

E_{nvironment}



Climate Change

Policy

TCFD

Based on the Aeon Decarbonization Vision 2050, AEON aims to reduce total CO₂ and other emissions in Japan to zero by 2040. In line with the AEON MALL Group Vision, AEON MALL has set a goal to reduce energy consumption by 50% in fiscal 2020 compared to fiscal 2010, the AEON MALL Group has streamlined air conditioning operations, introduced high-efficiency and energy-saving equipment, installed solar systems on mall rooftops and walls, implemented LED lighting, and more. As a result, we have achieved a 55.1% reduction in energy consumption (per unit of floor space) over the aforementioned target period. In addition to these reduction measures, we have announced that we will operate all AEON MALL locations (large-scale commercial facilities) in Japan with effectively CO₂-free electricity in fiscal 2025 by newly procuring electricity from off-site renewable energy generation and promoting direct renewable energy contracts in each region.

In June 2020, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD), a task force for information disclosure of business risks and opportunities posed by climate change. The TCFD was established in 2016 by the Financial Stability Board (FSB), an international organization that seeks to stabilize the financial system. This section introduces our efforts to address climate change in line with the information disclosure framework recommended by TCFD.



Climate change policy

Combined, AEON Group stores account for close to 1% of Japan's total electricity consumption. Therefore, we recognize how important it is to find ways to use energy more efficiently and reduce our impact on the environment. This is what led the AEON Group to adopt the Aeon Manifesto on the Prevention of Global Warming in 2008 and the AEON Eco Project in 2012. In these ways and others, the group strives to reduce energy consumption and CO₂ emissions.

We took up a new challenge in March 2018 when we announced AEON Decarbonization Vision 2050. This vision calls on us to help achieve a decarbonized society by 2040 through further energy conservation, renewable energy, etc..

AEON Decarbonization Vision 2050

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.

- We will reduce the total GHG emissions from our stores to zero by 2040.
- We will continue our efforts to achieve zero GHG emissions from our business operations.
- We will cooperate with our customers for the realization of a decarbonized society.

Energy use policy

- AEON Eco Project: Reduce energy usage by 50% in fiscal 2020 compared with fiscal 2010.

*Achieved actual reduction of 55.1%.

- We will conduct day-to-day equipment operations in energy-efficient ways.
- We will adopt LED lighting, energy conservation systems, plug-in hybrid vehicles (PHV), and electric vehicles (EV).
- We will promote the use of PHVs and EVs as part of the regional infrastructure.

Climate Change

Participation in climate change initiatives

The Paris Agreement, which aims for zero greenhouse gas emissions, was adopted at COP21 (the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change). Meanwhile, Japan has also announced a target greenhouse gas reduction of 46% in 2030 versus 2013 levels. In June 2020, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD), which focuses on the business risks and opportunities posed by climate change. For our analysis, we selected the 2°C scenario and the 4°C scenario, with reference to the climate change scenarios presented in the Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC). The time axis of the analysis indicates the impact of climate change by 2050. We conduct scenario analysis based on these assumptions in order to estimate this impact.



EV100

In 2017, we became the first Japanese company to participate in EV100*.

As one measure to preserve the global environment and create sustainable societies, we are installing electric vehicle (EV) recharging stations at our malls to encourage the use of low-CO₂ electric vehicles and plug-in hybrids.

*EV100:

An international business initiative for the corporate promotion of the use of electric vehicles and environmental improvement.



JAPAN CLIMATE INITIATIVE

Established in July 2018 as a network to communicate information and encourage the exchange of opinions among companies, local governments, and NGOs that are working actively to combat climate change. AEON Mall participates in this initiative.



Climate Change

Board of Directors Role (Environment)

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

Every year, as part of our ISO environmental goals, we set company-wide energy-saving targets. Each mall plans, implements, and manages progress for energy-saving initiatives. If any of these business units fail to achieve these targets, it will examine corrective measures, and submits a report to environmental departments. Particularly important corrections are reported to the ESG Promotion Committee and Subcommittee or, for highly urgent matters, to the Management Council and the Board of Directors.

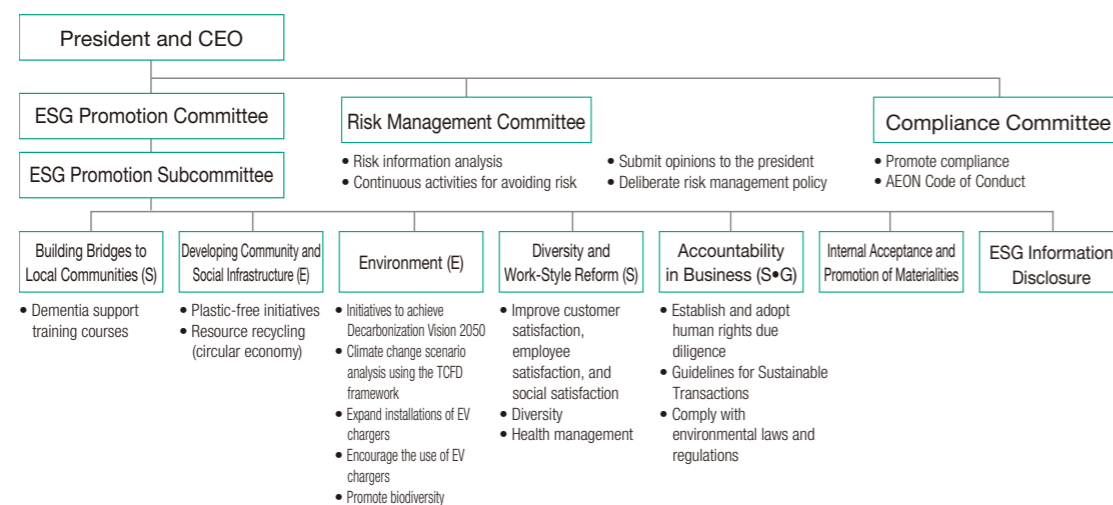
Management Role (Environment)

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

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

In addition, the ESG Promotion Committee addresses not only agenda items on management issues and ESG targets, but also rapidly makes decisions on specific measures aiming to achieve the AEON Decarbonization Vision 2050 — these include promoting the use of renewable energy and adding more EV chargers.

ESG Promotion System



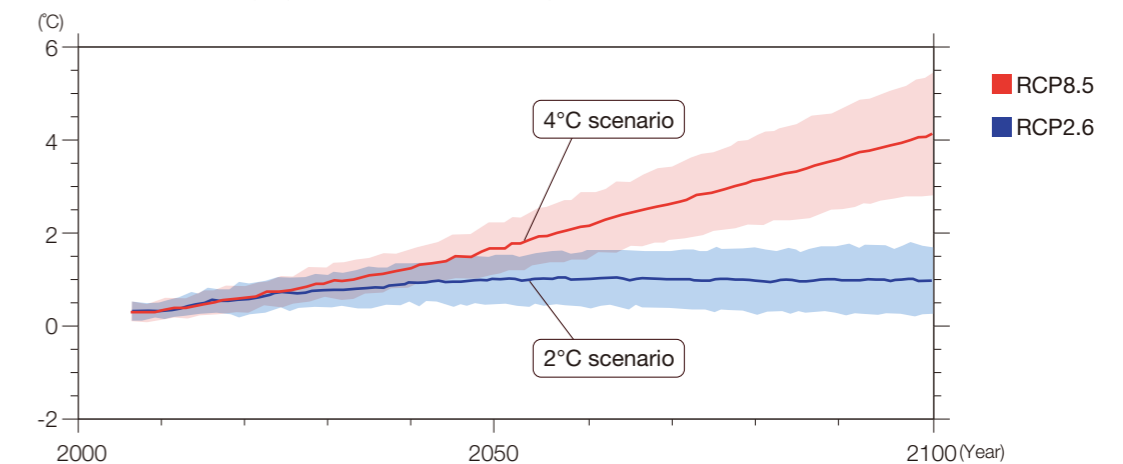
Climate Change

Strategy

Selection of Climate Change Scenario

In reference to the climate change scenarios in the United Nations Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, we selected the 2°C scenario and the 4°C scenario. The time axis of the analysis indicates the impact of climate change by 2050 towards achieving the goals set forth in the AEON Decarbonization Vision 2050. We are carrying out a scenario analysis based upon these assumptions, and estimating the impact of climate change.

Forecast for average global temperature change



4°C scenario

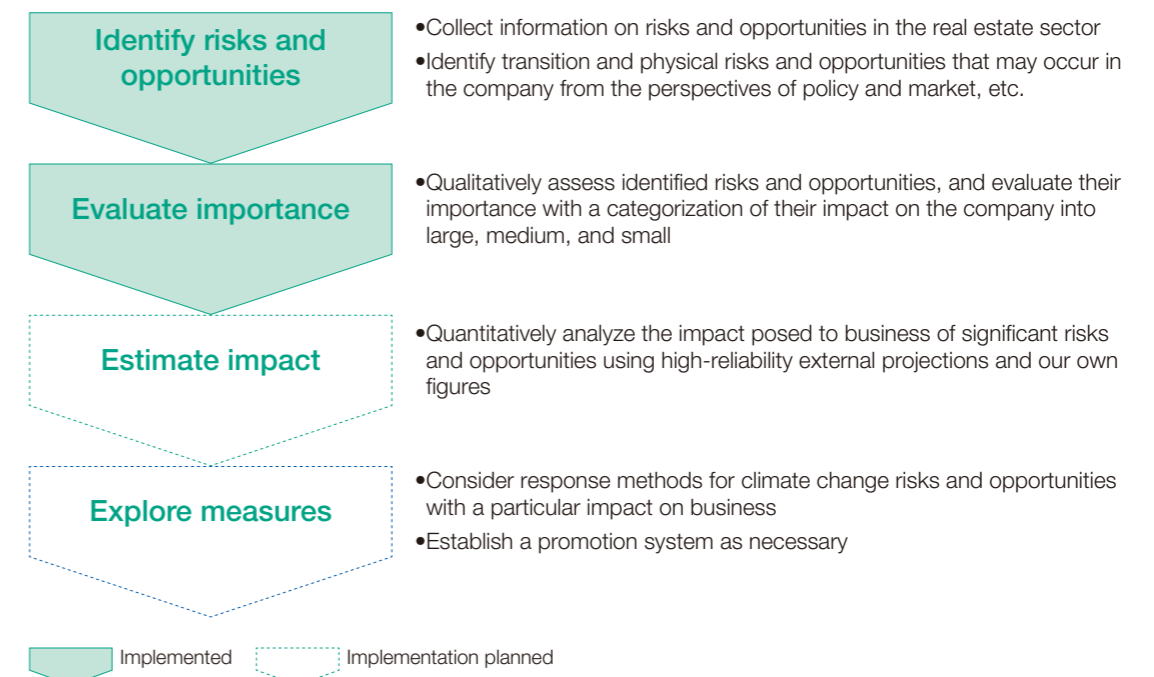
If we do not take measures in addition to those currently taken, an increase in 3.2°C to 5.4°C compared to the industrial revolution

2°C scenario

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

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

Analysis Process



Climate Change

Major risks and opportunities

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

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

	Evaluated item		Consideration of impact on business (risk)	Consideration of impact on business (opportunity)	Impact	Time
	Main category	Sub-category				
Transition	Policy/regulatory	Carbon tax, greenhouse gas emissions regulations	Increases in petroleum and coal taxes are expected to increase procurement costs for construction materials, as well as costs for fuels used in operating facilities. The promotion of policies in line with the Paris Agreement will make thorough energy-saving measures necessary.	Upon reaching zero greenhouse gas emissions, the carbon tax will no longer apply. The transition to energy-saving and renewable energy construction together with low-carbon construction materials may increase market value.	High	Long term
		Subsidy policies for renewable energy	The end of FIT-based purchasing will reduce income from sales of power from existing renewable energy facilities.	There is the possibility of being able to use new subsidies. There is also the possibility of accessing new markets such as in trading of renewable energy certificates.	Low	Short-medium term
	Industry/market	Changes in customer behavior	Increasingly efficient specialty stores will need to differentiate themselves from other companies in regards to their buildings' environmental performance.	Providing high-efficiency buildings as a response to heightened interest in energy efficiency will provide differentiation with competitors, and lead to higher rents for specialty stores.	High	Short-long term
		Changes in energy mix and demand	Constrained demand for energy will increase electricity procurement costs, leading to an increase in operating costs from utility bills. Higher demand for the procurement of renewable energy will increase its cost, increasing the financial burden.	The move to low-carbon grid electricity will limit the requirement to pay carbon taxes and invest in energy-saving facilities incurred from building construction and operation of facilities.	High	Medium term
	Technology	Spread of electric vehicles	The spread of EVs will require the installation of charging facilities at our operating facilities, meaning increased capital investment costs. A failure to respond to this will lower our ability to attract customers.	Having charging facilities at operating facilities will help with differentiation from competing facilities, and will positively impact the ability to attract customers.	High	Medium term
		Spread of renewable energy and energy-saving technologies	The degree of response to technical innovations such as building performance and environmental friendliness of used services will impact competitiveness with other companies.	The introduction of energy-savings/renewable energy technologies will reduce operating costs and increase property values.	Medium	Medium term
	Reputational	Change in reputation from customers	In the event of inadequate disclosure of climate change initiatives and non-financial information, this may lead to a decline in our corporate reputation amongst specialty stores and the general public, with a possible decrease in rent revenue from specialty stores.	(Not applicable)	Low	Short-long term
		Change in reputation from investors	Inadequate disclosure of climate change initiatives and of non-financial information may result in a decline in our corporate reputation from investors, leading to unfavorable loan rates.	Issuing green bonds or similar may attract new funds from the investor community that places value upon responsible investment.	Low	Short-long term

Climate Change

	Evaluated item		Consideration of impact on business (risk)	Consideration of impact on business (opportunity)	Impact	Time
	Main category	Sub-category				
Physical	Chronic	Rise in average temperatures	The increase in very hot days will require measures such as an increase in insulation and air conditioning to ensure a comfortable interior environment during summer, which will increase construction costs. Cooling loads will increase due to higher temperatures, meaning higher operating costs.	Installing high-efficiency insulation and air-conditioning equipment in these operating facilities will help keep summer air-conditioning costs down, providing a competitive advantage in terms of operating costs. Creating a comfortable space for mall users, including employees of specialty stores, will lead to increased customer numbers and higher specialty store employee satisfaction.	Medium	Long term
		Rise in sea levels	It is possible that facilities in coastal locations may incur costs for measures to deal with rising sea levels. Locations of high risk will also face increased insurance premiums.	(Not applicable)	Medium	Long term
		Change in rainfall and weather patterns	Increased deterioration of building materials because of storms and solar UV will require the development of lower cost and more durable material technologies. Damage to properties may impact operations, and lead to lower revenue.	(Not applicable)	Low	Medium-long term
	Acute	Increasingly extreme weather phenomena	Torrential rains and typhoons will cause flooding inside and outside facilities as well as power outages requiring remedial measures and costs, which will mean fewer business days and customers. Insurance premiums will also increase to cover storm and flood damage.	Gain a competitive advantage by promoting the enhanced tangible and intangible disaster preparedness of our managed facilities, thereby leading to increased rental income along with more customer usage of our facilities and an improved reputation.	High	Short-long term

Risks and Opportunities

Towards Achieving a Decarbonized Society

AEON MALL aims to help create decarbonized societies by the year 2040. To this end, the Company carried out a scenario analysis as a commercial developer with regard to climate change for the purpose of achieving decarbonized societies. Results of our analysis showed that on top of transition risks from the addition of a carbon tax to achieve decarbonization and other climate change-related trend changes, physical risks such as rising sea levels and abnormal weather patterns because of global climate change would also have a significant impact on the AEON MALL. In order to construct a resilient infrastructure system, in light of the recent torrential rains in western Japan and Typhoon No. 24, which caused extensive damage from floods and tornadoes both in Japan and overseas, we have included floods and tornadoes as new risks. Also, based on the responses of individual malls to previous disasters, we have established a range of policies such as our natural disaster response guidelines. As we continue with scenario analyses, we will carry out not only qualitative assessments, but also quantitative impact assessments so that we can understand the financial impacts of climate change.

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

In 2018, AEON formulated the AEON Decarbonization Vision 2050, aiming to achieve a decarbonized society by the year 2040 through the pursuit of energy conservation and the use of renewable energy, etc. In line with the AEON MALL Group Vision, AEON MALL aims to operate all malls using renewable energy by 2025.

Climate Change

In addition, AEON MALL Kawaguchi (Saitama Prefecture), which opened in June 2021, is successfully operating with virtually zero electricity and gas CO₂ emissions. In addition to energy-saving efforts, the mall procures electricity with virtually zero CO₂ emissions through the non-FIT non-fossil certificate electric power program*¹ offered by TEPCO Energy Partner, Inc. The mall also sources carbon neutral city gas*² supplied by Tokyo Gas Co., Ltd.

*¹ Non-FIT non-fossil certificate electric power program:

A product offering the environmental value procured by Tokyo Electric to the point of customer demand in parallel with grid electricity. This source of electricity is regarded as essentially CO₂-free.

*² Carbon-neutral city gas:

Using CO₂ credits to offset greenhouse gases (carbon offsets) during the process of extracting natural gas through the combustion of said gas. This process is viewed as producing zero CO₂ on a global scale, even through the combustion stage. The CO₂ credits are certified by a reliable verification organization assuring the CO₂ reduction impact of environmental protection projects around the world.

Risk Management

The AEON MALL defines all risks, including fluctuations in sales due to competition, fluctuations in exchange rate, reputational damage, as well as earthquakes and fires. We have elucidated our basic approach to managing these in the Risk Management Rules. Depending on the nature and type of risk, these will be handled by different departments, and categorized as the Management Strategy Division, the Compliance Committee, and the Risk Management Committee. This Risk Management Committee's objective is to stay abreast of the status of risk management operations, to exchange information, and to continuously review the risk management system. The committee also makes reports and proposes policies to the representative director and president with regard to risk management.

Energy use monitoring system

Each year, AEON MALL sets group-wide energy conservation targets within our ISO environmental targets. Each mall then plans and carries out its own energy conservation initiatives and manages progress. Malls that do not meet their target examine corrective measures and submit a report to environmental personnel. Particularly important corrections are reported to the ESG Promotion Committee and Subcommittee or, for highly urgent matters, to the Management Council and the Board of Directors.

Indicators and targets

Energy consumption

■ Energy consumption over time

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

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

Climate Change

GHG emissions volume

■ GHG emissions over time

	Unit	Scope**	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Scope 1	t-CO ₂	①	Common space	13,731	15,977	15,271	13,840	14,627
Scope 2	t-CO ₂	①	Common space	230,161	225,500	213,468	193,771	178,153
Scope 1, 2	t-CO ₂	①	Common space	243,892	241,477	228,739	207,611	192,780
Scope 1, 2 (overseas)	t-CO ₂	Overseas	Common space	39,929	60,292	60,113	61,532	64,253
Scope 1, 2 (Japan + overseas)	t-CO ₂	②	Common space	283,821	301,768	288,852	269,143	257,032
Scope 3	t-CO ₂	②	Entire supply chain for business activities	—	—	—	—	1,311,119

*¹ ① Directly managed malls in Japan: Business sites are not included in scope if we are only commissioned to perform management and operations without responsibility to manage energy.

② Consolidated. (Includes overseas and subsidiaries)

(1) Scope 1 (Direct emissions): Direct emissions from fuel combustion, including the use of gas and oil. Fuel used for emergency generators (e.g., diesel oil) is not included in the scope of calculation, as such oil is used only a few times a year.

(2) Scope 2 (Indirect emissions): Indirect energy-derived emissions include the use of purchased electricity and heat (steam, hot water, and cold water).

(3) Scope 3 (External indirect emissions): Greenhouse gases generated outside the company as a result of the company's business activities.

*N₂O, CH₄, HFCs, PFCs, SF₆, NF₃, etc., that are not energy-derived CO₂ are excluded as they are expected to account for less than 1% of total greenhouse gas emissions and are considered to have little impact on the environment.

Fiscal 2020 CO₂ Output Level

Fiscal 2020 CO₂ emissions output level amounted to 0.0286t-CO₂ per square meter.

Investments to Combat Climate Change

In fiscal 2020, we invested approximately ¥1 billion in energy and resource conservation measures to address climate change. During fiscal 2020, we installed 70 EV charging stations, and as of February 2021, we offer a total of 1,848 charging stations at 138 malls in Japan. In China, we provide 564 charging stations at 14 malls, and in ASEAN we have installed 6 chargers at 3 malls. AEON MALL Ha Dong (Vietnam) offers 20 EV bike chargers for guests.

GHG Emissions Reduction Target

AEON MALL sets GHG reduction targets in keeping with AEON Group policy.

The AEON Group adopted the AEON Eco Project as our group energy strategy for the years 2012 to 2020. Under this strategy, we have been working to reduce energy use by 50% and to create 200,000 kW of renewable energy.

In March 2018, the AEON Group formulated the Aeon Decarbonization Vision 2050, a long-term vision for decarbonization (zero CO₂ emissions) whereby we target zero total CO₂ and other emissions in Japan by 2040. With the goal of reducing energy consumption by 50% in fiscal 2020 compared to fiscal 2010, we have streamlined air conditioning operations, introduced high-efficiency and energy-saving equipment, installed solar systems on mall rooftops and walls, implemented LED lighting, and more. As a result, we have achieved a 55.1% reduction in energy consumption (per unit of floor space) over the aforementioned target period. In addition to these reduction measures, we have set a new goal of operating all AEON MALL locations (large-scale commercial facilities) in Japan with effectively CO₂-free electricity in fiscal 2025 by newly procuring electricity from off-site renewable energy generation and promoting direct renewable energy contracts in each region.

Climate Change

Furthermore, in June 2020, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD), which focuses on the business risks and opportunities posed by climate change. And, in our climate change impact analyses, we selected the 2°C scenario and the 4°C scenario, with reference to the climate change scenarios presented in the Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC).

Third-Party Verification

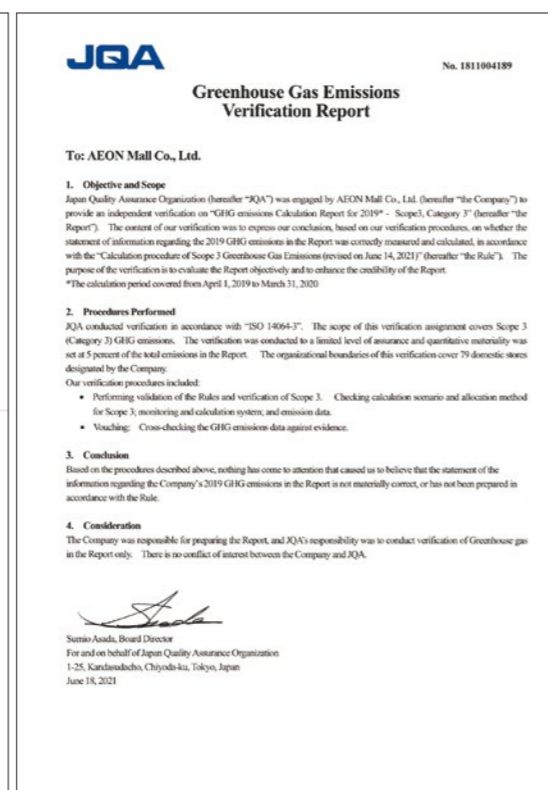
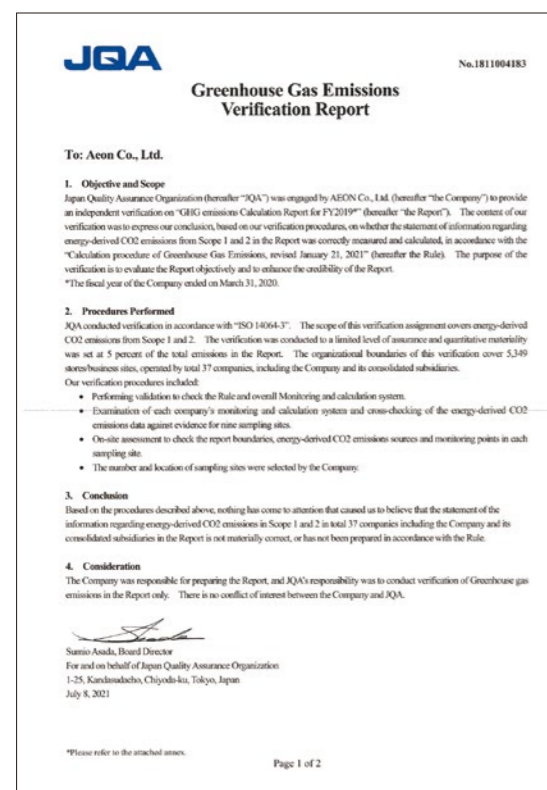
In FY2019, in order to ensure transparency and improve reliability, we received third-party verification of greenhouse gas (scope 1, 2, and 3), water, and waste emissions generated by our company. Using forecasts for improvements derived from this verification, we are working to continuously improve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

- 2021 saw third-party verification carried out for AEON Co., Ltd. and for consolidated Group companies. Looking forward, we will work to improve the reliability of our data, and to continue with reductions in our greenhouse gas emissions.

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

Scope of verification Greenhouse Gas Emissions From April 1, 2019 to March 31, 2020 From 79 Directly Managed AEON MALL Locations (Scope 3)

Verification procedure We contracted with a third-party verification agency to perform verifications in accordance with the requirements of ISO 14064-3.



Biodiversity

Policy

Commitment to Reducing Our Impact on Biodiversity

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

We not only sponsor the AEON Furusato no Mori (Hometown Forest) initiative (see p.21), but we also pursue green purchasing to protect biodiversity and ecosystems. In this manner, we seek to achieve both business growth and the sustainability of natural resources.

Risk Assessment

Quantitative Targets for Biodiversity Initiatives

We have acquired Association for Business Innovation in harmony with Nature and Community® (ABINC (see p.21)) certification. Our goal is to acquire ABINC certifications for directly managed malls by fiscal 2050.

Risk Assessment for New and Existing Businesses

We identified biodiversity and protecting natural resources as a materiality for our business. In connection, we set a KPI to increase the number of malls with ABINC certification to assist in achieving societies that are environmentally conscious and exist in harmony with nature.

We use the ABINC certification criteria as a framework for biodiversity risk assessments, with the purpose of reducing risks related to biodiversity at the development, construction, and operation stages. In order to achieve the goal of ecologically sustainable malls, we practice appropriate maintenance and management at each mall in accordance with these criteria.

Identifying Business Sites That May Have an Impact on Biodiversity

We perform scientific studies when developing new malls to identify the potential impact on biodiversity. We take steps to conserve rare species in the event we discover such living on a site slated for development. We also protect existing trees and other vegetation to the maximum degree possible, even if they are not considered to be rare species.

Examples of Rare Species We Conserve

- AEON MALL Kusatsu: Conservation of Mizutakamoji (Agropyron Humidum)
- AEON MALL Omuta: Conservation of 25 rare species

Engagement

Protect and Restore Habitats

In our AEON Furusato no Mori (Hometown Forest) initiative, we conduct scientific studies of plants growing wild in communities surrounding our businesses and plant trees at our malls to establish a natural forest and restore habitat for diverse species.

Biodiversity

Collaboration With Governments, Regulatory Agencies, Local Communities, and NGOs

As one measure to create sustainable societies, the AEON Environmental Foundation is working with major universities, governments, and academic research institutions in Japan and overseas to improve its environmental education programs. The foundation holds environmental seminars consisting of symposiums and fieldwork in cooperation with participants throughout Asia.

In August 2017, the foundation and the signed a first-ever collaboration agreement with the Japan UNESCO Eco Park Network. We work in cooperation with the foundation to in activities that offer the richness of nature to the children who will be the leaders of future generations.

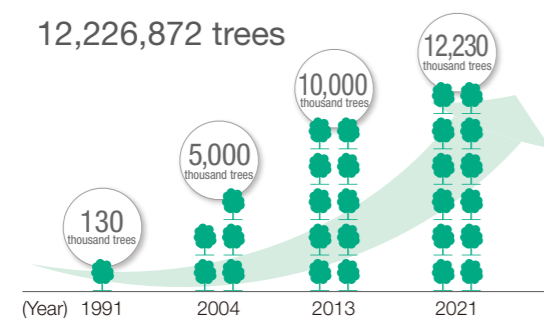
Growing Number of Malls Earning ABINC Certification

In March 2019, THE OUTLETS HIROSHIMA (Hiroshima Prefecture) and AEON MALL Zama (Kanagawa Prefecture) earned ABINC certification in recognition of initiatives such as the creation of biodiversity-friendly green areas. The Association for Business Innovation in Harmony with Nature and the Community (ABINC) oversees third-party evaluations and certifications of such efforts based on the Guidelines for Sustainable Business Sites, created by the Japan Business Initiative for Biodiversity (JBIB). At present, nine AEON MALL facilities have earned this certification.

AEON Furusato no Mori (Hometown Forest)

The AEON Furusato no Mori (Hometown Forest) initiative began in Malaysia in 1991. The AEON Group sees this tree planting initiative as a way to embody a philosophy centered on pursuing peace, respecting humanity, and contributing to local communities, always beginning with the customer's point of view. Every time a new mall opens in Japan or overseas, AEON hosts a tree planting ceremony, working with customers to plant native trees most appropriate for the local natural environment. During fiscal 2020, AEON MALL Ageo (Saitama Prefecture) and AEON MALL Shinrifu South Wing (Miyagi Prefecture) held scaled-down events, while we planted a total of 53,948 trees in Japan and overseas. As of the end of February 2021, the AEON Group has planted a total of 12.23 million trees.

Total number of trees planted (as of the end of February 2021)



Related Certifications Obtained

AEON MALL has obtained ABINC certification at a total of nine facilities.

* About ABINC certification
 ABINC certification attests that a facility has been planned and managed in keeping with the approach of the Guideline for Offices Promoting Symbiosis with Life Forms as developed by the Japan Business Initiative for Biodiversity (JBIB). Certification is awarded to candidates that meet the required scores on JBIB's Land Use Score Card and pass a review.
 Certification period: Three years from the date certificate is issued. For structures not yet completed, certification is valid for three years from the date that completion is scheduled.
 Source: <https://www3.abinc.or.jp/>

Pollution and Resources

Policy

Policy on Pollution and Resource Use

AEON MALL established an environmental management system that requires targets for each business unit to prevent pollution in a systemic manner. In this way, we continue to improve our environmental performance.

Further, we aim to create zero-emissions malls that will conserve global resources and lead to recycling-based societies.

Pollution, Waste, and Raw Materials

Waste reduction and recycling

To reduce waste emitted from malls, it is important to clearly understand what is disposed of, where, and how much, while also engaging the help of tenants and making them aware of the issue. Each mall has a system to classify waste into 18 basic categories and measure weight by category. Each tenant measures the weight of waste by category, and then affixes a label indicating that the weight has been measured. Tenants then place waste in the location designated for each category for disposal. Segregated waste that is recyclable is recycled to the greatest extent possible. We calculate the recycling rate for each category.

Total waste output and recycling rates for FY2020 (recycling rate (including thermal recycling) for directly managed malls in Japan: 88.7%)

Output volume by category			Recycling rate	Output volume by category			Recycling rate
1	Raw garbage	10,959t	85.1%	10	Waste oil	1,602t	100%
2	Cardboard	19,732t	100%	11	Paper	2,305t	100%
3	Mixed garbage	16,864t	75.2%	12	Large garbage	201t	65.2%
4	Waste plastics	2,881t	92.7%	13	Other non-combustible waste	1,111t	60.1%
5	Waste plastics (valuable)	77t	100%	14	Fluorescent bulb	14t	85.3%
6	PET bottle	512t	100%	15	Waste battery	11t	87.3%
7	Glass bottle	277t	95.6%	16	Disposable chopsticks	85t	98.0%
8	Can	461t	100%	17	Waste alkali/paint remover	15t	25.5%
9	Styrofoam	119t	100%	18	Sludge	5,934t	90.5%

Pollution and Resources

Initiatives With External Parties to Reduce Pollution, Waste, and Raw Materials

In 2020, AEON MALL signed a memorandum of understanding (MOU*) to cooperate with a beverage bottle recycling organization (PRO Vietnam) led by Vietnamese beverage manufacturers. The malls in Vietnam post announcements on digital signage at each mall to promote recycling.

The 138 AEON MALL shopping centers throughout Japan collected used apparel in collaboration with BRING™, which recycles used clothing into polyester raw materials. As part of the What Can We Do For The Earth? program, we collect used clothes from customers at malls, recycling certain items to reduce the amount of clothing discarded, even if new or still usable, and to reduce CO₂ emissions.

* Memorandum of Understanding (MOU):
A document of intention signed prior to the formal signing of a contract, treaty, agreement, etc.,

Recycling

Reused products and packaging

When we construct malls, we strive to use resources effectively and control amounts of construction by-products. We also endeavor to reuse construction byproducts when possible.

With a few exceptions, charity collection boxes placed in stores are made of recycled PET bottles.

Environmental Management System

Percentage of business sites with environmental management system certification under ISO 14001

AEON MALL conducts an internal audit once every year to verify whether our Environmental Management System complies with AEON Group and ISO 14001 requirements. Audits also determine whether our environmental management system is implemented effectively and maintained.

Audit programs consider factors including the environmental importance of the operations in question, changes impacting the AEON Group, and the results of earlier audits.

Percentage of business units with ISO 14001 certification over time

	Unit	Scope*1	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Percentage of business units with ISO 14001 certification (properties)	%	①	Entire structure	100	100	100	100	100
Percentage of business units with ISO 14001 certification (properties)	%	②	Entire structure	64	61	60	59	58

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

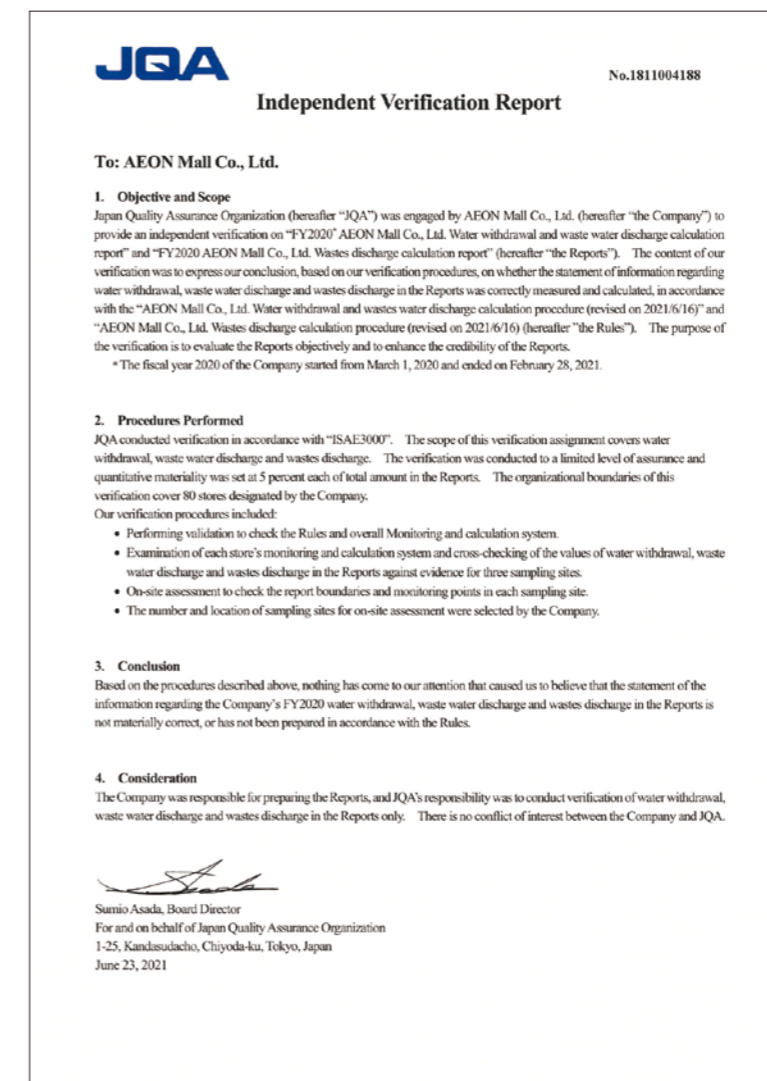
Pollution and Resources

Third-party verifications

Third-Party Assurance of Environmental Data

In FY2020, we contracted a third-party to verify waste emissions at 80 directly managed AEON MALL facilities. We will continue to enhance the reliability of our data and reduce waste emissions.

Scope of verification	Waste emissions at 80 directly managed AEON MALL facilities between March 1, 2020, and February 28, 2021	Verification procedure	A third-party verification agency conducted audits in conformance with the requirements of ISO 14064-3.
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Pollution and Resources

Environmental Compliance

Total cost of environment-related fines and sanctions during fiscal year (parent company only)

We recorded no environment-related fines or sanctions.

Environmental law and regulation violations, examples

We recorded no violations concerning waste, PCBs, air pollution, chlorofluorocarbons, or soil pollution. Certain malls recorded water pollutants that exceeded the values allowed under the Sewerage Law. However, we enacted countermeasures through physical and systematic approaches.

Pollution, Waste, and Raw Materials

Quantitative and Process Targets for Pollution Reduction/Avoidance Beyond Legally Mandated Minimums

We ensure that we are aware of laws, regulations, and local ordinances related to the environment. We also determine how these requirements apply to the environmental aspects of our organization.

In addition to the legal and ordinance standards, we have established our own standards at even stricter levels. We monitor and manage these standards at all business locations.

* We have established our own standard for wastewater quality at 95% of the stricter value between the legal standard and the municipal ordinance standard.

Waste

Waste emissions

Waste emission trends

	Unit	Scope*1	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Total waste emissions	t	①	Entire structure	72,326	76,342	79,364	79,492	63,170
Harmful waste emissions	t	①	Entire structure	0	0	0	0	0
Non-recycled waste emissions	t	①	Entire structure	9,521	10,594	10,387	8,426	7,138
Recycled waste emissions	t	①	Entire structure	62,805	65,748	68,977	71,066	56,032

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② Consolidated. (Includes overseas and subsidiaries)

Waste-Related Targets and Progress

In comparison to our target of an 80% or higher recycling rate for directly managed stores in Japan in fiscal 2020, our actual recycling rate was 88.7%. Excluding thermal recycling our recycling rate was 62.7%.

We have set a KPI to achieve a 70% recycling rate, excluding thermal recycling, by 2030.

Pollution and Resources

Costs Related to Pollution, Waste, and Raw Materials

For fiscal 2020, we recorded costs of approximately ¥1.48 billion in waste treatment and recycling.

Pollution

Emissions of liquid waste

AEON MALL does not discharge liquid waste on our own as a non-consolidated company. In addition, we use manifest slips to confirm that waste liquid from wax stripping discharged from specialty store tenants has been properly disposed.

Wastewater control

The AEON MALL Environmental Management Manual governs how we confirm compliance with laws and regulations, how we measure the results of operations, and how we report violations if they occur. In addition, each mall confirms the ordinances established by local governments. The AEON MALL environmental departments compile the information.

We examine each mall's wastewater at least once every three months. We have set voluntary standards stricter than the legal criteria. If pollutants exceed what is allowed by these standards, we work to solve the problem via physical and systematic solutions as we strive to maintain and enhance our level of wastewater control.

Progress toward pollution targets

AEON Plastic Use Policy

AEON is committed to the sustainable use of plastics in creating decarbonized societies. Through our malls, products, and services, we work with stakeholders to establish new lifestyles that are decarbonized and based in resource-recycling.

1. We review the wasteful use of resources and the use of disposable products in our business activities, aiming to eliminate disposable plastics.
2. For any necessary plastics, we will transition away from fossil-derived materials to environmentally and socially friendly materials.

* In consideration of environmental and social impact over the entire life cycle, we select traceable paper, biomass plastics, recycled plastics, recyclable materials, etc., as appropriate.

3. We are building a resource recycling model to collect, reuse, and recycle used plastics at our malls, working with customers to achieve sustainable resource use.

<Target>Zero CO₂ emissions from sustainable plastic usages by the year 2050

- Cut disposable plastic use by 50% by the year 2030
- Use environmentally and socially friendly materials in all private brand products by the year 2030
- Convert 100% of private brand PET bottles to recycled or plant-derived materials by the year 2030

<Reduce Plastic Products>

- Promote use of non-plastic straws in all malls. In fiscal 2020, we recycled 92.7% of waste plastics
- Our ultimate goal is to completely eliminate the use of disposable plastic products. As the first step, we discontinued providing plastic straws in eating and drinking facilities at all malls on March 16, 2020

Water Security

Policy

Policy on Water Use Reduction

As part of environmental management, we provide education on water conservation to our employees and top tenant employees.

We attach stickers (see below) to utility areas around each mall. We also encourage the reduction of water usage throughout our mall facilities, asking for the cooperation of both employees and customers.



Water Use

Initiatives to reduce water use

We install water-saving fixtures and equipment, using rainwater, well water, recycled water, and/or industrial water where allowed by location, mall structure, etc.

Water Risk

Measures to mitigate the impact of drainage and surface runoff

In preparation for heavy torrential rains, we install regulating ponds at each mall site depending on location. The purpose here is to store rainwater temporarily, thereby contributing to the reduction of water damage across wide areas of land.

Rain that falls on paved roads and parking lots can mix with substances contained in gasoline and exhaust fumes as it flows over the ground surface. Certain malls allow rain that falls on parking lots to infiltrate into the ground through *rain gardens*, where soil and plants help filter out pollutants and circulate rainwater.

* Rain gardens refers to rainwater infiltration planting, touted as green infrastructure for cities, which allows rainwater to slowly infiltrate into the ground and return the earth and atmosphere. In this way, the plantings reduce the rise in surface temperatures and volume of rainwater runoff.

Water Security

Water Withdrawal

Total water withdrawal

Changes in total water withdrawal

	Unit	Scope ^{*1}	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Total water withdrawal	m ³	①	Entire structure	9,541,423	10,023,355	9,998,186	9,969,117	8,105,434
Total water withdrawal	m ³	Overseas	Entire structure	4,702,551	5,200,736	6,476,457	6,806,827	6,443,289
Total water withdrawal	m ³	②	Entire structure	14,243,974	15,224,091	16,474,643	16,775,944	14,548,723

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

Water Withdrawal by Water Intake Area

Changes in total water withdrawal

	Unit	Scope ^{*1}	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Total water withdrawal	m ³	②	Entire structure	14,243,974	15,224,091	16,474,643	16,775,944	14,548,723
Industrial water	m ³	②	Entire structure	—	—	614,676	603,063	508,325
Well water	m ³	②	Entire structure	—	—	2,714,633	2,746,228	2,480,549

*1 ① Directly managed malls in Japan: Business sites are not included in scope if we are only commissioned to perform management and operations without responsibility to manage energy.
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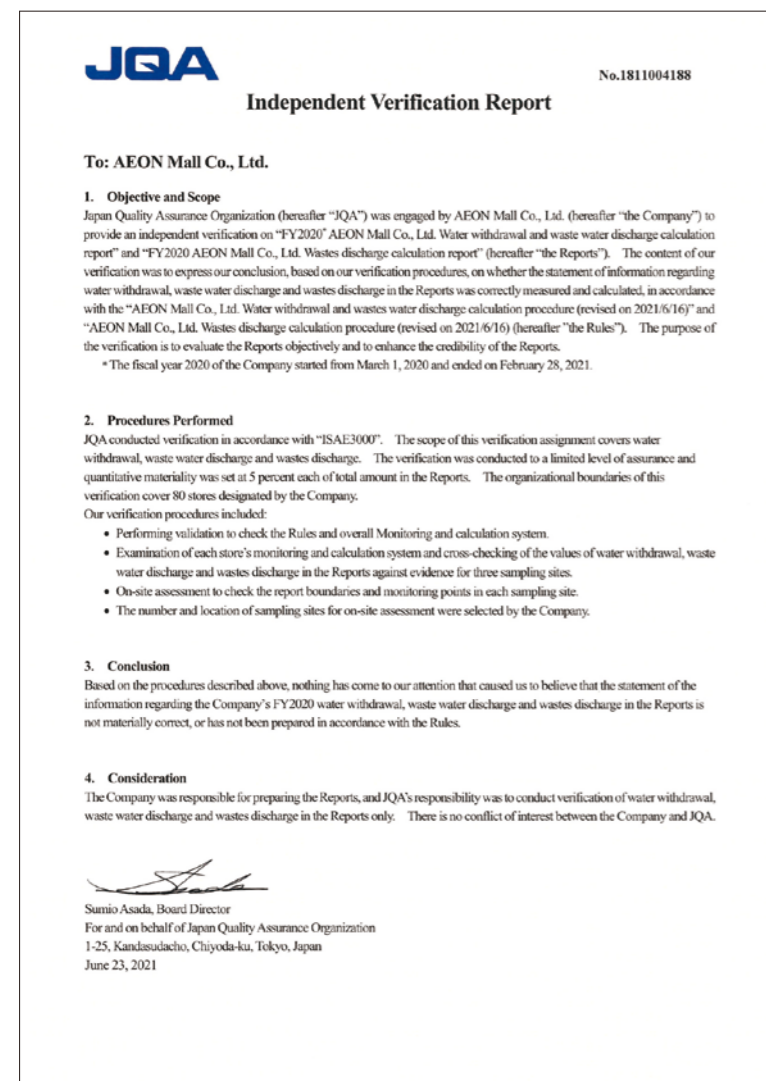
Water Security

Drainage

Third-party verifications

We obtained third-party verification for fiscal 2020 water drainage at 80 directly operated AEON Mall stores. We will strive to improve the reliability of the data and continue to reduce water emissions.

Scope of verification	Water withdrawal and wastewater volume at 80 AEON MALL-owned stores between March 1, 2020 and February 28, 2021	Verification procedure	Verified by a third-party verification agency in accordance with the requirements of ISO 14064-3.
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Total wastewater volume

Changes in total wastewater volume

	Unit	Scope*1	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Total wastewater volume	m ³	①	Entire structure	7,903,120	8,465,501	8,719,243	8,798,918	7,213,636
Total wastewater volume	m ³	Overseas	Entire structure	4,702,551	5,200,736	6,476,457	6,806,827	6,443,289
Total wastewater volume	m ³	②	Entire structure	12,605,671	13,666,237	15,195,700	15,605,745	13,656,925

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

Supply Chain (Environment)

Supplier Policy

Supplier Policy Regarding the Environment

AEON is committed to providing safety and security to our customers. To this end, we believe we have social responsibilities to fulfill when dealing with suppliers. In 2003 we established the AEON Supplier Code of Conduct. Under this code, we require suppliers to comply with several rules:

- Comply with all national and local environmental laws and regulations. Give the utmost consideration to environmental protection. Ensure that the raw materials and components used comply with the laws, regulations, international treaties, and protocols of the country or region from which they are secured. Fulfill the terms of the AEON Environmental Policy.

As each organization commits to addressing these issues, we ensure the safety and security of our customers.

Real estate management policy (including tenants)

Our interior design guidelines take into account the use of high-efficiency lighting, energy-saving equipment such as kitchen equipment and refrigerators, and construction methods that reduce waste.

Policy Acceptance

Communication with suppliers

AEON MALL incorporates considerations of the global environment in our store agreements with our specialty store tenants.

In addition, we ask suppliers stationed at our malls to do sign an agreement of cooperation, committing to the following provisions:

- Understand the AEON MALL Environmental Policy
- Understand the environmental protection activities conducted at the mall
- Cooperate in achieving the environmental targets of the mall
- Comply with laws and regulations related to contracted operations
- Cooperate to prevent environmental accidents and emergencies, and help in our response should any accidents or emergencies occur
- Cooperate in other environmental conservation activities conducted by AEON MALL and AEON MALL facilities

Supplier training

We provide ISO training in facility security, cleaning, and other contracted mall operations, not only to our suppliers, but also to workers employed by mall specialty store tenants. We incorporate information related to global climate change trends and individual mall environmental measures into our training as part of our request to contractors and tenants to engage in actions that reduce CO₂ emissions.

Supply Chain (Environment)

Risk Assessment

Due Diligence on Potential New Suppliers

The AEON Group conducts information sessions on a monthly basis for suppliers with whom we are conducting business for the first time. The purpose of these sessions is to encourage respect for human rights and an understanding of the AEON Supplier Code of Conduct (CoC). In addition, we include compliance with the AEON Supplier Code of Conduct as part of our contracts with suppliers to ensure mutual growth in addressing social issues together with our business partners.

Risk Assessment of Existing Suppliers to Identify High-Risk Suppliers

To fulfill our responsibilities as an entity responsible for waste disposal, we vet waste disposal contractors. We confirm whether the contractor has received permissions to collect, transport, and dispose of waste, conduct on-site observances of work performed at our malls, and otherwise confirm that waste is disposed properly. In particular, we conduct training at least once every year for employees of mall specialty store tenants that handle oil to prevent spills into the ground or water.

Risk Management

Recommendations for environmental impact reduction and reporting

AEON Mall requires suppliers to reduce and report on environmental impact based on the AEON Supplier Code of Conduct (AEON Supplier CoC).

The AEON Supplier CoC stipulates the following requirements:

- Suppliers must not only comply with all national and local environmental laws and regulations, but also understand the impact on the environment and give the utmost consideration to environmental protection.
- Suppliers must be accountable for the use of materials in the raw materials manufacturing process as such relates to wastewater and other activities that impact the environment.
- Suppliers must acquire and maintain appropriate permissions related to harmful substances. Suppliers must take appropriate measures to prevent the risk of environmental pollution due to the release of hazardous substances and report any contamination or incidents that have occurred to the relevant authorities.

Supply Chain (Environment)

Negative environmental impact in the supply chain and measures taken

AEON MALL has established, implemented and maintains the necessary processes to prepare for and respond to potential emergencies as described below:

- Prepare responses by planning actions to prevent or mitigate adverse environmental impacts stemming from emergency situations.
- Respond to emergencies as they emerge
- Take action to prevent or mitigate the outcomes of emergencies according to magnitude potential for negative environmental impact.
- Test planned response actions regularly, when feasible
- Review and revise processes and planned response actions on a regular basis, particularly after an emergency situation or testing.
- As necessary, provide relevant information and training on emergency preparedness and response to interested parties, including persons working under organization management.
- Maintain documented information to the extent necessary to ensure confidence that processes will be executed as planned.

In the event of an emergency, AEON MALL has a defined flow chart for internal and external reporting.

In addition, each mall has a procedure manual for emergency response tailored to the particular structure and location of the facility. Malls conduct actual response training in accordance with these procedures. These trainings prepare us to prevent, reduce, or mitigate the environmental impact of possible accidents or emergency situations through a prompt response.

We have seen several incidents in which mall restaurant employees have fallen and spilled oil, but the procedures described herein have prevented oil from leaking out of the building.

Measures to prevent compliance violations

The AEON Supplier Code of Conduct (CoC) stipulates the following requirements to prevent compliance violations:

- Refrain from unethical practices in all business activities, including bribery and the falsification, alteration or concealment of records, evidence, or testimony. Properly disclose information about business activities in accordance with applicable regulations and prevailing business practices.

Initiatives

Participation in workshops and industry/topic-specific initiatives and collaborations

In December 2019, AEON joined with 21 food makers in Japan to launch the Japanese version of the 10x20x30 Food Waste Reduction Initiative, a project pursued by retailers and other companies around the world. AEON MALL also supports this initiative.

Supply Chain (Environment)

Supplier Audits

Supplier audits, including on-site inspections

AEON MALL conducts on-site inspections of waste-related contractors once annually based on our own evaluation sheet. We also use our own evaluation sheet in conducting monthly inspections of mall building cleaning for existing contractors.

Real Estate Portfolio Targets

Quantitative Targets and Results for GHG Emissions, Energy Use

We aim to reduce total CO₂ and other emissions in Japan to zero by 2040. With the goal of reducing energy consumption by 50% in fiscal 2020 compared to fiscal 2010, we have streamlined air conditioning operations, introduced high-efficiency and energy-saving equipment, installed solar systems on mall rooftops and walls, implemented LED lighting, and more. As a result, we have achieved a 55.1% reduction in energy consumption (per unit of floor space) over the aforementioned target period.

Quantitative Targets and achievements for GHG Emissions

	Unit	Scope*1	Boundary	FY2018	FY2019	FY2020 (Actual)	FY2020 (Target)
Scope 1, 2 (Japan + overseas)	t-CO ₂	②	Common space	288,852	269,143	257,032	261,069
Administrative and office activities (offices)	t-CO ₂	②	Common space	—	188	68	182
Shopping center operation and management activities (malls)	t-CO ₂	②	Common space	—	268,955	256,954	260,887

*1 ① Directly managed malls in Japan: Business sites are not included in scope if we are only commissioned to perform management and operations without responsibility to manage energy.
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Targets and Results for LEED, BREEAM, and Other Certifications

Our most-recently constructed malls are designed to meet or exceed CASBEE A standards.

Ratio of building management standard certifications (LEED, BREEAM, etc.)

	Unit	Scope*1	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Number of certifications	Numbers	②	Entire structure	1	1	1	1	1
Ratio of certified malls to total buildings	%	②	Entire structure	0.92	0.83	0.77	0.75	0.73

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Real Estate Portfolio Performance

Green Lease Agreements

We have installed low-impact equipment in our tenant areas. In addition, interior design guidelines for equipment brought in by specialty store tenants also specify the use of equipment with a low environmental impact.

Supply Chain (Environment)

Use of Smart Meters

In principle, every area within our facilities has a smart meter installed.

Use of Energy Efficiency Measurement Systems

Scope and ratio of building management system adoption for measuring energy efficiency

	Unit	Scope*1	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Scope of building management system adoption for measuring energy efficiency (Total/Partial)	Numbers	②	Entire structure	11	35	47	50	53
Ratio of adoption to total number of properties	%	②	Entire structure	10.09	28.93	36.15	37.59	38.69

*1 ① Directly managed malls in Japan: Business sites are not included in scope if we are only commissioned to perform management and operations without responsibility to manage energy.
② Consolidated. (Includes overseas and subsidiaries)
*2 Since impact from introducing BEMS to all malls is minimal, this is only being introduced to malls on a pilot program basis. This is because we have built a central monitoring facility that enables detailed monitoring and control without the need to build a BEMS.

Implementation of biodiversity conservation projects

Number and ratio of biodiversity conservation projects implemented

	Unit	Scope*1	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Implementation of biodiversity conservation projects (total/partial) *Number of ABINC-certified malls (total)	Numbers	②	Entire structure	6	7	9	9	9
Ratio of certified properties to total number of properties	%	②	Entire structure	5.50	5.79	6.92	6.77	6.57

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

Real Estate GHG Emissions Over the Past Three Years

Annual GHG emission data statistics

	Unit	Scope*1	Boundary	FY2018	FY2019	FY2020
Scope 1, 2 (Japan + overseas)	t-CO ₂	②	Common space	288,852	269,143	257,032
Administrative and office activities (offices): actual	t-CO ₂	②	Common space	—	188	68
Shopping center operation and management activities (malls): actual	t-CO ₂	②	Common space	—	268,955	256,954

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

Real Estate Energy Use Over the Past Three Years

Annual energy use data statistics

	Unit	Scope*1	Boundary	FY2018	FY2019	FY2020
Energy consumption (crude oil equivalent)	kl	①	Common space	118,723	117,801	112,922
Energy consumption intensity	GJ/1,000 m ² × h	①	Common space	0.401	0.379	0.364
Energy consumption intensity YoY (%)	%	①	Common space	97.86	94.43	95.99

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

Supply Chain (Environment)

Real Estate Water Consumption Over the Past Three Years

■ Annual water use data statistics

	Unit	Scope*1	Boundary	FY2018	FY2019	FY2020
Total water withdrawal	m ³	①	Entire structure	9,998,186	9,969,117	8,105,434
Total water withdrawal	m ³	Overseas	Entire structure	6,476,457	6,806,827	6,443,289
Total water withdrawal	m ³	②	Entire structure	16,474,643	16,775,944	14,548,723

*1 ① Directly managed malls in Japan: Business sites are not included in scope if we are only commissioned to perform management and operations without responsibility to manage energy.

② Consolidated. (Includes overseas and subsidiaries)

Percentage of LEED, BREEAM, and Other Certifications

■ Ratio of building management standard certifications (LEED, BREEAM, etc.)

	Unit	Scope*1	Boundary	FY2016	FY2017	FY2018	FY2019	FY2020
Number of certifications	Numbers	②	Entire structure	1	1	1	1	1
Ratio of certified malls to total buildings	%	②	Entire structure	0.92	0.83	0.77	0.75	0.73

*1 ① Directly managed malls in Japan: Business sites are not included in scope if we are only commissioned to perform management and operations without responsibility to manage energy.

② Consolidated. (Includes overseas and subsidiaries)

WELL Health-Safety Rating Certification Targets and Results

The WELL Health-Safety Rating was established by the International WELL Building Institute (IWBI) in June 2020 based on the knowledge of experts in public health and other fields. This rating is a global standard assessment conducted by a third party, verifying that facilities are managed and operated in consideration of the health and safety of visitors and employees in the post-COVID world. In fiscal 2020, we had targeted acquisition of the WELL Health-Safety Rating for one property, and succeeded in acquiring the first such certification for a commercial facility in Japan, provided to AEON MALL Ageo (Saitama Prefecture).

Environmental Accounting Summary

FY2020 Environmental Accounting Report

AEON MALL Co., Ltd. takes action to understand the costs of environmental conservation activities and social contribution activities and manages them as ESG management indicators.

For environmental conservation activities, total investment and expenses were 9,474 million yen, a 6.0% increase compared to fiscal 2019.

Among these, investment in energy and resource conservation rose greatly due to large-scale installation of solar panels and the significant expansion of EV chargers, totaling 1,065 million yen, a 137.5% increase compared to fiscal 2019. Facility maintenance costs, including air-conditioning-related costs, increased as a result of our work to enhance air-conditioning ventilation to strengthen our ability to limit the spread of COVID-19. Costs totaled 4,950 million yen, a 0.5% increase compared to fiscal 2019.

We will continue our efforts to create sustainable malls addressing shifts in society, not only by reducing their environmental impact, but also by implementing permanent measures to prevent the spread of infectious diseases.

For social contribution activities, total investment and expenses were 1,316 million yen, a 3.9% increase compared to fiscal 2019. We contribute an amount equivalent to 1% of our pre-tax profits to the Aeon 1% Club Foundation, contributing to projects under its three pillars: Sound Development of the Next Generation, Promotion of Friendship with Foreign Countries, and Sustainable Development of Regional Communities. In fiscal 2020, we contributed a total of 515 million yen, a 10.6% increase compared to fiscal 2019.

In addition, we continued to expand the number of on-site AEON Yume-Mirai Nursery Schools, bringing the Group's total to 31 as of the end of fiscal 2020. We will advance initiatives serving to help Group companies and others who work and raise families, serving to reduce the number of children on waiting lists for childcare centers. In addition, we will continue to enhance our on-site facilities leveraging digital technology so that we can meet the needs of senior citizens in a society that will age even faster in the future.

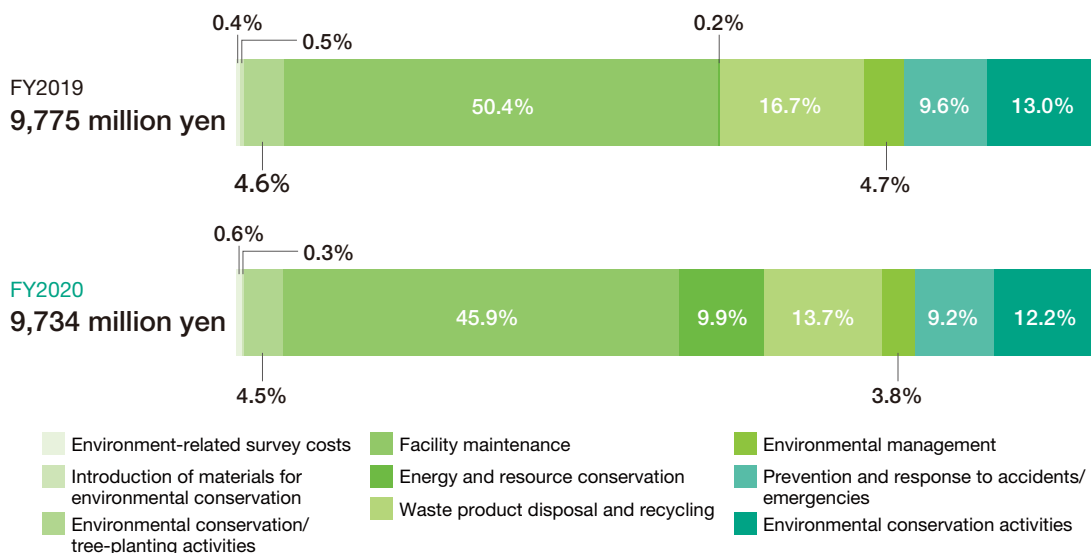
In environmental accounting, we recorded a 5.7% increase of overall expenses for fiscal 2020 versus the fiscal 2019 level.

■ Breakdown of Main Environmental Conservation Costs

	Investment			Expenses			Total (million yen)		
	FY2019	FY2020	YoY	FY2019	FY2020	YoY	FY2019	FY2020	YoY
Environment-related survey costs	—	—	—	39	62	159.0%	39	62	159.0%
Introduction of materials for environmental conservation	—	—	—	48	29	61.6%	48	29	61.6%
Environmental conservation/tree-planting activities	—	—	—	452	486	107.5%	452	486	107.5%
Facility maintenance	—	—	—	4,926	4,950	100.5%	4,926	4,950	100.5%
Energy and resource conservation	430	1,056	245.3%	18	10	53.2%	449	1,065	237.5%
Waste product disposal and recycling	—	—	—	1,634	1,482	90.7%	1,634	1,482	90.7%
Environmental management	—	—	—	456	407	89.3%	456	407	89.3%
Prevention and response to accidents/emergencies	—	—	—	936	991	105.8%	936	991	105.8%
Environmental conservation activities: total	430	1,056	245.3%	8,509	8,418	98.9%	8,939	9,474	106.0%
Local social contribution activities	—	—	—	1,266	1,316	103.9%	1,266	1,316	103.9%
Grand total	861	2,111	245.3%	9,775	9,734	99.6%	10,205	10,789	105.7%

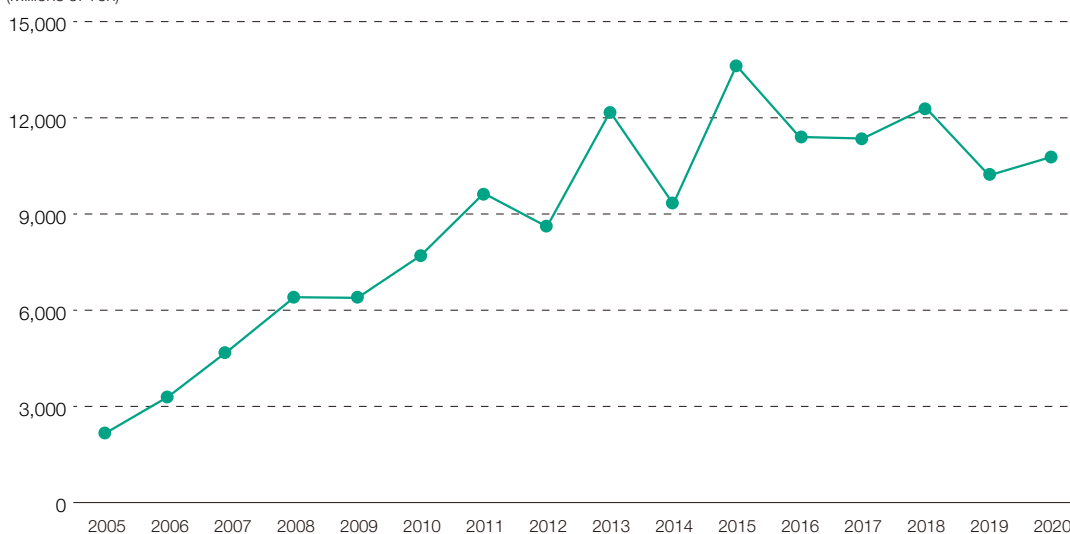
Supply Chain (Environment)

[Expenses] Amounts incurred, in principle for a single year, as environmental conservation measures in the current fiscal year.



Total of Investment and Expenses by Fiscal Year

(Millions of Yen)



(Millions of Yen)

FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
2,155	3,300	4,808	6,405	6,385	7,702	9,644	8,604
FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
12,186	9,311	13,626	11,403	11,354	12,308	10,205	10,787

*Figures for FY2007 and thereafter are post-merger.