

Message From the President and CEO



We will pursue further value enhancement, contributing to sustainable societies as the center of local communities.

Our goal is to provide answers to the issues faced by local communities and society, securing our position the center of local communities and social infrastructure. We are moving forward with strategic initiatives as a solutions company that goes beyond the traditional framework of commercial facilities.

COVID-19 infections are transforming the rules of business and industrial structures on a global scale. The pandemic has had a major impact on personal consumption activities and lifestyles. In addition, many regions have experienced heavy rains, earthquakes, and other natural disasters caused by climate change.

As a platform provider that offers solutions for local lifestyles, we intend to confront these issues proactively and deliver solutions. To this end, we must clarify the essential significance of why we do what we do. And together with our partners, we must become a company trusted and relied upon by our communities and customers more than ever, continuing to provide safety, peace of mind, and value beyond.

Under our management philosophy as a Life Design Developer, we strive to create new value to address social issues through Heartful and Sustainable activities for sustainable societies. These are corporate activities in which we engage as a corporate citizen to contribute to the development and revitalization of communities and society. We also pursue this management philosophy through Happiness Mall activities held at AEON MALL facilities.

AEON MALL will continue to create social value and enhance our own corporate value, working together with stakeholders foster sustainable societies.

Yasutsugu Iwamura
President and CEO

Promote ESG Management

The AEON Mall Group strives to achieve ESG-oriented management that will achieve sustained growth and medium- to long-term enhancement of our corporate value. To meet this challenge, we have defined our materialities as developing community and social infrastructure, building bridges to local communities, the environment, diversity and work-style reform, and accountability in business.

In addition to practicing management from an ESG perspective to realize sustained growth and medium- to long-term enhancement of our corporate value, we are working to achieve sustained growth together with our communities by making ESG-oriented reforms in how we deal with COVID-19 and by creating economic, social, and environmental value.

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

Our Vision for 2025 encompasses more than generating profits from malls in Japan. We aim to build a portfolio consisting of multiple businesses, while becoming a top-class global commercial developer with consolidated operating income in excess of ¥90 billion. Further, we plan to be active in floor space expansions and renovations, evolving into the overwhelmingly dominant mall in each region. For our overseas business, we aim to achieve an operating margin of 25% across 50 malls, working at the same level of efficiency and scale as our domestic operations. By so doing, we aim to record consolidated operating revenue of ¥440 billion with consolidated operating income of ¥90 billion.

AEON MALL pursues ESG-oriented management in line with the Basic Policy on Sustainability of the AEON Group. We have in turn drawn up the AEON MALL Co., Ltd. Environmental Policies based on the AEON Basic Policy on Sustainability.

AEON Basic Policy on Sustainability

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

AEON MALL Co., Ltd. Environmental Policies

AEON MALL aims to realize a sustainable society by creating malls that minimize the impact on the environment while effectively utilizing resources and energy and raising the quality of service. We have prescribed Environmental Policies as follows and will work accordingly to promote communications with our numerous customers and contribute to communities.

1. AEON MALL shall contribute to the mitigation of climate change and adaptation to climate change.
2. AEON MALL shall realize zero-emission malls to conserve the earth's resources and to build a recycling-oriented society.
3. AEON MALL shall promote the protection of biodiversity and ecosystems.
4. AEON MALL shall contribute to improving the living environments of our partners, including our customers, as well as to the development and environmental protection of local communities.
5. AEON MALL shall comply with environmental laws and regulations as well as with the required matters we have decided to accept.
6. AEON MALL shall build an Environmental Management System, formulate targets and build a system for preventing contamination in each department as well as promote continuous improvements to raise environmental performance.
7. AEON MALL shall raise environmental awareness among all employees and widen our circle of initiatives with customers and partners.
8. These policies shall be made known to our employees as well as partners, while publicly disclosing our environmental information.

Promote ESG Management

The Materiality Analysis Process

Step 1 Identify Topics

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

*¹ DJSI : Sustainability indicators jointly selected by S&P Dow Jones Indices (US) and RobecoSAM (Switzerland)
 *² FTSE : The London-based FTSE calculates and manages stock indices.

Step 2 Importance to Stakeholders

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

* SASB : US-based Sustainability Accounting Standards Board

Step 3 Importance to AEON MALL

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

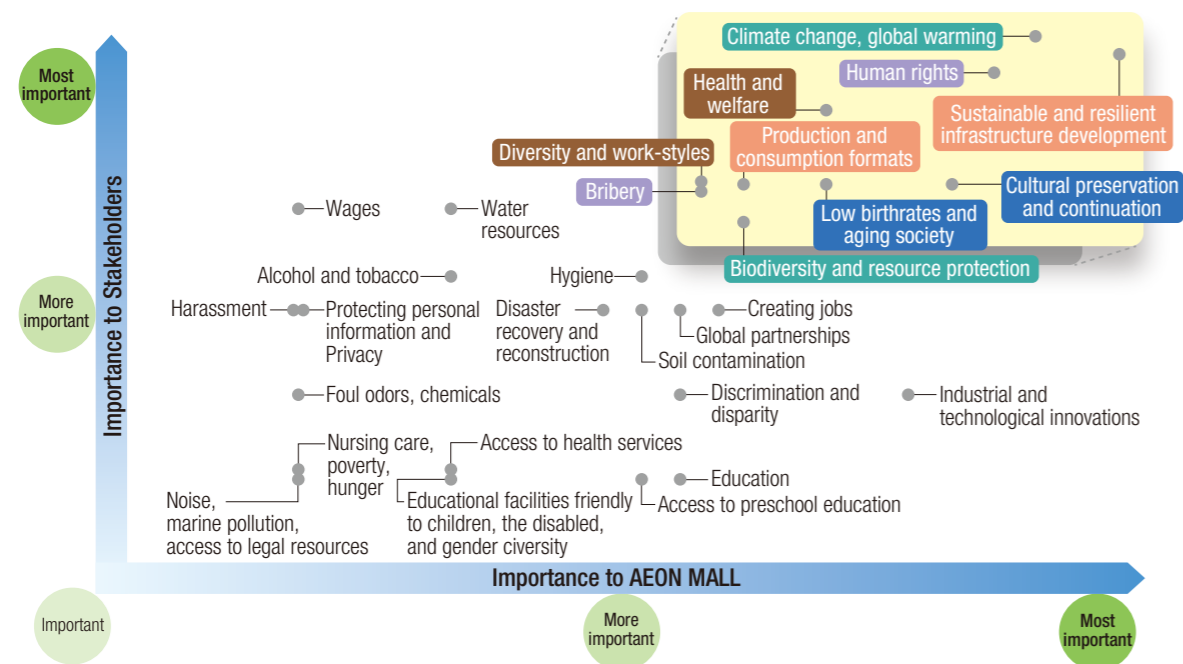
Step 4 Confirm Relevance

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

Process to Identify Materialities

We conducted a materiality analysis that considers the global SDGs plus social issues unique to Japan. We assessed the importance of the issues we listed to stakeholders and AEON MALL, then classified the important materialities into 10 categories in five areas.

Materiality matrix



Promote ESG Management

Measures Addressing Materialities

Materiality	Related SDGs	Main measures
Developing community and social infrastructure		Developing safe, secure, and comfortable facilities Developing malls that promote the unique character of the community Town planning for disaster prevention Expansion of public functions Promote the use of electric vehicles (EVs) Promote the use of public transportation
Developing sustainable and resilient infrastructure	9 (Sustainable Industry and Infrastructure), 11 (Sustainable Cities and Communities)	
Production and consumption formats		
Build community relationships		Happiness Mall initiative Hyper-localization that enhances the attractiveness of the community AEON Yume-Mirai Nursery School
Cultural preservation and inheritance	11 (Sustainable Cities and Communities)	
Low birth rates, aging society		
Environment		Responding to climate change and global warming AEON Hometown Forest Project (biodiversity) Obtaining ABINC certification (biodiversity) Recycling waste products
Climate change, global warming	13 (Climate Action)	
Protecting biodiversity, resources	14 (Life Below Water), 15 (Life on Land)	
Diversity and work-style reform		Globalization of human resources Nadeshiko Brand Improving employee satisfaction (ES)
Health and welfare	3 (Good Health and Well-being)	
Diversity, work-styles	5 (Gender Equality), 10 (Reduced Inequalities)	
Promote responsible business		Human Rights Policies, Systems, and Training Initiatives to Prevent Corruption
Human rights	8 (Decent Work and Economic Growth), 16 (Peace, Justice and Strong Institutions)	
Bribery		

Certifications and Recognition From External Organizations

Our goal is to make shopping malls that are people- and eco-friendly. We have adopted forward-thinking efforts to do this in tangible and intangible ways. In this fiscal year, we again received strong praise from a number of organizations in Japan and beyond.

Recognition From External Organizations

Aquired Score A- from CDP in 2020

CDP is an international environmental reporting NGO that investigates the environmental measures of companies and local governments on the theme of climate change, forests and water security, and promotes the disclosure of environmental information. The Company is highly rated for strategy and response measures against climate change and received the second highest score of A- in the 8-level scoring system. In addition, in terms of supplier engagement rating, our climate change measures and measures to reduce greenhouse gas emissions carried out through the supply chain were ranked for the first time into the Supplier Engagement Leader Board, the highest rating in the regard.



Received a 5 Star (highest) Rating in the 2021 GRESB Real Estate Evaluation for the Second Consecutive Year

The Global Real Estate Sustainability Benchmark (GRESB) is an international benchmark for measuring the performance of real estate portfolios and infrastructure assets in terms of environmental, social, and governance considerations. AEON MALL received the 5 Star (highest) rating in GRESB's 2021 assessment for the second consecutive year. The evaluation awards one of five ratings based on a global ranking. In addition, for the seventh year in a row, AEON MALL received the Green Star rating, which recognizes the company as an excellent participant in both the Management Component (which evaluates policies and organizational structure for ESG promotion) and the Performance Component (which evaluates the environmental performance of our properties and our efforts with tenants) of the evaluation.



Selected as constituent of stock indices for ESG investment

The "ESG investment" approach not only considers financial information but also uses environmental, social, and governance measures (non-financial information) to determine the value of a company and make judgments for investments. At a time when this investment method is rapidly gaining popularity, major institutions that provide investment information to institutional investors select companies with high ESG ratings and calculate various indices based on the stocks of these companies, and our Company is selected as a constituent of these indices.



Obtained the Certified Health and Productivity Management Organization 2021 (large enterprises category) certification

In March 2021, we obtained the Certified Health and Productivity Management Organization 2021 (large enterprises category) certification. The Certified Health and Productivity Management Organization Recognition Program is a system that recognizes enterprises that engage in excellent health and productivity management efforts under the auspices of Ministry of Economy, Trade and Industry of Japan and Nippon Kenko Kaigi (Japan Health Council), based on regional health issues and health promotion measures implemented by Nippon Kenko Kaigi.



Certifications and Recognition From External Organizations

Recognition From External Organizations

Selected as a Particularly Excellent Business Operator in the Business Operator's Emission Reduction Plan System

In accordance with Kyoto City Global Warming Countermeasures Regulations, Kyoto City has implemented a system for comprehensively evaluating emission reduction plans and reports submitted by specific business operators for the purpose of encouraging voluntary emission reduction of specific business operators whose greenhouse gas emissions have reached a certain scale. Our Company was selected as a Particularly Excellent Business Operator because of our excellent emission reduction results that can be taken as an example for others.



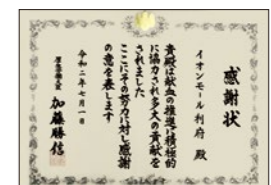
Awarded the Reiwa 2 (2020) "Marine Day" Minister's Commendation for Meritorious Service in Maritime Affairs

In July 2020, AEON MALL Futtsu (Chiba Prefecture) received the Reiwa 2 (2020) "Marine Day" Minister's Commendation for Meritorious Service to Maritime Affairs from Ministry of Land, Infrastructure, Transport and Tourism of Japan for its biannual cleanup of Nunobiki Beach since 1998. The Company is awarded the General Collaborator for Making the Sea Clean, which recognizes an organization that has left remarkable results in service activities for marine environment conservation.



Awarded the Testimonial from Japan Minister of Health, Labour and Welfare for blood donation measures

Japanese Red Cross Society has a system for recognizing companies that actively assist in its activities. AEON MALL Natori (Miyagi Prefecture), AEON MALL Rifu (Miyagi Prefecture), AEON Akashi SC (Hyogo Prefecture), and AEON MALL Ayagawa (Kagawa Prefecture) received the Testimonial from Japan Minister of Health, Labour and Welfare, which is awarded by the Ministry of Health, Labour and Welfare of Japan based on the recommendation by Japanese Red Cross Society who values the performance of companies and organizations in blood donation activities nationwide in the recommendation. In addition, AEON MALL Ota (Gunma Prefecture) and AEON MALL Futtsu (Chiba Prefecture) also received Silver Award of Merit respectively in recognition of their achievements.



Certifications and Recognition From External Organizations

Awarded as an Excellent Business Operator for Reduction of General Waste from Business Activities in Akita City

With the aim of raising awareness related to reducing general waste from business activities and the purpose of contributing to the construction of a recycling-oriented society, Akita City selects business operators that are particularly excellent at waste reduction, reuse, and recycling out of those with high waste generation volumes in the city and honors them as excellent business operators. AEON MALL Akita (Akita Prefecture) has been selected as an honored business operator for 3 consecutive years since FY2018. The amount of miscellaneous refuse generated in FY2020 was reduced to 74.7% of the amount generated in FY2019.



Independent Certifications Earned

AEON MALL Nagoya Noritake Garden Acquires Preliminary WELL Certification

The Nagoya area office has received its first preliminary WELL Certification for the office zone of the Nagoya Noritake Garden, which opened in October 2021. WELL Certification is an evaluation conducted by IWBI (The International WELL Building Institute) on the creation of spaces that advance the health of users and is the first environmental performance certification in the world to incorporate the “health and WELL building” perspective into the evaluation. This project aims at creating more healthy spaces by continuing to provide healthy and comfortable environments to users and implementing measures related to health and productivity management and the promotion of SDGs.



Certified by the Okinawa Prefecture CO₂ Absorption Certification System

Okinawa Prefecture CO₂ Absorption Certification System is a system that evaluates and certifies the amount of CO₂ absorbed by forests through planting activities that are implemented according to plan by prefectural residents, municipalities, and enterprises. AEON MALL Okinawa Rycom (Okinawa Prefecture) was certified because its expected CO₂ absorption for the five-year period starting February 2021 through tree planting activities on the site is calculated to be 591,328kg-CO₂.

