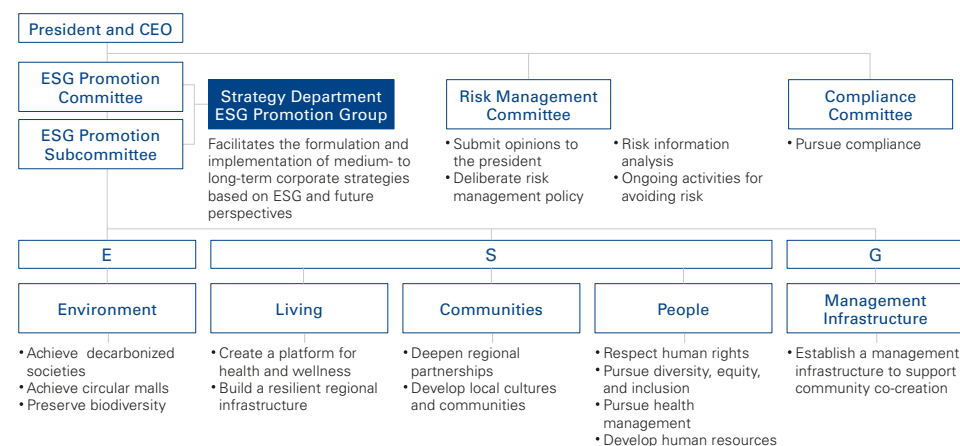
AEON MALL will continue to develop systems necessary to enhance the effectiveness of our sustainability management.



ESG Promotion Structure

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

The ESG Promotion Committee is organized under the Management Council. The committee consults with the president and CEO in response to his or her inquiries, advising or reporting to the president and CEO on related matters. The ESG Promotion Subcommittee has been established for the purpose of reviewing and discussing specific measures for policies or reports made by the ESG Promotion Committee. The committee promptly publicizes important issues and initiatives throughout the Company after conducting deliberations by the committee.



ESG Promotion Committee Meetings

Schedule		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
12th Meeting	April 2023	ESG Award 2022 Initiatives Report, ESG Award 2023
13th Meeting	June 2023	Approach to Biodiversity 2023
14th Meeting	August 2023	Progress of circular economy measures
15th Meeting	October 2023	Materiality revisions
16th Meeting	December 2023	Report on finalization of revised materialities
17th Meeting	February 2024	Progress in responsible business (human rights)



Philosophy and Vision

Value Creation

Value Creation Strategy

Corporate Governance

Corporate Data

Human Resources Strategy



The Importance of Cultivating Human Resources to Support Community Co-Creation

Message From the Director in Charge of Administration

Mitsuhiro Fujiki

Senior Managing Director
In Charge of
Administration

Introduction

In May 2024, I was appointed to serve as the director in charge of administration from my former post as director in charge of customer experience (CX) creation for our business in Japan.

AEON MALL needs employees who co-create with stakeholders and revitalize our communities if we are to remain rooted in those communities, earn the trust of our customers, revitalize neighborhoods, and become the dominant mall in each area. Human resources are the greatest resource a business has access to. Therefore, we must develop human resources who think, act, and deliver results independently. We intend to maximize the power of our human resources to create value that is unique to AEON MALL in our local communities.

Our Ideal Vision for AEON MALL Human Resources

AEON MALL created the Human Resources and Organizational Vision, which incorporates the idea of our employees as Life Design Producers and our vision as a group of professionals who continue to innovate. This vision reflects an ever-changing and increasingly uncertain environment in which companies operate.

To respond to change, we must strengthen our ability to identify and solve community issues. We established a clear definition of our philosophy and approach, as well as the relationship between community co-creation as a management issue and our human resources. Our Human Resources and Organizational Vision is of great significance in attracting outstanding human resources.

Human Resources and Organizational Vision (P.42)

Ideal Human Resources	Future Ideal for Our Organization
Life Design Producers	A Group of Professionals Who Continue to Innovate

Human Resource Issues

I feel that the creative thinking needed in our company has stagnated a bit. We must always think about how to find problems and issues in an ever-changing environment. In addition, learning from the experience of acting on one's own, creating one's own community, and giving shape to one's own ideas is also important. We can form virtuous circles by involving the people around to create a successful experience that leads to the next step in the process.

People Are an Important Strength

Diversity Management

AEON MALL is home to a large number of mid-career employees with diverse backgrounds and careers. Our corporate culture is one of our strengths in the context of human resources. Our culture diverse values that include the perspective of the customer and viewpoints from various specialties and experiences, as well as the free exchange of opinions. We put this culture to good use in the balanced and energetic business activities characteristic of AEON MALL. In terms of work styles, the ratio of female managers as of

the end of fiscal 2023 was 22.6% and the percentage of male employees who took childcare leave was 100%. We received high praise from outside third parties, including certification as a *Platinum Eruboshi* company that welcomes women in the workforce. Meanwhile, we believe there is room for improvement in the interaction between locally hired employees at overseas subsidiaries and employees in Japan. We have an overseas trainee program for young Japanese employees to experience working overseas. However, we are rarely able to provide opportunities for locally hired employees overseas to experience work in Japan. To cultivate overseas those will be responsible for management in their home areas, we must establish an education system that provides global-scale experiences.

Fostering Human Resources for Community Co-Creation

The AEON MALL business is built on the vitality of the communities surrounding our shopping malls. Tendo City in Yamagata Prefecture is famous for its *shogi* (Japanese chess) pieces. The town goes all out for the annual National Shogi Tournament for elementary school students and younger, which is held at AEON MALL Tendo. AEON MALL Tendo employees, in cooperation with Tendo City and the Shogi Federation, originally planned this tournament, which has since spread to malls nationwide. Having people in the community willing to think and take action on the ground is very important.

The experiences of thinking, acting, and solving local issues leads to the growth of employees who will be core drivers of community co-creation. Nothing is more rewarding to an employee than receiving a "thank you" from the community and customers. This is the best part of the job at AEON MALL. We develop human resources who are motivated for community co-creation and contribute by ensuring the human resources strategy supports management strategy.



Human Resources Strategy

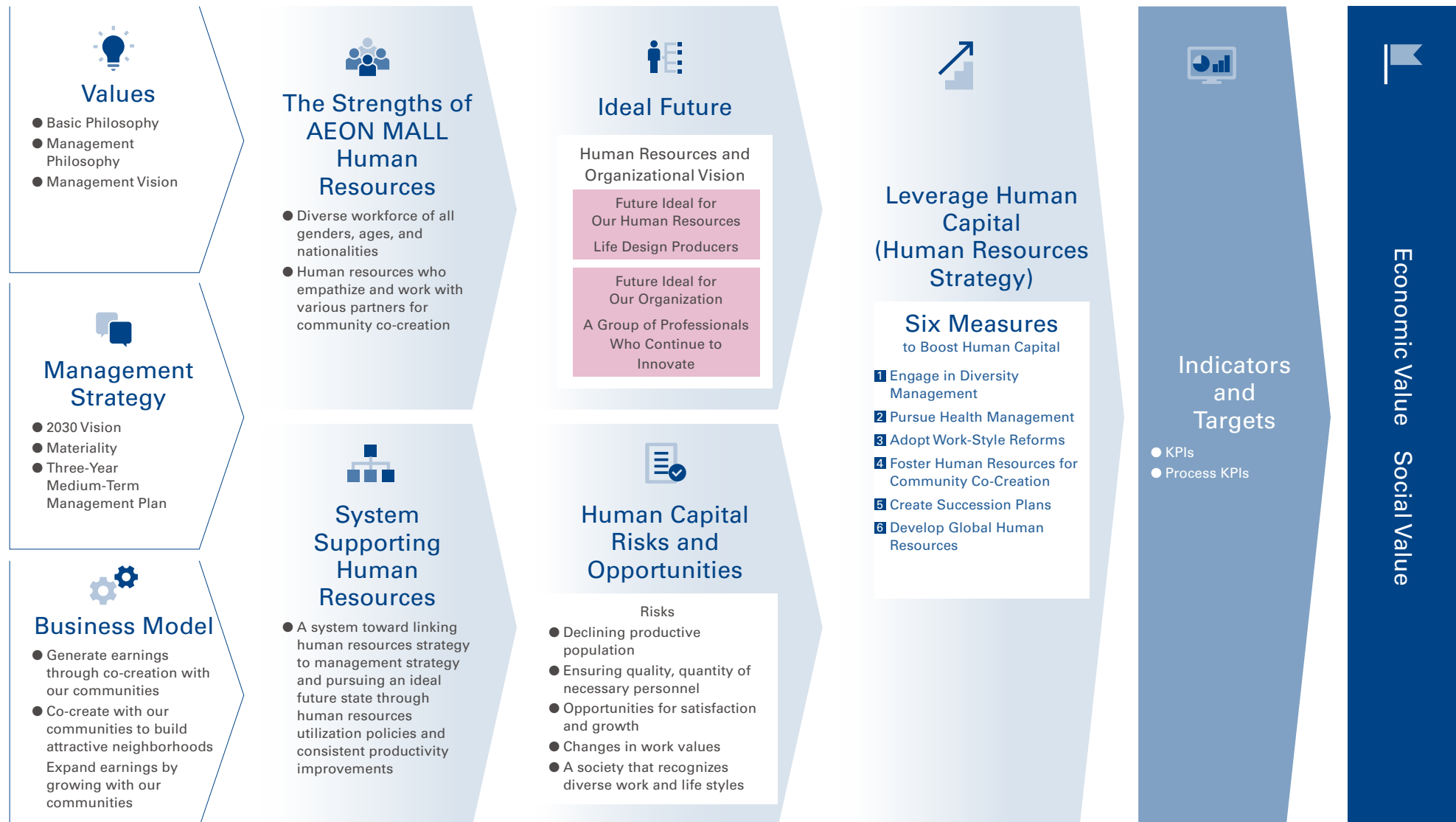
Approach and Policies

Overview of the AEON MALL Human Resources Strategy

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 is to lead to the 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.



Philosophy and Vision

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Human Resources Strategy

Approach and Policies

Human Resources and Organizational Vision

Human Resources and Organizational Vision

Future Ideal for Our Human Resources

Life Design Producers

- (1) Develop human resources capable of achieving self-fulfillment from the perspectives of positive outcomes for co-workers, for local communities, and for the future
- (2) Develop human resources capable of creating and nurturing relationships
- (3) Develop human resources who can envision their own ideal future by making the most of their individuality

Future Ideal for Our Organization

A group of professionals who continue to innovate

- (1) An organization that creates customers constantly and pioneers new areas of business
- (2) An organization that expands and deepens relationships
- (3) An organization with a culture that respects each employee, and allows them to maximize their talents

Basic Policy on Human Resources

- Create an environment that encourages employees to take on challenges to contribute to customers, contribute to their communities, and contribute to society
- Believe in and expand the potential of each individual to achieve both organizational and personal growth
- 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

Strengths of AEON MALL Human Resources and Training System

• Diverse human resources

AEON MALL enjoys a diverse workforce of all genders, ages, and nationalities. We leverage this diversity in our business activities as one of our strengths.

- Ratio of women in management positions: 22.6%
- Locally hired staff overseas: 1,640

* As of fiscal 2023

• Human resources development system

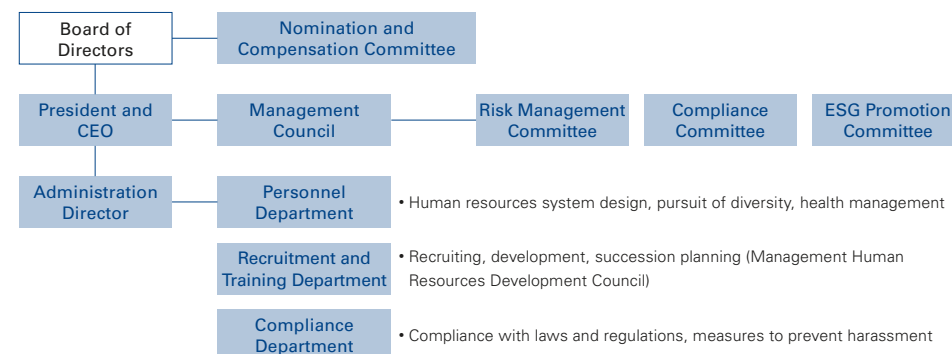
AEON MALL provides career development opportunities for employees to achieve their goals, and we support the efforts of motivated individuals. We emphasize training by year and position as an opportunity for employees to learn independently. Training includes regular seminars to update business skills and open training for employees to be assigned to positions of their choice.

• Extensive network

We have accumulated the expertise to accurately respond to local issues and needs by utilizing our nationwide network of specialty store companies and local governments. We also have systems in place to share this expertise laterally in our organization.

Governance

Governance System to Support Human Resources



• Nomination and Compensation Committee

This committee consists mainly of independent outside directors. The committee reports to the board of directors from the perspective of fairness and transparency regarding the policies and criteria for nominating candidates for directors, policies for developing candidates for future management positions, and the processes involved.

• Compliance Committee

This committee aims to create psychologically safe and comfortable work environments through compliance with laws and regulations. The committee keeps abreast of new information, responds to cases of harassment, and provides training related to harassment.

• ESG Promotion Committee

The ESG Promotion Committee discusses matters at the request of the president and provides advice or reports to the president on said matters. As a subordinate organization of the Management Committee, the ESG Promotion Committee is chaired by the president and CEO and consists mainly of internal directors.

We also established the ESG Promotion Subcommittee to review and discuss specific measures for policies or reports made by the ESG Promotion Committee. The ESG Promotion Committee meets once every two months to discuss important policies, measures, and targets related to sustainability issues, serving to support the prompt response to and resolution of issues.

Human Resources Strategy

Strategy

Six Measures (Approaches) to Elevate Human Capital

	Overview	Desired Effect
1 Pursue Diversity Management	Create comfortable work environments that accommodate diverse personalities, backgrounds, and work styles	<ul style="list-style-type: none"> • New perspectives and ideas; enhanced innovation and competitiveness • Improved employee satisfaction and corporate social reputation, contributing to the recruitment and retention of outstanding human resources
2 Pursue Health Management	Engage in health management to foster employee mental and physical health necessary for providing services that bring health and spiritual enrichment to our customers in local communities	<ul style="list-style-type: none"> • Maximize the full potential of each employee to create new value and improve productivity • Positive impact on hiring outstanding personnel and building good relationships with business partners
3 Adopt Work-Style Reforms	Improve productivity by streamlining employee operations in shopping malls	<ul style="list-style-type: none"> • Improved employee satisfaction and retention rates • Contributions to operational cost reductions by streamlining operations in malls and headquarters and by reducing labor hours
4 Foster Human Resources for Community Co-Creation	Develop human resources who empathize with various partners from the perspectives of positive outcomes for co-workers, for local communities, and for the future, and who engage in community co-creation	<ul style="list-style-type: none"> • Human resources who think and act independently to address issues facing local communities • New business opportunities arising from human resources capable of meeting the unique needs of their communities
5 Create Succession Plans	Systematically identify and train the next generation of management human resources to enhance our corporate value and lead the transformation toward medium- and long-term growth	<ul style="list-style-type: none"> • Personnel who lead growth and contribute to business performance by transforming vision and strategy in response to changing times • Ongoing organizational transformation, enhanced corporate value through the development of the next generation of leaders
6 Global Develop Global Human Resources	Systematically train employees, including transfers from each unit to overseas locations, in our Global Human Resources Course, Overseas Trainee System, and other training programs.	<ul style="list-style-type: none"> • Opportunities to enter overseas markets and develop new businesses due to the development of human resources with a global perspective • Smooth interactions with international customers and partners due to an increasing number of multicultural and multilingual personnel

Risks and Opportunities

Ensuring Quality and Quantity of Needed Employees

The ratio of effective job offers to applicants is rising and competition is becoming tougher in the hiring market. We must answer these developments through various hiring opportunities to acquire and train a diverse workforce necessary for business growth.

Changing Work Values

The attitude of continuing to work at the company from graduation to retirement is becoming much more rare. The mid-career hiring market is more active and employment has become more fluid. In response, we must increase our attractiveness as an employer and be capable of attracting talent.

Opportunities for Growth and Fulfillment

A failure to meet expectations for learning and growth leads to the risk of low employee motivation. We create opportunities for employees to learn and forge their own careers, fostering ambition and job satisfaction.

A Society That Recognizes Diverse Work and Life Styles

With greater emphasis on work styles that balance work with childcare and nursing care, we are making progress in offering flexible work styles not dependent on time and place (work-life balance (WLB)). We also expect the diverse perspectives of personnel from various backgrounds and philosophies to lead to solutions for customer issues.

Future Focus

- Secure diverse human resources
- Develop the next generation of employees
- Foster an organizational culture encouraging creativity and imagination
- Create environments fostering long-term careers



Human Resources Strategy

Risk Management

Risk Management Status of Internal Departments

Department	Matters Monitored
Personnel Department	Effectiveness of HR design, talent management
Diversity Promotion Group	Number of female managers, number of employees taking childcare leave, progress of diversity measures, mental and physical health status of employees
Recruitment and Training Department	Secure and develop human resources necessary for business growth
Compliance Department	Compliance with laws and regulations, other compliance issues; response to matters from the internal reporting desk
Systems Department	IT human resources development

Risk Management Measures

Securing and Cultivating Human Resources

We pursue a human capital strategy, making human capital investments to become a company that maintains a healthy and diverse workforce in which employees can demonstrate their capabilities.

To secure human resources, we are strengthening systems to recruit new graduates, who will become our next generation of leaders, and to hire mid-career professionals, who will be responsible for helping us expand into new business areas.

We develop human resources through training according to position and level of growth and conduct human resources training for persons who will become future leaders in our overseas businesses. We have also created various human resources development and training programs, as well as opportunities for career development, to cultivate candidates for future top managers.

Organizational Survey

The purpose of this survey is to increase employee satisfaction to achieve customer satisfaction and improve business performance. 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.

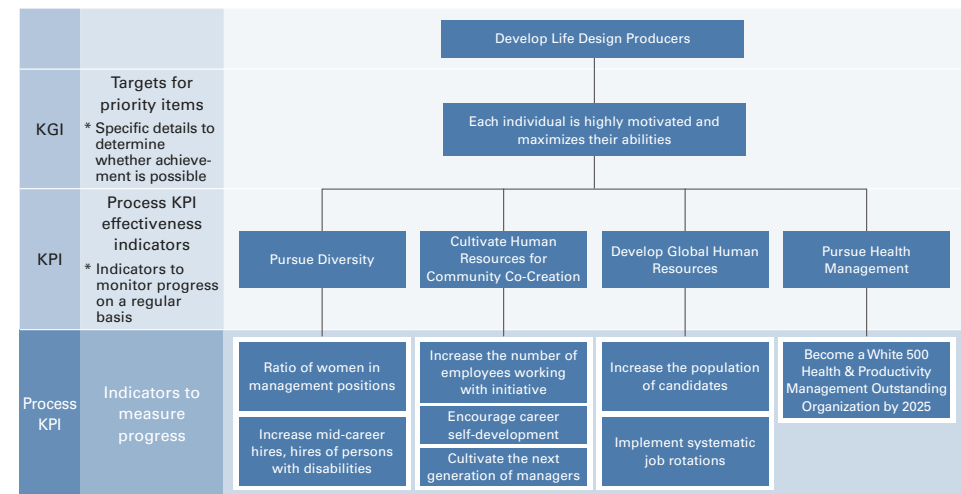
Talent Management

We pursue talent management, believing that maximizing the potential of each individual leads to the growth of the company. We encourage independent career path development through a combination of career development support, a self-assessment system, an in-house open recruitment system, an open training program, and a talent management system.

Metrics and Targets

2025 KGIs and KPIs for Developing Life Design Producers

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.



Diversity-Related KPIs

Item	KPI	FY2022	FY2023
Ratio of women in management positions	30.0%	20.4%	22.6%
Male employees' parental leave acquisition rate	100%	100%	100%
Paid leave acquisition rate	60%	60%	55%
Paid leave acquisition days	—	11%	10%
Ratio of employees with disabilities	2.50%	2.20%	2.31%
No. of new employees (new graduates) (male/female)	—	74 people (37/37)	84 people (39/45)
Turnover (personal reasons)	—	4.1%	4.2%
Wage gap between male and female workers ^(Notes)	—	—	42.4%
Permanent	—	—	68.5%
Part-time, fixed-term	—	—	107.9%

Health Management KPIs

Item	KPI	FY2022	FY2023
Periodic health testing rate	100%	99.9%	99.9%
Secondary testing rate ^(Note 1)	100%	71.8%	86.3%
Specified health guidance rate	100%	42.5%	46.6%
Energy up campaign participation rate ^(Note 2)	100%	16.7%	17.8%
Smoking rate ^(Note 3)	Less than 15%	17.6%	16.9%
Percentage of people who are regular exercisers ^(Note 3)	30% or higher	22.4%	—
Stress checkup testing rate	100%	98.5%	98.8%
Percentage of people with high stress	10% or less	15.5%	16.6%
Total annual work hours	1,975 hours or less	1,989 hours	2,007 hours
Number of work-related accidents	15 or less	23	19
Health Management Survey	Obtained White 500	Certified as an Excellent Corporation	Certified as an Excellent Corporation

(Notes) 1. 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 improve lifestyle habits for two months.
 3. Total of subjects 40 years old and over. FY2023 results for the regular exercisers not tabulated as of the date of this report.

Human Resources Strategy

Approach ①

Diversity Management

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. 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.

AEON Diversity Declaration: *Dai Manzoku*

AEON views the promotion of diversity, equity, and inclusion (DE&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 DE&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.



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

- Training to develop female management candidates
- 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, FY2023
Three consecutive years
Eligible male employees
taking childcare leave:

100%*²

*1 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.

Improving the Ratio of Women in Management Positions

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

- Conducting 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.
- Encouraging male employees to take childcare leave

Improving manager skills in developing subordinates

- Conducting subordinate development training for middle management

Childcare Support Initiatives

AEON Yume-Mirai Nursery Schools

We opened nursery schools in 21 AEON MALL facilities across Japan to provide childcare services, encourage children to keep their dreams alive, help working people balance work and life, and 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), this program compensates 80% of the monthly wage of employees who take childcare leave for the first six 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).

Infertility Treatment Support

The number of employed people undergoing infertility treatment increases every year. To support the balance between infertility treatments and work, AEON MALL offers an environment that includes leaves of absence, vacation time, etc., to address the concerns of frequent hospital visits.

- Application for leave of absence for infertility treatments
- Half-day and hourly paid leave

- Lost reserve paid leave
- Relocation suspension program
- Training

Human Resources Strategy

Approach ①

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, digital, new business, etc.

Creation of Opportunities for Diverse Human Resources

AEON MALL offers career planning interviews and support for self-fulfillment to create opportunities for diverse human resources.

Career Plan Interviews

- At ages 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
- Fixed-price e-learning tools
- Language learning support
- Transfers through open recruitment or secondment to other companies and organizations

Strengthening Recruitment of Diverse and Versatile Human Resources Through Networking

We established the AEON MALL Alumni Network in June 2024, launching Welcome Back Recruiting and Employee Referral Recruiting programs. We also launched a new social media channel for employees who left the Company for personal reasons, creating an ongoing network and generating ideas and opportunities for new connections and business collaborations. Welcome Back Hiring consists of recruiting former employees who left the Company due to job changes or other reasons. We welcome former employees and their experience and knowledge from various fields back to our company.

We also leverage the personal networks of employees to promote the attractiveness and satisfaction of working at AEON MALL to potential career changers. Employees provide introductions of outstanding talent who share our philosophy.

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.

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



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 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.

PRIDE Index Gold Award

On November 7, 2023, the company received the highest rating of GOLD in the PRIDE Index 2023, which evaluates consideration for LGBTQ+ in the workplace. This index consists of five items, and AEON MALL scored high marks in all five.

- ▶ Policy (Action Declaration)
- ▶ Representation (Support for the LGBTQ+ community)
- ▶ Inspiration (Awareness-raising activities)
- ▶ Development (HR policies and programs)
- ▶ Engagement/Empowerment (Contribution to society and external activities)



Human Resources Strategy

Approach ②

Pursue Health Management

Approach to 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 2024, we were recognized as the 2024 Health and Productivity Management Outstanding Organization (Large Enterprise Category) under the Health and Productivity Management Outstanding Organization System. This is the fifth consecutive year since 2020 that the Company has received this certification.

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



AEON Health Management Declaration

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

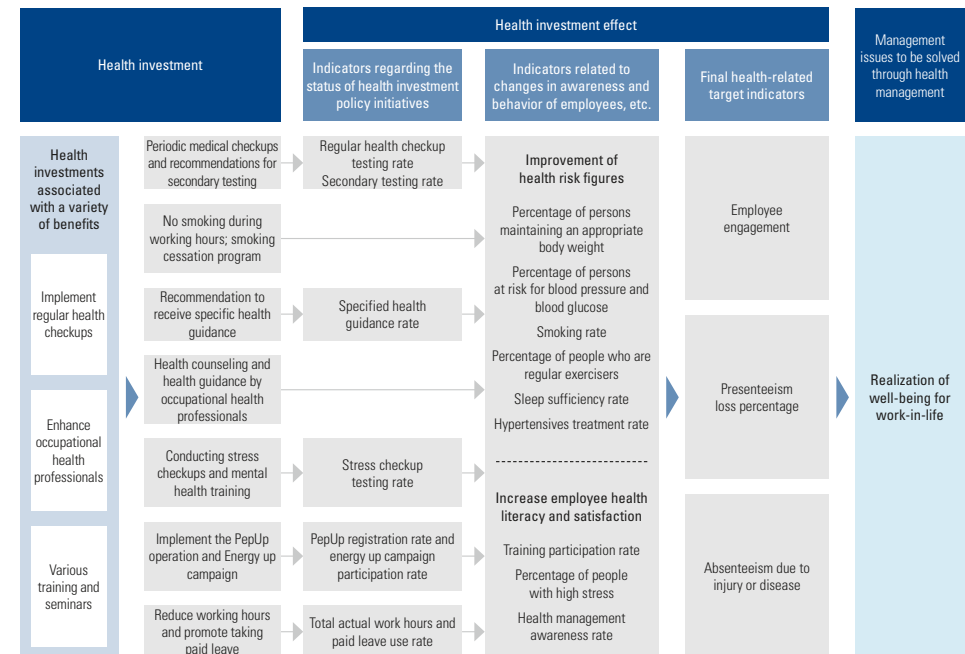
We believe that the health of our employees is the driving force behind the challenge to create new value, and we are committed to the following action guidelines.

- (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.

Keiji Ohno
President and CEO

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 (FY2023)	FY2021	FY2022	FY2023
Employee engagement	Average of 10 specified items in the Organizational Survey related to engagement (5-point scale) ^(Note 1)	1,371 (36.6% response rate of population)	— (3.68)	— (3.63)	3.28
Presenteeism loss percentage ^(Note 2)	Absolute presenteeism measured using the WHO-HPQ index; percentage of loss calculated as 100 – (average response score x 10)	3,537 (98.8% response rate of population)	—	37.6%	37.0%
Absenteeism due to injury or disease ^(Note 3)	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)	2,103 (all daily/monthly paid employees)	2.8%	2.8%	2.1%

- (Notes) 1. We modified survey content in FY2023; therefore, reference values are shown in parentheses for FY2021 and FY2022.
2. We define presenteeism as a situation in which an employee is coming to work but demonstrates reduced work efficiency due to some health problem.
3. We define absenteeism as a condition in which a person is unable to perform the work itself. Examples include employees suffering from physical or mental distress who are late to work or leave early, absent due to difficulties, or who take a leave of absence.

Human Resources Strategy

Approach ③

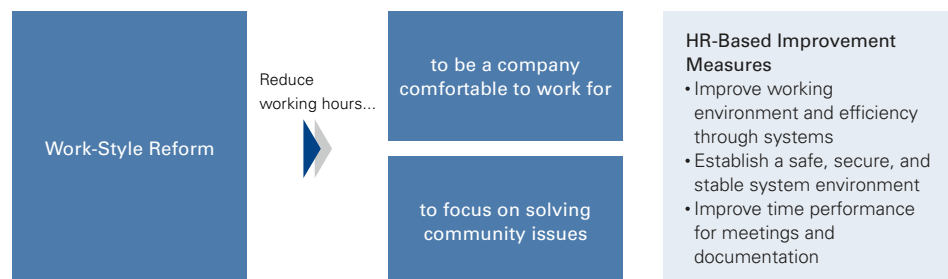
Work-Style Reform

Basic Approach to Reducing Total Actual Work Hours

We aim to create an organizational culture and workplaces where every person can maximize their abilities, becoming a group of professionals who continue to innovate. At the same time, we pursue work-life balance as part of health management, endeavoring to optimize work hours. We also launched a paid leave program called *Kirakira Leave* (unique paid leave program) and encourage male employees to take childcare leave.

We encourage employees to achieve work-life balance within the framework of 1,920 hours of annual scheduled working hours for full-time employees and 125 days of time off per year (including 10 long holidays), and paid vacations. We pursue ways to improve productivity and maintain good mental health among employees, offering work as a source of energy and holidays to refresh and maintain a good balance between work and non-work life.

Total annual work hours



Transaction Process Reform Project

As part of our work-style reform initiative, we launched the Mall Operations Kaizen Project in fiscal 2021 to improve the efficiency of employee operations at shopping malls and increase the time available to engage in solutions for management issues. Through this program, we continue to improve operational efficiencies.

In addition, we launched a new Transaction Process Reform Project in November 2023. Under this project, we pursue measures to streamline internal administrative procedures, including contracts and accounting. Project members, appointed from the divisions in charge of each business operation, help build the next generation of business operations by reviewing operations from perspectives of *processes* and *systems* across divisions.

Transaction Process

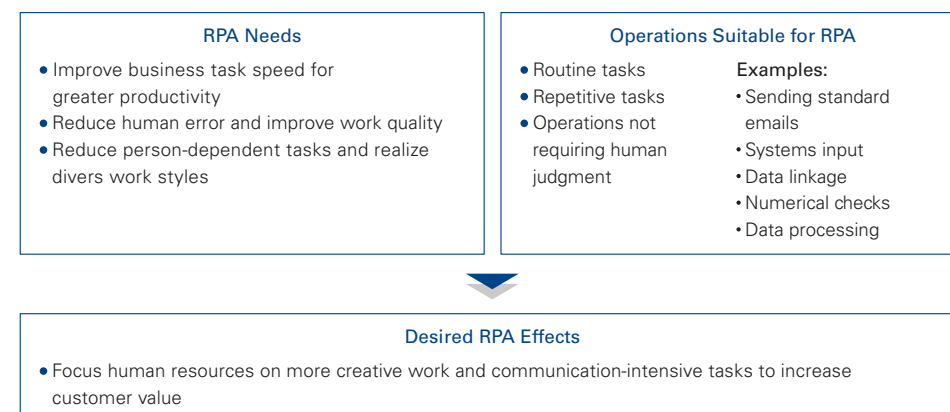


* Exhibition contracts, storefront temporary use contracts, contractor agreements, and other contracts in general

Improving Business Efficiency Using RPA Tools

We automate routine tasks through the use of digital technology.

Robotic process automation tools (RPA tools) help each department achieve its respective missions by automating simple repetitive tasks previously performed manually by each employee.



Philosophy and Vision

Value Creation

Value Creation Strategy

Corporate Governance

Corporate Data

Human Resources Strategy

Approach ④

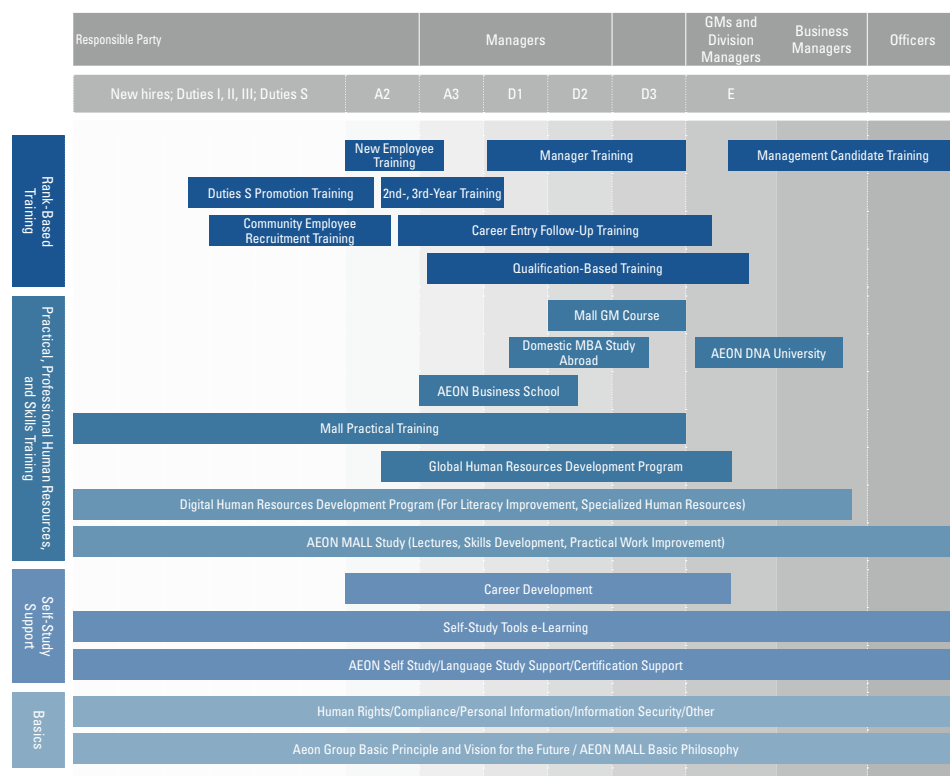
Fostering Human Resources for Community Co-Creation

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 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



Human Resources Development Program for Growth

AEON MALL believes that we will need numerous new employee transfers to our overseas business to drive growth strategy. We train employees systematically, including transfers from each unit to overseas locations, in our Global Human Resources Course, Overseas Trainee System, and other training programs. We also develop and allocate global human resources appropriately through an integrated overseas human resource training course that includes raising awareness of global perspectives, acquiring skills, and learning languages.

In addition to focusing on the development of local staff in each country, we also seek actively to promote local staff to executive positions. As of the date of publication, local staff serve as general managers at 16 of our 25 malls in China, and at 22 of our total 42 malls overseas, including ASEAN.

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 on their own initiative.

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 do we have open recruitment for newly established departments, but we also focus on openings for secondments outside the Company (government agencies, universities, etc.). Rather than seeking One Culture through exchanges with government agencies and other companies, we provide opportunities for employees to use the knowledge gained in both organizations. In doing so, we expect employees to bring back their knowledge and experience gained after returning from secondments.



Philosophy and Vision

Value Creation

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studio LIFE DESIGN —Leading Community Co-Creation—



studio LIFE DESIGN Objectives and Project History

The studio LIFE DESIGN project transforms employees and the company as a whole through the formulation and implementation of our 2030 Vision, aiming to envision the future of society and consumers and indicate our Company vision.

We launched the project in 2021, led by members who will lead our business in the 2030s. 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? Our 2030 Vision verbalizes our vision for the Company through backcasting from the future.

We welcomed new members in 2023 who serve as facilitators in each department to achieve community co-creation. These members work as the driving force between our top-down and bottom-up approaches, stimulating organizational change from both perspectives and embodying our future efforts to encourage transformation. In 2024, members are working to address local issues involving the community and stakeholders in Suzaka, Nagano Prefecture, and surrounding areas, in preparation for the fall 2025 scheduling opening of AEON MALL Suzaka.

— 2021–2022 — 2023 — 2024 — 2025–2029 — 2030

Indicate our vision

Pursue departmental community co-creation initiatives

Achieve community co-creation



FY2023 Activity Results

studio LIFE DESIGN leads our efforts to achieve community co-creation through an organizational and individual approach.

FY2023 Projects

Members participated in year-long discussions in fiscal 2023 on their mission to materialize and implement the 2030 Vision in their affiliated departments. We proposed and began implementing the Plan to be Achieved by 2030 after a series of interim discussions with executive officers.



Briefing on the final results

Panel Discussion on *Connecting Communities, Connecting the Future*

Panel discussions share a common theme of *Community Co-Creation* × ..., aiming to foster deeper understanding and empathy in encouraging actions to achieve community co-creation. Participant surveys indicate an average satisfaction rate of 92.5% thanks to our efforts to invite guest speakers from both within and outside the company and incorporate concrete examples in discussions. We will change discussion content according to company needs and strive to raise awareness and foster a sense of personal involvement at panel discussions to encourage members to take action.

Panel Discussion Topics

- Community co-creation implemented by general managers
- Community co-creation and public administration
- Diversity equity & inclusion



Examples of panel discussions

* Find more details on the #6 Regional Co-Creation x Diversity Equity & Inclusion panel discussion on P.51.

Panel Discussion on Connecting Communities, Connecting the Future

#6 Community Co-Creation x Diversity Equity & Inclusion (DE&I)



(From left)

Yui Sugano

Diversity Promotion Group,
Human Resources Department
Manager
studio LIFE DESIGN Producer

Megumi Sasaki

Construction Planning Group,
Construction Planning Department
Manager

Misako Yamashita

Diversity Promotion Group,
Personnel Department
Supervising Staff

Tomoyuki Matsumoto

General Manager, Digital Promotion
Management Department



Sugano: I would like to discuss AEON MALL'S vision pertaining to our theme today of Community Co-Creation x Diversity Equity & Inclusion (DE&I). Mr. Matsumoto, let me start off by asking how you first became involved in today's theme.

Matsumoto: AEON MALL has long emphasized diversity and inclusion (D&I), recently adding the concept of equity, or fairness, to our focus on diversity equity and inclusion (DE&I). I strongly identified with this equity approach and wanted to take on a leadership role in bringing it to fruition.

AEON MALL has implemented countless initiatives based on DE&I, and is determined to accumulate and utilize these initiatives as assets. I believe DE&I is well-aligned with our goal of community co-creation, and that dialogue and empathy are the keys to success.

Topic 1: AEON MALL DE&I efforts (universal design) to date

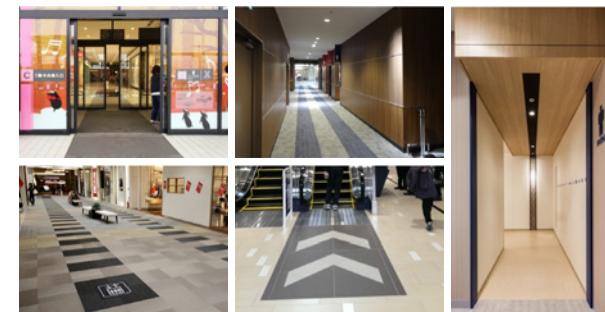
Sasaki: The following is an organized list of the language related to inclusive user-friendly designs. The goals of these designs are the same, and we intend to combine these methods as we go forward.

Name	Concept	Examples
Barrier-free design	Design that removes barriers to existing facilities	Restrooms designed for seniors and people with disabilities
Universal design	Design friendly to all individuals	Multifunctional restrooms for the people mentioned above as well as all individuals, including people with small children
Inclusive design	Designs that solve issues faced by specific users	Restrooms for sexual minorities to use comfortably and with peace of mind

Mr. Matsumoto mentioned that our previous Company initiatives are an asset, and I agree that the challenging efforts we've undertaken so far are exactly that. We have been working on universal design for about 20 years. During this time, several local governments awarded us third-party recognition for universal design-related awards for target malls. The Ministry of Land, Infrastructure, Transport and Tourism also honored our company in 2015 for our contributions to barrier-free accessibility. We summarized our approach and initiatives in the AEON MALL Universal Design Guidelines and made them available to internal employees.

We revise this publication as necessary, gradually expanding the target audience according to the times. These guidelines now include designs for people with physical disabilities, senior citizens and children, as well as foreigners, LGBTQ people, people with developmental disabilities, and people with dementia.

Our leading lines are one such design example. Changing the colors of the floor and ceiling helps customers to grasp intuitively entrance and exit locations, as well as the directions of moving escalators.



Leading line example

Panel Discussion on Connecting Communities, Connecting the Future

#6 Community Co-Creation x Diversity Equity & Inclusion (DE&I)



Sugano: Designs that are intuitive and natural are accessible to everyone.

Sasaki: We also implemented a project to introduce gender-neutral restrooms as a way to enhance inclusiveness.

We studied innovative case examples in Japan and overseas for this project, examining various issues and challenges one by one while taking into account the nature of AEON MALL facilities. As a result, we decided to retain men's and women's restrooms while decentralizing their functions by establishing inclusive restrooms (tentative name) and priority restrooms as gender-neutral options. These restrooms are open to transgender individuals and ensure that people with disabilities can use the facilities without waiting. (Introduced at AEON MALL Okinawa Rycom and AEON MALL Tokoname)

Sugano: Inclusive toilets are an excellent idea. This may provide a solution for those individuals who experience anxiety when using restrooms.

Sasaki: We checked in with the malls that have introduced such restrooms and have not received any particular customer feedback at this time. We believe this indicates smooth use of the facilities, or in other words, that these facilities are functioning as intended. We will continue monitoring these malls to ensure the lack of feedback is not due to any sort of barriers preventing users from speaking up.

Topic 2:

How does addressing DE&I change working environments for employees?

Sugano: Next, I would like to ask about why we as a company should engage in DE&I from the perspective of work environments.

Yamashita: Workplace environments that do not recognize individuality and diverse ideas are difficult to work in. Generation Z, in particular, favors companies that are proactive in DE&I, with surveys showing that up to 95% of Gen Z participants prefer to work at such companies. Given that securing human resources becomes a critical issue, I believe that companies that embrace diversity and engage in DE&I will be the only ones to survive.

Sugano: I agree. DE&I is an important factor in choosing a company. Could you discuss the specific systems offered at AEON MALL?

Yamashita: There are several systems I would like to mention, but I want to focus on those related to same-sex partner marriages and childcare.

AEON MALL began offering benefits for same-sex partner marriages in 2021, allowing same-sex partners to apply for employee benefits as a family member. The Company also offers carry-over paid leave for gender reassignment surgery and hormone therapy.

For childcare, we make childcare work arrangements available until the applicable child enters junior high school, offering both reduced working hours and the option to choose the number of working days. We are also proactive in introducing systems to support childcare, including the introduction of AEON Yume-Mirai Nursery Schools and other nursery schools in 21 malls. Employees also have access to discount babysitter coupons from the Children and Families Agency.

AEON MALL designs these systems to meet the diverse needs of each employee. But simply establishing such systems is not enough; it is also important to create environments that encourage the actual use of such systems.

Introducing Inclusive Restrooms (Tentative Name): Approach to Function Decentralization

Current restrooms: Users tend to be restricted to restrooms based on their perceived gender

• Transgender people face difficulties when using either restroom • The Restrooms for Everyone tend to experience chronic overcrowding

Women's Restroom	Restrooms for Everyone (Family Toilets)	Men's Restroom
Cisgender women and L+B women able to use facilities alone Infants	Wheelchair users Ostomy patients Persons in need of assistance and caregivers Infants and guardians	Cisgender males and G+B men able to use facilities alone Infants

L = Lesbian, women attracted to other women
 G = Gay, men attracted to other men
 B = Bisexual, individuals attracted to more than one gender
 T = Transgender, individuals whose gender identity differs from the sex assigned at birth (↔ cisgender, a person whose gender identity matches the sex assigned at birth)
 Q = Questioning or queer, people who do not know their sexuality, have not decided, do not want to decide, or are confused about their sexuality

Going forward: Increase options for transgender persons and establish facilities for people with physical disabilities to use without waiting

Priority restrooms and inclusive restrooms (tentative name) will decentralize functions and reduce congestion

Women's Restroom	Priority restrooms (= exclusive restrooms)	Inclusive Restroom (Tentative Name)	Men's Restroom
Cisgender women and L+B women able to use facilities alone Infants	Wheelchair users Persons in need of assistance and caregivers Ostomy patients	Transgender persons Infants and their guardians Persons in need of assistance and caregivers Wheelchair users and ostomy patients	Cisgender males and G+B men able to use facilities alone Infants
Large booth Diaper changing table	Beds for persons needing caregivers Ostomy patient facilities	Diaper changing table Ostomy patient facilities	Large booth Diaper changing table

Panel Discussion on Connecting Communities, Connecting the Future

#6 Community Co-Creation x Diversity Equity & Inclusion (DE&I)



Sugano: So it is important to ensure the environments enable employees to use such systems easily after establishment. Have you received any feedback regarding the perceived burden on the colleagues of employees who use these systems?

Yamashita: We certainly need to consider the burdens felt not only by those who use such systems, but also by the colleagues of such employees. Even if an employee is not utilizing the childcare work arrangements, they may be in a situation where they go home to a partner burdened by childcare. The key here is to foster comfortable working environments for all employees, not just certain individuals.

When we hear the term diversity, we often think of those easy to categorize, such as foreigners, people with disabilities, and women, (i.e., those with so-called “surface diversity”). In reality, diversity runs deeper to “underlying diversity.” We are each a diverse entity with different individual personalities, characteristics, strengths, and weaknesses. We must be aware that diversity can be invisible to the eye, making it crucial to have discussions on what type of support such individuals need and how we can help.

Sugano: Given this underlying diversity, I feel we cannot reduce diversity to simply those who support others and those who receive support. I think it is important for everyone to have this awareness, or rather, feel that we are all part of a diverse group of people and can only be ourselves thanks to those around us.

Matsumoto: We often focus our attention on those who use these systems, but I think we should also take into account the ideas and feelings of those who support such employees. We should discuss such matters and how to support these individuals with everyone in the workplace and implement measures through dialogue.

I believe each workplace within the Company has various accomplishments beyond these systems, such as the physical infrastructure mentioned earlier. But I feel that such accomplishments are not elevated to our knowledge base. I believe it is critical to share such information while establishing it as explicit knowledge.

Sugano: Sharing case studies and devising our own respective ways to address issues with no clear answers is desirable to create accessible facilities accessible and comfortable work environments for everyone.

Topic 3: What measures will AEON MALL taking going forward?

Sugano: How should AEON MALL view and address DE&I going forward?

Matsumoto: We already implement various initiatives and structures, but some individuals question whether these efforts lead directly to business results.

Data shows that 8.9% of the population in Japan identifies as LGBTQ, and about 6% of the population has some form of disability. In addition, foreign workers living in Japan account for 2.2% of the population, and households with children account for 18% of all households. The target population of our DE&I efforts exceeds 10% of the population, even if we exclude households with children.



If AEON MALL cannot accommodate these individuals, we risk our facilities being inaccessible to approximately 10% of our customers in Japan.

This can also be said for employees, partners, and staff of specialty stores. Understanding DE&I and having deeper dialogues and more empathy are necessary for AEON MALL to attract more employees and customers.

I will strive to do my part to help the Company view the business opportunities of DE&I and take proactive measures. Our presence in Japan is a particularly significant advantage. I hope AEON MALL will serve as a platform that welcomes and supports diverse individuals in both metropolitan and rural areas.

I expect that leveraging our nationwide knowledge base and implementing localized DE&I initiatives will be a great asset and a driving force for the Company to create new value.



Human Resources Strategy

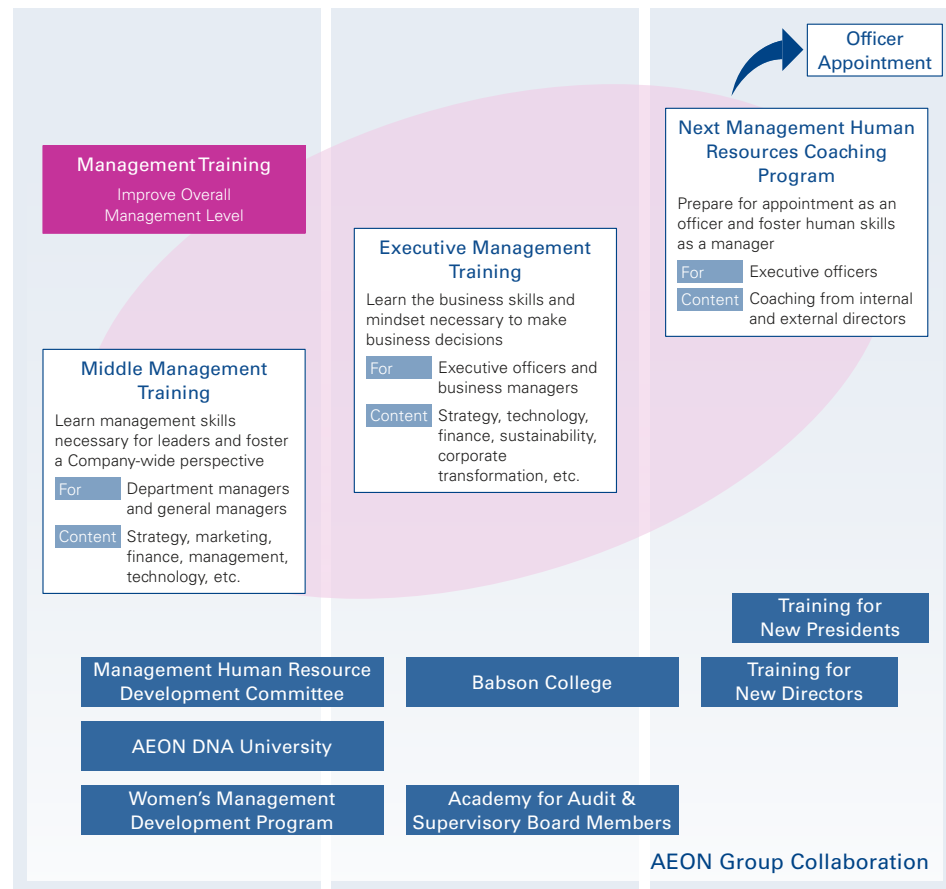
Approach ⑤

Create Succession Plans

Succession Plan Policy

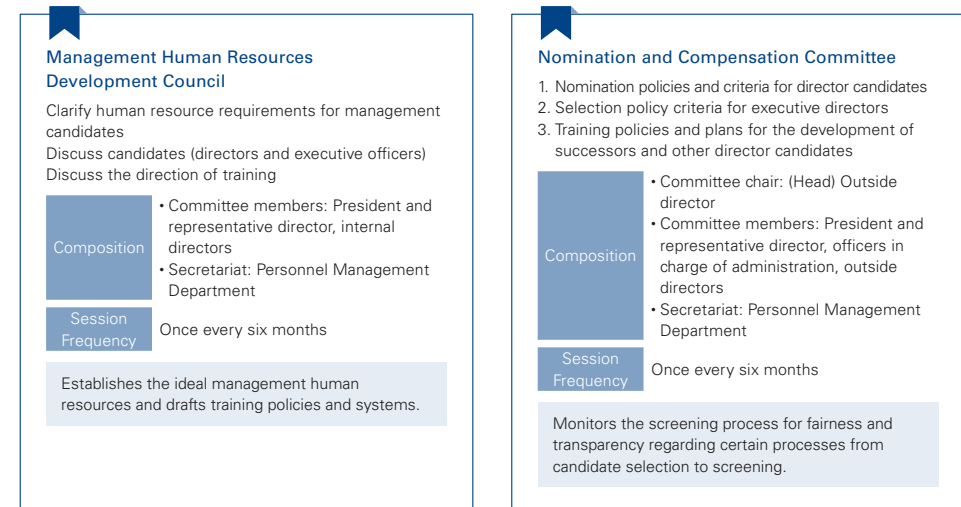
In achieving our Vision, we systematically identify and train the next generation of management human resources to enhance our corporate value and lead Company transformation toward medium- and long-term growth. The Nomination and Compensation Committee plays a central role in clarifying human resource 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.



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

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

5. Preferred Work Experience

- Experience in positions with organizational responsibility both domestically and internationally
- Experience in managing a business enterprise and accomplishing new projects

2. Executive Responsibilities

- Propose and execute unique and attractive business concepts

4. Behavioral Characteristics (Competency)

- Insight into change, foresight, responsiveness, feasibility
- Global adaptability
- Mission, enthusiasm, capacity, integrity
- Implementation of succession planning

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.88 for information on succession planning in corporate governance.

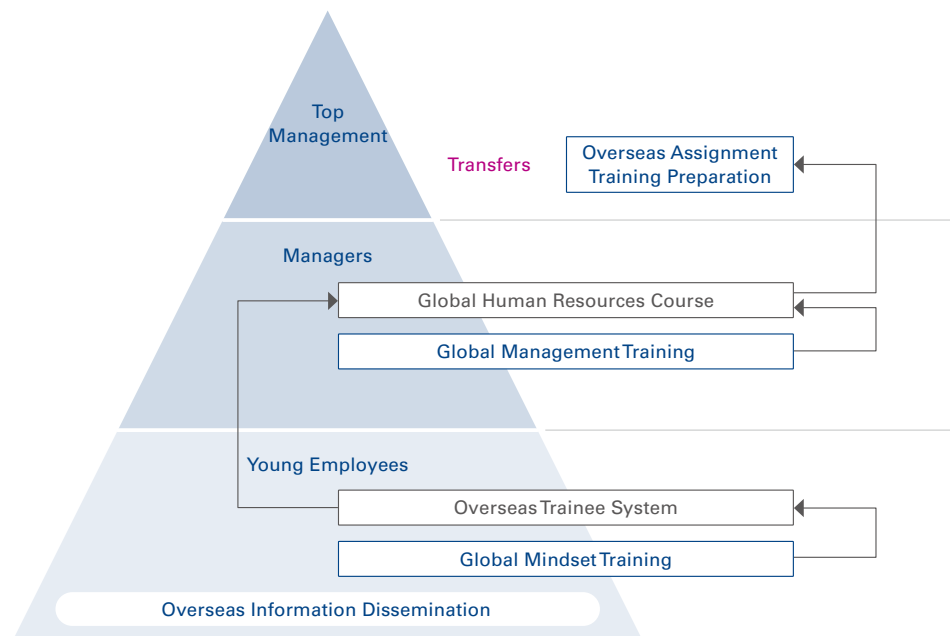
Human Resources Strategy

Approach ⑥

Global Human Resources Development

AEON MALL believes that we will need numerous newly transferred employees, especially new mall general managers, in our overseas business to drive 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



Global Human Resources Initiatives in Overseas Malls

It is our basic policy to operate overseas malls with local staff who understand our philosophy. Accordingly, we focus on human resources development in each country and actively promote employees to executive positions. Currently, local staff in 22 malls work as general managers responsible for the 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 35% in 2023 (previously 29% in 2022). We aim for a ratio of 40% in 2025 and 50% in 2030.

Human Resources Education Initiatives in China

We are planning educational programs for each province in China based on the AEON Basic Principles and the AEON MALL Human Resources and Organization Vision. Our education will focus on developing local management candidates and career advancement of employees.

We intend to create clear curriculum descriptions and objectives for each program. Beyond expanding knowledge and imparting information, we will conduct practical skill-building seminars and seminars for employees to share their experiences. In addition, we plan to devise ways to activate existing experience and knowledge and to leverage knowledge and tools, instead of relying on a passive approach. In this way, we will ensure the most effective training. To the greatest extent possible, we encourage employees to think on their own, become more aware, and act independently. We strive to create a learning organization through diverse and meaningful programs. AEON MALL believes that education is the greatest welfare benefit, and we contribute to sustainability management by helping people realize their potential through knowledge.



Philosophy and Vision

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Respect for Human Rights

Based on the AEON basic philosophy and Human Rights Policy, we respect human rights and aim to be an organization in which all employees can participate in corporate development regardless of gender, nationality, etc. We also strive to create workplaces in which all employees can make the most of 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.

Approach and Policies

Our Approach to Human Rights

The AEON Group and AEON MALL regard respect for the human rights of employees and people working in our supply chain as an extremely important social responsibility. We believe the same for the human rights of people and customers in countries and regions affected by our business.

In addition to the AEON Basic Philosophy, and in line with the principles of the United Nations Global Compact, in which we announced our participation in 2004, we are committed to protecting the human and labor rights of everyone affected by our business activities. We comply with national laws concerning human and labor rights and we are 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 based on 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.



AEON's Human Rights Policy

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

AEON's Human Rights Policy

In 2008, AEON formulated the AEON Human Rights Policy to engage in business based on respect for humanity, a fundamental philosophy of the AEON Group. In 2014, AEON revised this policy to include statements of non-discrimination on the basis of sexual orientation or gender identity. In 2018, AEON revised the AEON Human Rights Policy again to expand the scope to include all stakeholders involved in AEON Group business activities. We continue to comply with this policy today. The revised AEON Human Rights Policy states clearly that the AEON Group respects human rights based on international law and international agreements, in addition to domestic laws and regulations. The policy also states that all stakeholders involved in AEON Group business activities are required to comply with the policy. The AEON Group has established a human rights due diligence process to assess the impact of our business activities on human rights to support our aim to create societies that respect human rights.

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 our own Guidelines for Sustainable Transactions ("Guidelines," below). These Guidelines ensure a comprehensive approach in confirming international norms on human rights and labor, as well as human rights matters within the industry. At the same time, we strive to identify matters that should be included as guidelines based on materiality assessments. We contribute to the creation of sustainable societies by sharing our values with our business partners and using these values 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, should 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, many being issues that cannot be addressed by a single company or organization alone. To address this situation, AEON MALL Co., Ltd. and the organizations involved in AEON MALL businesses ("Business Partners," below) must commit to fulfilling their responsibilities. In addition, AEON MALL and Business Partners must ask their respective suppliers, contractors, and subcontractors to take appropriate action, thereby completing the chain of social responsibility. These Guidelines clarify the issues we wish to tackle together with our Business Partners. As each partner addresses these issues, they will gain the trust and confidence of their stakeholders. Addressing these social issues is fundamental to our business activities and organizational management.

To achieve this objective, AEON MALL Co., Ltd. conducts questionnaires, interviews, etc., with the understanding and cooperation of our Business Partners regarding our efforts in this area. Through these types of activities, we engage in fair trade based on partnerships, striving together for mutual and lasting growth.

2 Scope of Application

These Guidelines are designed to share the values of AEON MALL with our Business Partners. The Guidelines apply all companies and organizations involved in AEON MALL businesses.



Guidelines for Sustainable Transactions

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



Respect for Human Rights

Governance

AEON MALL views respect for human rights as a sustainability-related materiality. The president and CEO is the individual with ultimate responsibility for pursuing activities related to this materiality.

Our ESG Promotion Committee, organized under the Management Council, is chaired by the president and CEO, 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 initiatives related to human rights, providing a prompt response and resolution to any issues. Deliberations of the ESG Promotion Committee and subcommittees are reported to the Board of Directors.

The Risk Management Committee reports to the president and CEO on risk management and proposes policies, while each department responsible takes measures to deal with respective risks.

Promotion Structure



ESG Promotion Committee Discussions

The ESG Promotion Committee discusses important policies, measures, and initiatives related to human rights.

Major Discussion Items in Fiscal 2024

Launched in April 2024, the ESG Promotion Committee reviewed structures and clarified the roles of each department. The committee revised the Guidelines for Sustainable Trade, requested compliance from suppliers, and decided to conduct human rights due diligence on Business Partners.

Human Rights Initiatives Roles of Each Department

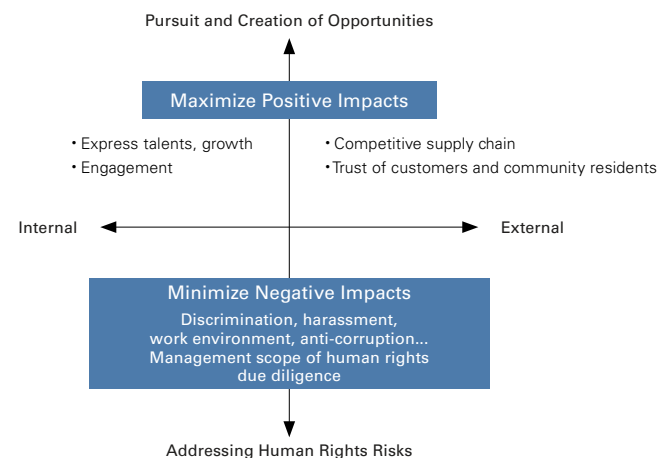
Department	Role
Human Resources Management Department Human Resources Department	Addressing Employee Human Rights
Administration Management Department General Affairs Department	Human rights in relationships with business partners
Administrative Management Division Compliance Department	Prevention of harassment, bribery and corruption, and the abuse of preferential treatment by Business Partners
Strategy Department ESG Promotion Group	Identify trends in international guidelines and overseas conditions; create systems

Strategy

The AEON Human Rights Policy clearly describes the group's human rights due diligence process. In accordance with the AEON guidelines, AEON MALL began implementing this initiative in 2020. As described in the United Nations Guiding Principles on Business and Human Rights, we will continue our efforts to build a sustainable value chain in our role as a leader in ensuring human rights.

Positive and Negative Impacts on Human Rights

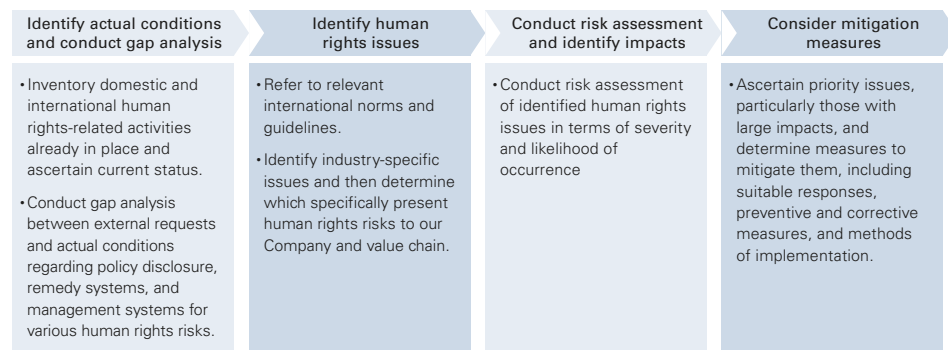
In conducting global business, AEON regards respect for the human rights of group employees, the people working in our supply chain, and the human rights of people and customers in countries and regions affected by group businesses as an extremely important social responsibility. Based on this approach, we pursue business activities in consideration of human rights and in compliance with AEON policies.



Respect for Human Rights

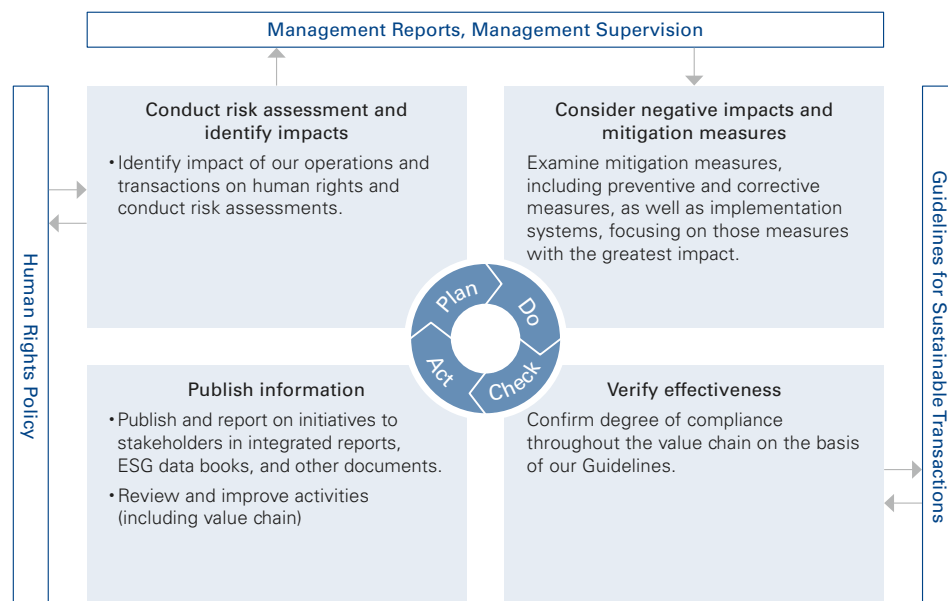
Strategy

Human Rights Due Diligence Implementation Process

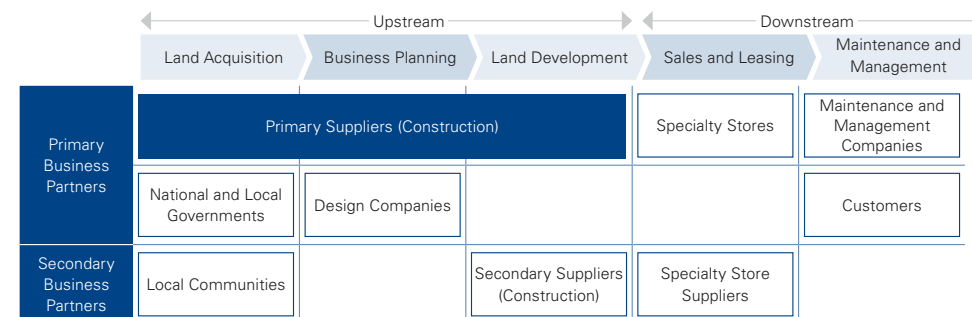


Human Rights Due Diligence Post-Implementation Roadmap

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



Human Rights Initiatives and Planned Initiatives for Fiscal 2024

FY	Guidelines for Sustainable Transactions
2021	<ul style="list-style-type: none"> Draft, publish Guidelines for Sustainable Trade Briefing sessions for Business Partners (general contractors, etc.)
2022	<ul style="list-style-type: none"> e-learning (internal) on business and human rights Briefing sessions for suppliers (tenant companies)
2024	<ul style="list-style-type: none"> Communication Guidelines for Sustainable Trade

FY	Human Rights Due Diligence
2021	<ul style="list-style-type: none"> Conduct human rights due diligence on upstream (internal, internal perspective) through interviews and document verification
2022	<ul style="list-style-type: none"> Investigate human rights issues and scope of human rights due diligence
2023	<ul style="list-style-type: none"> Respond to Social Issues
2024	<ul style="list-style-type: none"> Revise human rights due diligence structure Conduct human rights due diligence survey (planned)



Respect for Human Rights

Risk Management

As a structure to manage the risk of loss, the Company designates the president and CEO as the ultimate person responsible for 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 created a system and environment to ensure business continuity and the safety of human lives. AEON 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.

The Company has established the Risk Management Committee, chaired by the director in charge of administration. The purpose of this committee is to maintain and improve risk management systems, including determining the status of risk management operations across the Group and reviewing risk management systems on a continual basis. 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. Risk Management Committee discusses risk measures to address major incidents, etc., leading to highly effective risk measures.



See Risk Management (P.89) for more on risk management initiatives.

Human Rights Risks Monitored for Each Department

We conduct human rights due diligence internally and on Business Partners from an internal perspective. Throughout the year, we draft and implement corrective measures on any human rights issues uncovered by monitoring activities. We also report our initiatives to the AEON Group Human Rights Due Diligence Committee quarterly and we work together with the committee.

Risks	Department
Occupational health and safety	Human Resources Management Department Human Resources Department
Harassment	Administrative Management Division Compliance Department
Bribery and corruption	Administrative Management Division Compliance Department
Human rights in relationships with business partners	Administrative Management Division General Affairs Department

Indicators and Targets

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

We conducted human rights due diligence to evaluate human rights risks internally and in the upstream value chain from an internal perspective, determining the proper scope. We plan to consider future initiatives as corrective measures to address issues and expand the scope of human rights due diligence.

Scope	Details of Scope	Corrective Actions and Future Initiatives
Human rights in the workplace	Our people at AEON are our most important asset. We create safe, secure, and comfortable work environments for our people to maximize their potential. For example, 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"> Educate employees on mental health issues Implement human rights remedial measures in the workplace (harassment prevention, work style reform, addressing mental health issues, etc.) See Human Resources Strategy (P.40) for more information.
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"> 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. Implement education on our basic stance toward our business partners. Disseminate guidelines on sustainable trade. See Compliance (P.91) for more on our anti-bribery and anti-corruption initiatives. 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. See Risk Management (P.89) for more on risk management initiatives.
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"> See Compliance (P.91) for more on our efforts to confirm our compliance with laws, regulations, our Articles of Incorporation, and internal rules, as well as anti-bribery and anti-corruption initiatives. Instill an awareness of Guidelines for Sustainable Trade 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. See Risk Management (P.89) for more on risk management initiatives.
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"> Regular education on human rights Education on the protection of personal information See Internal Control System (P.92) for more on how we protect the personal information of our customers.



Respect for Human Rights

Approach

Internal Reporting System

● 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. The Group's shared AEON Compliance Hotline is also available for use. We ensure privacy protection for users of this help line and ensure that users are not penalized, as provided in the Company's internal rules and regulations. Additionally, we investigate any problems reported through this helpline. If wrongdoing is confirmed, we take necessary actions in line with our internal rules. The issue in question is reported to the Compliance Committee, and the Company implements Group-wide measures to prevent recurrence in the future.

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. As a corrective action, the Company conducted psychological safety training for all employees in fiscal 2023.

Human Rights Awareness and Education for Employees

All AEON MALL employees participate in human rights education once a year, and we aim for a 100% participation rate. We require all AEON MALL employees to attend the annual human rights education program. We also provide employees with a handbook that lists both internal and external consultation desks. This handbook provides clear information about respect for human rights, prevention of discrimination, and other matters in the context of the AEON MALL employment rules. In fiscal 2023, we conducted human rights training on the topic of the *Revised Act for Eliminating Discrimination against Persons with Disabilities*. All employees, including managers, learned about providing reasonable accommodations for people with disabilities who visit our shopping malls.

Briefing Sessions for Suppliers to Raise Awareness of Human Rights

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

Customer Feedback

We provide customer feedback mechanisms in our malls and website to receive feedback and requests from our customers, which we use to improve our services. We regard customer feedback as the starting point of management, and we endeavor to create environments in which customers feel free to provide us with their opinions. We then strive to incorporate these opinions promptly in our product lineup, service improvements, environmental conservation activities, and other activities. We work with the appropriate departments to respond to inquiries (including human rights-related inquiries) from a individuals, communities, and other stakeholders.



Customer Feedback (Japanese Only)

<https://www.aeon-mall.jp/inquiry/>

Main Trainings

- AEON Group Vision training (all employees; once a year)
- Compliance training for officers (officers; once a year)
- Information security education (personal information protection education) (all employees; once a year)



Philosophy and Vision

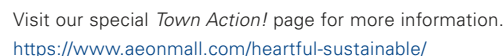
Value Creation

Value Creation Strategy

Corporate Governance

Corporate Data

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.



Environmental Strategy: Governance and Risk Management

Governance

The Company identified achieving a decarbonized society, creating circular malls, and preserving biodiversity as materialities. The president and CEO is the individual with ultimate responsibility for pursuing activities related to these materialities.

Our ESG Promotion Committee, organized under the Management Council, is chaired by the president and CEO and includes internal directors. The committee meets once every two months to discuss important policies, measures, and targets related to the environment, including our response to climate change, ensuring the prompt response and resolution of any issues.

Deliberations of the ESG Promotion Committee and subcommittees are reported to the Board of Directors. In addition, important nature-related issues are discussed under the supervision of the Board of Directors. The Risk Management Committee reports and proposes risk management-related policies to the president and CEO. The divisions in charge of dealing with relevant risks implements measures in response to said risks.

Promotion Structure



Risk Management

AEON M ALL defines all risks, including fluctuations in sales due to competition, fluctuations in exchange rates, reputational damage, earthquakes, and fires. We also define our basic approach to managing these risks in the 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.

Risk Management Responses in Each Area

Achieving Decarbonized Societies	Creating Circular Malls	Preserving Biodiversity
The Strategy Department oversees the monitoring of our climate change risks, focusing on the content of periodic reports under the Global Warming Countermeasures Act and the Act on the Rational Use of Energy. The department utilizes collected data for internal risk management and shares this information externally through the ESG Data Book and other disclosures.	We conduct internal audits once a year to determine whether our environmental management systems comply with AEON Group regulations and the ISO 14001 standards. Audits also determine whether such environmental management systems are implemented and maintained effectively. In planning and implementing the audit program, we take into account the environmental significance of the operation, changes affecting the AEON Group, and the results of previous audits.	As a real estate business, we strive to preserve biodiversity under ABINC certification criteria (ABINC® certification) when constructing and operating malls to reduce risks and create opportunities related to biodiversity.

Environmental Strategy: Decarbonization (1)

Approach and Policies

Internal Reporting System

AEON Decarbonization Vision

AEON will work to reduce CO₂ and other greenhouse gas (hereinafter “GHG”) emissions by taking the following three-pronged approach, thereby contributing to the realization of a decarbonized society.

Stores	We will reduce the total GHG emissions from our stores to zero by 2050.
Merchandise and Logistics	We will continue our efforts to achieve zero GHG emissions from our merchandise and logistics operations.
Hand in Hand With Customers	We will cooperate with all of our customers for the realization of a decarbonized society.

	Interim Target	Target to Achieve
As of 2018	Reduce CO ₂ emissions by 35% by 2030 (vs. 2010)	Reduce 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 CO₂ and other emissions from our businesses in Japan to zero by fiscal 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 all malls to renewable energy sources by fiscal 2025 through direct renewable energy contracts in each region. We will then shift from procuring effectively CO₂-free electricity through direct renewable energy contracts in each region to locally produced and locally consumed renewable energy (including PPA*¹) generated internally. By fiscal 2040, we aim to operate 100% of our directly managed malls using locally produced and locally consumed renewable energy.

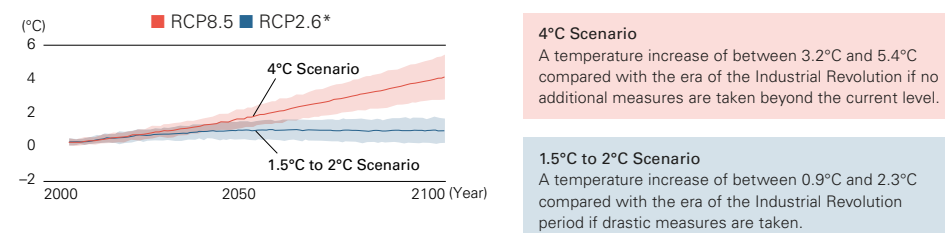
We will accelerate our efforts in Japan and overseas to achieve a decarbonized society, aiming to reduce the total amount of CO₂ and other emissions from all our business activities to zero.

*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

Strategy

Scenario Analysis

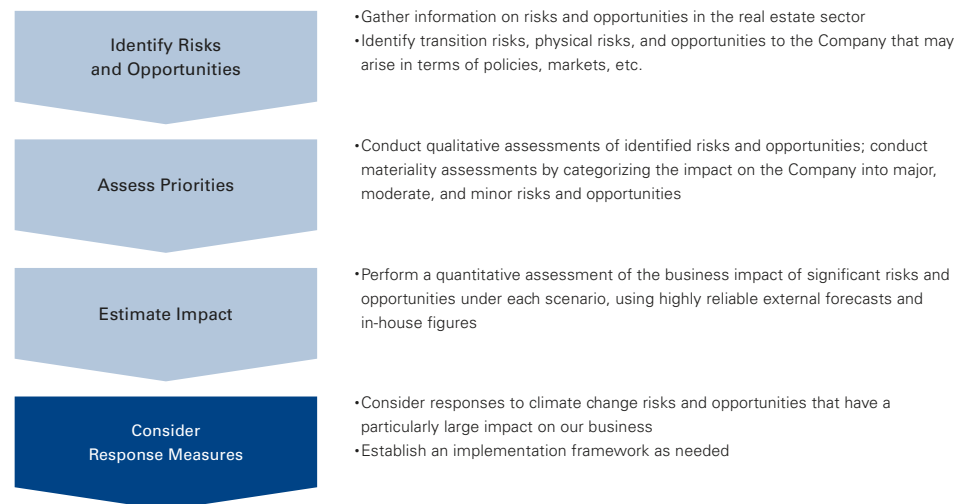
We selected the 1.5°C to 2°C scenario and the 4°C scenario, referencing the climate change scenarios in the United Nations Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report. We consider the long-term perspective of the AEON Decarbonization Vision and the AEON MALL Decarbonization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

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

Environmental Strategy: Decarbonization (2)

Strategy

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.

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	1.54°C to 24°C Scenario			
Transition	Carbon tax, GHG emission regulations	<ul style="list-style-type: none"> • Increase in market value due to energy savings, renewable energy shift, and the use of low-carbon building materials • Increase in lease income due to the sale of CO₂-free electricity to companies opening new stores 	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"> • Achievement of Decarbonization Vision • Achievement of medium-term environmental plan • Cool Share at malls
	Changes in customer behavior	<ul style="list-style-type: none"> • Increased leases and tenants due to high-efficiency buildings and inexpensive energy 	Outside scope of estimation	Outside scope of estimation	—	Short- to long-term	<ul style="list-style-type: none"> • Achievement of Decarbonization Vision • Solutions to issues in collaboration with specialty stores and communication of efforts to customers • V2AEON MALL implementation, PR
	Changes in energy mix and demand	<ul style="list-style-type: none"> • Lower capital investment costs related to carbon tax and energy savings due to low-carbon grid electricity • Stabilized energy procurement through in-house power generation and PPA 	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"> • Achievement of Decarbonization Vision • Membership in RE100 • Increase in the number of electricity- and gas-based zero CO₂ malls • Adoption of smart meters
	Popularization of electric vehicles	<ul style="list-style-type: none"> • Improved ability to attract customers through differentiation based on EV recharging facilities 	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"> • Achievement of Decarbonization Vision • Development of a roadmap for EV chargers
	Renewable energy and energy-saving technologies	<ul style="list-style-type: none"> • Lower operating costs and increase in property values due to energy-saving and renewable energy technologies 	Outside scope of estimation	Outside scope of estimation	—	Medium-term	<ul style="list-style-type: none"> • Achievement of Decarbonization Vision • Collaborations with the AEON Group in power generation and providing environmental value • Energy conservation through LEDs, etc. • Creation of non-financial indicators
Physical	Average temperature increase	<ul style="list-style-type: none"> • Reduced HVAC costs, increased user numbers, and improved employee productivity due to high-efficiency HVAC equipment 	Outside scope of estimation	Outside scope of estimation	—	Long-term	<ul style="list-style-type: none"> • Achievement of Decarbonization Vision
	Rise in sea levels	<ul style="list-style-type: none"> • Reduced insurance premiums due to addressing the risk of sea level rise 	Outside scope of estimation	Outside scope of estimation	—	Long-term	<ul style="list-style-type: none"> • Measures to improve safety at each mall • Evacuee hosting manuals • Disaster drills at malls
	Intensification of extreme weather	<ul style="list-style-type: none"> • Increase in lease income and customer numbers due to competitive advantage offered by enhanced disaster response • Lower insurance premiums due to addressing natural disaster risks 	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"> • Evacuee hosting manuals • Measures to improve safety at each mall

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.

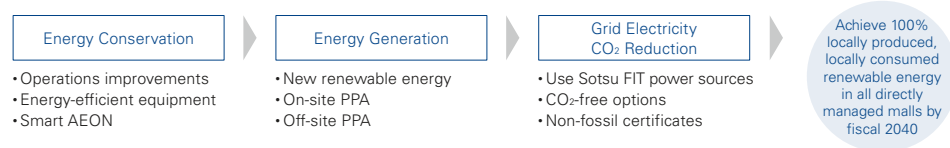


Environmental Strategy: Decarbonization (3)

Approach

The AEON MALL Approach to Decarbonized Societies

We work in a three-pronged approach toward decarbonization by fiscal 2040. We strengthen energy-saving and energy-creating initiatives, aiming to achieve 100% use of locally produced and locally consumed renewable energy in mall operations.



1 Pursue energy conservation

Pursue energy conservation

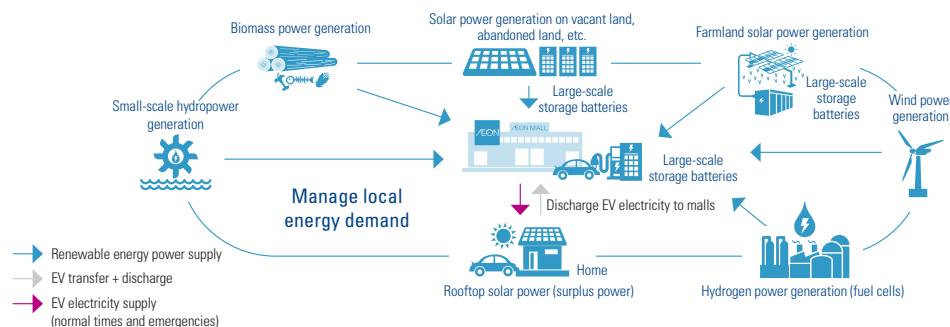
- ① Rationalize HVAC operation
- ② Introduce high-efficiency energy-saving equipment
- ③ Install solar power generation systems on mall roofs
- ④ Install LED lighting

Achieved 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 AEON MALL Toyokawa acquired ZEB*¹ 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 m² or more to achieve this goal in Japan.

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



Our plan is to procure virtually CO₂-free electricity until fiscal 2025, increasing our self-sufficiency ratio of renewable energy gradually by fiscal 2040. We will leverage wind power, hydrogen energy, and storage batteries, aiming to operate directly managed malls using 100% locally produced and consumed renewable energy (1.4 billion kWh/year) by fiscal 2040.

Expanding Our Renewable Energy Procurement Network With *Machi no Hatsudensho*

AEON MALL redefined off-site and on-site power generation at our malls in 2024 as *Machi no Hatsudensho* (community power plants). We operate approximately 1,390 off-site and on-site power plants nationwide.

1 Off-site power generation

We launched off-site low voltage solar power plants called AEON MALL *Machi no Hatsudensho* in September 2022. These plants have significantly boosted our energy self-sufficiency and use of locally produced and locally consumed energy.

Unlike mega solar power plants, low-voltage solar power plants do not require large-scale development. These renewable energy power plants are environmentally friendly, utilizing abandoned farmlands and other idle land. We expect this project to supply approximately 120 MW of renewable energy*² to 60 AEON MALL facilities*³. As a new initiative launched last year, we intend to begin farmland solar power generation (solar sharing)*⁴. 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.

2 On-site power generation

We utilize all of the mall assets, including roof tops and walls, to install solar panels and other power generation equipment in Japan and overseas. These installations provide the most efficient way to produce and consume renewable energy locally, with the power used in malls generated directly on mall premises. 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.

*1 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))

*2 Renewable energy power generated by a 120 MW-scale power plant is equivalent to the electricity consumption of approximately 30,000 average households.

*3 60 AEON MALL facilities means that the amount of the electricity transmitted to 60 malls is equivalent to the power consumption of seven or eight actual malls.

*4 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.

Environmental Strategy: Decarbonization (4)

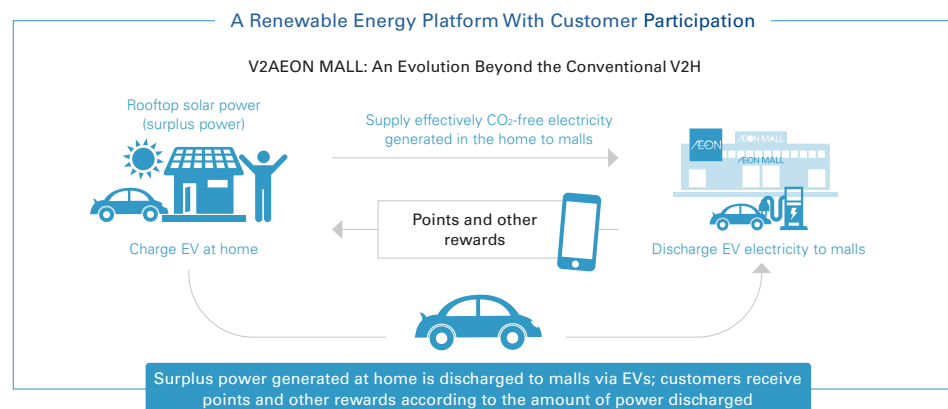
Approach

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 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 malls 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.



Addressing Natural Disasters and Other Physical Risks

The results of the assessment revealed that in addition to transition risks, such as the introduction 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.

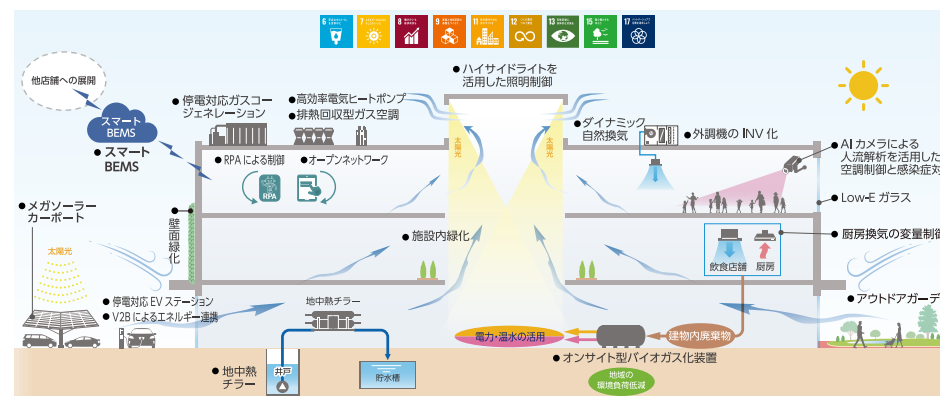
Decarbonization initiatives that take advantage of regional characteristics and location

AEON MALL builds leading regional shopping malls that maximize the use of local nature to achieve decarbonized societies through a balanced combination of state-of-the-art and existing technologies, including renewable energy. Our malls also serve as disaster relief facilities with enhanced local disaster response capabilities.

AEON MALL Toyokawa, launched through such efforts, received the First Decarbonized Urban Development Award (Minister of the Environment Award) from the Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of the Environment. We will leverage this experience to accelerate our efforts to achieve a decarbonized society.



<Specific Decarbonization Models at AEON MALL Toyokawa>

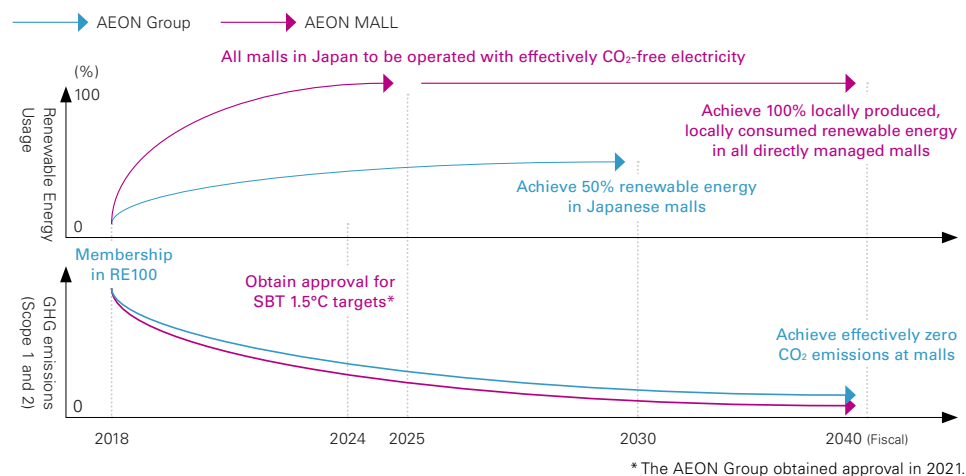


Environmental Strategy: Decarbonization (5)

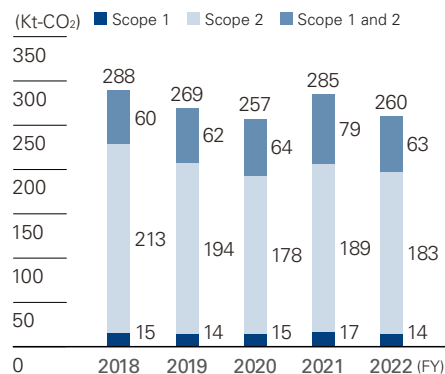
Indicators and Targets

Reduction Targets

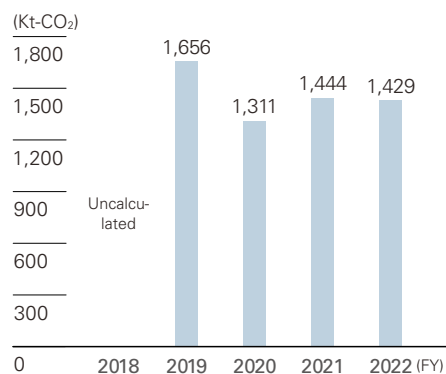
AEON MALL is committed to the achievement of decarbonized societies as part of our AEON MALL Decarbonization Vision, and we seek to reduce CO₂ emissions at directly managed malls in Japan to zero by fiscal 2040 through renewable energy sourced 100% via local production for local consumption. (1.4 billion kWh/year) To achieve our long-term targets, we established milestones that include operating our approximately 160 malls in Japan using effectively CO₂-free electricity by fiscal 2025, steadily taking measures to achieve our vision.



GHG emissions (Scope 1 and 2)



GHG emissions (Scope 3)



Third-Party Verifications

Obtained SBT Certification

We acquired SBT certification on February 26, 2024 from the international SBTi for our GHG reduction targets scientifically consistent with the GHG reduction targets set by the Paris Agreement.



Our SBT-Certified GHG Reduction Targets (2030 Targets)

- Scope 1 + Scope 2: 42% reduction in GHG emissions (vs. FY2020)
 - Scope 3 (Category 13): 25% reduction in GHG emissions (vs. FY2020)
- * Scope 1: Direct emissions from the fuel combustion and industrial processes of the business itself
 Scope 2: Indirect emissions associated with electricity, heat, and steam supplied by other companies
 Scope 3: Indirect emissions other than Scope 1 and 2; Category 13: Downstream leased assets

GHG Emissions

AEON MALL verifies greenhouse gas emissions (Scope 1, 2, and 3) via a third-party organization to ensure transparency and improve reliability. We have undergone third-party verification since 2020, continuously improving internal information based on insights and recommendations from the verification process.

Verification Scope	Greenhouse gas emissions from 100 directly managed AEON MALL locations between April 1, 2021 and March 31, 2022.	Verification Method	We engaged a third-party entity to conduct a verification in accordance with the requirements of ISO14064-3.
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Third-party verification result (Scope 1 and 2)



Third-party verification results (Scope 3)



Philosophy and Vision

Value Creation

Value Creation Strategy

Corporate Governance

Corporate Data

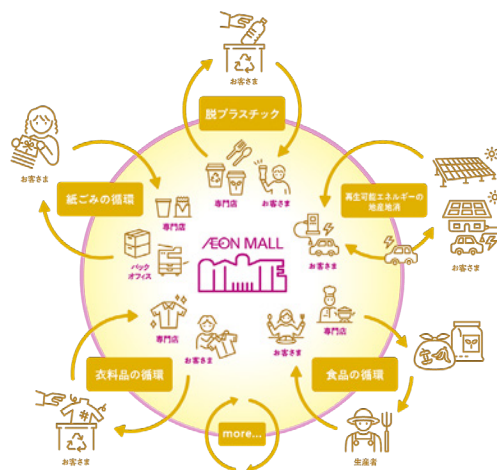
Environmental Strategy - Resource Recycling (1)

Approach and Policies

AEON MALL endeavors to create a recycling-oriented society by practicing the 6Rs for waste generated in the course of business activities: (1) Rethink, (2) Reduce, (3) Reuse, (4) Recycle, (5) Repair, (6) Returnable. For more than 20 years, AEON MALL has engaged in recycling by classifying waste into 17 types (currently 18 types). In fiscal 2023, we achieved a 91.3% recycling rate (including thermal recycling) among our directly managed malls in Japan. Based on the concept of the circular economy and the 6Rs, we aim to operate circular malls by recycling the following as resources: (1) materials that constitute the facilities we operate (construction); (2) all materials generated from our facilities (waste); and (3) materials no longer needed as resources in the community. As a circular mall, our facilities will be a starting point for circular societies in terms of resources and economies.

What are the 6Rs?

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



What is Circular Mall?

Circular malls are an approach to mall management that incorporates the concept of the circular economy, endeavoring to create recycling-oriented societies through co-creation with customers, specialty stores, and the local community, while taking advantage of the mall's centralized functions and scale.

AEON MALL has established an environmental management system to prevent pollution. Each business division established targets and is continues to improve environmental performance.

Circular Mall Concept (E.g., clothing)



Approach

Specific Initiatives Toward Creating Circular Societies: Community Resource Recycling

1 Stepping up clothing recycling programs

Nearly 450,000 tons* of clothing is discarded annually. We support solutions to issues faced by the garment industry, which accounts for the majority of tenants in our malls.

We have been collecting unwanted clothing from homes and other sources in an event we call Happy Clothes Relay. In fiscal 2023 we established permanent collection stations at malls in Chiba Prefecture. In June 2024, we expanded the number of collection sites to all directly managed malls nationwide as part of a system to reuse and recycle clothing for circulation between AEON MALL facilities and our local communities.

* Sustainable Fashion, Ministry of the Environment



2 Eliminating plastic

Certain malls are transitioning to reusable cups to reduce the amount of plastic waste generated. In the future, we plan to expand the number of tenants and regions where the program is in operation, making the program a sustainable initiative.

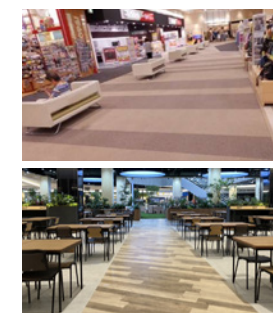
We also continue to offer incentives to customers who avoid using straws and other plastic cutlery items at our restaurant tenants. We intend to encourage other behavioral changes, including asking customers to bring their own take-home bags and take leftover food home.



3 Reusing existing materials for renovations

In certain malls, we used recycled materials (carpet tiles) as raw components in new flooring materials (PVC tiles) for mall renovations.

We also used existing pavement, crushed and incorporated into new roadbed material (asphalt and cement concrete), when upgrading paved surfaces. This effort at recycling reduced CO₂ emissions and contributed to the prevention of global warming.



AEON MALL Ota

Environmental Strategy - Resource Recycling (2)

Metrics and Targets

To reduce waste generated in the course of mall operations, we engage in the 6Rs together with our business partners and stakeholders by clarifying what, where, and how much waste is being disposed of.

For example, every mall has a system to classify waste into 18 basic categories and measure weight by category. Employees at each tenant measure the weight of waste by category, and then affix a label indicating that the weight has been measured. Tenant employees then place waste in the location designated for each category for disposal. Segregated waste that is recyclable is recycled to the greatest extent possible, and we calculate the recycling rate for each category.

When building or renovating malls, we pursue systems that prevent the waste of resources to the greatest extent possible, aiming to recycle resources across our entire supply chain.

FY2023 recycling rate of directly managed malls in Japan (including thermal recycling)

91.3%

	Waste (kg)	Amount recycled (kg)	Recycling rate
Raw garbage	14,238,397	13,661,130	95.9%
Cardboard	24,485,437	24,485,437	100.0%
Mixed garbage	23,494,730	18,547,440	78.9%
Waste plastics	3,842,353	3,738,764	97.3%
Waste plastic (valuable)	64,744	64,744	100.0%
PET bottles	654,417	654,417	100.0%
Glass bottles	338,206	333,237	98.5%
Cans	548,719	548,719	100.0%
Styrofoam	128,474	128,475	100.0%
Waste oil	1,891,652	1,891,651	100.0%
Paper	1,846,494	1,846,495	100.0%
Large garbage	361,788	324,027	89.6%
Other non-combustible waste	1,048,236	592,706	56.5%
Fluorescent bulbs	10,673	9,613	90.1%
Waste batteries	13,588	11,769	86.6%
Disposable chopsticks	89,395	80,419	90.0%
Waste alkali/paint remover	8,040	1,890	23.5%
Sludge	5,815,138	5,062,931	87.1%
Total	78,880,481	71,983,864	91.3%

* Recycling volumes and rates include thermal recycling

Indicators (Medium- to Long-Term Plan)

We established indicators for the items listed to the right, aiming to create circular malls by 2030 as a medium- to long-term plan.

Creating Circular Malls by 2030

Improve Recycling Rate

- Reduce and recycle plastics, food loss, and other waste
- Establish a platform for collecting and circulating resources no longer needed in the community

Pursue Resource Recycling Initiatives

- Change consumer behavior and visualize contributions by strengthening environmental awareness and initiatives
- Implement plastic-free, food recycling loop, and clothing collection initiatives with local communities, customers, and partners

Acknowledged Risks

As the world's population grows and the demand for resources expands, it is imperative that we use the Earth's limited resources efficiently for sustainable development. Given the large amount of waste generated by our business activities, AEON MALL recognizes the urgent need to create circular economies.

Risks

- Increased operating costs due to higher waste disposal costs
- Increased operating costs due to stricter regulations on waste plastic disposal, mandatory recycling, and regulations on thermal disposal
- Increased demand for resources and price hikes for goods and services due to resource depletion
- Increased human and financial burden required to handle resource recovery
- Decreased demand for products and services due to delay in responding to changes in consumer preferences (needs for recycled material use)
- Weakened brand value due to delay in response

Opportunities

- Decreased disposal costs due to reduced waste emissions
- Increased local employment with systems for resource recycling
- Increase in the number of tenants, increase in the number of customers, and improved reputation due to increased value as a center for resource recycling in the community
- New business created through collaborations with various stakeholders

Third-Party Verifications

Waste Output Volume

We engaged an outside entity to conduct third-party verifications for 104 directly managed AEON MALL locations regarding fiscal 2023 waste emissions. We will continue efforts to improve data reliability and reduce waste emissions.

Scope Waste emissions from 104 directly managed AEON MALL locations between March 1, 2023, and February 29, 2024.

Method We engaged a third-party entity to conduct a verification in accordance with the requirements of ISO14064-3.



Environmental Strategy - Biodiversity (1)

Approach and Policies



AEON MALL assesses the impact of business activities on ecosystems and engages in activities to reduce our impact and preserve nature in cooperation with our customers, government, NGOs, and other stakeholders.

We continue tree-planting activities and add “plus” (+) activities to conserve the living things in the community, working in concert with customers, the government, NGOs, and other stakeholders to create malls that are ecologically and environmentally friendly. In addition to preserving biodiversity, we aim to become nature positive by participating in environmental initiatives, including achieving decarbonized societies and creating circular malls.



AEON Biodiversity

<https://www.aeon.info/en/sustainability/biodiversity/>

Participation in the 30 by 30 Alliance for Biodiversity

In December 2023, we joined the Ministry of the Environment's initiative 30 by 30 Alliance*¹.



*¹ 30 by 30 Alliance: A voluntary alliance of companies, local governments, and organizations supporting the achievement of the 30 by 30 goals to expand Japan's protected areas (20% of land and 13% of ocean) and to pursue efforts to certify areas that have been conserved by the private sector as OECMs*².

*² OECM (Other Effective Area-Based Conservation Measures): Land and areas other than protected areas (mountain villages, forests, etc.) and corporate forests where the private sector contributes to biodiversity conservation.

TNFD Compliance

We participated in the Task Force on Nature-related Financial Disclosures (TNFD) Forum to analyze the impacts our operations have on nature, addressing our nature-related risks and opportunities. For analysis, we used the LEAP approach recommended by the TNFD.

In preparing TNFD disclosures, we organized the results of our analysis and company initiatives in accordance with the Final TNFD Recommendations published in September 2023.

* TNFD (Task force on Nature-related Financial Disclosures)

Final TNFD Disclosure Recommendations

Items recommended for disclosure in the Final TNFD Recommendations (governance, strategy, risk and impact management, and metrics and targets) are as described below. We will consider disclosures for items without associated information as we proceed with our analysis based on the LEAP approach.

Governance	Strategy	Risk and Impact Management	Metrics and Targets
A. Board Oversight	A. Identified Risks, Etc.	A. (i) Process for identifying risks in direct operations	A. Metrics Used to Assess Risks and Opportunities
B. Management's Role	B. Impact on Business	A. (ii) Process for identifying risks, etc., in the value chain	B. Metrics Used to Assess Dependencies and Impacts
C. Stakeholder Engagement	C. Scenario Analysis	B. Risk Management Process	C. Targets Used to Manage Risks and Results
—	D. Priority Areas	C. Roles of A and B in Overall Risk Management	—

* Summary of items from TNFD disclosure recommendations

* See [P.20](#) for Governance C. Stakeholder Engagement. See [P.56](#) Human Rights Policy for governance related to stakeholders.

* See [P.89](#) Risk Management for more on the roles of C. A through B. on risk and impact management.

Governance

Governance on Nature-Related Issues (A and B)

* Numbering mirrors the recommended disclosures in the Final TNFD Recommendations

The Company identified preserving biodiversity and protecting natural resources as sustainability materialities. The AEON MALL president and CEO is the individual with ultimate responsibility for pursuing activities related to these materialities. Our ESG Promotion Committee is chaired by the president and CEO and consists of internal directors and full-time members of the Audit & Supervisory Board. This committee meets once every two months to discuss important nature-related policies, measures, and targets, serving to support the prompt response to and resolution of issues. Deliberations of the ESG Promotion Committee and subcommittees are reported to the board of directors. In addition, important nature-related issues are discussed under the supervision of the board of directors. The Risk Management Committee reports and proposes risk management-related policies to the president and CEO. The divisions in charge of dealing with nature-related risks implement measures in response to said risks.

With the support of external experts, the ESG Promotion Committee held a biodiversity briefing in fiscal 2023 focusing on the TNFD to deepen management's understanding and discussions on nature-related issues. We will

continue to provide regular opportunities for discussions through this committee.

Promotion Structure



Environmental Strategy - Biodiversity (2)

Strategy

Nature-Related Dependencies and Impacts, Identification and Assessment of Risks and Opportunities (A (i) and (ii))*

* Numbering mirrors the recommended disclosures in the TNFD Final Recommendations

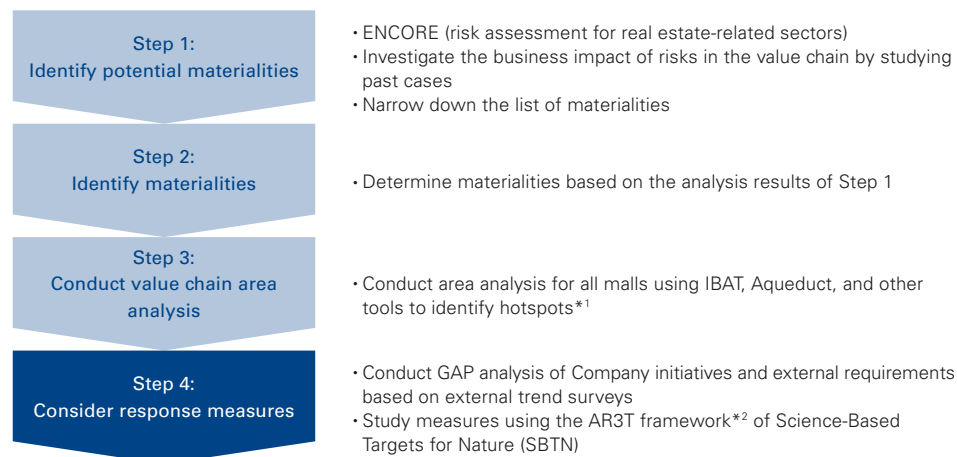
We are in the process of assessing nature-related business risks and opportunities.

In identifying nature-related materialities, we first assessed the risk of nature-related topics closely related to the real estate sector. Here, we use the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool. We then investigated cases in which business risks closely related to our real estate business have materialized, considering and evaluating the magnitude of the potential impact on AEON MALL businesses based on the relationship to the value chain to identify materialities. 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 in Japan and overseas to identify hotspots*¹.

Scope of Value Chain for Assessments of Nature-Related Risks



Risk Identification and Assessment Process



*1 Hotspots: Areas located nearby that are home to ecosystems of importance for preservation and where future efforts should be considered on a priority basis

*2 AR3T framework: Avoid, Reduce, Restore & Regenerate, Transform

Process for Managing Nature-Related Risks and Opportunities (B*)

* Numbering mirrors the recommended disclosures in the TNFD Final Recommendations

The AEON MALL Group conducts regular risk surveys using questionnaires and interviews with directors, members of the Audit & Supervisory Board, executive officers, and employees to assess risks affecting the Group quantitatively and qualitatively. Based on the results of the risk survey, we identify risks to prioritize and engage in response measures.

As a real estate business, we strive to preserve biodiversity under ABINC certification criteria (ABINC® certification) when constructing and operating malls to reduce risks and create opportunities related to biodiversity.

Company-Wide Risk Management Process (C*)

* Numbering mirrors the recommended disclosures in the TNFD Final Recommendations



Reference: Risk Management (P.89)

Significant Nature-Related Risks and Opportunities (A*)

* Numbering mirrors the recommended disclosures in the TNFD Final Recommendations

We analyzed nature-related risks and opportunities in our business in accordance with the LEAP approach advocated by the TNFD. In identifying risks and opportunities, we considered the materiality of nature-related issues. We evaluated the results of the assessment using the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool in accordance with the vertical axis on the materiality map, viewing stakeholder interest in nature-related dependencies and impacts as an important factor in the real estate sector.

Dependencies Heat Map

	ENCORE Industry	Forest Resources	Water Resources	Land Development	Ecosystem Services	Rights of Indigenous Peoples	Effective Species	Chemical Substances	Climate Regulation	Decomposition and Purification	Fertilizer Production	Natural Resources	Resource Mining
Dependencies													
Construction Materials													
Real Estate Development													

Impact Heat Map

	ENCORE Industry	Deforestation	Waste Water	Land Development	Peripheral Ecosystems	Rights of Indigenous Peoples	Spread of Invasive Species	Chemical Substances	GHG Emissions	Waste Output	Fertilizer Use	Natural Resources	Resource Mining
Impacts													
Construction Materials													
Real Estate Development													

Environmental Strategy - Biodiversity (3)

Strategy

Materiality Map of Nature-Related Matters in the AEON MALL Business

The highest risks in the real estate sector were dependencies for water usage and impacts for water depletion and water pollution, development of land with high conservation value, GHG emissions, and depletion of natural resources.

In addition, we surveyed cases of emerging risks that could have a significant impact on our real estate business. We found categories that have particularly close relationships to our business, such as the development of land with high conservation value and impact on surrounding ecosystems. We assessed the importance of these nature-related risks and opportunities in relation to the value chain, as shown on the horizontal axis of the materiality map.

After organizing our analysis and evaluation into a materiality map (see right), we have identified four categories as materiality: Development of land with high conservation value, impact on surrounding ecosystems, water use and drainage, and GHG emissions.

Potential Impact on Business (A*)

* Numbering mirrors the recommended disclosures in the TNFD Final Recommendations

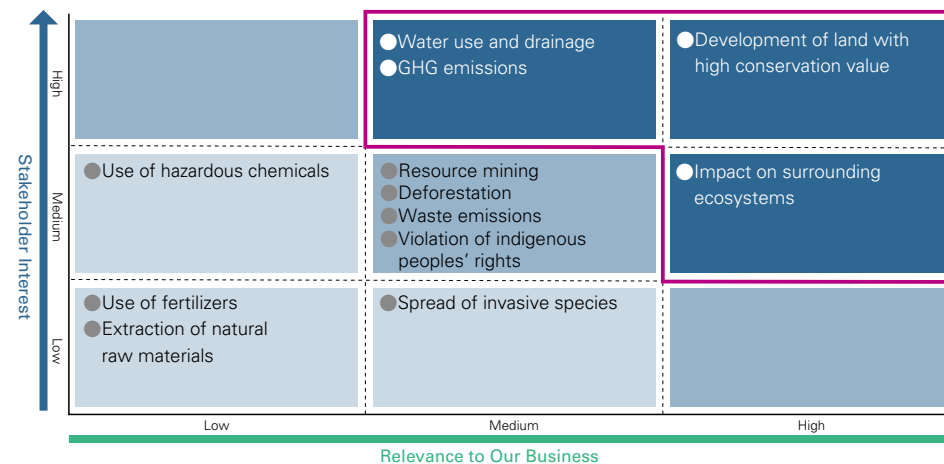
We summarized the potential impact of risks and opportunities on our business, referencing the nature-related risks and opportunities of the TNFD.

Risks That May Affect Our Business

Risk Categorization	Organization Business Risks	Potential Impact on Organization Businesses	Time Horizon
Transition Risk	Policies and Law	Adoption and enforcement of regulations	Medium
	Market	Rising prices of construction materials	Long
		Changes in customer behavior	Medium
	Technology	Development and spread of technologies with low environmental impact	Medium
	Reputation	Criticism from consumers and society Evaluation by investors	Medium
	Lawsuits	Liability arising from regulatory and case law developments	Medium
Physical Risk	Acute	Increased frequency of natural disasters	Medium

Time Horizon: Short-term (to 2025), medium-term (to 2030), long-term (to 2050)

Materiality Map of Nature-Related Matters in the AEON MALL Business



Opportunities That May Affect Our Business

TNFD Opportunity Categories	Organization Business Opportunities	Potential Impact on Organization Businesses	Time Horizon
Opportunities	Resource Efficiency	Spread of efficiency solutions	Medium
	Market	Entry into nature-related businesses	Medium
	Financial	Securing R&D funds	Long
	Products and Services	Differentiate by creating products and services that protect, manage, and restore nature	Medium
	Reputation	Evaluation from consumers and society	Medium
		Evaluation by investors	

Time Horizon: Short-term (to 2025), medium-term (to 2030), long-term (to 2050)



Philosophy and Vision

Value Creation

Value Creation Strategy

Corporate Governance

Corporate Data

Environmental Strategy - Biodiversity (4)

Strategy

Value Chain Area Analysis (B, D*)

* Numbering mirrors the recommended disclosures in the TNFD Final Recommendations

We identified materialities by upstream, direct operations, and downstream stages of the value chain. We then identified hotspots by assessing the biodiversity risk of business locations using IBAT^{*1}, Aqueduct^{*2} and other tools. We will use the results of the analysis in future biodiversity preservation efforts.

*1 IBAT: A tool for understanding the surrounding ecosystem over a wide area

*2 Aqueduct: A tool for understanding water stress

	Upstream (Material Procurement)			Direct Operations (Land Development, Mall Construction)		Downstream (Mall Operations)
Risk Categories	Land Development	Ecosystem	Wastewater Treatment	Land Development	Ecosystem	Wastewater Treatment
Analysis Method	<input checked="" type="checkbox"/> Not included in the area assessment, taking into account the direct relevance to the business <input checked="" type="checkbox"/> Business opportunities to be studied in the response plan			<input checked="" type="checkbox"/> Targets: AEON MALL facilities <input checked="" type="checkbox"/> Analysis Method: Assess biodiversity risk around malls and identify hotspots using IBAT		<input checked="" type="checkbox"/> Targets: AEON MALL facilities <input checked="" type="checkbox"/> Analysis Method: Assess water resource risk in the watershed around malls and identify hotspots using Aqueduct

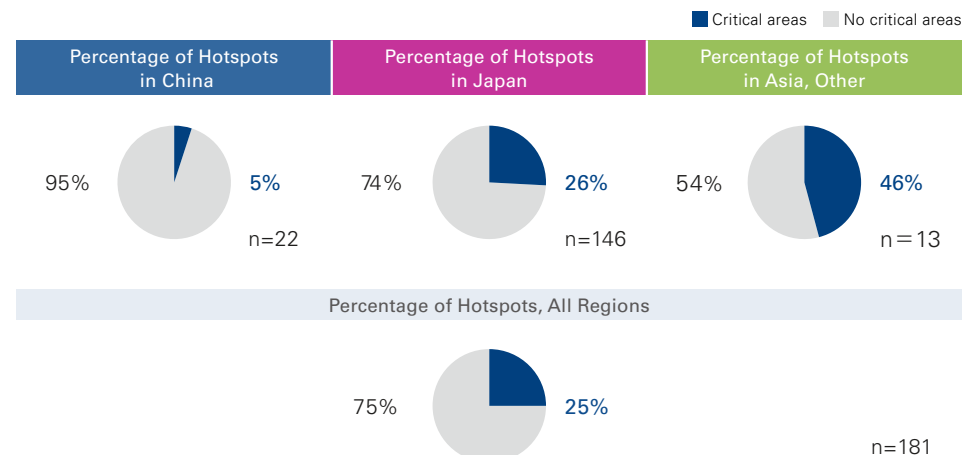
Direct Operations x Land Development and Surrounding Ecosystems

After identifying hotspots, we found that 25% of our malls (domestic and international) are in important biodiversity areas. We believe that hotspots have the potential to attract native species from the surrounding area and are important locations requiring highly significant preservation activities in cooperation with local residents. We will use the results of the analysis to advance our efforts, and we will discuss with each country how to utilize the results of the analysis for malls overseas.

Country	No. of Malls	No. of Malls With Confirmed Hotspots
Japan	146	38 (26%)
China	22	1 (5%)
Asia, Other	13	6 (46%)
Total	181	45 (25%)



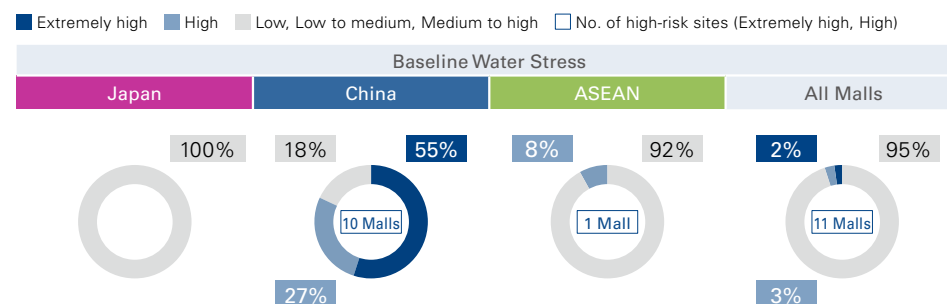
* As of March 2023



Downstream x Water Use

We used Aqueduct, a tool for the general assessment of water risk, to assess each category of water resource risk based on the location of AEON MALL facilities. We then identified hotspots based on this analysis. The results showed that 11 malls in China and ASEAN are located in water-stressed areas.

We manage wastewater discharge appropriately at domestic malls in accordance with ISO 14001.



* As of April 2022

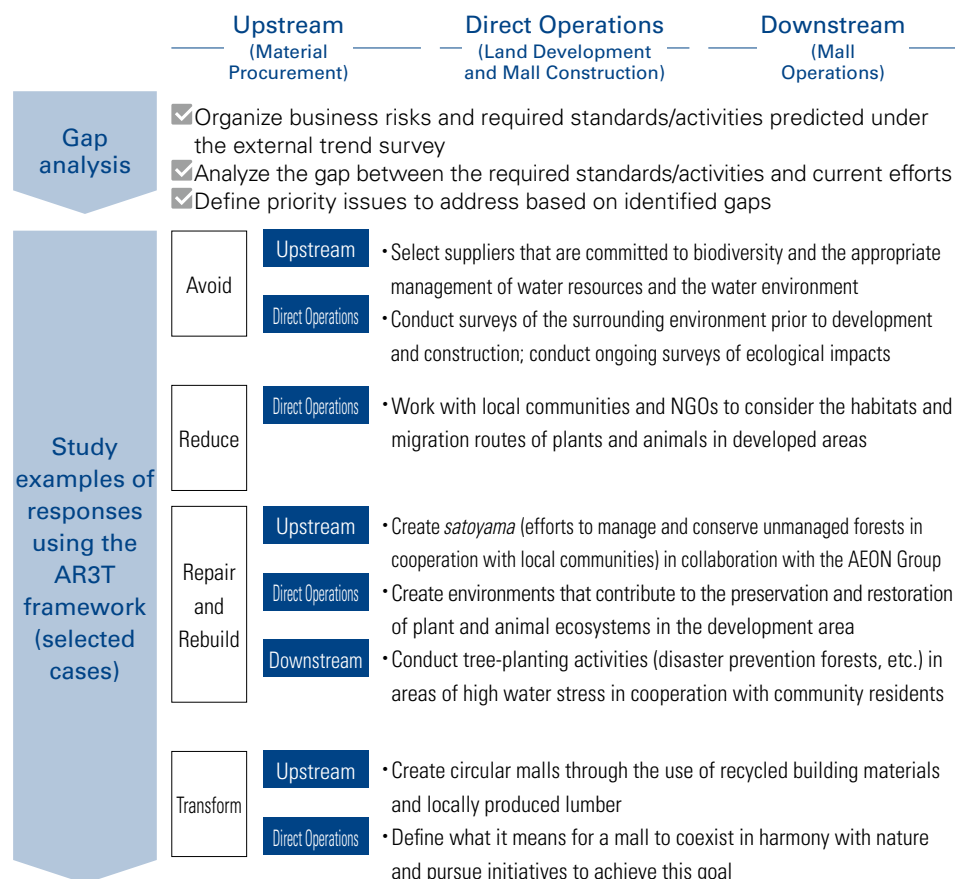
Environmental Strategy - Biodiversity (5)

Strategy

Consider Response Measures

To pursue biodiversity preservation activities and other initiatives in the future, we defined requirement levels for each materiality based on the external trend survey for each value chain. We identified priorities in comparison with current initiatives. Utilizing SBTN's AR3T framework*, we examined response measures for priority items based on advanced case studies.

In the future, we aim to create malls that preserve biodiversity through further studies in cooperation among divisions.



* AR3T framework: Avoid, Reduce, Restore & Regenerate, Transform

Metrics and Targets

Quantitative Indicators (A and B*)

* Numbering mirrors the recommended disclosures in the TNFD Final Recommendations

We consider the preservation of biodiversity and the protection of natural resources as materialities. We use the number of malls with ABINC certification, ISO14001 certification, and waste recycling rates as indicators for managing nature-related risks and opportunities. AEON MALL also tracks the number of EV chargers installed, the percentage of malls that procure CO₂-free electricity, and the acquisition rate of eco certifications related to climate change and global warming, which are materialities related to nature. We also monitor and disclose water consumption and GHG emissions.

We are unable to measure other core global indicators under the TNFD recommendations at this time due to difficulties in collecting data and the lack of established calculation methods. We will study disclosures by developing methodologies and tools for data collection efforts and calculations in the future.

Core Disclosure Indicators for Dependencies and Impact

Number	Indicator	Indicator Value
C 2.2	Total amount of hazardous waste generated	Emissions: 0 t
C 3.0	Water withdrawal from water-stressed areas	Total water withdrawal: 2,116,316 m ³

Core Disclosure Indicators for Risks and Opportunities

We are unable to conduct quantitative analyses of nature-related risks and opportunities at present; therefore, we do not measure such at this time. We will consider conducting a quantitative risk and opportunity assessment in the future.

Core Disclosure Indicators by Sector (Real Estate Sector)

Indicator Category	Indicator Subcategory	Indicator	Description
Impact Driver	Changes in land, freshwater, and ocean use	Change in connectivity	The proposed core disclosure indicators for the real estate sector are linear infrastructure development and residential construction, which are not relevant to the Company, and, therefore, not considered for disclosure.
	Contamination, decontamination	Spillage of pollutants	
	Resource use/replenishment	Volume of high-risk natural commodities sourced from land, sea, and freshwater	

Quantitative Goals

Since 2021, the number of ABINC-certified malls has been a quantitative goal for biodiversity conservation. As of the end of February 2024, a total of 22 malls are ABINC-certified.

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.



Philosophy and Vision

Value Creation

Value Creation Strategy

Corporate Governance

Corporate Data

Environmental Strategy - Biodiversity (6)

Approach

AEON MALL pursues initiatives to co-create with stakeholders, building malls that coexist in harmony with nature.

AEON Hometown Forest Program

The AEON Hometown Forest Program began in 1991 in Malaysia. The AEON Group embodies its basic philosophy of *pursuing peace, respecting humanity, and contributing to local communities, always from the customer's point of view* through tree-planting activities that contribute to local communities with the help of local customers. Every time we open a new mall in Japan or overseas, AEON MALL hosts a tree planting ceremony, working with customers to plant native trees most appropriate for the local natural environment. As of the end of February 2024, the AEON Group has planted a cumulative total of nearly 12.68 million trees.



Total number of trees planted by the AEON Group: 12,687,919

Total number of trees planted by AEON MALL: 3,647,410

(As of February 2024)

Mall Development in Consideration of Ecosystem Preservation and Green Space Creation

When developing JIYUGAOKA de aone, which opened in October 2023, we conducted a survey to contribute to the surrounding ecosystem network. The survey targeted the remaining green spaces (shrine and temple forests, rivers in the vicinity of the facility), and we interviewed local stakeholders to determine which species to plant.

The terrace spaces on each floor of the mall host birdhouses, while the rooftop features an open field and plantings of native plants seen in the wilds of Musashino. These elements and others combine to create a habitat for a diverse range of wildlife.

When constructing the facility, we incorporated Tama cypress and helped reduce our environmental footprint through local production for local consumption of materials.



* JIYUGAOKA de aone is located in a hotspot as identified by AEON MALL. The location obtained ABINC certification in February 2024.

Urban Redevelopment Project Results and Status

The Tamadaira woods area where AEON MALL Tamadaira woods is located was developed in 1956 by the Urban Renaissance Agency (then Japan Housing Corporation) as the first land readjustment project in Hino City. The Tamadaira Danchi was developed as part of the project in 1958. Our mall was developed as an urban development center in the redevelopment plan for the Tamadaira no Mori complex by Hino City and the Urban Renaissance Agency.

Our desire was to contribute to the creation of compact town development that maintains the charm of the area for future generations, as described in the Tamadaira woods district priority area community development plan, formulated by the city of Hino and local residents. To this end, we aimed to hand down the history of Tamadaira, built hand in hand by humans near the rich forests and water that have long been a symbol of the town, and the townscape that has taken shape as the community has grown. At the same time, we set a goal to create a bustling community by improving the convenience of life for local residents and providing a new community hub.

We preserved existing trees to contribute to biodiversity through our business, and installed a biotope with a water feature on the rooftop field, for which we received ABINC certification in 2015 and an ABINC Special Award in 2016. The biotope is now home to a variety of species, including dragonfly larvae, and is used as a place for local community environmental education by a nearby university and an NGO. A 2023 survey confirmed that sparrowhawks were nesting in existing trees, indicating that a diverse and rich natural landscape is taking shape.

* AEON MALL Tamadairanomori is located in a hotspot, as identified by AEON MALL.

Sustainable Upkeep Leveraging Natural Cycles

The AEON Group regards the AEON Hometown Forests planted by our customers as valuable resources entrusted to us. We manage the program based on a standardized manual used across the AEON Group, and we ensure that all employees are familiar with this manual through ongoing e-learning and on-the-job training.

- **Effective use of rainwater**
We collect rainwater in storage tanks to irrigate plantings at certain malls.
We also installed permeable pavement in some sections to encourage underground infiltration of rainwater.
- **Consideration for resource circulation**
We encourage the use of shredded leaves, weeded grasses, and pruned branches as mulching material across all malls.
- **Measures against invasive species**
Every AEON MALL facility engages in response measures against specific invasive alien species based on the aforementioned manual.

