



INTEGRATED REPORT 2021

Our Hearts for “Life Design Developer”
Creating the future of our lives is the feeling of each of us.



AEON MALL CO., LTD.

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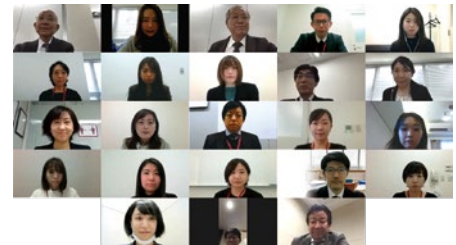
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Information Disclosure

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| AEON MALL Website https://www.aeonmall.com | |
| Integrated Report 2021 | |
| <ul style="list-style-type: none"> Shareholder and Investor Information Management Policies Financial/Earnings Information IR Library Stock Information, etc. | <ul style="list-style-type: none"> Company Information Business Overview Sustainability Activities ESG Report (PDF) ESG Databook (PDF), etc. |
| | |

● Sustainability webpage : <https://www.aeonmall.com/sustainability/>

● IR Website : <https://www.aeonmall.com/ir/>

AEON MALL Integrated Report 2021 Editorial Policies

The AEON MALL Group is a Life Design Developer, creating the future of community living. Under this management philosophy, we aim to be a company that touches the hearts of the 5 billion people throughout Asia. Accordingly, in FY2018, we began publishing an integrated report for our shareholders, investors, and other stakeholders to encourage a better understanding of our initiatives toward corporate value creation over the medium and long term.

In editing this integrated report, we have provided information we deemed important from the standpoint of medium- and long-term corporate value creation. Our efforts referenced the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation published by the Ministry of Economy, Trade and Industry. Among other topics, this integrated report addresses our strengths developed as a retail-based mall business, our value creation process and future strategies, business activities forming the foundation of value creation, and ESG initiatives. Further, we provide information related to those ESG initiatives that have a significant impact on corporate value creation based on considerations of materiality. Please see our ESG Report, sustainability webpage, and IR webpage for more information related to ESG.



Period:
March 1, 2020 to February 28, 2021
Information from outside this period is noted where necessary.

Organization:
AEON MALL Co., Ltd., group companies belonging to AEON MALL Co., Ltd., and facilities managed by these entities. Environmental indicators exclude 57 malls contracted for operations by AEON Retail Co., Ltd., mozo wondercity, Kobe Harbor Island umie, Qualite Prix, AEON Senrito Senmonkan, and OPA Co., Ltd. commercial facilities.

Basic Principle

The Customer Comes First

Management Philosophy

AEON MALL is a Life Design Developer*, creating the future of community living.

*Life Design extends beyond the framework of the shopping mall. Life Design addresses functions associated with different customer life stages, including not only shopping, but also interaction with other people, cultural development, and other features contributing to future lifestyles.

Corporate Slogan



Sharing a sense of lively participation

Medium-Term Management Plan (FY2020-FY2022)

<Growth Policies>

- (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

<Numerical Targets>

- Consolidated Operating Revenue: **¥360** billion
- Consolidated Operating Income: **¥68** billion

<Financial Indicators (FY2025 Goals)>

- EPS growth rate: **7.0%** annual
- Net interest-bearing debt/EBITDA ratio: **4.5** times or less
- ROIC: **5%** or higher

Vision for 2025

1. Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation.
2. Put AEON MALL in the same class as the top global commercial developers, aiming for consolidated operating income of ¥90 billion.
3. Conduct floor space expansions and renovations in Japan to become the dominant mall in each area.
4. Secure growth markets overseas, expand overseas business to 50 malls, and record operating income of ¥27 billion (25% profit margin).

Our History of Value Creation

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

1992-

The rise of motorization
Innovating customer shopping experiences through malls in suburbs across Japan

The first AEON MALL location, AEON MALL Tsugaru Kashiwa (Aomori Pref.), opened in 1992 amid growing domestic motorization. A mall with a large parking lot and diverse tenants offering a wide variety of merchandise in a suburban area proved successful from the aspect of town planning in attracting customers who drove to the store in their own cars. It was the harbinger of an era in which lifestyles shifted from urban areas and train stations to the suburbs.

Large-Scale Retail Stores Law

Audits required for large store openings for store area, closing time, number of days closed, etc. In 1994, restrictions on store size, application procedures, closing times, and closing days were eased.

2000-

Ongoing need to revitalize communities
A community-based space offering a wide range of lifestyle services

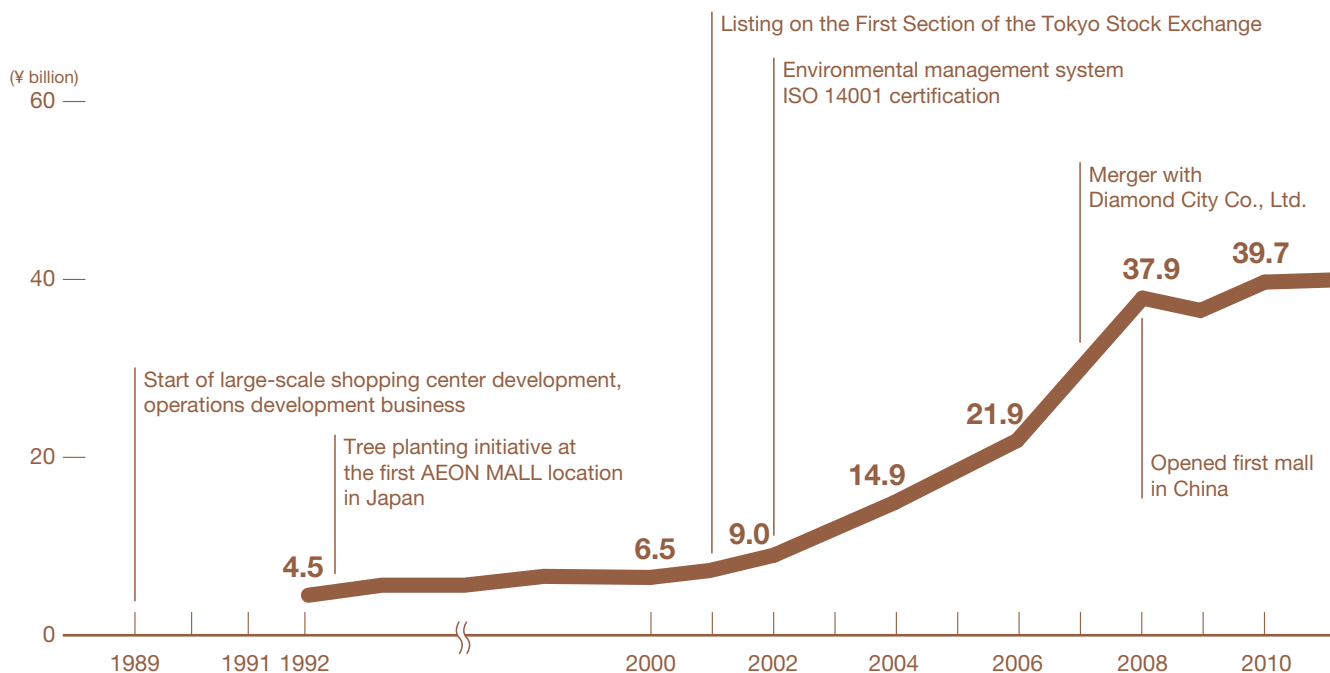
As we expand to residential and business districts throughout Japan, AEON MALL has extended beyond the framework of commercial facilities. We have evolved into infrastructure for local communities, offering entertainment, public administrative and community functions, and disaster relief support. We played a role in reactivating communities by responding to calls for opening AEON MALL shopping centers.

Three Laws Related to Town Development

Deregulation resulted in examining large-scale stores according to social vectors, including the impact on the economy and living environment. Authority shifted from the national to the local level.

* The Three Laws related to town development are defined as the (1) City Planning Act, which governs zoning (land use regulations), (2) the Large-scale Retail Location Law, which sets up systems to coordinate with local communities, and (3) the City Center Revitalization Act, which supports the revitalization of city centers.

Operating Income



2011–

A growing community presence in Japan and overseas

Unique malls tailored to the characteristics of each region and country

Shopping centers throughout Japan became more homogenized and subject to even more competition. AEON MALL developed unique malls that focused on localization, pursuing a strategy of opening in growth areas of Asia seeing an expansion of the middle class. We are increasing our presence in local communities both in Japan and overseas.

2017–

Becoming the dominant commercial developer in Asia, striving to resolve local issues in Japan and overseas

Becoming the dominant commercial developer in Asia, striving to resolve local issues in Japan and overseas

In China and ASEAN, AEON MALL serves as a partner in urban and regional development. We build malls that respond to strong consumer markets. In Japan, AEON is confronting the challenge of weakened connections within communities. Here, we pursue value by working with local governments as a leader in regional revitalization.

2020–

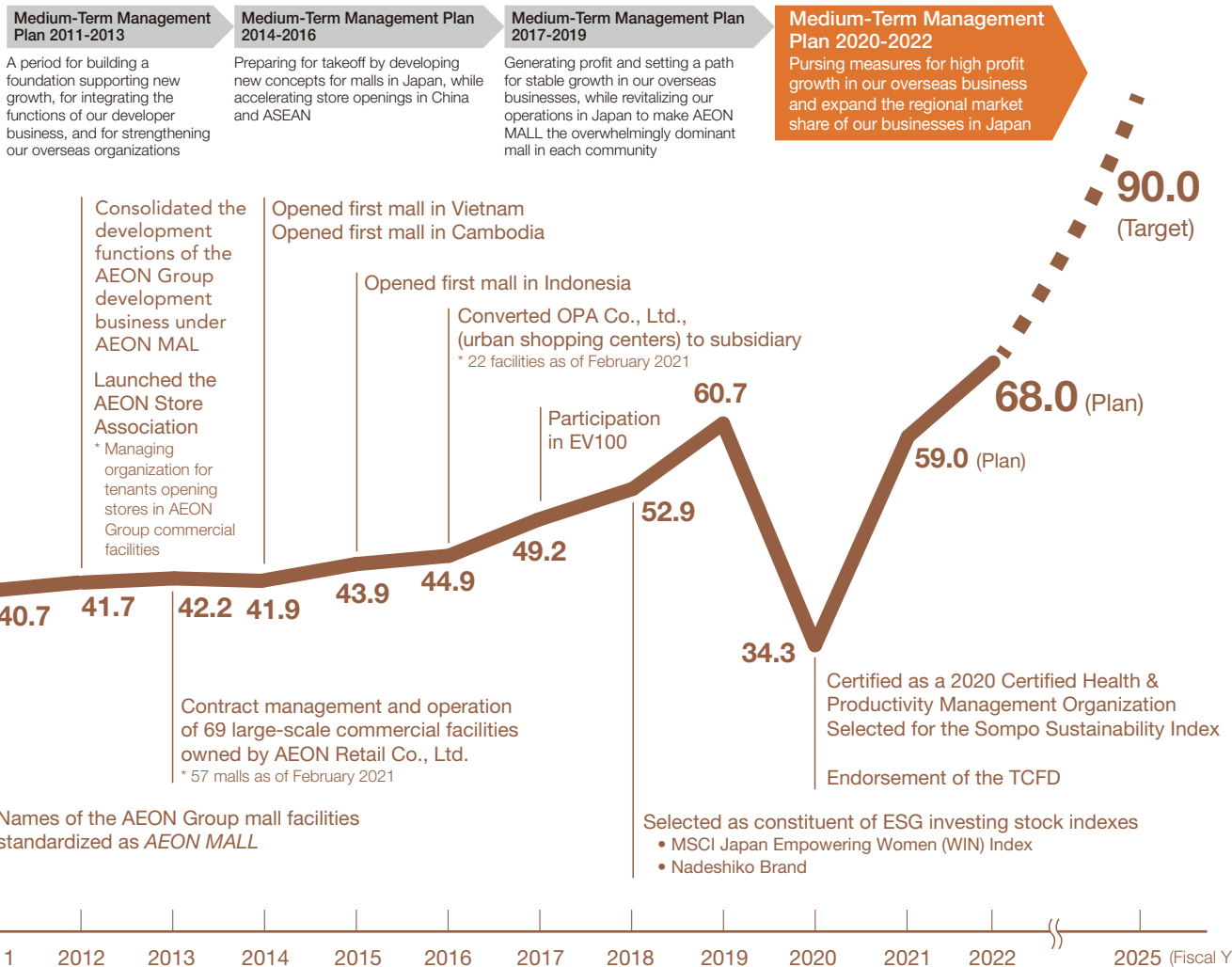
Toward Sustainable Societies

Becoming a Life Design Developer Offering Solutions for the Future of Community Living

In a business environment of increasing uncertainty and accelerating change, we aim to become a business that provides solutions to issues faced by local communities and society, without being bound to the framework of a commercial facility. In so doing, we will establish ourselves as core facilities and social infrastructure in local communities.

Revised City Planning Act

With no sign of ending in the decline of city centers, the development permitting system under the City Planning Act was revised in 2007. Regulations were tightened for the opening of stores having a total floor space of 10,000m² or more.



The Strengths of AEON MALL

AEON MALL has continued to grow in step with the growth of our communities through shopping mall development, management, and operations.

By building on our six strengths, we intend to establish an even stronger management foundation.

1

Ability to generate and procure funds for growth

We generate cash flows through managing and operating shopping malls. This allows us to maintain a consistently sound financial position and leverage borrowing capacity to procure funds. We generate growth funds through the sale of mall land and buildings to real estate investment trusts and the use of development leases. These vehicles allow us access to flexible investments in growth, while accelerating the speed of return on investment and improving asset efficiency.



AEON MALL Hai Phong Le Chan (Vietnam)

- EBITDA: **¥92.9** billion
(Overseas: ¥22.0 billion)*
*Simplified operating cash flows
- Equity ratio: **27.1** %
- Net D/E ratio: **1.5** times
(as of end of Feb, 2021)

2

Overwhelming scale of operations and ability to attract customers

AEON MALL manages and operates more than 160 malls in Japan, serving nearly 1.2 billion customer visits annually. We leverage the retail-based development expertise we cultivated in Japan through localized operations to expand in China, ASEAN, and other countries overseas.



AEON MALL Guangzhou Xintang (China)

- No. of malls:
Japan: **142**
Overseas: **32**
- No. of urban shopping centers:
Japan: **22**
- Gross leasable area (GLA) :
10,173,000m²
Japan: 7,922,000m²
Overseas: 2,251,000m²
(as of end of Feb, 2021)

3

Diversity of staff driving growth

We strive to create an environment in which a diversity of human resources can maximize their abilities regardless of gender, age, or nationality. Along with giving our Japanese employees the opportunity to obtain business experience overseas, we strive to promote overseas local staff to senior management positions. Our growth is linked directly this interaction among AEON people.



ASEAN Office

- Percentage of women in managerial positions: **18.0** %
- No. of local staff overseas: **1,429** employees
(as of end of Feb, 2021)

4

Sustainable malls that coexist with local communities

We use the expertise gained through operating nearly 200 locations worldwide to develop and operate safe, secure, and comfortable malls that meet the needs of a wide spectrum of customers. We focus intently on the unique characteristics and needs of each community. Our Happiness Malls community initiatives and public functions coordinated with local government provide sustainable malls that become the first choice of both customers and tenants.



Disaster Prevention Drill (AEON MALL Makuhari Shintoshin (Chiba Prefecture))

- Happiness Mall events held in all malls
- No. of malls signing disaster prevention agreements with local authorities: **127**
- No. of malls serving as disaster prevention sites: **42**

5

Robust network

AEON MALL has built a nationwide network in Japan together with our tenants. Through these close strategic partnerships, we advance initiatives designed to meet local needs. We use a customer service role playing contest to build a stronger awareness of customer service and help staff share best practices and expertise that transcend any one particular line of business. These contests lead to higher levels of service quality throughout the AEON MALL organization.



AEON Store Association Customer Service Role-Playing Contest

- No. of specialty store operators: Approx. **8,000** companies
- No. of participants in the AEON Store Association Customer Service Role-Playing Contest* (Japan): Approx. **8,000** companies and **30,000** employees

* Events where tenant specialty store employees compete, displaying their customer service skills. In addition to Japan, these events are held in China, Cambodia, Vietnam, and Indonesia.

6

Environmental preservation

AEON MALL has introduced technologies to reduce our environmental impact, including LED lighting, solar power generation, EV (electric vehicle) charging stations, and trash recycling systems. We are working to save energy, reduce CO₂ emissions, and decrease waste emissions. We also act as centers of the community in the areas we serve, conducting environmental communication activities for our customers, educational visits for elementary school students, and more. At the same time, we foster stronger environmental management through acquiring ISO 14001 certification and other initiatives.



EV Charging Stations (AEON MALL Shinrifu South Wing (Miyagi Prefecture))

- Use of LED lighting: **100%** (mall common areas)
- No. of EV charging stations: Japan: **1,848** stations (138 malls)
China: **564** stations (14 malls)
ASEAN: **6** stations (3 malls)

Our Value Creation Model

Basic Principle

The Customer Comes First

Management Philosophy

AEON MALL is a Life Design Developer*, creating the future of community living.

* Life Design extends beyond the framework of the shopping mall. Life Design addresses functions associated with different customer life stages, including not only shopping, but also interaction with other people, cultural development, and other features contributing to future lifestyles.

Pursuing ESG-Based Management

Our 10 Key Initiatives



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

| | Our 10 Key Initiatives | Our Beliefs | SUSTAINABLE DEVELOPMENT GOALS |
|---|---|---|-------------------------------|
| Develop community and social infrastructure P.53 | <ul style="list-style-type: none"> ●Developing sustainable and resilient infrastructure ●Production and consumption formats | As a base of infrastructure for our communities, we offer not only lifestyle convenience, but also safe and secure facilities resistant to disasters. | |
| Build community relationships P.54 | <ul style="list-style-type: none"> ●Cultural preservation and inheritance ●Low birth rates, aging society | We respect the cultures of local communities and contribute to the development and inheritance of these cultures. We aim to solve social issues stemming from further aging in demographics and declining birthrates. | |
| Environment P.55 | <ul style="list-style-type: none"> ●Climate change, global warming ●Protecting biodiversity, resources | In addition to solving global environmental issues such as climate change, we encourage community development rooted in local communities and in harmony with nature. | |
| Diversity and work-style reform P.57 | <ul style="list-style-type: none"> ●Health and welfare ●Diversity, work-style | We strive to create friendly, comfortable workplace environments for our own employees and for the employees of our tenants, regardless of nationality or gender. | |
| Promotion of responsible business P.59 | <ul style="list-style-type: none"> ●Human rights ●Bribery | We encourage the creation of societies around the world that respect human rights. Through our internal audit system, we identify and deal strictly with bribery or other internal misconduct. | |

Vision for 2025

Numerical Targets

- Operating Revenue: **¥440** billion
- Operating Income: **¥90** billion

Financial Indicators

- EPS growth rate: **7%** annual (annual growth rate FY2019-FY2025)
- Net interest-bearing debt/EBITDA ratio: **4.5** times or less
- ROIC: **5%** or higher



The AEON MALL Vision

Provide solutions to regional and social issues, establishing a position through social infrastructure functions to be a central facility for the local community.

Management Vision

Becoming a Company That will Touch the Hearts of 5 Billion Visitors Throughout Asia

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

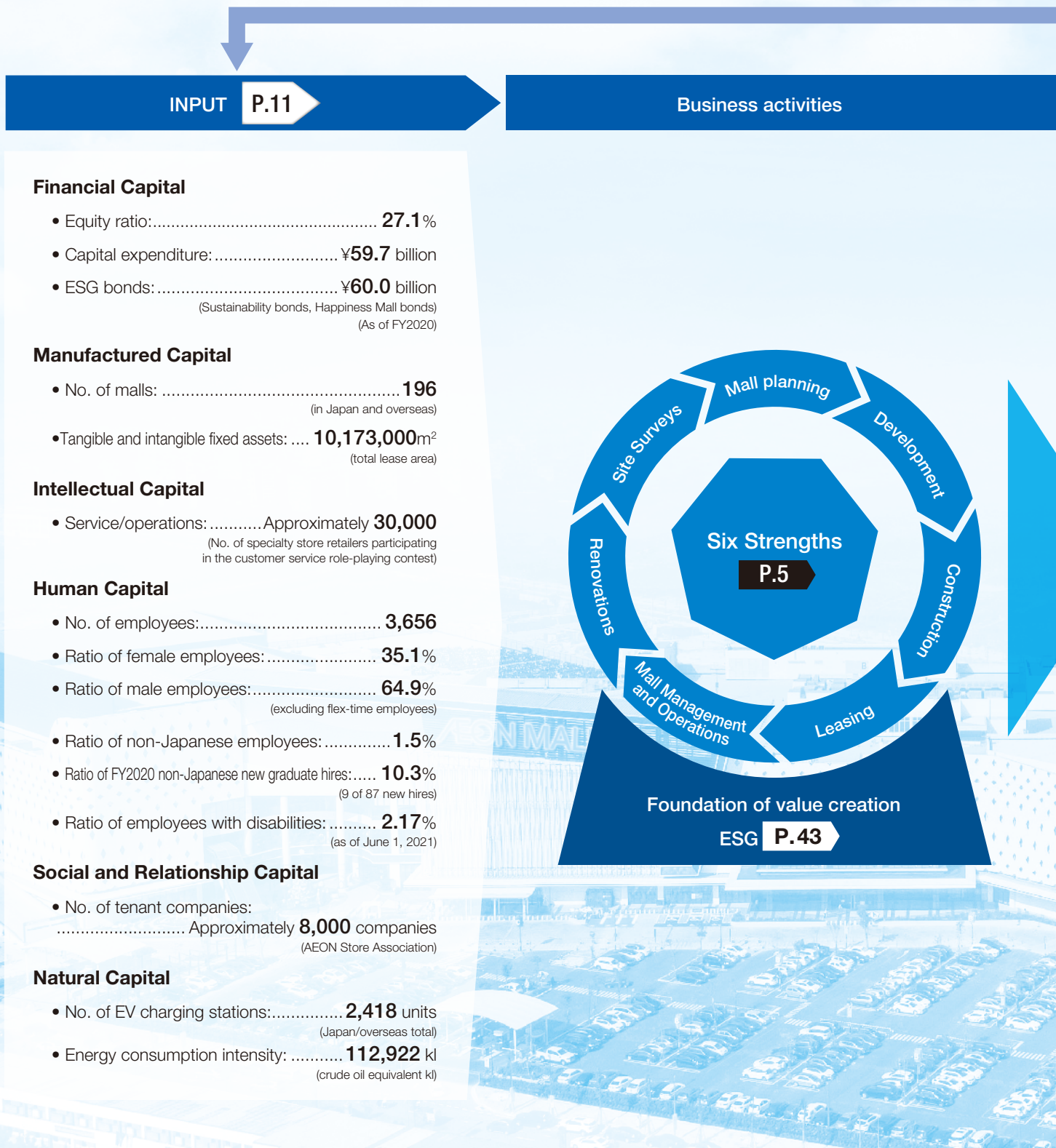
Pursuing Our New Three-Year Medium-Term Management Plan (FY2020 - FY2022)

Numerical Targets

- Operating Revenue: **¥360** billion
- Operating Income: **¥68** billion

Our Value Creation Model [Capital and Value Proposition]

AEON MALL leverages our comprehensive strengths as a commercial developer experienced in everything from shopping mall development to mall management and operations to solve social issues and achieve our 2025 long-term vision.



Financial Capital

- Equity ratio:..... **27.1%**
- Capital expenditure:..... **¥59.7 billion**
- ESG bonds:..... **¥60.0 billion**
(Sustainability bonds, Happiness Mall bonds)
(As of FY2020)

Manufactured Capital

- No. of malls: **196**
(in Japan and overseas)
- Tangible and intangible fixed assets: **10,173,000m²**
(total lease area)

Intellectual Capital

- Service/operations: Approximately **30,000**
(No. of specialty store retailers participating in the customer service role-playing contest)

Human Capital

- No. of employees:..... **3,656**
- Ratio of female employees:..... **35.1%**
- Ratio of male employees:..... **64.9%**
(excluding flex-time employees)
- Ratio of non-Japanese employees: **1.5%**
- Ratio of FY2020 non-Japanese new graduate hires:..... **10.3%**
(9 of 87 new hires)
- Ratio of employees with disabilities: **2.17%**
(as of June 1, 2021)

Social and Relationship Capital

- No. of tenant companies:
..... Approximately **8,000** companies
(AEON Store Association)

Natural Capital

- No. of EV charging stations:..... **2,418** units
(Japan/overseas total)
- Energy consumption intensity: **112,922** kl
(crude oil equivalent kl)

External Environment

Overseas

Population growth
Intensifying competition with other commercial facilities

Japan

Demographic change due to declining population and aging society
Transition from consumption of goods to consumption of services
Rise of the sharing economy

Domestic/Overseas

Expansion of e-commerce
Digitalization under Society 5.0
Global warming and constant abnormal weather
Increasing scrutiny of corporate environmental measures (ESG investment)
Millennials and Gen Z becoming the new drivers of consumption

OUTPUT P.33-40

OUTCOME

Japan

164 locations;
Total leasable area: 7,922,000m²



Overseas

China

21 locations;
Total leasable area: 1,477,000m²



ASEAN

11 locations;
Total leasable area: 774,000m²



Economic Value

Financial Capital / Manufactured Capital

- Operating revenue:¥**280.6** billion
- Operating income:¥**34.3** billion
- Net interest-bearing debt// EBITDA ratio:**6.2** times
- ROIC: **2.2%**
- EPS: ¥**-8.19**
- Dividends:..... ¥**9.1** billion
(Results for FY2020)

Social Value

Intellectual Capital

- Service/operations:
..... Improving customer service levels,
increasing operational efficiencies

Human Capital

- No. of employees taking maternity leave
(male and female): **52**
(23 men)

Social and Relationship Capital

- No. of customer visits (annual):
..... Approximately **1.2** billion
- Regional revitalization:..... **1,193** times
(Locations under hyper-localization)

Environmental Value

Natural Capital

- Renewable energy generated:**22,744** MWh
- GHG emissions:.....**257,032** t-CO₂
- Industrial waste discharge:.....**63,170** t
- Wastewater discharge:**5,681,140** m³

Consumers | Changes in lifestyles, scope of activities, and modes of transportation
Increased awareness of disease prevention and health
(avoiding the 3Cs, non-contact, healthy foods)
Acceleration of e-commerce, acceleration of the cashless economy
Cautious consumption, shift to smart consumption, widening of economic disparity

Local Communities | Acceleration of regional development and return to rural areas, reconsideration of suburbs
Pressure on local government finances
Possibility of accelerated restructuring of local governments
Decline in inbound demand

Corporations | Increase in the power of e-commerce players
Acceleration in restructuring and formation of oligopolies among business partners and competing facilities
Greater discrimination among tenants about new store locations, dilution of boundaries between industries and business categories, real and digital

Our Value Creation Model

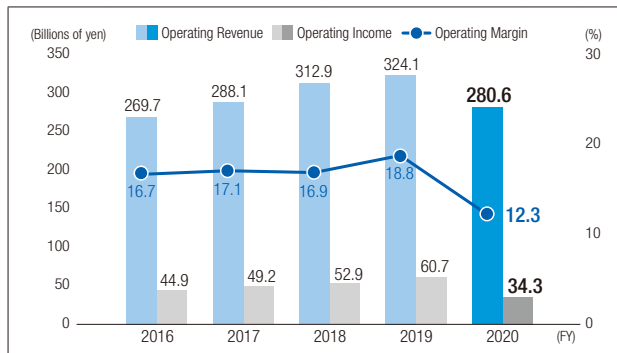
| Resources | Financial Capital | Manufacturing Capital | Intellectual Capital |
|---|---|---|---|
| Contribution to Value Creation of Different Capitals | Ability to generate and procure funds for growth, and overwhelming scale of operations and ability to attract customers | AEON MALL manages and operates more than 160 facilities in Japan, serving nearly 1.2 billion customer visits annually. We leverage the retail-based de-velopment expertise cultivated in Japan with localized operations to expand in China, ASEAN, and other countries overseas. | In addition to our expertise in mall operations within Japan and overseas that uses AEON MALL as a platform to provide higher levels of added value to communities, we are working to make live commerce and smart malls a reality by promoting a move to digital in order to respond to changes in Japan, Asia, and other overseas markets. |
| Targets | <p>Building a Financing Mix and Governance Structure AEON MALL has established a financing mix and governance structure to support measures for growth. We are focusing on three measures designed to establish a global management system that responds to the expansion of our businesses</p> <p>(1) Global financing mix (2) Optimize cash management (3) Advance risk management</p> <p><Vision for 2025 – Numerical Targets></p> <ul style="list-style-type: none"> ●EPS growth rate: 7% per annum ●Net interest-bearing debt/EBITDA ratio: 4.5 times or less ●ROIC (Return on Invested Capital): 5% or more | <p>Accelerate growth overseas, and achieve stable growth in Japan</p> <p>Overseas</p> <p>(1) Accelerate new mall openings (2) Strengthen the earning capacity of existing malls</p> <p>Japan</p> <p>(1) Strengthen the earning power of existing malls (2) Open new malls (3) Improve urban shopping center business income</p> | <p>Creating mall environments via utilizing digital technology</p> <p>Live Commerce</p> <ul style="list-style-type: none"> ●To meet the growing needs for digitalization in China and ASEAN countries, we are focusing on creating mall environments via digital technology. ●We plan to create more points of contact with customers in the future through digital transformation. <p>Creating Smart Malls</p> <p>We are developing and testing digital equipment to create the next-generation smart mall.</p> |
| Main Initiatives for FY2020 | <ul style="list-style-type: none"> ●We generate cash flows through managing and operating shopping malls. This allows us to maintain a consistently sound financial position and leverage borrowing capacity to procure funds. ●We are engaged in ESG financing to realize our commitment to SDGs in terms of finance. ●We procure funds promoting a global financing mix as an integrated entity, both in Japan and overseas. ●While expanding our base of loans from domestic banks, we also identify overseas local banks for future sources of financing. | <p>Overseas development</p> <ul style="list-style-type: none"> ●Large parking capacity in response to motorization ●Ability to create a sales area localized to the community ●More entertainment options to meet the demand for experiential consumption ●Events that attract customers ●Safe, secure, pleasant facilities <p>Japan development</p> <ul style="list-style-type: none"> ●Securing a position as the overwhelmingly dominant mall in the region ●To strengthen the earning power of existing malls, we will continue to emphasize profitable mall revitalization projects, attract new customers, and explore potential consumer demand. ●Tenant lease agreements expire in six years. When agreements expire, we replace existing tenants with popular tenants or tenants to meet high demand among customers in the region. In this way, we continue to maintain and improve the freshness and attractiveness of our malls. ●We plan to expand floor space at eight malls under our current three-year plan and are renovating 10 malls each year. | <p>Live Commerce</p> <ul style="list-style-type: none"> ●In March 2020, we initiated live commerce in China. This program offers a new shopping experience through the integration of in-person and online shopping. ●This is a new sales approach that combines video and online shopping. Influencers or tenant employees appear in live broadcasts to sell products online. ●In-store live broadcast booth installation and use free of charge ●In anticipation of deployment nationwide, demonstration testing is being carried out at AEON MALL Makuhari Shintoshin (Chiba Prefecture) and several other malls. <p>Creating Smart Malls</p> <ul style="list-style-type: none"> ●We are responding to changes in the consumer environment and the transition toward digitalization. Here, we are conducting proof-of-concept tests by installing equipment at AEON MALL Makuhari Shintoshin (Chiba Prefecture) as a pilot location. We installed the equipment from the labor- and energy-saving viewpoint to offer less-stressful shopping experiences, greater convenience within the mall, and more information delivery. |
| FY2020 results | <ul style="list-style-type: none"> ●As part of our ESG finance initiatives, in March we issued ¥30 billion in corporate bonds for individuals, and in September ¥30 billion in sustainability bonds for institutional investors. Sustainability bonds have both green and social purposes, and are the first bonds issued in the domestic real estate sector. ●In FY2019, we established and implemented the Emergency Management Manual (in Japanese, Chinese, and the languages of ASEAN countries) and Basic Rules for the Prevention of Bribery (in Chinese). ●AEON MALL consolidated income Operating Revenue: ¥280.6 billion (86.6% year-on-year) Operating Income: ¥34.3 billion (56.6% of year-on-year) Net income: ¥1.8 billion (-) | <p><Overseas></p> <ul style="list-style-type: none"> ●AEON MALL engages in three measures to create systems that accelerate new mall openings overseas. <p>(1) In creating an organization education system, we are in particular cultivating human resources capable of working overseas, and have established a human resources program that we call "the Global Human Resources Course."</p> <p>(2) In fostering partnerships with local communities, we are promoting property development in China and ASEAN where economic policy focuses on the development of social infrastructure.</p> <p>(3) In financing, given that efficient fund-raising is an essential factor in opening more locations, we also plan to open master lease malls, in addition to directly managed malls.</p> <p><Japan></p> <ul style="list-style-type: none"> ●From a standpoint of opening new stores in malls and of their efficiency, we are promoting the opening of new malls in unserved areas and the development of malls based on new ideas that utilize the assets of the AEON Group. ●Our urban shopping center business plans to improve profits through comprehensive renovations, improving profitability, and limiting the number of new openings. We began focusing on revitalizing existing shopping centers in FY2019, and will continue this. | <p><Domestic Mall Business></p> <ul style="list-style-type: none"> ●Improve sales and earnings by promoting these becoming the overwhelmingly dominant malls in each region through investment-efficient expansion of floor space at existing malls. ●The operating income plan is on schedule, including the efficiency of property acquisitions and changes to schemes. <p><Overseas Mall Business></p> <ul style="list-style-type: none"> ●Achieved profit growth by revitalizing existing malls through the systematic replacement of specialty stores and rent revisions. |

| Human Capital | Social/Relational Capital | Natural Capital |
|---|---|---|
| <p>We strive to create an environment in which a diversity of human resources can maximize their abilities regardless of gender, age, or nationality.</p> | <p>We will contribute to the development and passing down of local cultures, and aim to solve social issues stemming from further aging in demographics and declining birthrates.</p> | <p>In addition to solving global environmental issues such as climate change, we are encouraging community development rooted in local communities and in harmony with nature.</p> |
| <p>A company in which diverse human resources can enjoy healthy lives as they continue to demonstrate their talents</p> <ul style="list-style-type: none"> ● Pursue growth strategies by investing in our human resources. ● In response to advancing globalization and digitalization of business, we commit ourselves to creating new value by transforming our education system from a traditional generalist education to a double-track generalist and specialist education. ● Using the power of diverse human resources in areas such as systems, digital, finance, and HR. ● Creating new business models to adapt to the changes in society and the diversification of employee needs. ● Promoting diversity management that allows diverse human resources to exercise their talents. ● Developing various human resources training and education programs to support human resources development. | <p>Promote ESG management to achieve sustainable growth and improve corporate value.</p> <ul style="list-style-type: none"> ● We will maximize the economic and social values we create through the integration of growth strategies and ESG-based management, an approach that is driving us to achieving our Vision for 2025. | <p>Promoting community development rooted in local communities and in harmony with nature</p> <ul style="list-style-type: none"> ● We are striving to reduce energy use by 50% (per unit of floor space) compared to the year 2010 in the AEON Eco Project that provides targets for 2020. ● As a new initiative, the AEON Group is aiming to achieve a decarbonized society by the year 2050, as described in the AEON Decarbonization Vision 2050. The group plans to accomplish this goal by promoting energy conservation, the use of renewable energy, and other measures. ● Aiming to Create a Decarbonized Society by 2050 |
| <p>Providing equal opportunities for all, and creating an environment conducive to taking challenges.</p> <ul style="list-style-type: none"> ● Offering Life Design developer practical training to acquire the knowledge and skills required for a Life Design developer. ● Encouraging the exchange of personnel between Japan and overseas to cultivate human resources responsible for the future of our overseas business. ● This includes a training program to send staff from Japan to China and ASEAN countries as trainees for one-year assignments. ● We also offer core personnel training programs, such as the AEON Business School (ABS) Program. ● Establishing a self-reporting system to communicate their career plans to supervisors and management. ● Offering a promotion test system for promotion to a higher position. | <p>AEON MALL ESG Promotion Committee and subcommittees</p> <ul style="list-style-type: none"> ● The AEON MALL ESG Promotion Committee and subcommittees, chaired by the president of our company, meets monthly to discuss details and progress of important issues related to four areas represented by the Environment (E) Social (S), Governance (G), and Communication, (C). <p>Operate safe and comfortable malls chosen by customers</p> <ul style="list-style-type: none"> ● In 2019, we identified Materiality as a key issue. ● We use the expertise gained through operating nearly 200 locations worldwide to develop and operate safe, secure, and comfortable malls that meet the needs of a wide spectrum of customers. ● We focus intently on the unique characteristics and needs of each community. Our Happiness Malls community initiatives and public functions coordinated with local government operate sustainable malls that become the first choice of both customers and tenants. ■ Happiness Mall Events/Held in All malls ■ No. of malls signing disaster response agreements with local authorities: 127 ■ No. of malls serving as disaster relief facilities: 42 | <p>Business development grounded in local communities, with a focus on the environment.</p> <ul style="list-style-type: none"> ● AEON MALL is introducing technologies to reduce our environmental impact, including LED lighting, solar power generation, and EV (electric vehicle) charging stations. ● We also act as community centers in the areas we serve, conducting environmental communication activities for our customers, educational visits for elementary school students, and more. ● We are strengthening environmental management through acquiring ISO 14001 certification and other initiatives. ● We use solar power generation systems at 88 malls, with solar power systems at 73 malls in Japan and 19 malls overseas, demonstrating leadership ahead of other commercial facilities. ● We installed a 1MW rooftop solar power system and a high-efficiency chiller in our AEON MALL Sen Sok City facility in Cambodia. ● 500 tons reduction in CO₂ emissions from AEON MALL Hai Phong Le Chan (Vietnam) |
| <p>Providing equal opportunities for all, and creating an environment conducive to taking challenges.</p> <ul style="list-style-type: none"> ● Total annual working hours per employee: 1,988h/employees ● Percentage of women in managerial positions: 18.0% ● Employment ratio of people with disabilities: 2.17% (As of June 01, 2021) ● No. of local staff overseas: 1,429 employees | <ul style="list-style-type: none"> ● We discussed the installation of EV chargers and our response to United Nations SDGs ● AEON MALL is adding more public functions for customer convenience, including post offices, administrative service branch offices, libraries, and polling stations for early voting, as well as health clinics, financial services, and more. | <p><Driving Forward Energy Conservation Initiatives></p> <ul style="list-style-type: none"> ● Achieved reduction in energy usage by 55.1% (per unit of floor space) compared to FY2010 ● We are currently developing the Next-Generation Smart AEON program, a further evolution in our decarbonization. AEON MALL Ageo (Saitama Prefecture) has switched to 100% CO₂-free electricity in real terms. ● A total of 12 facilities in the AEON Group, 11 of which are operated by AEON MALL, have become environmentally friendly model facilities. <p><Reduce Plastic Products></p> <ul style="list-style-type: none"> ● Promote the use of non-plastic straws in all malls. We are striving to create sustainable malls and conserve the global environment, and have a 92.7% recycling rate for waste plastics in fiscal year 2019. ● 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. <p><Response to Climate Change></p> <p>In June 2020, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD) regarding risks and opportunities that confront all companies.</p> |

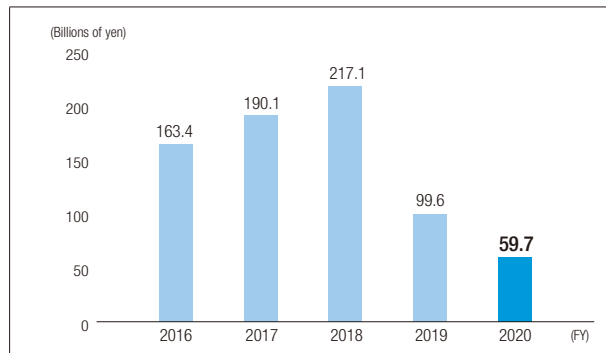
Financial and Non-Financial Highlights

Financial Highlights

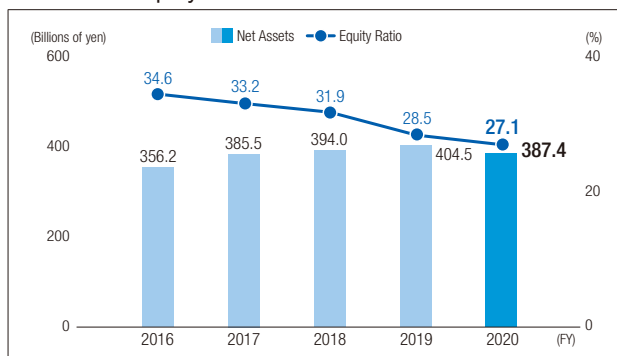
Operating Revenue/Operating Income/Operating Margin



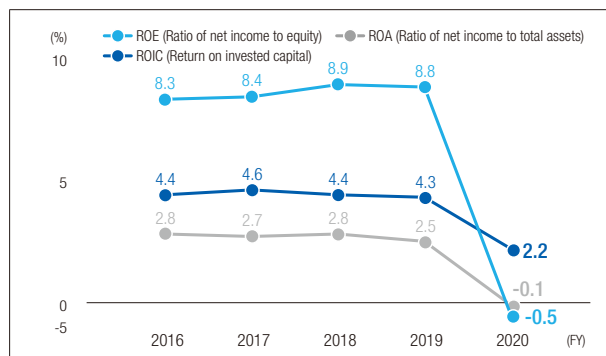
Capital Investment



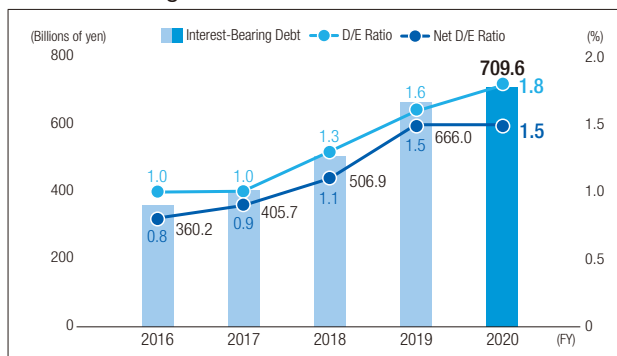
Net Assets/Equity Ratio



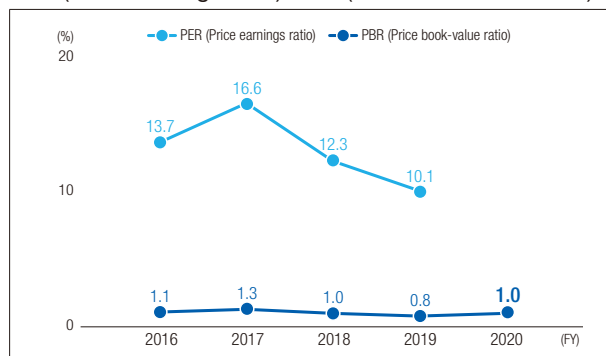
ROE/ROA/ROIC



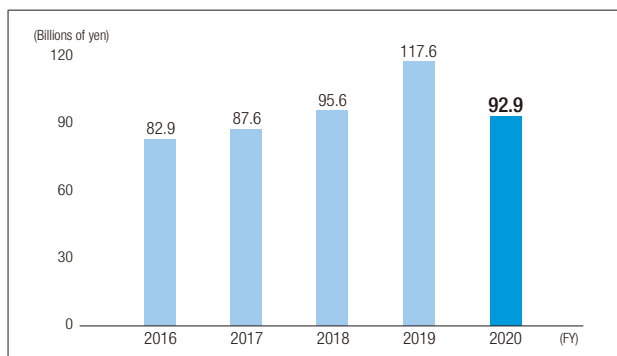
Interest-Bearing Debt/D/E Ratio*1



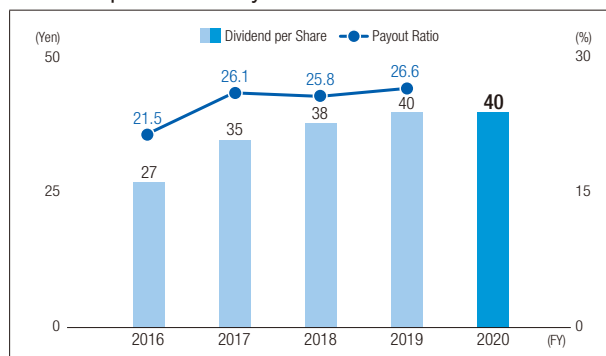
PER (Price earnings ratio)/PBR (Price book-value ratio)



EBITDA



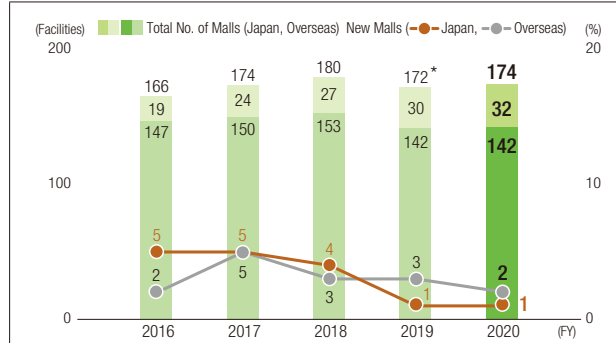
Dividend per Share/Payout Ratio



*1 The company has applied IFRS 16 beginning in fiscal 2019 for consolidated subsidiaries overseas.

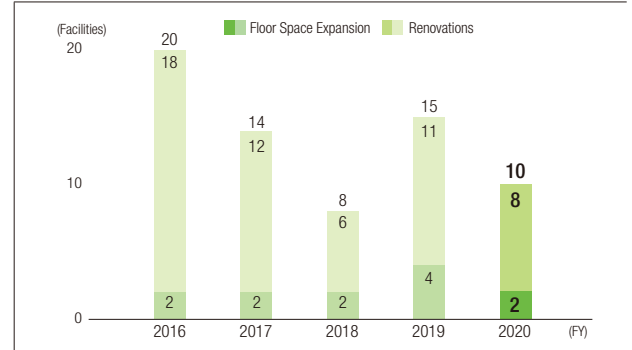
Non-Financial Highlights

Total No. of Malls (Japan, Overseas)/New Malls (Japan, Overseas)

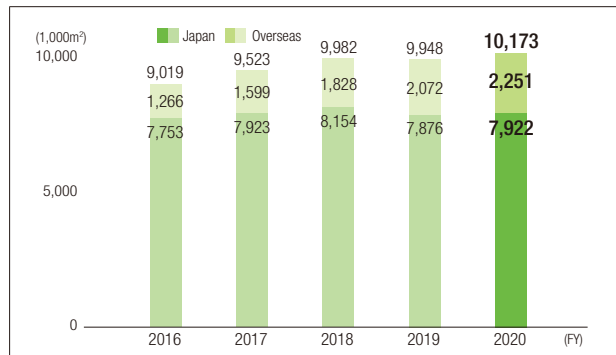


The company ended contract management and operations services for 12 large-scale shopping facilities owned by AEON Retail Co., Ltd. on September 1, 2019.

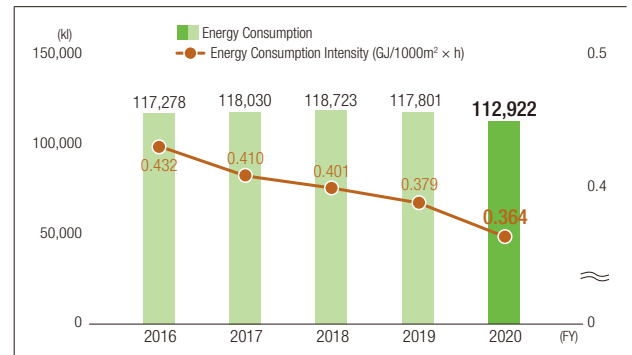
No. of Reactivated Malls (Floor Space Expansion/Renovations)*2



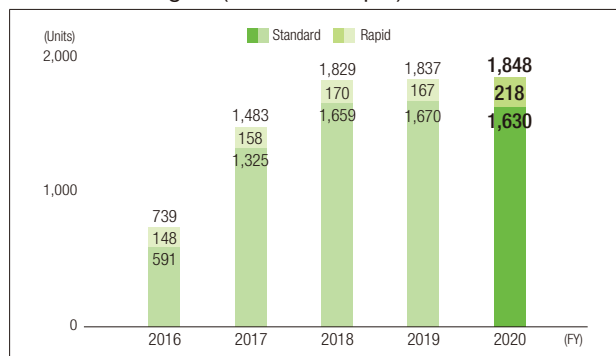
Gross Leasable Area (GLA) (Japan / Overseas)



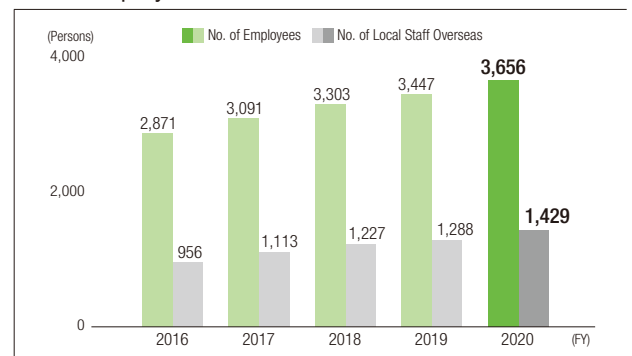
Energy Consumption/Energy Consumption Intensity



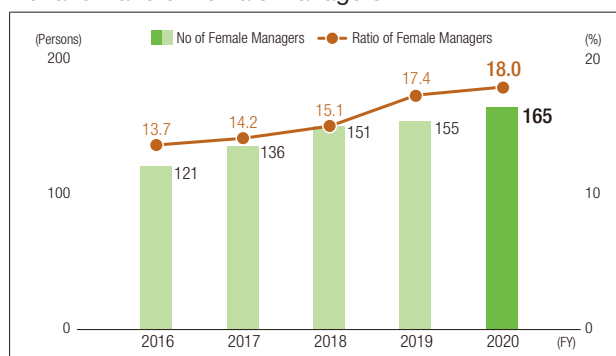
No. of EV Chargers (Standard/Rapid)*2



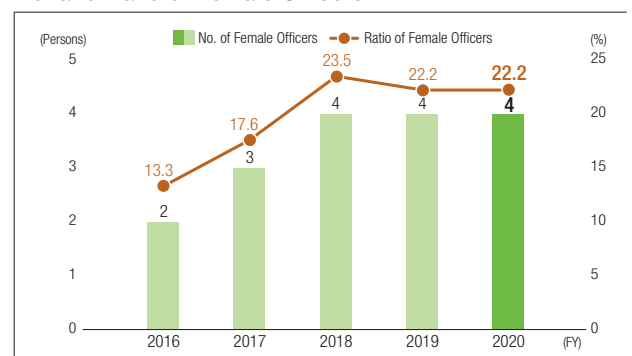
No. of Employees/No. of Local Staff Overseas



No. and Ratio of Female Managers*2



No. and Ratio of Female Officers*2



*2 Non-consolidated

Message from the President and CEO



President and CEO
Yasutsugu Iwamura

Redefining the mall business through digital transformation (DX) and creating new businesses in the era of the new normal.

AEON MALL will become a platform to offer solutions to local communities and solve social issues.

Fiscal 2020 Review

COVID-19 and a Year of Challenges

My Second Year in Office

When I began serving as president on March 1, 2020, we were already in the middle of the COVID-19 pandemic. My first mission was to ensure a correct response. The spread of COVID-19 in many countries caused enormous changes in our environment. These changes included upheaval in lifestyles and limitations on the scope of activities among all stakeholders, including consumers and communities. Other changes included a return of consumers to rural regions of the country and a decrease in inbound demand. This was a fiscal year in which we responded to these environmental changes, executing a variety of measures in full consideration of short-, medium-, and long-term risks. We also learned much about the issues within our businesses. Responding to an extraordinary, unprecedented event, we engaged in much trial and error in terms of changing work styles and even changes in everyday private lives, such as voluntarily limiting time spend outside of the home, etc. Even in 2021, the spread of COVID-19 continues to one degree or another in every country. These countries are seeing second and third waves with no predictable end to the pandemic. For this reason, we have prepared

and rededicated ourselves to confronting this pandemic throughout fiscal 2021.

Fiscal 2020 Consolidated Income

Looking back on our earnings performance for fiscal 2020, we understand how the global outbreak of COVID-19 had a significant negative impact on operating revenue. The pandemic caused us to close malls and shorten business hours temporarily in every country where we operate, and we missed many business opportunities and customer traffic fell as consumers refrained from travel outside the home. In particular, the spring 2020 declaration of a state of emergency in Japan had a profoundly negative impact, as our tenants closed and we reduced or exempted rents during the period of closures. As a result, not only did we record lower revenue and income, but net loss attributable to owners of parent amounted to ¥1,860 million, our first net loss since our initial public offering in 2002.

In offering tenants rent reductions and exemptions, we understood that our business is supported by each of the partners in our store association. We provided these reduction and exemptions knowing that these relationships are extremely important to us. I am convinced that this was the right decision for us to make as a management team from a medium- and long-term perspective. In the future, we must deepen ties with our partners even more to create new value together under the AEON MALL banner.

Message from the President and CEO

Long-Term Vision and Medium-Term Management Plan Progress

Becoming a Solutions Company That Addresses Local Community Issues in Earnest

Doing Business Under the New Normal

When discussing our Long-Term Vision and future plans, we must first establish a firm grasp of the important changes in the current environment. We must accept that COVID-19 has become a critical management issue. In the past, natural disasters and other events have forced us to close certain malls on a temporary basis. But in a global crisis of the scope of COVID-19, our malls in Japan and overseas faced closures entailing real threats to business survival. We realized that this was not a crisis of a prolonged COVID-19 pandemic, but rather an incident calling for crisis management in response to the spread of a serious infectious disease. We came to understand the need for business continuity planning in preparation for emerging crises. In other words, we are a corporate entity that operates large-scale facilities

designed to attract customers. To this end, we must permanently engage in measures to prevent the spread of infectious diseases, even after the end of the COVID-19 pandemic.

Some people believe that COVID-19 spurred approaches to the *new normal*. But the concept of the new normal was already well known back in 2013, when discussions of Industry 4.0—or the fourth industrial revolution—began in earnest. We should keep in mind that many companies have been making serious efforts as early as 2014 to shift business structures in advance of the coming era of the new normal. We can think of the changing environment in terms of pre-COVID-19 and post-COVID-19. But we have already seen major shifts in consumer purchasing behavior, including the rise of e-commerce, a shift from the consumption of goods to the consumption of services and experiences, and a rise in health consciousness. Efforts to commercialize solutions to community issues and contributions to regional revitalization were already underway prior to the COVID-19 pandemic. Lifestyles have changed at unimagined speeds with the adoption of remote



work and other measures to meet the rising importance of fighting the spread of infection. But we should understand that many of these changes existed already. COVID-19 merely accelerated some of these changes. It is true that COVID-19 caused rapid changes in our environment. Companies which deliver results even under such circumstances are those that have responded the most quickly to social change. We must recognize the remarkable difference between these companies and those that have been slow to respond.

Vision for 2025

We defined our Long-Term Vision through the fiscal year ending February 2026 (FY2025). Under this vision, we will pursue our management philosophy and achieve further business growth. We will achieve our vision through transparency and accountability in regarding large-scale investments and related risks. In this way, we will create social value and economic value, achieving sustainable growth in partnership with our local communities. Our target financial indicators leading to fiscal 2025 will be EPS growth of 7% (annualized growth between fiscal 2019 and fiscal 2025), net interest-bearing debt to EBITDA ratio of 4.5 times or less, and return on invested capital of at least 5%.

Redefining the Mall Business

Customer behavior has changed in the wake of the COVID-19 pandemic. In response, we must expand the relationships between the AEON MALL businesses and the lives of our customers. Leveraging our strengths as a real-world location, we intend to establish new business models and create new businesses with our partners, not only acting as a land leasing business, leveraging the AEON MALL asset value to the greatest extent possible. Our goal is to make AEON MALL a solutions-oriented business, creating central community facilities and securing a position as part of the social infrastructure. To make our

presence an indispensable part of daily life, we must make our malls more functional and provide higher levels of added value for customers and the community. What is important here is that we act not only as a mall developer and operator, but also as a solutions company that goes beyond the framework of the shopping mall, responding to the issues faced by our communities.

To offer solutions for communities, we intend to create facilities social infrastructure that provide public functions as well as social services, including education, medical care, and social welfare. Next, we will establish our malls as multifunction complexes. Rather than acting solely as a conventional property leasing business, we intend to transform our malls into facilities with functions across a wide range of business models, business formats, and service functions. Here, we will work with different partners who can extend the breadth of our services in creating new malls and new businesses. For example, we will suggest new lifestyles via editorial-model stores that portray concepts and ideas clearly. We will offer comprehensive health services through zoned concepts, combining drug stores, sports gyms, general hospital satellite clinics, and more. We will leverage the ICT environment to create new types of future entertainment, while also updating and upgrading other services. This transition of malls into multifunction platforms will happen not only in Japan, but in all countries in which we operate malls.

Ultimately, we intend to expand our business domains from inside the mall to outside the mall, working with new business partners to build mall lifestyle zones and AEON lifestyle zones as we solve social issues.

We will support national and local government policies through our own business expertise, regardless of the involvement of AEON MALL facility functions. We will work in urban and regional revitalization projects, and engage in public-private partnerships to commercialize

Message from the President and CEO

businesses offering new value to our communities.

Three Initiatives for Achieving Digital Transformation

I have a strong sense of urgency that relying on the traditional business of attracting customers, expanding sales, and raising sales commission rates will not be sustainable in the future.

Even large-scale facility industries such as ours can be affected severely in a short period of time—even a few months—if we cannot respond to social paradigm shifts. In this environment, we cannot survive without practicing nimble change-responsive management. Digital influences are expanding in our daily lives in more ways than we could have imagined. Customer consumption and purchasing trends are changing, specialty store corporate strategies are changing, and the boundaries between industries and business models, between online and offline, and between countries are becoming weaker throughout the world as competition rises dramatically. In the midst of these drastic changes, we must make the most of the physical and human assets in which we have invested to date, continue to create and offer new value to the communities, partners, and customers AEON MALL serves. We must deepen

relationships in the communities we serve, aiming to improve corporate value.

I believe that digital transformation (DX) is not about the pursuit of tangible goals. Digital transformation is the act of achieving the ideal of what we should be through people-centered DX. We will work on three measures to this end.

The first is to put our management philosophy and vision into practice. We must define clearly the ideal state we wish to achieve through digital technology, establishing a deep understanding within our organization and taking action. The second is to respond to a digitalized society. To grow our businesses in the future, it will be important for us to create new opportunities by collecting, processing, and analyzing the data assets we collect via big data. Therefore, we must integrate our data collection systems, adopt new systems, and launch new business processes. On this path, we will consider what to outsource and what to produce in-house, establishing corporate operating systems capable of responding to changing times over the long term. Third, and most important, is mindset reform. Even with a clear shared management vision and outstanding operating systems, we cannot achieve true transformation if the mindset of our employees is

- Three initiatives to realize a digital transformation (DX)

Innovation

Putting our management philosophy and vision into practice

Pioneer business domains as a Life Design Producer that creates new lifestyles beyond the framework of commercial facilities

Achieve digital transformation (DX) focused on human perception

Digitization Digitalization

Responding to a digitalized society

Establish a mall business and operating system that respond to a new era

Transformation

Mindset reform

Foster a corporate culture that asks *why*, leading to action and the creation of opportunities

inflexible. The most important thing now is for us to become an organization in which each individual thinks about the “why” as a starting point and then acts with a sense of urgency.

Pursuing ESG Management

ESG Management is Focusing on a Future Ideal, While Contributing to Society and Engaging in Profit-Generating Activities

ESG-Based Management

The definitions and details of the SDGs are not what is most important when thinking of sustainable growth and corporate value improvement. Rather, it is more important that a company defines the future it wants to achieve as a corporate entity, given this social context. The essence of corporate activities is to generate profit by contributing to society in collaboration with stakeholders, using the company’s physical and human resources. This is the AEON Philosophy, and engaging in corporate activities based on this idea will accomplish the objectives of ESG and the SDGs. In return, society will recognize AEON MALL as a sustainable company. In the future, social demands on companies to address ESG issues will only increase and only accelerate. In response to these trends, we intend to make strategic efforts to strengthen our ESG management and enhance corporate value.

To pursue ESG management requires more than an awareness among managers. ESG management must be understood by and foremost in the minds of all employees. To this end, we believe that corporate branding

is extremely important. And we are striving to strengthen not only external communications, but also inner branding among our employees. Under our management philosophy of being a *Life Design Developer*, we have coined the phrase “Heartful and Sustainable” for our activities as a corporate citizen that contribute to the development and revitalization of communities and society. We are involved in many initiatives that help create sustainable societies. AEON MALL facilities host events and projects that embody our philosophy of being a Life Design Developer. We have coined and branded the phrase *Happiness Mall*, engaging in a variety of activities that offer unique value to communities available only through real-world malls, aiming to create spaces for the happiness of our customers and local communities.

Measures Addressing Materiality

Among the many social issues we face, we have selected materialities from among those issues that are of particularly high importance to us and our stakeholders and that are closely related to our daily corporate activities in the context of Heartful and Sustainable. We strive to improve and resolve the social issues related to these materialities. In particular, we have identified measures to combat climate change on a global scale and the problem of marine plastic waste as major issues that must be resolved in global society. Marine plastics pollute the ocean and affect marine ecosystems. Microplastics have become an issue that affects human health. Rising sea levels caused by global warming result in coastal flooding around the world. The linear precipitation belt, which caused last year’s torrential rains in Kumamoto, has been



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

Message from the President and CEO

affected greatly by global warming.

At the same time, we see efforts around the world to achieve low-carbon societies and curb greenhouse gas emissions that lead to global warming. Japan has declared a specific target to reduce greenhouse gas emissions to zero by 2050, and has set a specific goal to achieve 100% electrification for all new passenger cars by the year 2035. This fiscal year, we established KPIs, or key performance indicators, for materialities to help accelerate our efforts in addressing these issues. Around 20 individuals are participating in this project. These people range from young employees in Japan and overseas to managers in administration and sales. The project team discusses interim targets to achieve by 2030, guiding employee-wide policy according to projections of likely conditions and with an awareness of the indicators for achieving our key targets for reaching an ideal society by the year 2050.

Corporate Governance

We have built upon our strengths as a retail business developer, at the same time striving to localize our malls to the characteristics of each community we serve in Japan and overseas. Moving forward, we intend to stretch beyond the traditional framework of a commercial developer, contributing to better lifestyles and community growth in terms of economy and culture. We are also working to strengthen and raise the level of our corporate governance, which will be critical to putting this approach into practice on a global scale.

Over the past fiscal year, we strengthened our governance structure to advance our growth initiatives. Our aims here were to enhance the monitoring function of the board of directors and to expand the discretion of executive departments to improve risk-taking capabilities. As part of these efforts, we reviewed the roles and responsibilities of directors. As a result, we consolidated the

structure of division oversight from seven divisions to five per director. This change has created a structure that allows the board of directors to discuss the direction of corporate strategy and engage in more effective supervision. In addition, we delegated executive authority to general managers to speed business decision-making and develop successors. Further, AEON MALL intends to increase the number of independent outside directors who bring diverse perspectives, knowledge, experience, and skills. In so doing, we plan to pursue measures to address issues and growth initiatives.

To Our Stakeholders

Striving to be a Life Design Developer That Creates the Future of Community Living

Our management philosophy states that AEON MALL is a Life Design Developer that works with communities and produces ways of living for the future. Here, Life Design extends beyond the framework of the shopping mall. Life Design addresses functions associated with different customer life stages, including not only shopping, but also interaction with other people, cultural development, and other features contributing to future lifestyles. How should AEON MALL

studio LIFE DESIGN 始動

暮らしの未来を、先回りしよう。
studio LIFE DESIGN

イオンモールが取り組むライフデザインとは何か、どう実現し、人々の暮らしを、そして、社会をも、変えていくことができるか。そのためには、誰よりも、本業を先回りする必要性があります。だから、イオンモールは「studio LIFE DESIGN」を推進します。

イオンモールは単なる商業を導くだけじゃない。お客様の暮らしを、社会の未来を、考えながら取り組んでいます。

その未来は、地域・社会が抱える課題を解決できる。不動産業に縛られない次のビジネスの形があるはず。

Studio LIFE DESIGNの目的

未来の を創る。

- 2050年のありたい姿も、構想する。
- 制度・実行プロセスを確立して、自然なる役割を創る。
- チョット先の未来へ、全従業員が共に、想像も創る。

● 採算人数：20名程度
● 実行担当者：北沢美貴

2021.7 START!

achieve our vision? I believe we must act from two perspectives: (1) How to provide new value to the markets and continue to create customer value and (2) How to increase not only economic value, but also social value? To put this approach into practice, we launched a new working group called studio LIFE DESIGN . studio LIFE DESIGN will create the future for customers and society, defining the future vision for AEON MALL. This working group will examine perspectives and concepts for the year 2030, not only for AEON MALL facilities, but also regarding the presence and positioning of our company itself in our communities and in society. This working group will provide a basis as we look toward society in the year 2040 and 2050. In the future, we will expand beyond the framework of shopping malls, embodying the essence of being a solutions company that responds to the challenges faced by our communities and society. To this end, we will anticipate social changes and adopt a backcasting framework that addresses business risks and opportunities from a longer-term perspective.

We must become a company that is in the business of providing solutions to society and to our local communities. We have aimed to become part of the community social infrastructure, offering an open platform. In this capacity we have become rooted deeply in our communities and have been involved closely in the lives of our customers. However, the outbreak of COVID-19 has accelerated and changed the environment in which we operate. The pandemic will continue to have a significant impact on the shopping center industry. We are a company that has created deep roots in our communities under this kind of environment. It is because of these relationships that our communities will expect us to offer even more solutions to social issues. The reason for our existence as a company is to work diligently in solving these problems head on. I ask for the understanding and support of you, our stakeholders, as we move forward.



Special Feature Implementation of Measures to Prevent the Spread of COVID-19

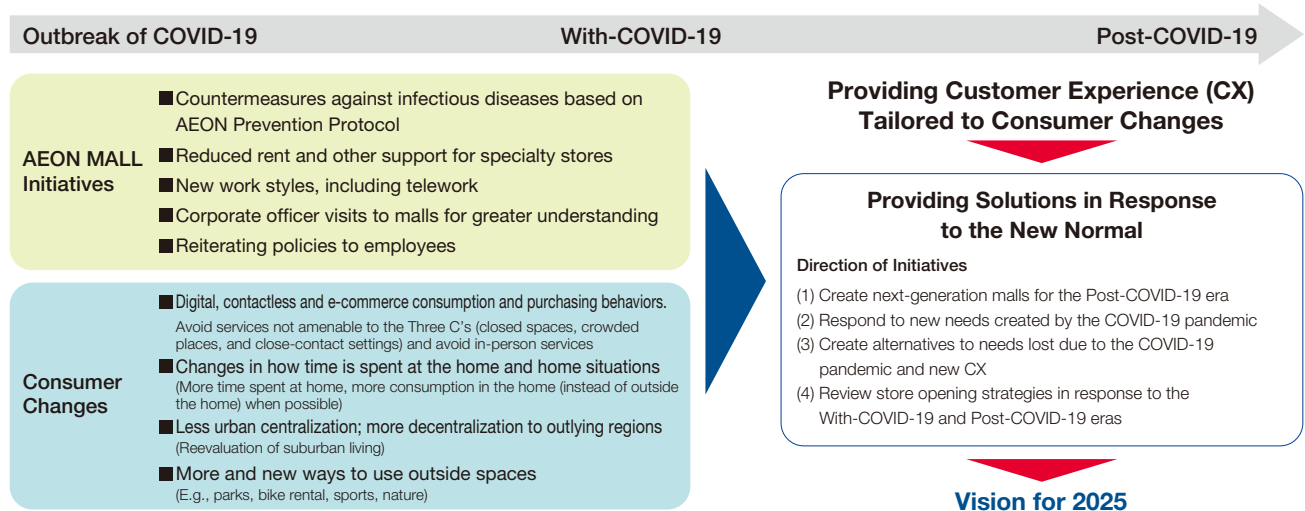
We recognize that COVID-19 is a serious incident and will permanently take measures to prevent the spread of infectious diseases.

Response and Management Policies in a Changing Environment (New Normal)

The global spread of COVID-19 forced malls in Japan, China and ASEAN to reduce operating hours or close malls temporarily. In addition, due to the increase in telecommuting and staying at home, the value our customers place on location and time in their daily lives changed dramatically.

In accordance with the AEON COVID-19 Prevention Protocol, a standard for preventative measures established by AEON to protect the health

and livelihoods of customers and employees, as well as the safety and security of customers and the local community, we will continue to improve the mall environment and mall operations with thorough infection prevention measures. In this era of the new normal, we also see this as a good opportunity to reinvent our business model by offering new mall concepts and service functions. We will work to create malls that respond to social changes in Japan and overseas.



In pursuit of our management philosophy, we strive to achieve sustainable growth and improve corporate value by solving social issues through our businesses

(Management philosophy: AEON MALL is a Life Design Developer, creating the future of community living.)

Event Response Going Forward

The global spread of COVID-19 forced malls in Japan, China and ASEAN to reduce operating hours or close malls temporarily. In response to the declaration of emergency in Japan, we temporarily closed malls and urban shopping centers in seven prefectures beginning April 8th, 2020, and on the 18th of the same month, we temporarily closed all 164 malls across Japan. As Japan phased out of its state of emergency, we began

reopening our businesses on May 13. In light of these restrictions, rents for specialty store were reduced or exempted at AEON MALLS nationwide for two months starting March 2020. In August, we established the COVID-19 Response Team as a specialized department to work on preventing the spread of infection in malls and within the company.

Creating Mall Environments for the New Normal

By setting up the COVID-19 Response Team, we are creating a safe and secure environment through the implementation and improvement of preventative measures. We have installed hand sanitizers at all entrances and exits, disinfected all areas of the building that come into contact with large numbers of visitors and facility ventilation systems are on maximum setting to increase air flow. We have ensured food courts and other restaurants are well ventilation and seats are separated. We have installed acrylic panels, etc. to help prevent airborne infection when directly serving customers. In addition to advertising entry restrictions such as fever and other

symptoms, we have implemented a system of entry control, limiting the number of customers who can be in our facilities at any one time. To manage the health of our employees, we also conducted temperature checks when entered our facilities, noting the results on a check sheet.

Provide safe and secure environments by implementing infection prevention measures

— Initiatives at AEON MALL Kawaguchi (Saitama Prefecture) —



We are measuring CO₂ concentration levels in facilities. This indicates whether the ventilation rate is sufficient to maintain good indoor air quality.



We maintain a certain amount of distance between seats in food courts. In the kids' area, we have created a safe environment for families to use.



We have placed benches in facility rest areas that are shaped to ensure customers keep sufficient distance from each other to prevent infection.

Creating Malls for the New Normal

We are striving to improve Brick-and-Mortar Mall Value Through Localization and Digital Transformation. As part of the localization initiative, AEON MALL Ageo (Saitama Prefecture), which opened in December 2020, is located on the former site of KOSÉ Corporation, which operated locally for 43 years. To honor this, we have included four KOSÉ supervised powder rooms. In addition, AEON and Ageo City signed a comprehensive regional revitalization agreement to further



revitalize the region and improve services for citizens. To promote digitization, we are digitizing customer feedback, introducing delivery robots with

floor guides and disseminating information using large signage, among other measures. In addition, as part of our latest preventative measures, circulators and pressure fans have been used in all atrium areas to enhance air circulation, and guidance signs have been displayed on floors. As a result, we are the first commercial facility in Japan to receive the WELL Health-Safety Rating from a third-party verification organization.



Sales Measures for the New Normal

We are promoting new business development in malls in each country. In Japan, in addition to offering featured products, AEON MALL Black Friday we are implementing new projects such as holding live commerce and lotteries in which customers can participate via the AEON MALL app. In Indonesia, in addition to enhancing the functions of the AEONMALL Mobile app, we offer in-mall communications through digital signage and other measures creating greater convenience through the integration of real stores and digital technologies. In China, we launched our ALIVE WINTER PLAN across all 21 AEON MALL shopping facilities in China. We tailored this special campaign for the year-end and New Year holidays. In addition to the discount sales campaign, we leveraged the latest in

digital promotions, live commerce, and more. In addition, we are implementing a program that combines a real and digital experience, such as running Gekimuzu Challenge, a sports experience content planned and operated by Mizuno Corporation, and distributing sports experience content using websites and apps.



Special Feature Digital Transformation (DX) Initiatives

By pursuing DX, we will provide new services, create new relationships, and introduce new ways of doing business with our customers and partners.

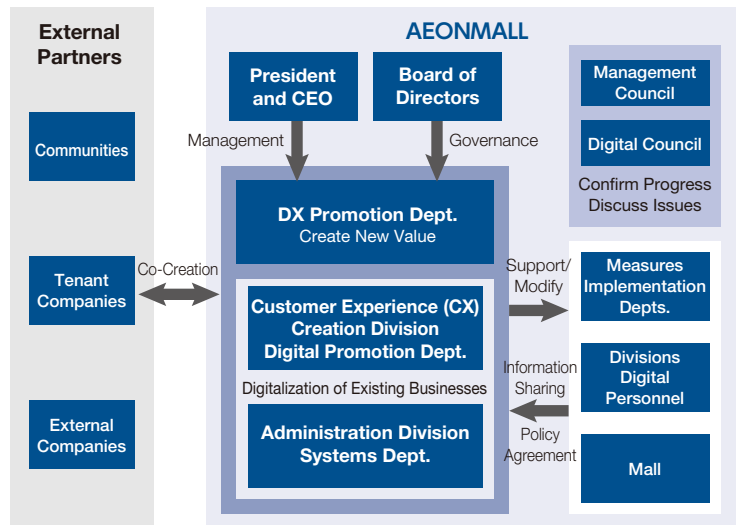
AEON MALL intends to leverage DX to develop new businesses tailored to the life stages of our customers, to create new digital technology and data-based business models together with our communities and partners, to establish operating systems for the next generation, and to improve employee satisfaction (ES).

Direction of DX Initiatives

| Our DX Vision | |
|---|---|
| Achieve people-centered digital transformation (DX) | |
| Goals (KGI) | |
| Customer Interactions | •Improve customer convenience and satisfaction by combining the knowledge gained from real assets at approximately 200 facilities in Japan and overseas with digital technologies to propose new, personalized value attuned to customer life stages and interests. |
| Cooperation With Local Communities and External Entities | •Create new business domains and serve as a platform for solutions to regional issues by co-creating with communities and external partners through data collaboration and the use of digital technologies. |
| Support for Tenants | •Use the latest in digital equipment and big data to reduce the workload (work hours) in connection with store operations. Provide management support and create new business opportunities that contribute to the sales of tenant companies. |
| Strengthen Our Own Company | •Pursue operational efficiencies through digital technologies and a review of IT infrastructure. Create an environment in which we can focus on creating new added value based on mindset reform and the development of DX-fluent human resources. |
| Action Indicators (Major KPIs) | |
| Customer Interactions | <ul style="list-style-type: none"> •AEON MALL App Number of downloads, active use rate, number of coupons used •Live Shopping Number of malls offering live shopping, live shopping sales •Food Delivery Number of participating specialty stores, food delivery sales |
| Support for Tenants | •AEON MALL WORKS Number of locations, tenant ES, reduction in paper-based applications |

An Environment to Encourage DX

In April 2021, we established the DX Promotion Department, an organization under the direct supervision of the president and CEO. The department pursues DX to create new value and to support and coordinate DX throughout the company. In addition, we have established a Digital Promotion Department and personnel within the existing business divisions to work with the DX Promotion Department in building systems to promote digitalization rapidly closer to the front lines of our businesses. We will establish a Digital Council to discuss the progress of digital initiatives and issues, etc., among divisions. In this way, we pursue a nimble DX optimized for the entire company, while also responding to changes. To realize our vision, we will continue to recruit and train personnel capable of planning and using DX. We will also improve our IT environment proactively to utilize data and achieve business efficiencies.



Creating Customer Interactions and Improving Convenience Through Real-World and Online Integration

AEON MALL App

In June 2020, we redesigned the AEON MALL app to enhance the customer purchasing experience through digitalization. We made major upgrades to the user interface and added new functions.

As a result, downloads more than tripled compared to the previous version, and we saw a large uptick in user activity. The app received recognition for essential growth, winning the App of the Year Award for Excellence in the App Ape Award 2020, one of the largest app awards in Japan.

We will continue to improve customer convenience and increase sales through digital marketing tailored to individual customers, rather than traditional mass-market approaches.



Live Shopping and Food Delivery



To provide customers with safe and secure purchasing environments, we developed a live commerce platform that

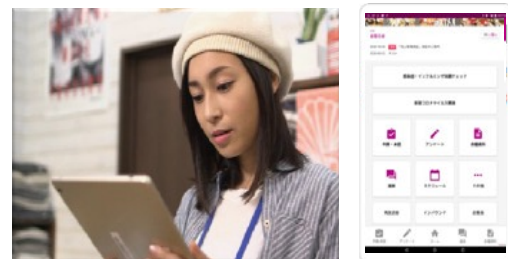
allows tenants to introduce and sell their products via live video. More than 20 malls nationwide now use this Live Shopping platform.

Working with Demaecon, we have expanded food delivery services with more than 300 tenants participating. AEON MALL will continue to improve customer convenience, while also creating interactions with customers who cannot visit our malls, aiming to increase traffic and sales.

Tenant Support Through Digital Technologies

AEON MALL Works

We developed a tablet-based app to promote work efficiency for our tenant employees. Digital application forms, etc., allow tenant employees and AEON MALL employees to work together with greater efficiency. We will extend the functionality of the app and strive for greater employee satisfaction, providing temperature checks, online training, virtual meetings, and other measures to reduce personal contact during the COVID-19 pandemic.



Co-Creation With External Partners

AEON MALL Co-Creation Program

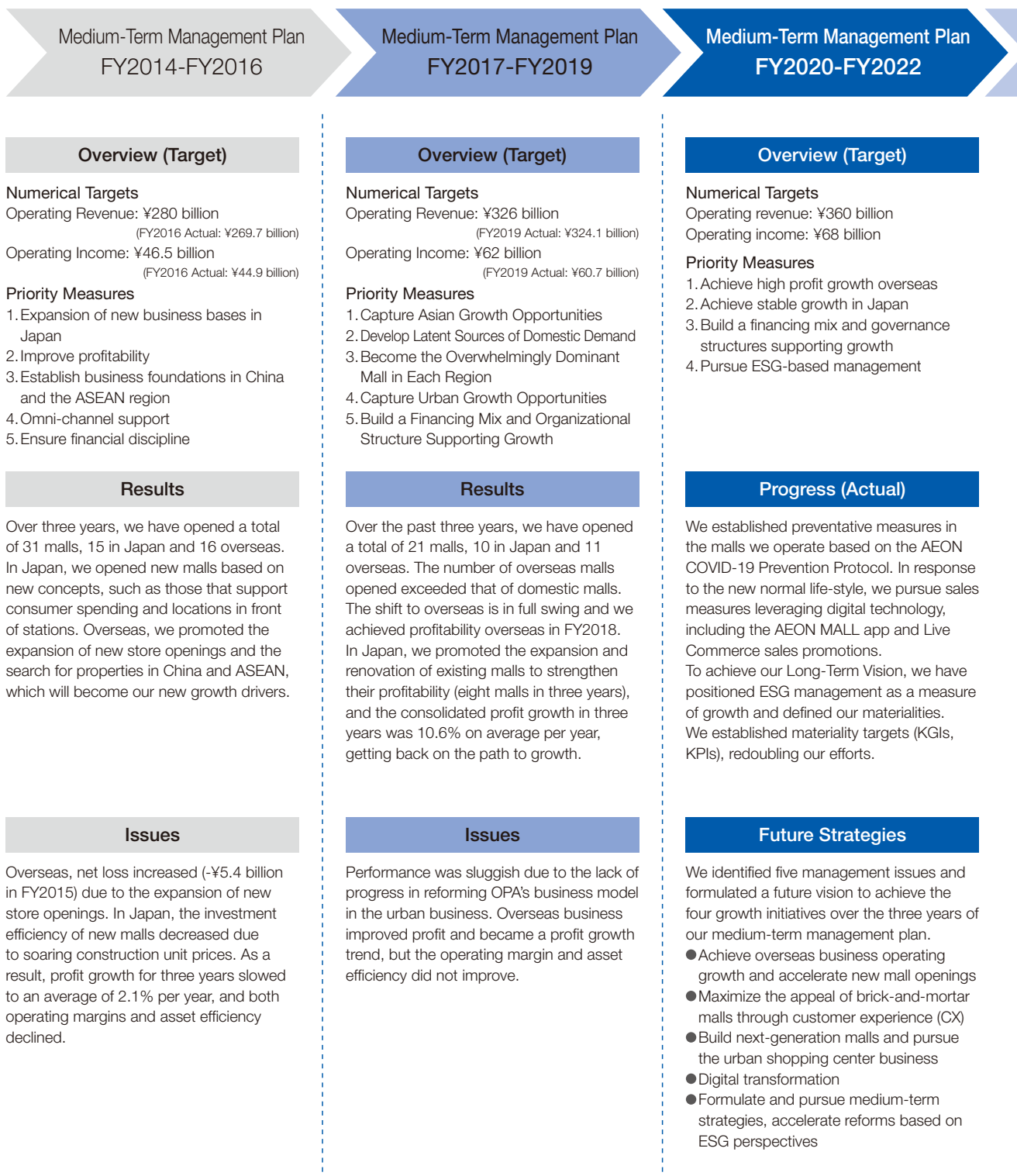
AEON MALL leverages the open innovation program managed by Creww, Inc. with an eye toward major changes in local community issues and the consumer environment. We are recruiting start-up ventures to collaborate in businesses that create the new future of living by combining our management resources, outside technologies, and external networks.

Corporate Strategy to Achieve Our Long-Term Vision

We will steadily implement our business strategy to achieve our Vision for 2025 by building a business portfolio consisting of multiple businesses in Japan and capturing growing markets overseas.

We have formulated a medium-term management plan as a backcast with a view to achieving the long-term vision.

Looking Back on Past Strategies



Achieving Our Long-Term Vision

Financial Indicators for FY2025

| Indicator | Type | Target (for FY2025) | End of FY2019 | FY2020 |
|--|----------------------|---|---------------|-----------|
| EPS (income per share) growth rate | Growth indicator | 7% annual (annual growth between 2019 and 2025) | 2.1% (YoY) | — |
| Net interest-bearing debt/EBITDA ratio | Stability indicator | Within 4.5 times | 4.7 times | 6.2 times |
| ROIC (Return on invested capital) | Efficiency indicator | At least 5% | 4.3% | 2.2% |

* EPS: Net income attributable to owners of parent/average number of 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 revised our financial indicators in response to the adoption of IFRS16 in FY2019, as well as new goals to maximize future cash flows and improve corporate value

* The Company did not calculate EPS growth rate for FY2020, as there was a net loss per share for the consolidated fiscal year under review.

Vision for 2025

<Qualitative Goals>

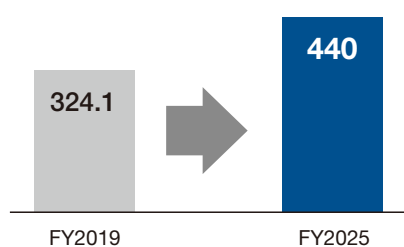
1. Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation.
2. Put AEON MALL in the same class as the top global commercial developers, aiming for consolidated operating income of ¥90 billion.
3. Conduct floor space expansions and renovations in Japan to become the dominant mall in each area.
4. Secure growth markets overseas, expand overseas business to 50 malls, and record operating income of ¥27 billion (25% profit margin).

* We aim to achieve consolidated operating income of at least ¥100 billion in FY2026, taking into account one year of profit growth lost due to the COVID-19 pandemic.

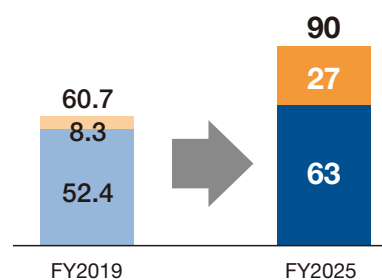
* We plan to secure a pipeline for reaching 70 malls as of FY2025, achieving a 70-mall structure by FY2028.

<Quantitative Goals>

Operating Revenue **440 billion**



Operating Income **90 billion**



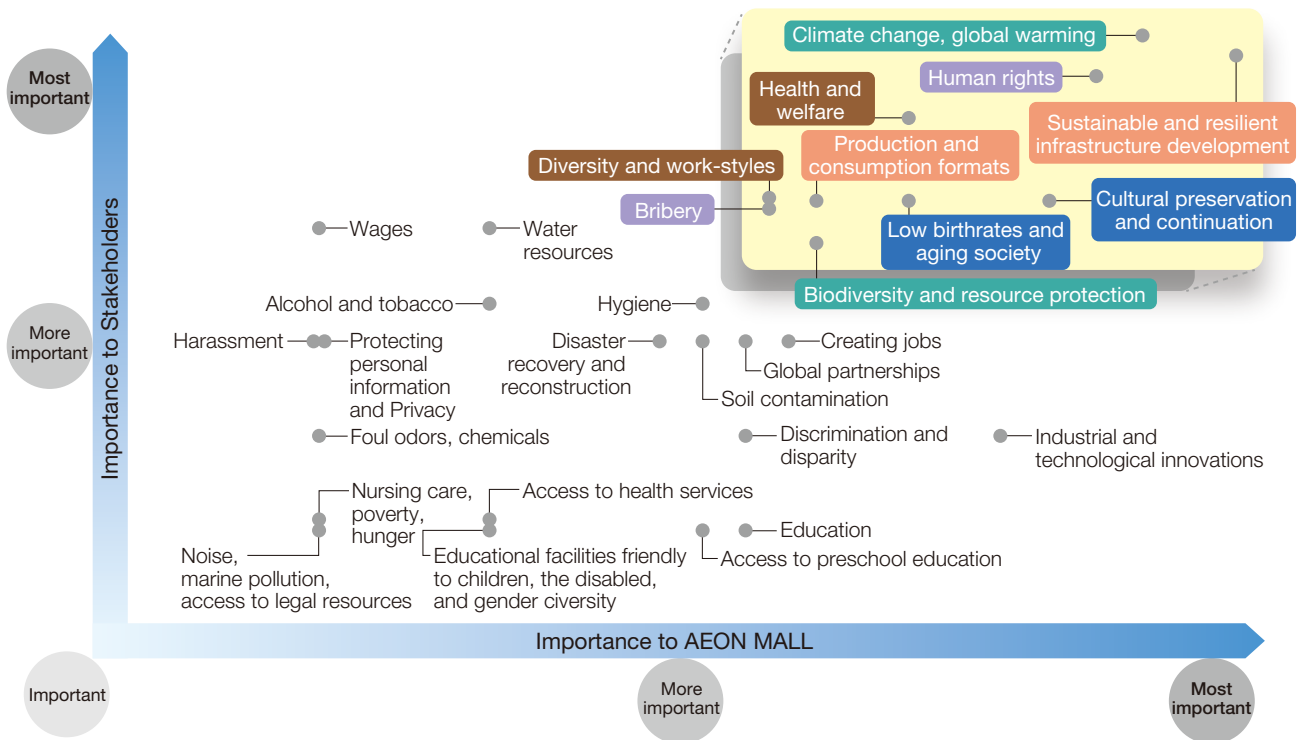
| | FY2019 | FY2025 |
|----------|--------|--------|
| Japan | 86.3% | 70.0% |
| Overseas | 13.7% | 30.0% |

Corporate Strategy to Achieve Our Long-Term Vision

Identifying Materialities

We conducted a materiality analysis that considers the SDGs and social issues unique to Japan. We assessed the importance to stakeholders and AEON MALL, and classified into 10 categories across five topics.

Materiality Matrix



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 Sustainability indicators jointly selected by S&P Dow Jones Indices (US) and RobecoSAM (Switzerland)

*2 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.

* 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).

Corporate Strategy to Achieve Our Long-Term Vision

Creating Materiality/KPIs

Our employees discussed the 10 key initiatives (materialities) that we need to tackle and determined the KGI (final goals) and KPI (intermediate goals). In line with the KGI we have set as our goal for 2050, we will set specific KPIs to be achieved by 2030, share the issues throughout the company, and work together to solve them and contribute to local customers and a sustainable society. In deciding how to formulate KGI/KPIs, a diverse group of 22 people, from veterans to young employees, including those from overseas, were selected by the general managers of each division and through open recruitment. We ran four workshops during a period of about six months starting in July 2020 to examine what each participant thought we should be as a company. Along with the advice of experts, we decided on the KGI/KPIs that would serve as performance indicators for all employees.

Process for Setting KGI/KPIs

Prior to determining the KPIs, we held workshops and received a variety of opinions from the young employees and overseas employees who participated.

- I participated in the workshop because I have always wanted to contribute to solving social issues through urban development. I don't believe that KGI/KPIs are the end of the story, but they are important in disseminating information and aligning vectors so that people can see them as their own.
- It was a valuable experience for me to be able to exchange opinions with other employees who want to improve the company, regardless of their age. Through the workshop, I realized that there is a way for the entire community to work together to conserve resources while enjoying alongside our customers.
- AEON MALL Vietnam is moving to actively engage in social contribution activities, and I participated in this event to gain a deeper understanding of our company's basic ideas and initiatives in Japan. We would like to raise each employee's awareness and promote activities to achieve our KGI/KPIs.



We will share our KGI/KPI initiatives with our customers and tenants.

Managing Director, General Manager of Administration Division
Masahiko Okamoto

For us to be a company that is chosen by customers, tenants, and employees, it is necessary to clearly set forth the guiding principles of the kind of company we want to be. Through discussions with our employees, we have set the company's future vision (KGI) and intermediate goals (KPI) that will serve as our guideposts. From veterans in key positions to young employees who ran for open positions, employees from all walks of life were able to openly and frankly

discuss the issues, giving each of them a good opportunity to think about the future of the company and listen to opinions that differ from their own. As a solutions company that provides solutions to local and social issues, we will continue to raise awareness within the company by ensuring that all employees include materiality-related items in their personal goals, and we will actively share information with our customers and tenants.

Corporate Strategy to Achieve Our Long-Term Vision

Establishing issues that AEON MALL needs to address

| Materiality | | Related SDGs |
|---|---|--|
| <p>Developing community and social infrastructure</p> <p>P.53</p> | Developing sustainable and resilient infrastructure |   |
| | Production and consumption formats | |
| <p>Build community relationships</p> <p>P.54</p> | Cultural preservation and inheritance |   |
| | Low birth rates, aging society | |
| <p>Environment</p> <p>P.55</p> | Climate change, global warming |      |
| | Protecting biodiversity, resources | |
| <p>Diversity and work-style reform</p> <p>P.57</p> | Health and welfare |    |
| | Diversity, work-styles | |
| <p>Promote responsible business</p> <p>P.59</p> | Human rights |   |
| | Bribery | |

| KGI (How we want to be) | KPI (Performance Indicators until 2030) |
|--|---|
| A society in which everyone can feel safe and secure | <ul style="list-style-type: none"> • Make all malls in Japan disaster relief facilities as a measure to strengthen our BCP • Percentage of disaster response agreements signed with local governments |
| A society with near-zero impact on the global environment through appropriate production and consumption | <ul style="list-style-type: none"> • Promotion of ethical consumption. Rate of buying green • Promotion of plastic elimination initiatives |
| A society with an established platform for cultural inheritance | <ul style="list-style-type: none"> • Actively hold traditional and cultural events and expand them to other regions, including overseas |
| A society in which everyone, including children and the elderly, can live comfortably | <ul style="list-style-type: none"> • Improved services for children • Number of dementia supporters |
| <ol style="list-style-type: none"> 1. A society which has achieved decarbonization 2. A society in which all regions are environmentally conscious | <ul style="list-style-type: none"> • Expand installation of EV chargers. Number of EV chargers installed • 35% reduction in total annual CO₂ emissions through the creation of renewable energy • Strengthen environmental awareness initiatives for local residents and tenants • Eco certification award rate of 100% |
| A society which is environmentally friendly and in harmony with nature | <ul style="list-style-type: none"> • Number of malls awarded ABINC (Association for Business Innovation in harmony with Nature and Community) accreditation • Achieve a 70% recycling rate (excluding thermal recycling) |
| A society in which everyone can be both physically and mentally healthy | <ul style="list-style-type: none"> • Promote a healthy lifestyle |
| A society in which everyone has equal opportunities regardless of race, nationality, age, gender, or location | <ul style="list-style-type: none"> • Ratio of women in management roles • Paternity leave rate of 100% • Promotion of human resource development for global activities |
| A society in which everyone's human rights are respected | <ul style="list-style-type: none"> • Establish and implement a human rights due diligence process • Human rights training attendance rate of 100% |
| Zero number of incidents | <ul style="list-style-type: none"> • Conduct anti-bribery training to ensure compliance with the Basic Rules for the Prevention of Bribery • Ongoing compliance with anti-bribery clauses in AEON MALL employment rules • Continuous review of the compliance system of the Basic Rules for the Prevention of Bribery. Report compliance status to the president at least once a year. Thoroughly implement any corrective measures. |

Priority Measures Overseas

Overseas

In our overseas business that supports the future growth of AEON MALL, we are aiming for high profit growth with the dual pillars of accelerating new mall openings and further strengthening the earning capacity of existing malls.

Further Expansion of Operations in China and ASEAN

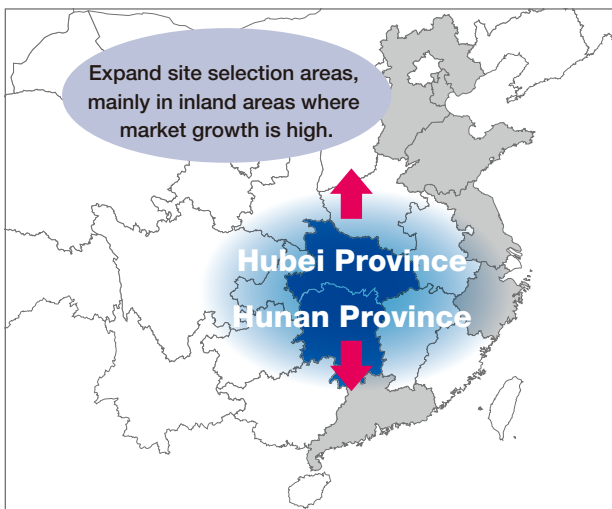
Given that we consider our overseas business as central to future growth and are aggressively opening new malls, we are working to improve the organizational structure and strengthen the cash management of our overseas business. In particular, in order to cultivate the next generation of local management, we will consider dispatching player managers and will move forward with building a governance system. We will strengthen support from headquarters. This has its aim the rapid expansion of personnel and sales bases together with ensuring localized management functions appropriately and smoothly.

In our Three-Year Plan Growth Policies, we are working on the following three common initiatives to each country — promoting ESG-based management, creating new businesses, and cultivating local human resources.

Vietnam is positioned as a top-priority area within our ASEAN strategy. As well as concentrating

investment in management resources, we are building a cooperative framework for the mutual promotion of mall development by strengthening links with local governments in order to secure land for new mall openings. We are contributing towards sustainable development and urban design in Vietnam, which has seen rapid economic growth in recent years, and are working to expand our business. Indonesia has been particularly hard-hit by COVID-19 sweeping through Southeast Asia; however, we are currently working to improve the profitability of existing malls, including the renovation of BSD CITY, and are looking to open in Tanjung Barat. Also in Cambodia, our presence in the country will be further enhanced with the opening of our third mall in 2023. We do, however, need to ensure differentiation in order to prevent cannibalization of existing malls.

China



ASEAN



AEON MALL Overseas Strengths and Growth

We have the following five strengths that help us expand our overseas businesses, and based around these we have in place an aggressive policy of opening new stores.

- (1) Large parking capacity in response to motorization
- (2) Ability to create a sales area localized to the community
- (3) More entertainment options to meet the demand for experiential consumption
- (4) Events that attract customers
- (5) Safe, secure, pleasant facilities

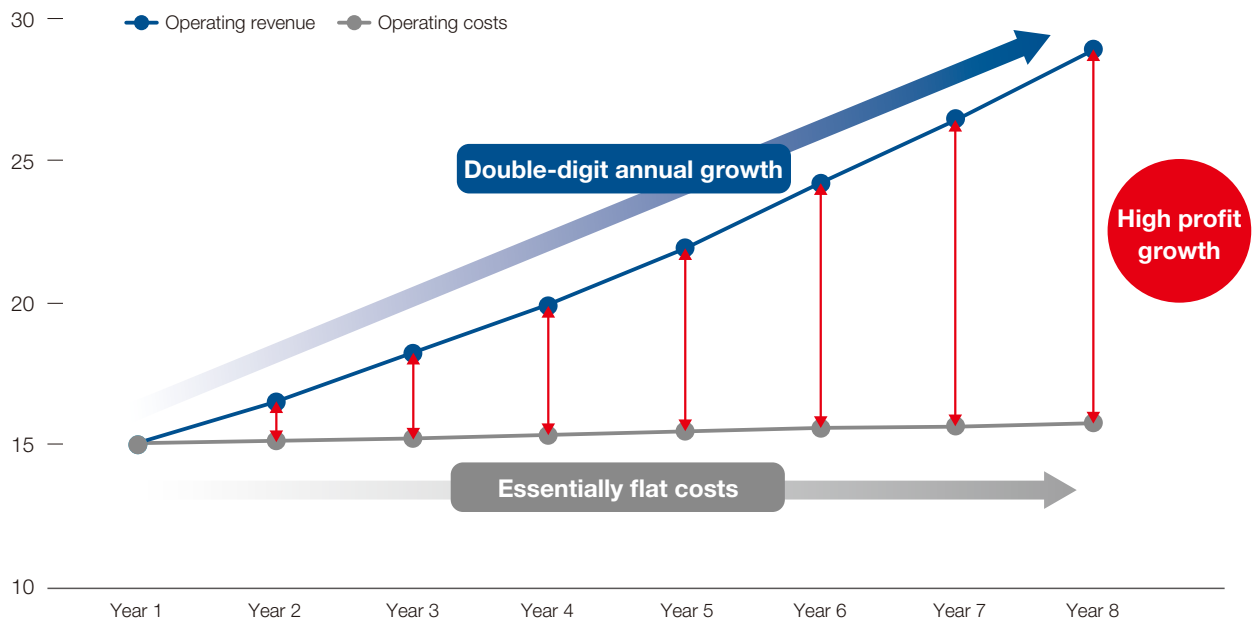
The expertise in mall management and operations we have accumulated in Japan allows us to develop and operate competitive malls overseas. While overseas developers tend to emphasize efficiency, our malls in China and ASEAN feature large flat parking areas, reflecting our understanding of the future growth of motorization in these regions. These parking lots also serve as a competitive advantage for use in

future expansion. We conduct mall management and operations that compare favorably with our malls in Japan, offering safe, secure, pleasant facilities on par with those in Japan. This is another factor that contributes to our superior market position.

In addition to our strengths noted above, our unique growth model for malls will contribute in significant ways to future business expansion. Costs remain at a constant level under this growth model, as real estate costs account for the majority of mall operating costs. At the same time, we grow operating revenue from commission rental income and revisions in rental fees tied to increases in sales. In this way, mall revitalizations generate further profit improvements in the time after the expiration of three-year tenant lease agreements. In this way, we can post the same level of profits as those of our malls in Japan within seven or eight years after opening.

■ Profit Growth Model

(¥100 million)



Priority Measures Overseas

Overseas

Accelerate New Mall Openings

We are accelerating new mall openings in China and ASEAN countries. Our original plan called for 70 malls in operation by 2025. However, the impact of the COVID-19 pandemic means negotiations and urban development at planned sites have seen delays so we revised our goal to 50 malls in operation by 2025. However, by 2025 we plan to secure a pipeline for reaching a 70-mall structure. Overseas, at least three years are required from the securing of development rights through to the start of business, therefore construction commencing in 2022 will only bear fruit in 2025 — this makes the next one to two years vitally important.

With regard to our policy for opening new malls, in order that management plans for opening malls are not left to local companies and that these plans are

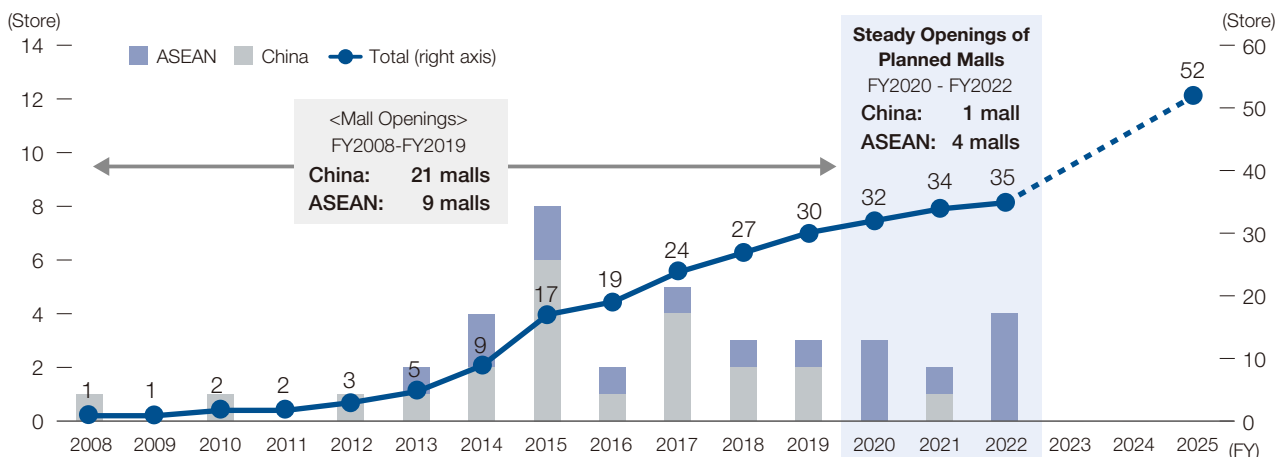
properly put in place, we will manage and supervise the development progress of each property, including the schedule for discussions at meetings and the status of negotiations, from the management meetings in Japan. If any delays to this plan occur, we will clarify causes and problems, and work with the relevant departments both in Japan and overseas to resolve these.

In Vietnam, we are signing comprehensive memoranda of understanding with local governments regarding investment and business development for shopping mall development, and are accelerating mall openings. We plan to have 16 malls in operation by FY2025 toward an eventual 20-mall network within Vietnam, and aim to have preparations for this 20-mall structure complete within FY2021.

Mall Opening Plan Through FY2025

| | As of end FY2019 | FY2020 | FY2021 | FY2022 | FY2020 - FY2022 | FY2023 - FY2025 | As of end FY2025 |
|----------|------------------|--------|--------|--------|-----------------|-----------------|------------------|
| Overseas | 30 | 2 | 2 | 1 | 5 | 17 | 52 |
| China | 21 | 0 | 1 | 0 | 1 | 7 | 29 |
| ASEAN | 9 | 2 | 1 | 1 | 4 | 10 | 23 |

Changes in Number of New Malls Opened Overseas



Strengthen the Earnings Capacity of Existing Malls

Expansions and renovations

AEON MALL is implementing renewal and rent revisions principally for the replacement of specialty stores at the end of their three-year contracts, and is working on policies that through systematic floor space expansion, will increase sales and earnings without being affected by the macro environment. In April



AEON MALL BSD CITY (Indonesia)

2021, we are renovating 53 stores at AEON MALL BSD CITY (Indonesia), including opening 32 new stores for fashion, cosmetics, and global brands. In May 2021, AEON MALL Wuhan Jingkai renovated and reopened 76 specialty stores, including 42 new specialty stores, offering an expanded sports zone, kids-related stores, and more.



AEON MALL Wuhan Jingkai (China)

Events and Sales

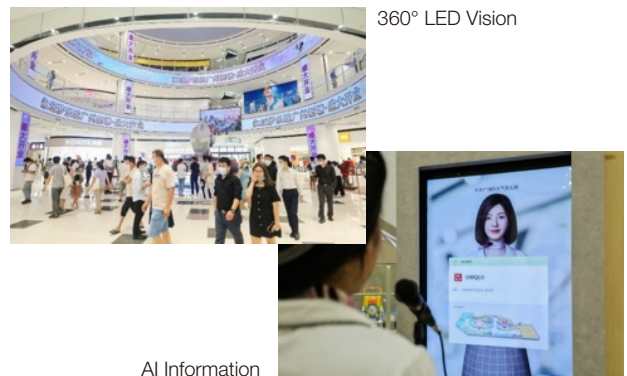
We are implementing events and sales plans that correspond to social events, and are working to attract more customers. In 2021, we started our first Hyper-Localization in China, which we already have in place in Japan. This project is our own initiative, and headed by young employees with the aim of promoting the appeal of local areas. Since 2015, we have been implementing various initiatives at malls across Japan. The AEON MALL Qingdao Xihai Xinqu West Coast New Area in Shandong Province held an event promote the appeal of blueberries, which are local specialty goods.



Making Blueberry Cakes

Improved Operational Level

AEON MALL is working to create a mall environment by utilizing the latest digital technology, and to also improve levels of customer service and increase efficiency through operations of a quality comparable to Japan. At AEON MALL Guangzhou Xintang (China), the fourth AEON mall in Guangdong that opened in May 2021, we are also proposing a venue for futuristic shopping. This will include the use of digital applications and the installation of large LED displays and digital signage, and for CRM, the new introduction of a WeChat-based membership system and an AI-based information service.



AI Information

Priority Measures in Japan

Japan

In our domestic business, we are creating customer experience to increase the appeal of brick-and-mortar malls and thus achieve stable growth, and are deepening our localization initiatives.

Deepen Localization Initiatives

AEON MALL is creating customer experience to increase the appeal of brick-and-mortar malls and thus achieve stable growth, and we are further enhancing our domestic localization initiatives. Furthermore, by understanding the characteristics of local regions and working to-wards what is truly Hyper-Localization, we hope to increase the value of our malls in the community.

Use Malls as Vaccination Centers

As one of our activities to combat the spread of COVID-19, we actively provide vaccination sites in response to requests from governments and municipalities nationwide. As of February 2021, the AEON Group has formed agreements with approximately 50 local governments to provide vaccination centers within our facilities. We are also coordinating with other governments and will expand this program as needed.



AEON MALL Kasukabe
(Saitama Prefecture)
Vaccination Center



Opening Government Facilities

On December 7, 2020, AEON MALL Uki (Kumamoto Prefecture) opened a branch office of Uki City in an outlying building. The new branch office features a café operated by a facility that employs disabled individuals to support employment, a large area at which adults raising children can relax, and other services to improve convenience for users and enhance functions for workers.



Expand Functions as Local Community Infrastructure

In order to improve convenience for customers, we have expanded social infrastructure functions such as the permanent installation of post offices in the mall. We offer polling stations for early voting in our facilities, and in cooperation with the Japan Red Cross Society, we provide blood donation centers at malls through-out Japan. We are also working on various initiatives such as providing cinemas as venues for coming-of-age ceremonies.



Post office



Event hall (Coming of Age Day)



Blood donation centers



Early voting poll locations

Blood donation centers



Supporting Our Customers in Achieving a Healthy Lifestyle

To support the healthy lifestyles of our customers, we offer AEON MALL Walking at nearly all our malls in Japan. These malls feature a walking course in which customers can readily enjoy shopping and physical exercise regardless of the season, weather, or time.



Spatial design program based on zero-order prevention that promotes health awareness

AEON MALL Miyazaki (Miyazaki Prefecture), we put in place a walking program that encourages people to be aware of their health from the perspective of preventative medicine. This program is being actively introduced at new malls as well as at expanded and revitalized malls such as AEON MALL Shinrifu South Wing (Miyagi Prefecture) which opened in March 2021, and is supporting the community by promoting health.

● Step walking

Program to check your stride



● Balance walking

Program to check your walking speed and posture



● Climb walking

Program to enhance memory and creativity



Use AEON MALL walking functions

If users register with the AEON MALL app, then linking with the WAON Card gives them the chance to accumulate WAON points, and also lets them view at a glance nationwide user rankings as well as numbers of steps, consumed calories, and distance walked. We will continue to expand these offerings so that users can enjoy walking in a healthier manner.

歩くだけでポイントが
当たるかも!?

アタリが
出たら
WAON POINT
プレゼント!

モール内を1日
1,000歩で
1枚で1回
カンパシ

どこでも1日
8,000歩で
5枚で1回
カンパシ

銀
補助券

気になる
ウォーキングデータも!

グラフでひと目で
わかる!毎日CHECK!

平均
歩数

カロリー

距離

私は全国何位?

週間歩数
ランキングが
わかる!

もしかして
1位?

モールを、歩こう。

イオンモールは、館内にウォーキングコースをつくりました。

AEON MALL
MALL WALKING
イオンモール ウェルネス

Priority Measures in Japan

Japan

Create added value through new business model development

Co-Create Initiatives Through Relationships with Tenant Companies

Health and Wellness Initiatives

In order to maximize the appeal of brick-and-mortar malls in our domestic business, we are working to co-create initiatives through relationships with tenant companies. In the field of health and wellness, we are developing new zoning focused on sports gyms, drugstores, organic/health, and comprehensive medical services.



Sports gym



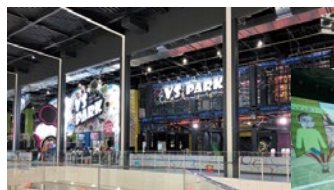
Drug stores



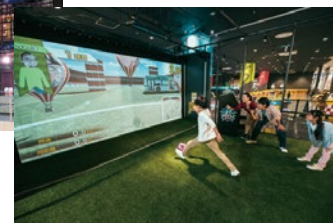
Organic/health

Expand entertainment and leisure functions

In leasing, we are working to provide added value by creating new businesses through our relationship with tenant companies. Given the increasing diversification of customer needs, as a new core method to attract customers we will plan and put in place entertainment businesses using all-new original content such as all-weather attractions and entertainment theaters. Furthermore, to create a new core for attracting customers that can adapt to these diversifying needs, we are promoting the development of facilities that let customers enjoy music, theater, musicals, documentaries, art, and activities.



AEON MALL Shinriifu South Wing (Miyagi Prefecture)
VS Park



Build Next-Generation Malls

A Place for Local Communities, a Space to Gather and Slow Down

As a direction for the development of a next-generation mall, we are creating a place that will be a venue for local communities, and a space where people can gather and slow down. The mall will provide customers with a space that has a sense of openness and where

they can shop while taking in nature such as greenery and the wind blowing, not only on special occasions but also in their daily lives. This year, at the AEON MALL Hakusan (Ishikawa Prefecture) opening in Ishikawa Prefecture, we have will create a cityscape in the atrium, as well as an indoor space where people can relax surrounded by greenery.



AEON MALL Hakusan (Ishikawa Prefecture)



AEON MALL Nagoya Noritake Garden (Aichi Prefecture)

| Opening Date | Lease Area | Parking capacity | Tenants |
|--------------|----------------------|------------------|---------|
| Jul 2021 | 74,000m ² | 3,800 cars | 200 |

| Opening Date | Lease Area | Parking capacity | Tenants |
|--------------|--|------------------|---------|
| Oct 2021 | Commercial 37,000m ² Office 22,000m ² | 2,100 cars | 150 |

Reform business portfolio

We will also work to reform our business portfolio not only through uniform mall development, but also by diversifying development patterns depending on local characteristics. In our multi-purpose developments, AEON MALL Nagoya Noritake Garden (Aichi Prefecture) scheduled to open this year will integrate commercial and office spaces thus providing office workers with a new lifestyle and added value. Additionally, AEON MALL's office brand will go by the name "BIZrium" with a sub-theme of working and living. Looking forward, we will develop the concepts optimized for each region both in Japan and overseas in order to achieve freedom of living and working for each individual.

In business model development, we are developing our outlet business category and plan to open our second The Outlets regional innovative commercial facility in the Yahata Higashida Project (tentative name) scheduled to open next year. In addition to suburban mall THE OUTLETS HIROSHIMA (Hiroshima Prefecture) in Hiroshima, we plan to develop

our outlet business in two other locations, such as our AEON Lake Town Outlets (Saitama Prefecture), in metropolitan areas.

In urban development, on March 1, 2021, we reorganized the OPA Urban Shopping Center Business with the aim of promoting initiatives better tailored to individual localities, and to improve the profitability and efficiency of facilities. The newly established new OPA will specialize in the management and operations of urban facilities (8 facilities) mainly located in transportation terminals, creating new value through a concentration of management resources. AEON MALL will absorb consolidated community-based facilities and urban shopping centers (14 facilities) under the AEON MALL business, transforming these assets into facilities that meet customers' daily needs and working to increase property values. In addition, the AEON Group owns some properties in prime locations in front of stations but that are aging, and we hope to actively redevelop these existing properties.

Our Ideal Future

Provide solutions to regional and social issues, establishing a position through social infrastructure functions to be a central facility for the local community.

Initiatives to Grow Business via Portfolio-Building

<Office Complex Development>

Office/Retail Commercial Facilities

Develop office business in response to changes in work styles



Scheduled to open in October 2021
AEON MALL Nagoya Noritake Garden (Aichi Prefecture)

<Business Model Development>

Outlet business development

Develop two location channels:
suburban and urban

本格アウトレット × エンターテインメント × 地域との出会い

THE OUTLETS



Scheduled to open in spring 2022
Yahata Higashida Project (tentative name)

<Urban Development>

Revitalize the urban shopping center business (OPA)

- (1) Create facilities in line with the new normal
- (2) Successfully revitalize existing malls
- (3) Improve vacant floor space ratio



Promoting Finance Mix and Strengthening Governance Structure

Promote a finance mix that supports growth strategies and strengthen our governance to maintain financial soundness. In particular, we are working to diversify and sophisticate our fund procurement and optimize cash management with an awareness of investors growing interest in SDGs and ESG, as well as to strengthen our governance with an emphasis on the cost of capital.

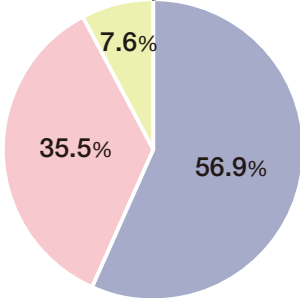
Global Financing Mix

We are promoting a global finance mix by diversifying financing that combines indirect and direct financing and real estate securitization in Japan and overseas. Specifically, we are expanding our base of financial institution borrowing and continue regular issuance of domestic retail bonds. In anticipation of the full-scale

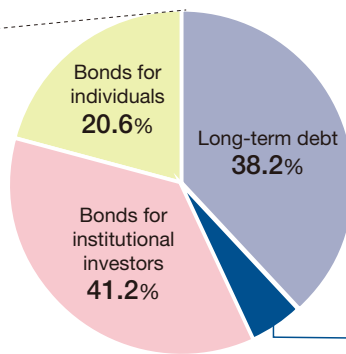
arrival of the sustainable finance era, we issued a ¥30 billion sustainability bond in September 2020.

We will continue to use real estate securitization to generate funds for the development of new shopping malls, and we are also considering overseas financing.

FY2017 Interest-bearing debt
¥394.7 billion
(excluding Lease obligations)



FY2020 Interest-bearing debt
¥582.4 billion



Sustainability Bonds

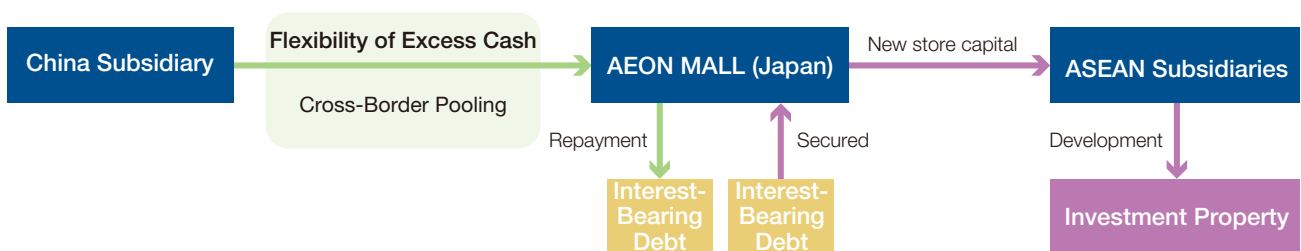
Bonds for which the use of proceeds is limited to green projects related to the global environment and social projects related to the resolution of social issues. The sustainability bonds issued in 2020 were used for COVID-19 countermeasures and reconstruction assistance for the Great East Japan Earthquake.

Optimizing Cash Management

As our businesses overseas grow and transition to a stage of profit generation, cash balances in certain areas have increased significantly. We will continue to optimize cash management by shifting cash from areas with excess funds to areas with stronger needs for cash.

An example of this is the cross-border pooling arrangement established in FY2020 between the China

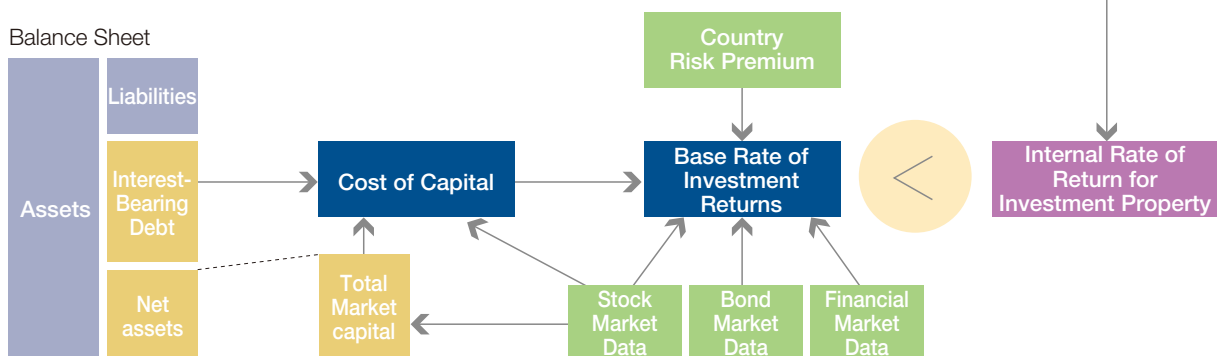
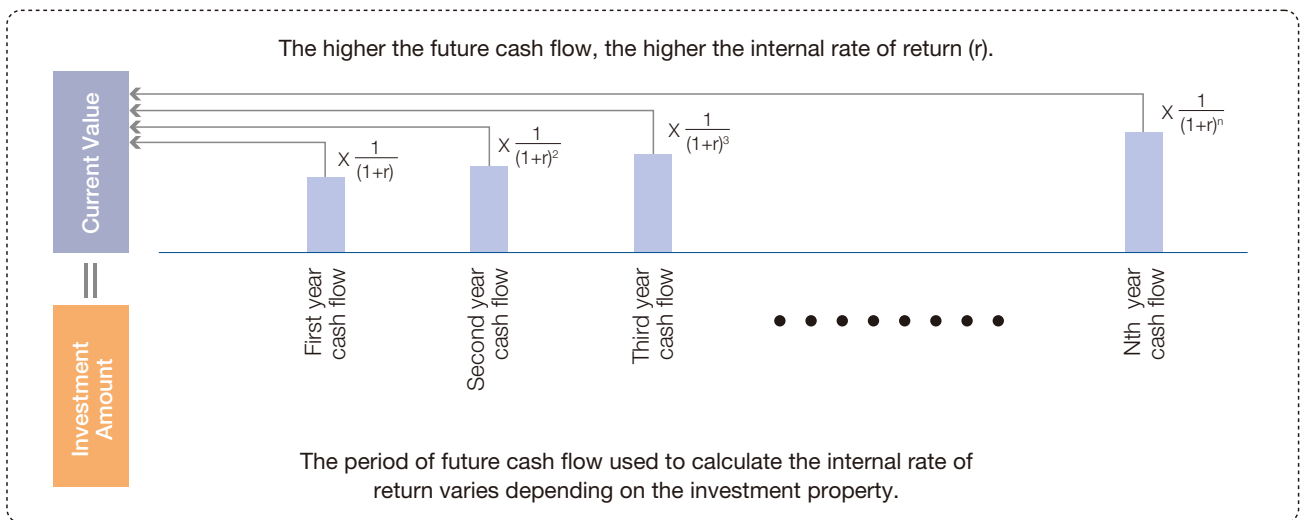
Subsidiary and AEON MALL (Japan), whereby excess cash from the China Subsidiary will be transferred to AEON MALL (Japan) from FY2021 and used to repay existing interest-bearing debt. The cash secured in Japan will be used to open new stores at our ASEAN subsidiaries.



Emphasis on the Cost of Capital

When investing in the development of shopping malls in Japan and overseas, we calculate the internal rate of return by discounting the future cash flow to the present value so that the total present value of the future cash flow generated by investment properties each year matches the investment amount. If the internal rate of return exceeds our base rate of investment returns, the investment is considered eligible for investment.

Our base rate for investment returns is determined based on the cost of capital, which is the weighted average of the cost of debt and the cost of shareholders' equity calculated based on the Capital Asset Pricing Model (CAPM), weighted by interest-bearing debt and market capitalization. The cost of capital is determined by taking into account the country risk premium and market data of each country.



Pursuing ESG-Based Management

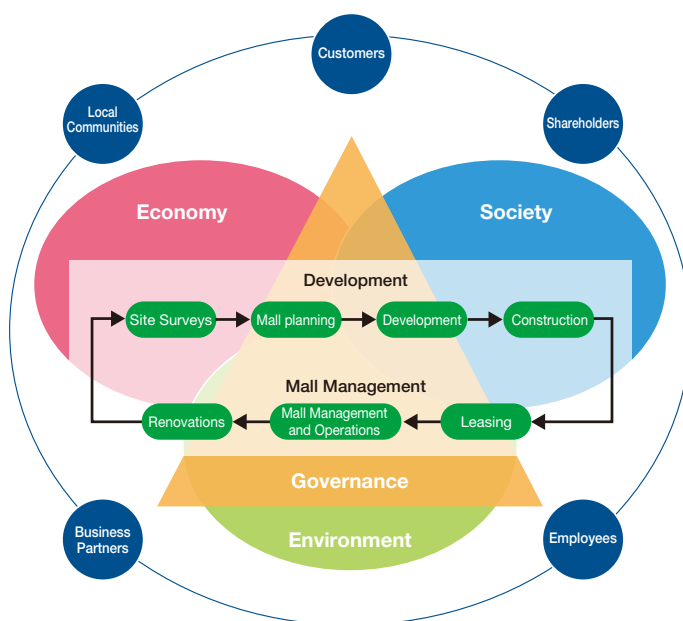
In 2019, AEON MALL identified Materiality as a priority measure, reflecting the perspective of ESG in maximizing the economic and social values we create through the integration of growth strategies and ESG-based management. This approach is driving us to achieving our goals for 2025.

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

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

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

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



AEON Basic Policy on Sustainability

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

Aeon Sustainability Principle

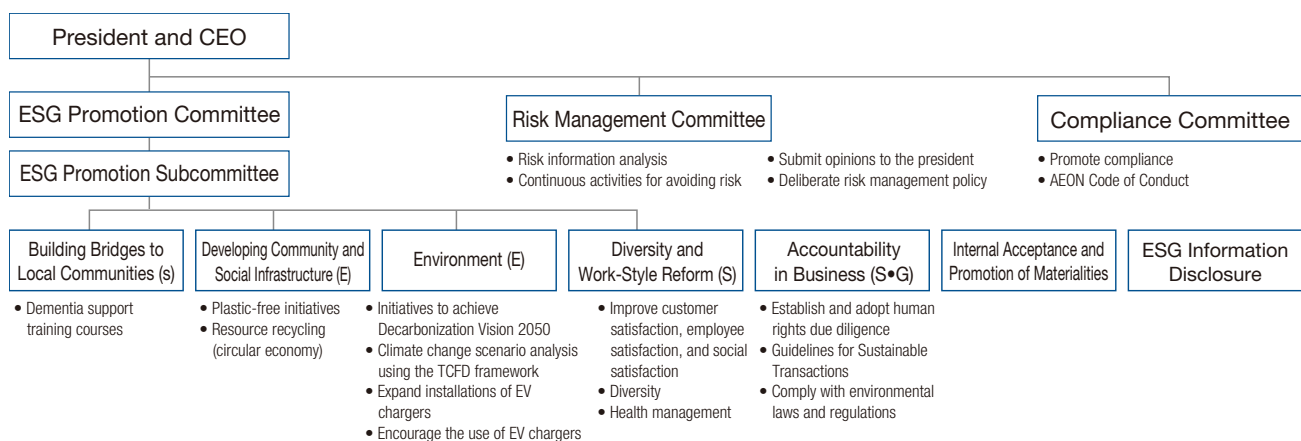
We at Aeon operate on the basic principles of pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core. Based on these, it is our goal to achieve a sustainable society and grow as a group. In our endeavors we think globally both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

ESG Promotion System

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

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

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



Measures to Communicate With Employees

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

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

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



Pursuing ESG-Based Management

ESG Initiatives

Initiatives Towards a Decarbonized Society

TCFD

Based on the Aeon Decarbonization Vision 2050, we are promoting a range of initiatives aimed at achieving a decarbonized society. These include reducing total CO₂ and other emissions from our malls to zero by 2050, and setting an interim 2030 goal of reducing CO₂ emissions by 35% over 2010 levels. We have also established new targets of operating all malls using CO₂-free electricity by 2025.

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

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



Governance

Board of Director Role (Environment)

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

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

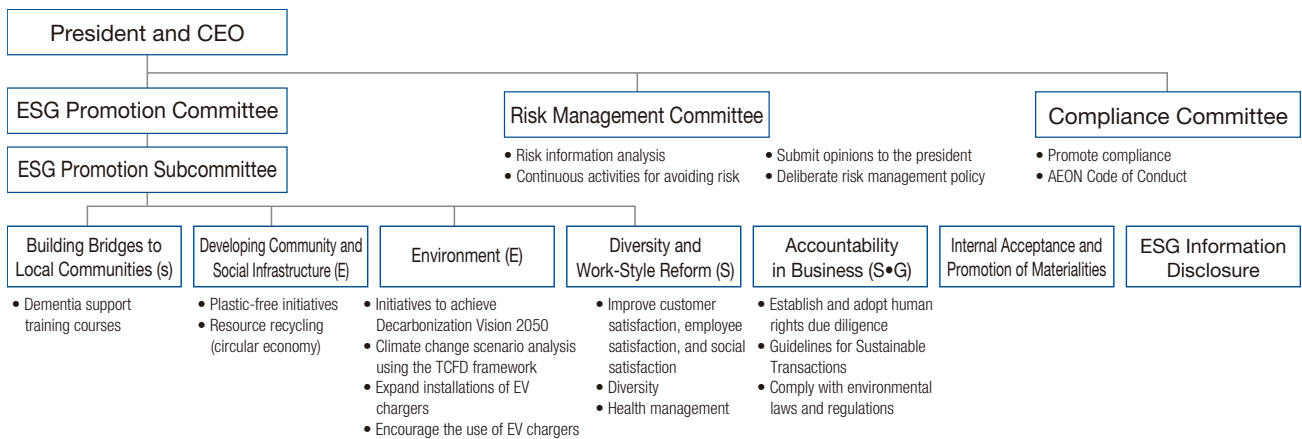
Management Role (Environment)

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

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

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

ESG Promotion System



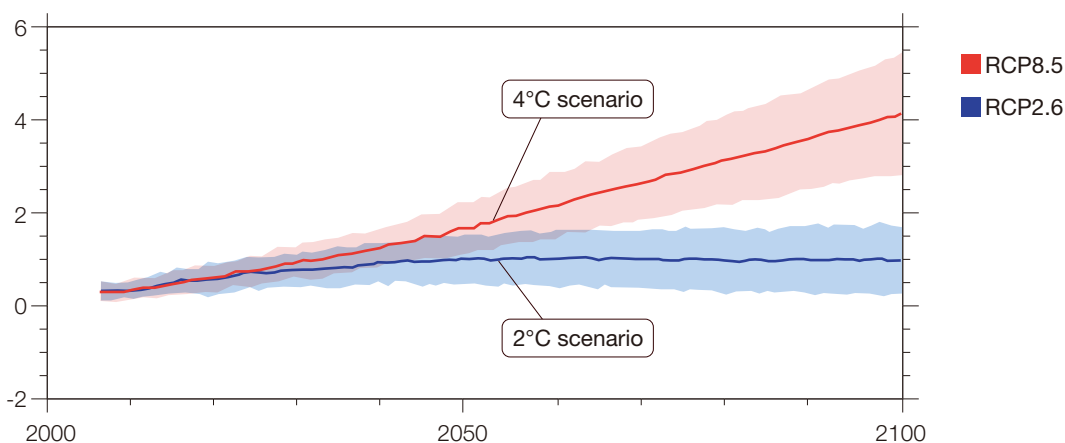
Strategy

Selection of Climate Change Scenario

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

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

Forecast for average global temperature change



4°C scenario

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

2°C scenario

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

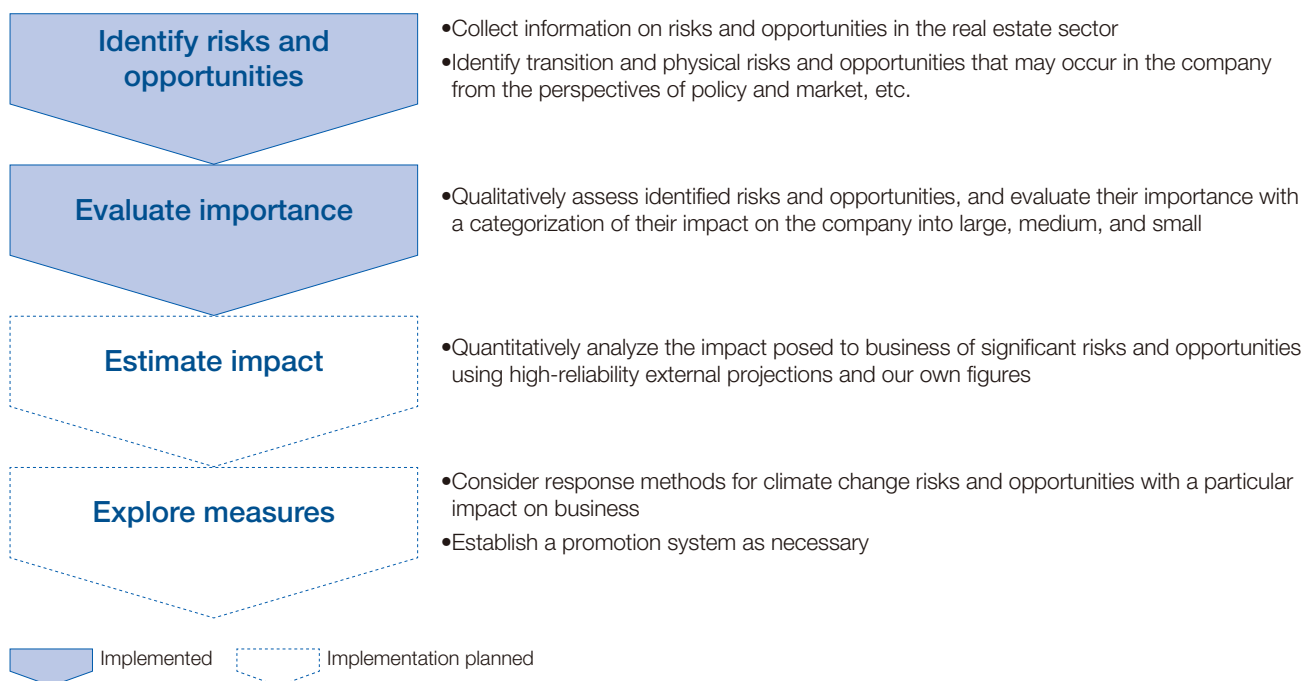
*Source: The Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC)

Pursuing ESG-Based Management

ESG Initiatives

Initiatives Towards a Decarbonized Society

Analysis Process



Major risks and opportunities

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

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

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

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

Pursuing ESG-Based Management

ESG Initiatives

Initiatives Towards a Decarbonized Society

Towards Achieving a Decarbonized Society

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

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

By the year 2025, all AEON MALL facilities will transition to renewable energy

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

AEON MALL Kawaguchi (Saitama Prefecture) has begun operating with virtually zero electricity and gas 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 Corporate Risk Management Rules. Depending on the nature and type of risk, these will be handled by different departments, categorized as the Management Strategy Division, the Compliance

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

Indicators and Targets

Energy consumption

■ Trends in energy consumption

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

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

Greenhouse gas emissions

■ Trends in greenhouse gas emissions

| | Unit | Scope*1 | Boundary | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|-------------------------------|-------------------|----------|---|---------|---------|---------|-----------|-----------|
| Scope 1 | t-CO 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 | 63,839 |
| 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 | — | — | — | 1,655,553 | 1,311,119 |

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

Reductions Target

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

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

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

Furthermore, in March 2018, the AEON newly formulated the *AEON Decarbonization Vision 2050* aiming to achieve a decarbonized society, is aiming to reduce total CO₂ and other emissions from our malls to zero by 2050, and has set a 35% reduction in CO₂ emissions over FY2010 levels by 2030 as an interim target.

The AEON has also joined the RE100 initiative and we are committed to converting all of our electricity

usage to renewable energy by 2050.

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

Third-Party Verification

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

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

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

Pursuing ESG-Based Management

Happiness Malls Achieve Our Mission as Life Design Developer

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

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

ハピネスモ...ル を目指して。

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

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

Smiling faces. Healthy bodies.

These are the type of happy experiences spaces
we strive to create.



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



DokodeMall! TanoshiMall!
URL <https://online-event.aeonmall.com>
(Japanese only)

HEALTH

Making Physical and Mental Wellness Fun

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



WELLNESS

Inspiration and Healing in an Expansive Space

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



HEALTH

Making Physical and Mental Wellness Fun

WELLNESS

Inspiration and Healing in an Expansive Space

COMMUNITY

An Abundance of Smiling Faces in the Local Community

OPPORTUNITY

Experiencing Product and Services for More Abundant Living



An Abundance of Smiling Faces in the Local Community

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



Experiencing Product and Services for More Abundant Living

Opportunities and tips to enrich lifestyles.

COMMUNITY

OPPORTUNITY

Pursuing ESG-Based Management

ESG Initiatives

Developing Community and Social Infrastructure



Established Disaster Prevention Agreements with Almost All Malls in Japan

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



China: Preventing Fires by Implementing Automatic Fire Extinguishing Equipment

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

Cambodia: Improving Equipment to Ensure High Safety Levels

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



Holding Disaster Prevention Festivals

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



Promoting Smart Malls

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



Deepening Universal Design

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



Building Bridges to Local Communities



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

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



Executing Into Cooperation Agreements for Regional Revitalization

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

Partnership Agreement to Promote Community Health

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



Enhancing Blood Donation Activities at Malls Across Japan

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



AEON MALL Natori (Miyagi Prefecture)

Pursuing ESG-Based Management

ESG Initiatives

Environment



AEON Hometown Forest Project

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

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



Ecological Surveys in Surrounding Areas

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



Accomplishments (Highlights)

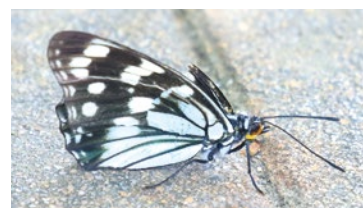
■ Planting

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



■ Birds/Butterflies

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

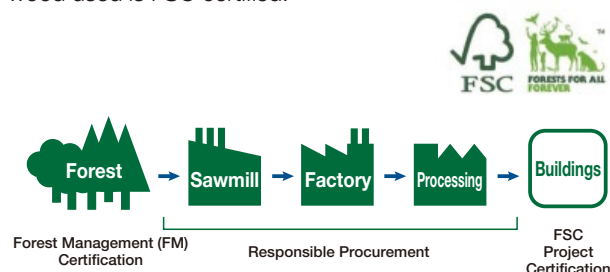


Acquisition of FSC® Project Certification (Overall Certification)



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

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



Plastic Elimination Initiatives

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

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

Environmental Initiatives Overseas

China: Careful waste separation according to instruction manuals

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

Vietnam: Communicating importance of recycling

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

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

Cambodia: Supporting education through recycling

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

Pursuing ESG-Based Management

ESG Initiatives

Diversity and work-style reform



Human Resources Policy

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

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

Improving Employee Motivation

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

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

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

Achieving Diversity

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

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

Cultivating Global Human Resources

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

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

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

community.

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

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

Pursuing Work-Life Balance

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

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

Supporting Diverse Work Styles According to Different Life Stages

Encouraging Childcare Leave

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

Ikubos Support Fund System

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

Expansion of Aeon Yume-Mirai Nursery Schools

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



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

Providing a More Comfortable Work Environment for All Employees

Improving Work Environments for Employees of Specialty Store Tenants

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

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

Pursuing ESG-Based Management

ESG Initiatives

Accountability in Business



Human Rights Policies, Systems, and Training

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

AEON MALL follows this philosophy and these policies

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

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

AEON Code of Conduct—Our Commitment

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

AEON Human Rights Policy

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

1. Our Approach to Human Rights

AEON has established the Aeon Basic Principles and the Aeon Code of Conduct. We also subscribe to the United Nations Global Compact, which we joined in 2004. In accordance with these principles and in compliance with domestic laws on human rights and labor, the International Bill of Human Rights, and the rules on human rights set forth in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, we respect the rights of all individuals who are impacted by our businesses. In addition, we support and follow the United Nations Guiding Principles on Business and Human Rights.

2. Respect for Human Rights in Business Activities

We will respect the privacy of individuals as well as their diverse values and personalities and never discriminate against anyone for any reasons, including discriminatory treatment based on race, nationality, ethnicity, gender, age, place of birth, religion, educational background, physical or mental disability, sexual orientation, or gender identity. In addition, we remain mindful of the positions of others and respect them as our equals.

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

3. Implementation of Human Rights Due Diligence

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

Initiatives to Prevent Corruption

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

Formulation of Guidelines for Sustainable Transactions

Overview

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

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

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

» https://www.aeonmall.com/esg/society/02/#human_rights_guide

Formulation Process

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

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

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

2. Confirm human rights matters in our industry

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

3. Assess importance

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

4. Prepare guidelines and requirements for each human rights matter

We prepared guidelines and detailed requirements for each matter.

Future Implementation

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

Pursuing ESG-Based Management

ESG Initiatives

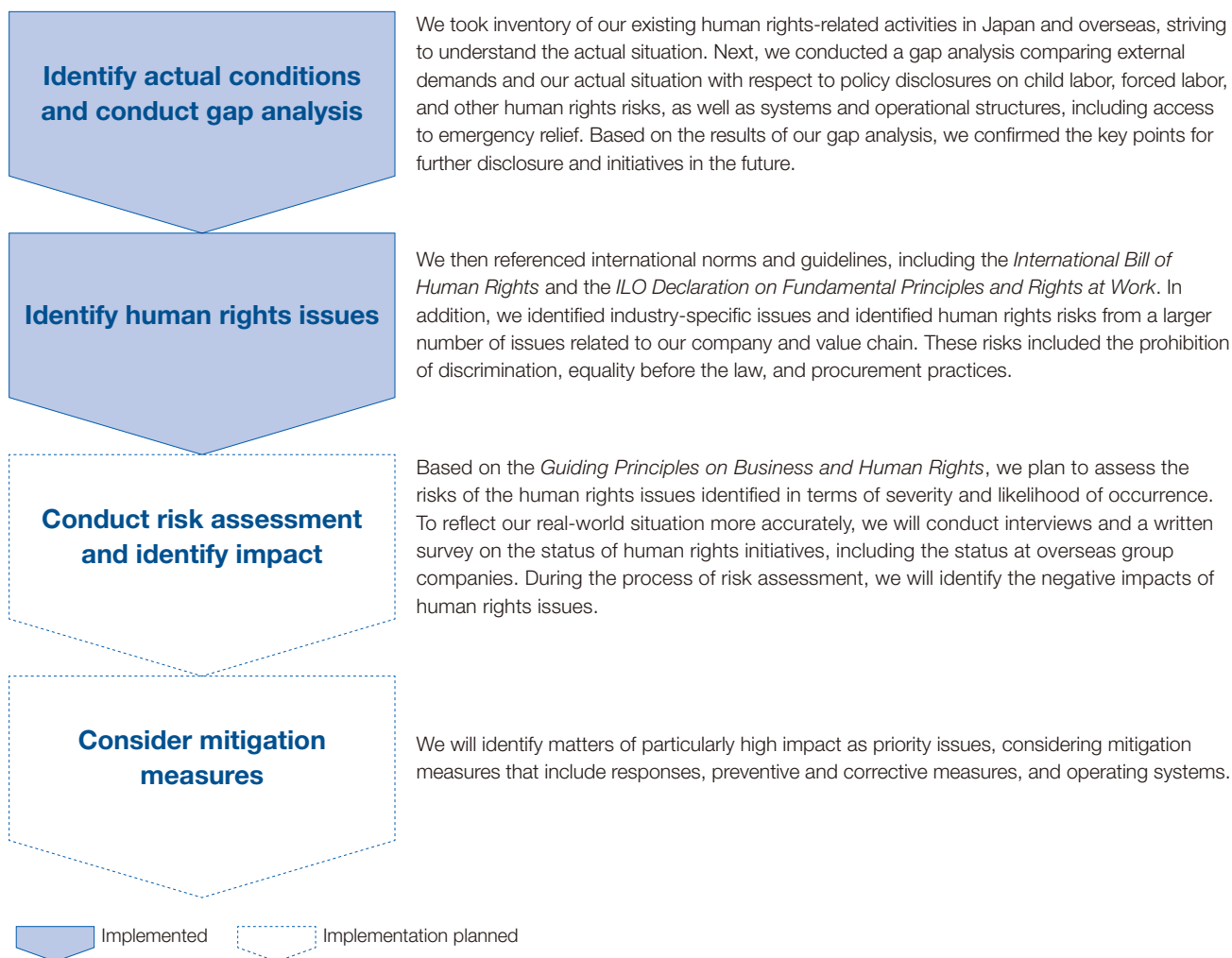
Implementation of Human Rights Due Diligence

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

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

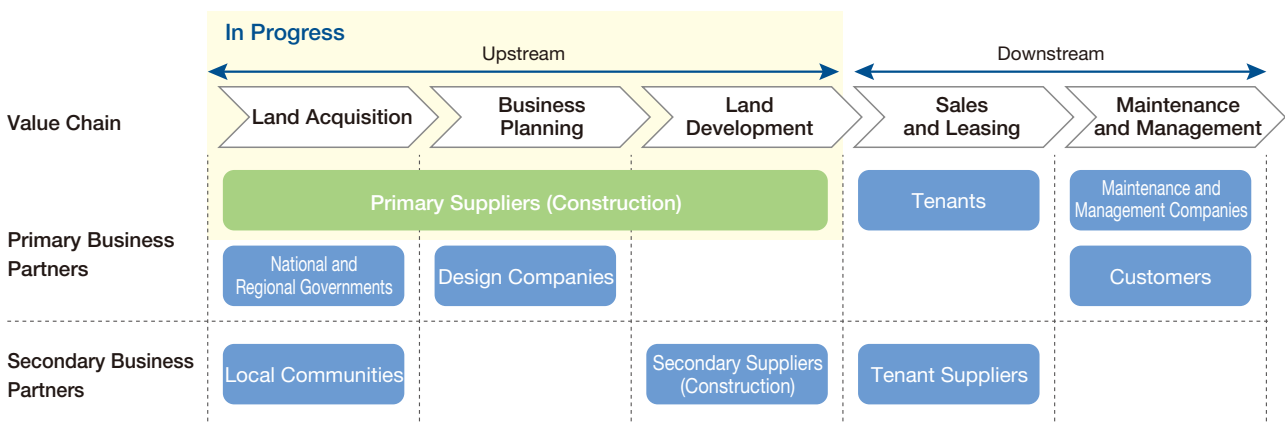
➤ <https://www.aeon.info/humanrights/aeonhumanrightspolicy/>

2020-2021: Human Rights Due Diligence Implementation Process



Implementation Scope Related to Human Rights Due Diligence

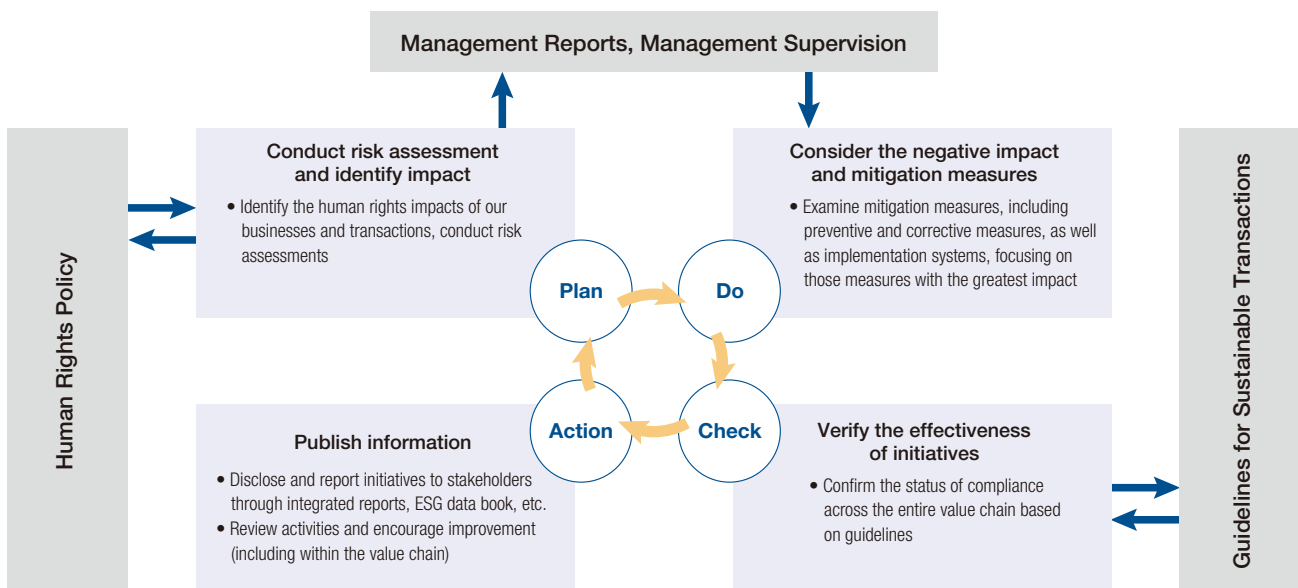
During the current fiscal year, we are conducting human rights due diligence, mainly focusing on the upstream portion of our value chain. In the future, we intend to expand the scope of implementation to include downstream contractors and tenants. Here, we plan to confirm the status of compliance with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



Human Rights Due Diligence Post-Implementation Roadmap

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

Human Rights Due Diligence-Centric PDCA Cycle for Risk Reduction



Pursuing ESG-Based Management

ESG Initiatives

Stakeholder Engagement

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

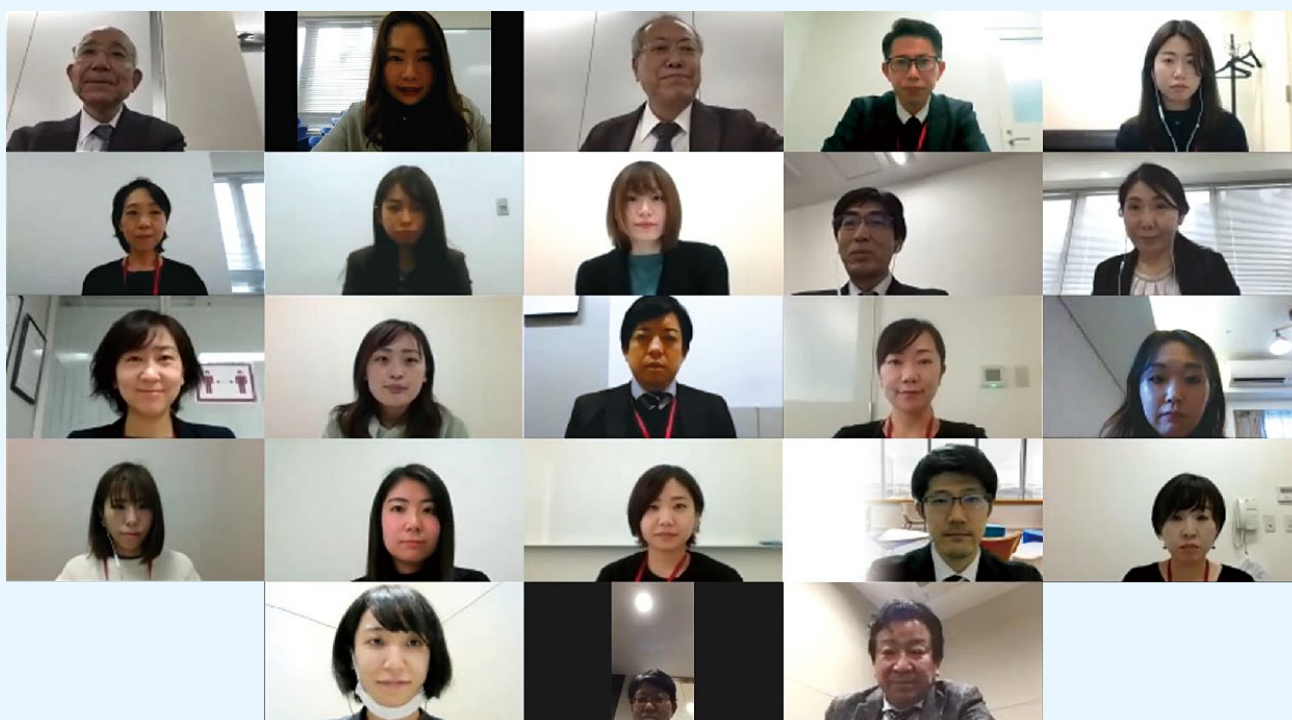
| Stakeholders | Relationship with Stakeholders | Value Provided to Stakeholders | |
|-----------------------------------|---|---|--|
| Customers | As a company that operates from a retail perspective under the basic principle of the customer comes first, we see and consider life from customers' perspectives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

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

Pursuing ESG-Based Management

Special Feature Dialogue Between Outside Directors and Employees

Outside Directors and Members of the Audit & Supervisory Board Conducted Interviews to Highlight the Challenges of Human Resources Utilization at AEON MALL, Supporting Value Creation Management



Recognizing that the pursuit of diversity is an important management issue, we asked our outside directors and outside members of the Audit & Supervisory Board to meet with employees, exchanging opinions and listening to real feedback from employees across a variety of life stages and diverse backgrounds. Since the meeting was held online, we were able to meet with employees not only from the Kanto area, but also from all across Japan. We divided the participants into groups by generation, holding discussions along certain topics and providing an opportunity for directors and employees to understand issues more deeply. We asked our outside directors to inquire particularly about the utilization of human capital at AEON MALL. We hope to continue opportunities for such dialogues, inviting outside directors to extend beyond their monitoring function and provide advice to management regarding human resources and other issues. The following is an excerpt of the dialogues, covering the current state of human resources at AEON MALL, as well as issues and expectations for the future.

Participants

- Outside Directors
Masao Kawabata
Kunihiro Koshizuka
Yasuko Yamashita
- Full-Time Audit & Supervisory Board Members
Maki Watanabe
- Outside Audit & Supervisory Board Members
Takao Muramatsu
Emi Torii
- Audit & Supervisory Board Members
Masato Nishimatsu

- Including 16 other employees

* Outside director Masao Kawabata retired as of May 20, 2021.

How can employees build a career at AEON MALL while also respecting one's spouse's life and career to achieve a positive work-life balance?

•Topic 1 *How to achieve a positive work-life balance while working at AEON MALL*

•Topic 2 *How to build careers for both oneself and one's spouse*

Work-Life Balance and Career Development at AEON MALL

Outside directors and AEON MALL employees engaged in a frank discussion about their current concerns, issues, and future expectations in achieving work-life balance and career development at AEON MALL. As these discussions were conducted across multiple sessions and groups of individuals, we summarized the content and opinions for this article.

Employee Comments and Opinions

Topic 1 *How to achieve a positive work-life balance while working at AEON MALL*

- I would like to balance childcare and work better, as shift work schedules at the mall mean there are only a few days to spend time with family. It's difficult to balance family time, work time, and personal time.
- I had a hard time finding a new daycare center after being transferred. In particular, employees with preschoolers would probably like to have more time when transferring.
- Even though we have a system for working shorter hours, there's a hurdle in terms of feeling that others in my department will have to pick up the slack. I think the key here is fostering an understanding among co-workers and how supervisors approach the issue.

Topic 2 *How to build careers for both oneself and one's spouse*

- I want to advance in my career, but I feel that it's difficult to balance child-rearing with the long and busy hours of a manager position. If there were role models of female managers who were also raising children, I think others might be able to see their own hopes for career advancement.
- When an employee follows their spouse on a transfer, perhaps there could be a way to consolidate certain mall-related work that could be performed at home when no mall is nearby.
- In Japan, there is a stereotype that women are solely responsible for housework. We need to change that stereotype. I think the company offers some excellent programs, which we should leverage to make changes.

Comments From Outside Directors and Outside Members of the Audit & Supervisory Board

Director A | Most people think of work-life balance based on work and child-rearing, but I think the ideal is to maintain a balance of base time for work and child-rearing, combined with time spent on hobbies or other enjoyable pursuits. I believe the aim of AEON MALL is to improve so employees can think of a personal *plus-alpha* in their time in addition to work and child-rearing. This dialogue was a valuable opportunity to listen to honest opinions, and I found it very helpful.

Director B | We heard some comments from employees worried about the timing of having children. We also heard concerns about the high hurdles to receiving promotions when returning from childcare leave. Others mentioned that having a child might be a hindrance to finding work in certain departments. In the future, we need to have more opportunities to hear from people who have returned to work after taking maternity leave, so we can reflect these experiences in the development of our system.

Director C | I am serving as an outside director for AEON MALL while raising a family. When I understood that raising a family while pursuing a career was one reason for my selection, I was very happy to know that something I feared as a career negative was actually regarded as a positive. The understanding and follow-up of the people around you is very important in making children a positive and valuable step. I hope to add my own efforts to spread diversity in the group.

Pursuing ESG-Based Management

Directors and Audit & Supervisory Board Members

(as of May 20, 2021)

Directors



Yasutsugu Iwamura President and CEO

Aug 2005: Joined the Company
 Aug 2007: General Manager of Planning Development First Group, Planning Development Department, the Company
 May 2009: General Manager of Kanto and Tohoku Development Department, Development Division, the Company
 Apr 2013: General Manager of Development Management Department, Development Division, the Company
 May 2016: General Director, AEON MALL VIETNAM CO., LTD
 May 2019: Director, the Company, and General Director, AEON MALL VIETNAM CO., LTD
 Mar 2020: President and CEO, the Company
 Apr 2021: President and CEO, the Company, and Executive General Manager, Overseas Business Division (to present)



Hiroshi Yokoyama Managing Director

Apr 1987: Joined The Chuo Trust and Banking Company, Limited (now Sumitomo Mitsui Trust Bank, Limited)
 Oct 2000: Manager, Real Estate Investment and Development Department, The Chuo Mitsui Trust and Banking Company, Limited (now Sumitomo Mitsui Trust Bank, Limited)
 Apr 2004: Joined AEON MALL Co., Ltd.
 Apr 2004: Manager of Finance Group, Finance & Accounting Group, Administration Division, the Company
 Aug 2007: General Manager of Finance & Accounting Department, Administration Division, the Company
 May 2013: General Manager of Finance & Accounting Management Department, Finance & Accounting Division, the Company
 Apr 2017: General Manager of Development Planning Management Department, Development Division, the Company
 May 2017: Director, General Manager of Development Planning Management Department, Development Division, the Company
 May 2021: Managing Director, General Manager of Finance & Accounting Division, the Company (to present)



Mitsuhiro Fujiki Senior Managing Director

Apr 1985: Joined AEON MALL Co., Ltd.
 Apr 2011: General Manager of AEON MALL Niihama, the Company
 Nov 2012: General Manager of AEON MALL Miyazaki, the Company
 Apr 2013: General Manager of West Japan Business Department, Sales Division, the Company
 Sep 2014: General Manager of Chushikoku Business Department, Sales Division, the Company
 Feb 2015: Deputy General Manager, Sales Division, the Company
 Apr 2015: General Manager of Sales Division, the Company
 May 2015: Director, General Manager of Sales Division, the Company
 Apr 2017: Director, General Manager of Leasing Division, the Company
 May 2018: Managing Director, General Manager of Leasing Division, the Company
 Apr 2021: Managing Director, Executive General Manager of CX Creation Division, the Company
 May 2021: Senior Managing Director, Executive General Manager of CX Creation Division, the Company (to present)



Motoya Okada Director and Advisor

Mar 1979: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
 May 1990: Director, JUSCO Co., Ltd.
 Feb 1992: Managing Director, JUSCO Co., Ltd.
 May 1995: Senior Managing Director, JUSCO Co., Ltd.
 Jun 1997: President, JUSCO Co., Ltd.
 May 1998: Director, the Company
 May 2002: Director and Advisor, AEON MALL Co., Ltd. (to present)
 May 2003: Director, President and Representative Executive Officer, AEON Co., Ltd.
 Mar 2012: Director, President and Representative Executive Officer, and Group CEO AEON Co., Ltd. (to present)
 Feb 2015: Director and Advisor, AEON Retail Co., Ltd. (to present)
 Mar 2020: Director and President and Representative Executive Officer, AEON Co., Ltd. (to present)



Hisayuki Sato Managing Director

Mar 1981: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
 Mar 1990: General Manager of Tohoku Development Department, JUSCO Co., Ltd.
 Oct 2008: General Manager of Development Department, Beijing AEON Co., Ltd.
 Mar 2011: General Manager of AEON MALL Beijing and Tianjin Development Department, China Division, the Company
 Sep 2012: General Manager of China Development Management Department, China Division, the Company
 Apr 2014: Chief Executive Officer, AEON MALL (GUANGDONG) BUSINESS MANAGEMENT CO., LTD.
 Mar 2016: General Manager of Development Management Department, AEON MALL (CHINA) CO., LTD.
 Apr 2016: General Manager of China Division, the Company
 Apr 2016: Chief Executive Officer, AEON MALL (CHINA) CO.,LTD.
 May 2016: Director, General Manager of China Division, the Company
 Apr 2019: Managing Director, General Manager of China Division, the Company
 May 2020: Managing Director, General Manager of Development Division, the Company (to present)



Akiko Nakarai Director

Dec 2003: Joined Diamond City Co., Ltd. (now AEON MALL Co., Ltd.)
 Apr 2011: General Manager of AEON MALL Miyakonojo Ekimae, the Company
 Apr 2013: General Manager of AEON MALL Fukutsu, the Company
 Jul 2016: Representative Duties Enforcer, AEONMALL KIDS DREAM, LLC (to present)
 Mar 2018: General Manager of Digital Promotion Management Department, Sales Division, the Company
 May 2018: Director, General Manager of Digital Promotion Management Department, Sales Division, the Company
 May 2021: Director, Executive Manager of Marketing Management Department, the Company (to present)



Masahiko Okamoto Managing Director

Mar 1981: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
 Mar 1997: General Manager of Personnel & General Affairs Department, Megamart Division, JUSCO Co., Ltd.
 Mar 2000: General Manager of Personnel & Education Department, Kinki Business Division, JUSCO Co., Ltd.
 Mar 2001: General Manager of Administration Center, Headquarters, JUSCO Co., Ltd.
 Apr 2006: General Manager, Business Support Office, JUSCO Co., Ltd.
 Sep 2008: General Manager of Personnel Training Department, Kanto Company Division, AEON Co., Ltd.
 Feb 2015: General Manager of General Affairs Department, Administration Division, the Company
 Apr 2018: General Manager of Administration Division, the Company
 May 2018: Director, General Manager of Administration Division, the Company
 May 2021: Director, General Manager, Administration Division, the Company (to present)



Tatsuya Hashimoto Director

Apr 2004: Joined Diamond City Co., Ltd. (now AEON MALL Co., Ltd.)
 Nov 2011: General Manager, AEON MALL Sankoh, AEON MALL Co., Ltd.
 Nov 2012: General Manager, AEON MALL Kochi, AEON MALL Co., Ltd.
 Apr 2015: General Manager, AEON MALL Kurashiki, AEON MALL Co., Ltd.
 Mar 2017: AEON MALL (CHINA) CO., LTD. Executive Manager, SC Operations Department
 Mar 2018: Chief Executive Officer, AEON MALL (JIANGSU) BUSINESS MANAGEMENT CO., LTD. Chief Executive Officer
 May 2020: Director, General Manager, China Division, AEON MALL Co., Ltd.
 May 2020: Chief Executive Officer, AEON MALL (CHINA) CO., LTD. (to present)
 May 2021: Director, the Company, and China Business Manager (to present)



Kunihiko Koshizuka

Outside Director (Independent)*

Apr 1981: Joined Konishiroku Photo Industry Co., Ltd. (now KONICA MINOLTA, INC.)
Apr 2013: Executive Officer, General Manager of Technology Strategy Department and R&D Headquarters, KONICA MINOLTA, INC.
Jun 2014: Senior Executive Officer, General Manager of Technology Strategy Department and R&D Headquarters, KONICA MINOLTA, INC.
Jun 2015: Director and Senior Executive Officer (CTO), KONICA MINOLTA, INC.
Jun 2019: Senior Technical Advisor, KONICA MINOLTA, INC.
Nov 2019: Outside Director, Founder International Inc. (to present)
May 2020: Outside Director, AEON MALL Co., Ltd. (to present)



Yasuko Yamashita

Outside Director (Independent)*

Oct 1987: Joined Tohmatsu Awoki & Sarwa (now Deloitte Touche Tohmatsu LLC)
Jan 1997: Joined Important Properties Bank Japan Co., Ltd.
Sep 2010: Joined Saish Sogo Jimusho
Sep 2012: Director, Japan Legal Support Center (to present)
Dec 2013: Representative, Yasuko Yamashita Judicial Scrivener Office (to present)
May 2016: Outside Audit & Supervisory Board Member, POCKET CARD CO., LTD.
Jun 2017: Director, R.C. CORE (audit and supervisory committee member) (to present)
May 2020: Outside Director, AEON MALL Co., Ltd. (to present)



Hironobu Kurosaki

Outside Director (Independent)*

Apr 1983: Joined NEC Corporation
Jul 1993: Chief Resident Officer, Cairo Resident Office, the Company
Oct 1994: Chief Resident Officer, Bahrain Resident Office, the Company
Apr 2002: General Manager of China Business Department, Sales Division, the Company
Jun 2010: President, NEC Turkey (Istanbul)
Jun 2014: General Manager, Americas and EMEA (NEC)
Oct 2017: Representative NEC EMEA Region
President, NEC Europe (London)
Apr 2020: Senior Global Business Officer, Global Business Unit (NEC)
May 2021: Outside Director, AEON MALL Co., Ltd. (to present)



Junko Owada

Outside Director (Independent)*

Apr 1989: Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (now NTT Communications Corporation)
Aug 2001: People Analytics Research Laboratory, Recruit Group Co., Ltd.
Apr 2009: Executive Director, Recruit Management Solutions Co., Ltd.
Apr 2013: Executive Director, Recruit Career Co., Ltd.
Jul 2016: Fellow, Recruit Career Co., Ltd.
Jul 2016: Advisor, Tokyo Ichiban Foods Co., Ltd. (to present)
Apr 2017: Human Resources Professional Contractor, Hitachi, Ltd. (to present)
Jun 2020: Outside Director, Arbeit-Times Co Ltd (to present)
May 2021: Outside Director, AEON MALL Co., Ltd. (to present)



Chisa Enomoto

Outside Director (Independent)*

Apr 1984: Joined Recruit Co., Ltd.
Nov 2005: General Manager, Public Relations, Philips Electronics Japan, Ltd.
Jul 2012: Division Manager, Communications and Public Relations, Janssen Pharmaceutical K.K.
Jan 2014: Executive Director, Tokyo Electric Power Company
Apr 2018: Executive Communications Strategist, Hitachi, Ltd.
Jun 2018: Outside Director (Audit & Supervisory Committee member), Persol Holdings Co., Ltd. Outside Director (Member of the Audit and Supervisory Board) (to present)
Sep 2018: Outside Director, Joyful Honda Co., Ltd.
Apr 2019: Member, Public Relations Strategy Office, Meiji University (to present)
May 2021: Outside Director, AEON MALL Co., Ltd. (to present)

Audit & Supervisory Board Member



Maki Watanabe

Full-time Audit & Supervisory Board Member (Outside)

Apr 1988: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
Jul 1992: Served in Hyogo Accounting Section, JUSCO Co., Ltd.
Nov 1993: Served in Budget Section of Accounting Department, JUSCO Co., Ltd.
Mar 2010: General Manager of Accounting Department, JUSCO Co., Ltd.
Aug 2013: General Manager of Consolidated Accounting Department, AEON Co., Ltd.
May 2017: Part-Time Audit & Supervisory Board Member, the Company
May 2018: Full-Time Audit & Supervisory Board Member, the Company



Takao Muramatsu

Outside Member of the Audit and Supervisory Board (Independent)*

Apr 1979: Joined Tokyo Regional Taxation Bureau
Apr 1988: Chief Investigator of Special Investigation Department, Tokyo District Public Prosecutors Office
Jul 1991: Investigator of Large Enterprise Examination and Criminal Investigation Department, National Tax Agency
Jul 1998: Senior Investigator of Large Enterprise Examination and Criminal Investigation Department, National Tax Agency
Jul 2003: Deputy Director-General, Shibuya Tax Office
Jul 2005: Chief Investigator of Criminal Investigation Department, Tokyo Regional Taxation Bureau
Jul 2009: Chief Internal Inspector, Osaka Regional Taxation Bureau
Jul 2010: Chief Internal Inspector, National Tax Agency
Jul 2012: Assistant Regional Commissioner of Management and Coordination Department, Nagoya Regional Taxation Bureau
Jun 2013: Director-General, Takamatsu Regional Taxation Bureau
Oct 2014: Registered as a certified tax accountant, MURAMATSU TAX ACCOUNTANT OFFICE (to present)
Apr 2015: Outside Audit & Supervisory Board Member, BESTERRA CO., LTD (to present)
Apr 2016: Outside Audit & Supervisory Board Member, Serendip Holdings Co., Ltd. (to present)
May 2016: Outside Audit & Supervisory Board Member, the Company (to present)
Jun 2016: Outside Audit & Supervisory Board Member, GLOBERIDE, Inc. (audit and supervisory committee member) (to present)



Emi Torii

Outside Member of the Audit and Supervisory Board (Independent)*

Nov 2005: Passed the National Bar Examination
Apr 2006: Legal apprentice
Sep 2007: Joined Nozomi Sogo Attorneys at Law
Apr 2015: Kanto-Shinetsu Regional Pension Records Correction Council Committee Member, Ministry of Health, Labour and Welfare (to present)
Apr 2019: Partner, Nozomi Sogo Attorneys at Law (to present)
May 2019: Outside Audit & Supervisory Board Member, AEON MALL Co., Ltd. (to present)



Masato Nishimatsu

Audit & Supervisory Board Member

Mar 1978: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
May 2000: Director, JUSCO Co., Ltd.
Dec 2001: Acting Trustee for Business, MYCAL Corp. (now AEON Retail Co., Ltd.)
Mar 2007: Finance & Accounting Officer, AEON Group
May 2007: Vice President, AEON Group
May 2007: Audit & Supervisory Board Member, AEON MALL Co., Ltd.
Aug 2008: Vice President, Responsible for Group Accounting and Affiliated Companies, AEON Co., Ltd.
Mar 2013: Director, Senior Managing Director and in charge of Business Management, AEON Retail Co., Ltd.
Feb 2015: Director, Senior Managing Director and in charge of the Financial Units and the Corporate Planning, The Daiiei, Inc.
Mar 2016: Executive Officer, Senior Chief Officer of Business Management, AEON Co., Ltd.
Mar 2017: Executive Vice President and Representative Director, and in charge of Administration, AEON Retail Co., Ltd.
May 2018: Audit & Supervisory Board Member, AEON HOKKAIDO Corp. (to present)
Mar 2020: Advisor, AEON Co., Ltd. (to present)
May 2020: Audit & Supervisory Board Member, AEON Delight Co., Ltd. (to present)
May 2020: Audit & Supervisory Board Member, AEON MALL Co., Ltd. (to present)

* Outside directors and outside Audit & Supervisory Board members that pose no risk of a conflict of interest with minority shareholders in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange.

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Round Table Discussion With Outside Directors and Outside Corporate Auditors



Outside Directors
(Independent)*
Masao Kawabata

Outside Audit & Supervisory
Board Members
(Independent)*
Emi Torii

Outside Audit & Supervisory
Board Members
(Full-Time)
Maki Watanabe

Outside Directors
(Independent)*
Yasuko Yamashita

Outside Audit & Supervisory
Board Members
(Independent)*
Takao Muramatsu

Outside Directors
(Independent)*
Kunihiro Koshizuka

* Outside independent director or member of the Audit and Supervisory Board who, according to the regulations of the Tokyo Stock Exchange, has no conflicts of interest or potential conflicts of interest with minority shareholders.

* Outside director Masao Kawabata retired as of May 20, 2021.

Recommendations for AEON MALL's future management policy and strengthening of our governance structure

Three of our outside directors and three of our outside corporate auditors were asked to provide their objective perspectives on the evaluation of our current situation and the issues we face, based on the following themes. 1. Review of fiscal 2020 and future management policies, 2. Medium- to long-term issues facing AEON MALL, and the evaluation and issues related to management policies for our Vision for 2025, 3. Strengthening governance system to achieve sustainable growth and enhance corporate value.

This roundtable discussion was held at AEON MALL Ageo (Saitama Prefecture) on April 9, 2021, with measures taken to prevent COVID-19 infection. This mall is the first commercial facility in Japan to receive the *WELL Health-Safety Rating**, a global evaluation of measures COVID-19.

* *WELL Health-Safety Rating* was established by The International WELL Building Institute in June 2020 based on the findings of public health and other experts. This is a global standard assessment regarding COVID-19. A third-party verification organization audits facilities to ensure they are managed and operated in consideration of the health and safety of visitors and employees.

Review of Fiscal 2020 and Future Management Policies in Response to COVID-19

Watanabe: The global spread of COVID-19 infections in FY2020 has had a significant impact on society. Our domestic and overseas malls also shortened their opening hours or closed temporarily. Even after resuming operation, the fiscal year was marked by

difficulties in dealing with the second and third waves of COVID-19. Despite these circumstances, we were able to open AEON MALL Ageo, the venue for today's event. We are providing a safe and secure shopping environment through preventative measures based on our COVID-19 Prevention Protocol. Based on our business model, please give us your opinion regarding our customers, employees (including tenant employees), and local stakeholders.



Kawabata: The AEON Group has implemented solid preventative measures. 2020 was a year in which the company steadily implemented measures to ensure safety and security

by putting customers first, as seen in the efforts to strengthen ventilation at AEON MALL Ageo (Saitama Prefecture). I think this was a year in which AEON MALL, given its mission of being able to maintain the function of social infrastructure was able to realize providing safety and security as well as cleanliness to customers in Japan and overseas. The new normal indicates that the company can provide a place where customers can shop with peace of mind, enjoy their visit, and ensure their safety and security. And under the leadership of President Iwamura, I realized that all employees share in this policy in our efforts to build malls.

Koshizuka: We have implemented rent reductions and exemptions to accommodate the shortened and closed hours of tenant companies, our important business partners. The negative impact of this measure on our business performance is not small. Do we really need a business partner who won't help us in times of need? Can the partnership be sustained when times return to normal? When I think about it, I believe that this business decision was the right one, even though our company was also in a difficult situation.

Yamashita: I became an outside director in May 2020, just as the COVID-19 pandemic was unfolding. I was impressed by the quick response based on the management philosophy of *the customer comes first* and contribution to the community, the cooperative system with tenant companies and the preventative measures for employees. I witnessed how employees responded to these issues even before receiving instructions from head office. I was also impressed by the Company's ability to educate employees daily and to carry out crisis response in an organized manner.

Muramatsu: This is what I felt before I was appointed as auditor of AEON Mall Kochi (Kochi Prefecture). This place is truly functioning as a living infrastructure, and I realized firsthand that AEON MALL is necessary for the community. For AEON MALL, I believe that the S

(Society) in ESG has become even more emphasized and clearer in 2020. Going forward, we will take safety and security one step further in the midst of this global COVID-19 pandemic. In this way, I believe that the key words cleanliness and distribution will become more important in the way employees work and the malls operate.

Torii: From a risk management perspective, we are considering adding new business risks in light of the current new normal, risks associated with environmental changes, digital-related risks and business model related risks as new risks. I believe that this was a year that can be evaluated as us taking the COVID-19 pandemic as an opportunity for us to move toward further strengthening our risk management. In the future, I expect that the Board of Directors will further discuss management strategy risks in light of changes to lifestyles and business transformations.

Medium and Long-Term Issues, Evaluation and Issues Regarding Management Policies Toward AEON MALL's Vision for 2025

Watanabe: Thinking about with-COVID-19 and post-COVID-19, what are your thoughts on the issues facing AEON MALL from a medium- to long-term perspective, as well as your assessment of the management policies toward Vision for 2025 and its challenges?

Kawabata: President Iwamura's vision for the company is to promote ESG management. I believe that this is the key to achieving sustainable growth and corporate sustainability. President Iwamura then spoke of the concept of CSV as AEON MALL becoming a company that is aware



of its responsibility as an important part of society's infrastructure, rather than a company that simply grows its business and generates profits. In particular, how will the new normal affect AEON MALL after the COVID-19? We will incorporate areas such as offices, medical care, and education. We will also develop urban businesses taking mixed-use development into consideration for

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Round Table Discussion With Outside Directors and Outside Corporate Auditors

people of all ages. I appreciate the fact that these discussions were conducted in the Policy Council as well.

Koshizuka: What AEON MALL is aiming for is the evolution of a business model with a customer experience solution-based platform. This means that both the customers who visit the mall and the tenant companies that open stores are considered as customers of AEON MALL. The idea is that we will be the place where both parties meet, in other words, we will be the platform provider. This model has the



potential to attract an overwhelming number of customers. And it has the potential to expand its domain beyond shopping to include green deal-like businesses

such as matching and sharing. However, management must make sure that this vision is fully shared by the employees so that it can permeate the organization. I believe this is our biggest challenge.

Yamashita: In fiscal2020, especially given the COVID-19 pandemic, it was a year of constant change. In this context, we held policy meetings for 2021 to share information on a case-by-case basis. I felt that this way of working through a great deal of information to discuss was very successful. Going forward, the Board of Directors will set aside sufficient time to create a solid vision for the major directions of how AEON MALL will respond to and grow from changes in the external business environment.

Muramatsu: While maintaining consistency of the idea that a mall is an integral part of the community and remaining keenly aware of the significance of our business, I believe that the future of AEON MALL will require a flexible response that meets the individual needs of the community, regional characteristics, and the needs of the time. And people are the key to achieving all of this. I think it is important for employees to implement and customize our management philosophies as a way of life, and this way of thinking will determine the success of the company.

Torii: I believe that strengthening our compliance system will be extremely important in implementing our future growth initiatives. Overseas, we frequently open AEON MALLs in areas that are about to undergo development. In opening a store, we will work with the government and local administration to understand the city's development plans and local information to promote development. In doing so this will also increase transactions with local companies. To ensure implementation of growth measures in such environments, I feel it is extremely important to consciously strengthen our compliance system and encourage all employees to raise their awareness of compliance, especially for our overseas business development.



Strengthening Governance System to Achieve Sustainable Growth and Enhance Corporate Value

Watanabe: Next, under the theme of strengthening governance system to achieve sustainable growth and enhance corporate value, please tell us about the efforts the Board of Directors have taken to establish and operate an effective corporate governance system and how you would evaluate it.

Kawabata: It has been six years since I was appointed as a director and I believe the important thing I have done during this time is establishing the Nomination and Compensation Advisory Committee. We began our activities at the beginning of 2019 and have been involved in the election of directors and other matters. We recently conducted a year-end evaluation of the executive directors for 2020. As members of the Nomination and Compensation Advisory Committee, the independent directors have been able to evaluate the activities of each executive director. In doing so, we have been able to carry out performance evaluations which I believe to be a very significant achievement.

Koshizuka: I believe that the evaluation of the

effectiveness of our Board of Directors is working to a certain extent. However, one thing I would like to point out is the concept of an advisory board, which is more of an executive board, and a monitoring board, which emphasizes supervision. Currently there is a tendency to emphasize monitoring boards. The reason for this is that there is a growing view that the Board of Directors needs to focus more on corporate value and medium- to long-term growth potential as its function, while transferring some of its authority to the executive. Management issues need to be addressed from the perspectives of both short and long term, urgent and important, defensive and offensive. The perspective of long-term growth is a very significant role for the Board of Directors. So, when it comes to the discussion of evaluating the Board's effectiveness, it is a matter of what they choose for the board meeting agenda. Understanding what the important issues are that need to be decided is the key to making the Board of Directors more effective.

Yamashita: I think it is important to explain board meeting proposals to external directors and corporate auditors in advance. I feel it's also useful if we consider it to be an environment that supports appropriate risk-taking by senior management. On the other hand, if the role of the Board of Directors is to determine major directions of corporate strategy and to provide highly effective supervision of management from an independent and objective standpoint, then advance detailed explanation should be avoided because that tends to lead to discussions that are in line with the company's intentions. Going forward we need to keep this in consideration.

Muramatsu: In terms of investment profitability criteria, as each mall requires a large amount of capital investment, we use investment payback period, EBITDA, IRR, and other criteria to make investment decisions. Each indicator has its advantages and disadvantages, and that is why we need to consider them from multiple perspectives. In our

company, various departments, including development, leasing, sales, and finance, work together to promote projects.

However along with evolving changes to the

business environment, such as changes in the market and consumer needs, I think we should set simpler criteria for investment profitability. For example, "If we invest 10 billion yen, how much will we get back?" This is a standard that the staff on the work site can feel and understand in raw numbers.

Torii: I believe that it will be very important in the future to understand how to make internal control and governance work for the entire group, including domestic and overseas subsidiaries. For overseas operations, each country has its own internal control system in place however as the number of malls increases in the future, further improvement is necessary. In President Iwamura's policy announcement, he mentioned the promoting localization of mall management however Group governance will become increasingly important, including the strengthening of human resources and employee training. Also, to implement the internal control system PDCA cycle, the way employees working in the field perform their daily tasks is of utmost importance, and I believe that the need for education for local employees will increase.

Watanabe: What I felt from listening to the opinions on this policy was that the ultimate goal is that the customer comes first, and that goal is global. We all need to think about why we operate malls for the benefit of our customers and local communities. I think that by doing so, we will be able to see what we need to work on in the future. I felt the most important thing was making our stores more accessible, convenient, and a place of relaxation for our customers by using advanced tools such as digital technology. I believe that we need to innovate to become a platform where we fulfil the role of bringing customers and tenants together. I was also reminded that the most important factor in achieving sustainable growth and increasing corporate value is undoubtedly people. Thank you very much for your time today.



Pursuing ESG-Based Management

Corporate Governance

AEON Mall is building systems to strengthen our corporate governance and speed decision-making to enhance stable, long-term corporate value.

Basic Approach

Aeon Mall is a *Life Design Developer*, creating the future of community living as we pursue our basic principle that *the customer comes first*.

Life Design extends beyond the framework of the shopping mall. Life Design addresses functions associated with different life stages of our local customers, including not only shopping, but also interaction with other people, cultural development, and other features contributing to future lifestyles.

AEON MALL builds upon our strengths as a retail business developer, at the same time striving to localize our malls to the characteristics of each community we serve. In this way, we contribute to better lifestyles and community growth in terms of economy and culture. We recognize the importance of corporate governance in accomplishing this vision and we work continually improve our structure.

Corporate Governance Structure

AEON MALL established the Management Council to serve as an advisory body for the president and CEO. This council consists mainly of managing directors and higher, full-time members of the Audit and Supervisory Board, and individuals appointed by the president and CEO. The purpose of this council is to strengthen business strategy functions and ensure a more efficient decision-making process. We bolster management and supervisory functions by holding at least one meeting of the board of directors per month, chaired by the president and CEO.

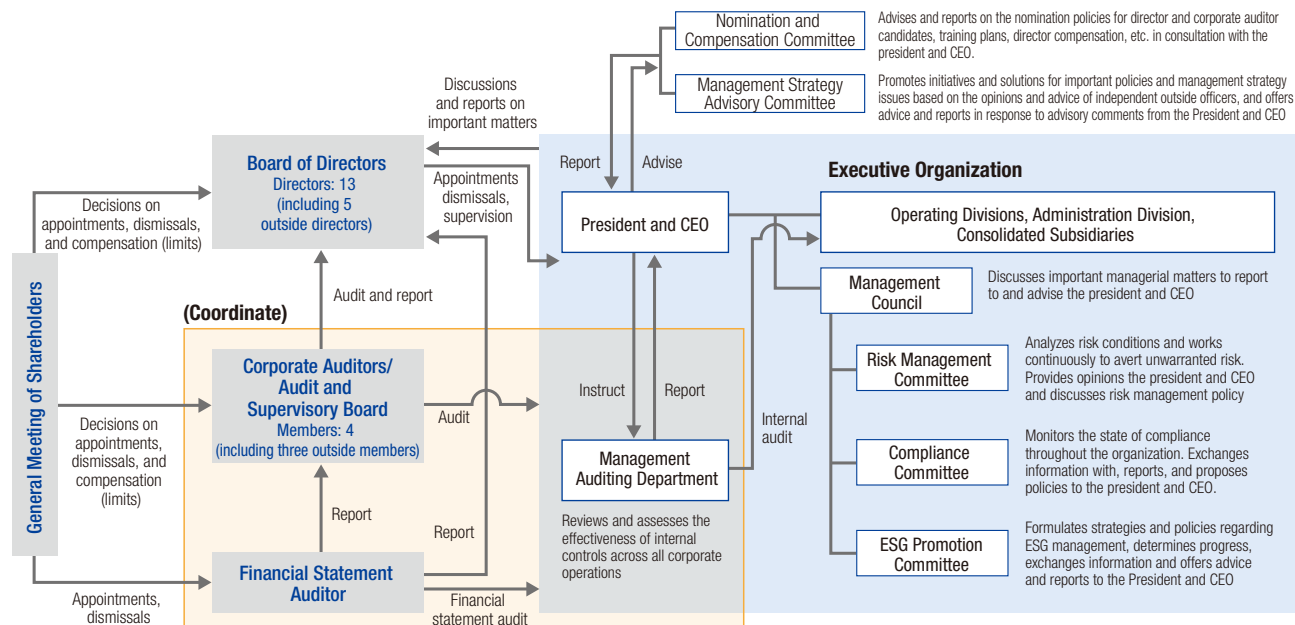
In addition to these mechanisms, we strive to disseminate information through committees led by

● Corporate Governance Structure Guidelines

| | |
|----------|--|
| 1 | We provide a consistent and fair environment to support shareholder rights and the execution of said rights. We work in cooperation with shareholders toward the goal of sustainable growth. |
| 2 | Our board of directors and senior management exercise proper leadership in fostering a corporate culture that respects the rights and perspectives of customers and stakeholders, conducts business activities ethically, and engages in a positive approach to ESG activities. |
| 3 | We have created a Disclosure Policy and Rules for Managing Information Disclosure to address disclosure of financial and nonfinancial information. Guided by these policies, we ensure transparency and fairness through appropriate and clear information disclosure. |
| 4 | Our board of directors consists of individuals well-versed in the retail business, helping AEON MALL capitalize on our background as a retail developer. We appoint independent outside directors to strengthen our supervisory function and conduct highly transparent business. Our board of directors determines important strategies and measures to achieve our long-term vision and medium- and long-term plans. |
| 5 | We incorporate feedback and input received through constructive dialogue with shareholders to improve our corporate value. |

general managers or other managers below the rank of representative director. The purpose of these committees is to ensure efficient business activities. AEON MALL has adopted a corporate auditor system led by outside members of the Audit and Supervisory Board. The board works in coordination with outside financial statement auditors and the Management Auditing Department as part of a structure ensuring a sufficient audit function. Each member of the Audit and Supervisory Board attends board of director meetings, while full-time members of the Audit and Supervisory Board are always present at meetings of the Management Council.

● Corporate Governance Organization Chart (as of May 20, 2021)



Adopting the Corporate Governance Code

At AEON MALL, we strive for higher levels of corporate governance to improve management efficiency, practice sound business management, and grow our corporate value. Specifically, we achieve greater effectiveness in corporate governance through efforts to improve our organization and systems, as well as initiatives to encourage our employees. We implement the principles of Japan's Corporate Governance Code, and we will continue to reach for higher levels of corporate governance.

See the AEON MALL corporate website for more about our Corporate Governance Report and progress to date.

► https://www.aeonmall.com/en/ir/c_governance.html

Internal Controls System

■ Basic Policies and Organization for Internal Control Systems

AEON MALL emphasizes compliance and respect for the AEON Code of Conduct, fostering improving relations with local communities and meeting our social responsibilities. We have established a Compliance Committee, which is chaired by the general manager of Administration Division. The role of this committee is to ensure group compliance with laws, regulations, our corporate charter, and internal rules. The committee is also responsible for identifying problems and advancing discussions to resolve said problems. Committee proceedings are reported to the Management Council, and matters of note are elevated to the board of directors. Additionally, we have set up the AEON MALL HR 110 helpline as an internal reporting contact point

to protect whistleblowers. Our subsidiaries have helplines that mirror the AEON MALL system. Where unacceptable behavior is proven, we take disciplinary action according to internal rules. We (or the department in question) also draft measures to prevent recurrence, shared for company-wide implementation. The Compliance Committee also receives a report of the measures. The internal audit division determines whether the company and subsidiaries are managed appropriately. The division conducts audits based on Internal Audit Rules, presenting the results to the CEO and full-time members of the Audit and Supervisory Board according to the Internal Audit Rules.

■ Operational Status of Internal Control Systems

AEON Mall determines whether our internal control systems function based on a checklist to ensure appropriate operations. The following is a summary of the principle operational status of the company's internal control systems for the period under review. Drawing on the results of the risk survey we conducted in fiscal 2016 and our responses to major incidents, new business domains, and environments, we are building a more effective risk management system by classifying risks according to importance and the need to take countermeasures. We also hold intensive discussions in our Risk Management Committee regarding initiatives implemented by departments responsible. We take measures in advance to mitigate the severity of fires and natural disasters by focusing on safety measures. The company has set up a new Information Security Committee in response to the

Pursuing ESG-Based Management

Corporate Governance

growth of digitalization and stronger information security measures. This committee has started to hold meetings in conjunction with the Risk Management Committee.

To prevent violations of laws, regulations, and internal rules that pose compliance risks, the Compliance Committee discusses case studies of past violations that have occurred within the company. In this way, we develop measures to prevent recurrence. Discussions during the period under review have centered on measures to prevent harassment in response to changes in relevant laws. We have also addressed approaches to improving workplace environments when AEON Mall properties undergo renovation. To prevent harassment, discussions focused on the status of whistleblowing, the results of morale surveys, and the implementation of compliance training. By reporting the results of these deliberations to the Management Council and the board of directors, we strive to develop more effective initiatives to prevent harassment.

Managing Board of Director Meetings

In addition to holding regular board of director meetings monthly, AEON MALL convenes extraordinary meetings of the board of directors as deemed necessary. Decisions encompassing substantial risk threatening far-reaching impact on the group are brought to the Management Council for discussion. These decisions are then approved by the CEO and/or by resolution of the board of directors. Executive authority is delegated along with clear management accountability according to Rules for Organization Management, Rules for Segregation of Duties, Rules of Jurisdiction, Rules for Approval Requests, and Rules for Management of Affiliates.

Strengthening Our Organization to Improve Global Governance

The AEON MALL Group strives to achieve further improvements in global governance. In 2018, we implemented a level of internal control systems in China which are comparable to the systems in Japan. We have also formed a Risk Management Committee and Compliance Department in China. Our Internal Audit Department in China works to strengthen internal control systems in cooperation with the Internal Audit Department in Japan. Risk assessments by the Risk Management Committee were also conducted in ASEAN countries in fiscal 2018. We began building internal control systems in ASEAN in fiscal 2019.

Outside directors inspect our overseas properties in person once or twice annually. Outside directors provide a wide range of advice on the cultivation of human resources,

overseas governance, rule-making, and useful case studies.

Through these efforts, we strive to respect human rights and strengthen compliance.

Criteria for Appointing and Dismissing Officers

The president and CEO proposes director candidates according to the following criteria. The Nomination and Compensation Committee, which consists mainly of Independence outside directors, discusses nominations, which are then presented to the board of directors as agenda items for the general meeting of shareholders. The board makes the necessary resolutions which are submitted to the general meeting of shareholders for approval.

(Policies for the nomination of director candidates)

- Internal directors must have the ability, knowledge, experience, and achievements required for their field of specialization. These individuals must also have a sense of balance and judgment that enables them to understand and act across all aspects of business operations.
- Outside directors must have abundant experience and insight in professional specialization. These individuals must have sufficient time to carry out their duties as company directors and possess qualities to provide independent advice and recommendations on the appropriateness of decision-making by the board of directors.

Nominations of candidates for member of the Audit & Supervisory Board are proposed by the president and chief executive officer according to the standards as provided below. Nominations are determined by board resolution after discussion with the Audit & Supervisory Board, and are presented to the annual general shareholders' meeting for approval.

(Policies for the nomination of Audit and Supervisory Board candidates)

- Candidates must be aware of business issues based on experience in general business management.
- Candidates must have no interests or business relationships that may affect their execution of duties as a member of the Audit and Supervisory Board.
- Candidates must have considerable knowledge of finance and accounting, or skills, expertise, and experience in a specialized field.

The board of directors elects a CEO who will contribute to effective corporate governance and sustainable growth in medium- and long-term corporate value. The appointment and dismissal of the CEO is decided by a resolution of the board of directors. A candidate for CEO must have an appropriate breadth of experience, insight, and advanced expertise.

The CEO must also have managerial ability and leadership skills sufficient to achieve continuous growth in the company's business.

● Reasons for Election

| Name | Reasons for Election |
|--------------------------|---|
| Yasutsugu Iwamura | Since joining the company, Yasutsugu Iwamura has developed knowledge related to global business management and administration, including management experience at AEON MALL Vietnam, which is one of the company's important areas of development and business overseas. He was named president and CEO in 2020, and in this role he has contributed to improved corporate value at AEON MALL, making decisions on important management matters and overseeing the execution of our businesses. During fiscal 2020, Mr. Iwamura demonstrated leadership and drove our businesses toward continued corporate value growth in the midst of the COVID-19 pandemic and changing business environment. Accordingly, the company has appointed him for another term as director to achieve our Vision for 2025 and our medium-term management plan. |
| Mitsuhiro Fujiki | Since joining the company, Mitsuhiro Fujiki has engaged primarily in the administration and operation of shopping malls. Currently, as general manager of the Customer Experience (CX) Creation Division, he plays a central role in maximizing the value of our real-world spaces and creating new value offerings through local community solutions and new initiatives in collaboration with store association members. Accordingly, the company has appointed him for another term as director. |
| Hisayuki Sato | Hisayuki Sato has been engaged in development projects in Japan and China, and also has experience in managing local entities in China. Currently, as general manager of the Development Division, he strives to enhance corporate value by pursuing new business formats such as mixed-use development, utilizing his extensive expertise in development, as well as his achievements and contributions in overseas business management. Accordingly, the company has appointed him for another term as director. |
| Masahiko Okamoto | Masahiko Okamoto has engaged in personnel and general affairs. Based on the expertise and experience that he gained, he has served as director, general manager of the Administration Division since 2018. He is involved in personnel training and compliance with the Corporate Governance Code, and is in charge of promoting and strengthening our internal controls and risk management in Japan and overseas. Accordingly, the company has appointed him for another term as director. |
| Hiroshi Yokoyama | Hiroshi Yokoyama has experience with real estate operations at a financial institution and, since joining the company, has engaged in finance and accounting operations. He currently serves as general manager of the Finance & Accounting Division. Mr. Yokoyama has extensive achievements and experience related to real estate development and finance, and he has steadily pursued measures to accelerate our global expansion and strengthen our cash generation capabilities. Accordingly, the company has appointed him for another term as director. |
| Motoya Okada | AEON Co., Ltd. and AEON Group companies recognize that shareholders benefit when we maximize synergies through close collaboration, while respecting autonomy and originality. Motoya Okada has extensive experience and abilities as a manager in enhancing the effectiveness of group strategies and managing sound company business. Accordingly, the company has appointed him for another term as director. |
| Akiko Nakarai | Since joining the company, Akiko Nakarai has engaged primarily in the administration and operations of shopping malls. Currently, she serves as executive manager of the Marketing Management Department. Ms. Nakarai strives to improve customer convenience and the value of customer experience through apps, etc., using her expertise in all aspects of sales, digital technologies, and management experience at company subsidiaries. Accordingly, the company has appointed her for another term as director. |
| Tatsuya Hashimoto | Since joining the company, Tatsuya Hashimoto has engaged primarily in the administration and operations of shopping malls. Currently, he serves as China Business Manager. He has expertise in all aspects of sales, and he demonstrates leadership as China Business Manager, striving to offer new value through the pursuit of digital technologies. Accordingly, the company has appointed him for another term as director. |

| Name | Reasons for Election |
|---------------------------|--|
| Kunihiro Koshizuka | In addition to serving in posts related to technology strategies, new business creation, and large-scale acquisition projects, Kunihiro Koshizuka also possesses expertise, knowledge, and experience in digital science and technology cultivated as an engineering professional. Our expectation is that he is capable of offering appropriate advice and supervision regarding management issues, businesses that produce future ways of living for a new era, and promotion of digital transformation. Accordingly, the company has appointed him for another term as director. |
| Yasuko Yamashita | Yasuko Yamashita possesses expertise in accounting developed through experience as certified public accountant and work experience in an audit corporation, as well as experience in director and Audit & Supervisory Board member roles at other companies, being capable of offering advice and management supervision. Accordingly, the company has appointed her for another term as director. |
| Hironobu Kurosaki | As the chief responsible party (president) of and through activities of at overseas local subsidiaries, Mr. Hironobu Kurosaki has built experience and expertise in management related to building structures and growing businesses. He has developed knowledge of overseas risk management through assignments abroad in developing nations. We expect Mr. Kurosaki to leverage his experience and skills to offer appropriate advice and management supervision related to high profit growth in overseas businesses, which is an important management issue for the company. Accordingly, the company has appointed him as a new director. |
| Junko Owada | Junko Owada has deep knowledge in a number of personnel recruitment education-related areas, including human resources utilization, personnel solutions, diversity, and work-style reform. We expect that she will leverage her experience and achievements as an advisor and consultant in IT and personnel solutions to offer advice on diversity and work-style reform, which are important issues for the company. Accordingly, the company has appointed her as a new director. |
| Chisa Enomoto | Chisa Enomoto has abundant experience and achievements as a leader at multiple companies, including multinational firms, and she possesses a broad network and scope of activities, including initiatives at universities and positions as an outside director to other companies. We expect that she will offer advice from a multifaceted point of view, based on her broad knowledge regarding information disclosure and brand strategy promotion, which are important issues for the company. Accordingly, the company has appointed her as a new director. |
| Maki Watanabe | Maki Watanabe has extensive experience in accounting at AEON Co., Ltd. and has served as an Audit and Supervisory Board member at various AEON Group companies. We believe she will continue to contribute her expertise and experience to AEON MALL management. Accordingly, the company has appointed her as an outside member of the Audit and Supervisory Board. |
| Takao Muramatsu | Takao Muramatsu contributes advice and oversight based on his extensive knowledge in tax matters stemming from his experience at the Regional Taxation Bureau, as well as his experience as a director and member of the Audit and Supervisory Board at other companies. He will continue to contribute his expertise and experience to AEON MALL management. We have determined that, although he lacks past involvement in direct corporate management, for the reasons outlined above, he will discharge his duties as an outside member of the Audit and Supervisory Board, and we have nominated him accordingly. |
| Emi Torii | Emi Torii is an attorney having experience and specialized knowledge of corporate legal affairs. We believe she will continue to contribute her viewpoint as a legal expert for the benefit of AEON MALL. We have determined that, although she lacks past involvement in direct corporate management, she will discharge her duties as an outside member of the Audit and Supervisory Board, and we have nominated her accordingly. |
| Masato Nishimatsu | Masato Nishimatsu has a broad knowledge and expertise gained in AEON Group companies, based upon which he will provide supervision and effective advice regarding company management. Accordingly, we have appointed him as a member of the Audit and Supervisory Board. |

Pursuing ESG-Based Management

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Independence Standards

AEON MALL complies with the independence standards established by the Tokyo Stock Exchange for the appointment of independent outside directors. We have designated seven outside directors (five directors and two members of the Audit and Supervisory Board) as independent officers, filing our designations with the Tokyo Stock Exchange.

■ Independence Standards for Outside Directors

1. Candidates must not have served as an executive officer of any of the company's group companies in the 10 years prior to appointment as an outside director.
2. Any individuals who have served as a director, accounting specialist, or as an Audit & Supervisory Board member of the company and/or its subsidiaries at any time in the 10 years prior to appointment (excluding those who have served as Aeon Mall Group Executives) have not served as an executive officer of the company and/or its subsidiaries for a period of 10 years prior to appointment as director, accounting specialist, and/or Audit & Supervisory Board member.
3. Candidates must not fall under any of the following conditions:
 - (1) Individuals who serve as directors, executive officers, managers, or other employee of the AEON MALL parent company or subsidiary of the AEON MALL parent company (excluding AEON MALL or AEON MALL subsidiaries)
 - (2) Individuals who are spouses or relatives within the second degree of kinship of an AEON MALL Group executive
4. Candidates must not fall under any of the following conditions:
 - (1) An individual regarded as a major customer or executive officer of a major customer of AEON MALL or subsidiaries (a customer representing one percent or more of the AEON MALL's consolidated sales for the most recent fiscal year)
 - (2) A major customer or executive officer of a major customer of AEON MALL or subsidiaries
 - (3) A consultant, accounting expert, or legal expert receiving from AEON MALL or subsidiaries a sum, other than corporate officer remuneration, of ¥10 million or more in monetary or other property
5. Candidates must not fall under any of the following conditions for three years prior to appointment:
 - (1) Any conditions provided under 4.(1) to (3)
 - (2) Executives or non-executive directors of the AEON MALL parent company
 - (3) Executives of a subsidiary of the AEON MALL parent company (excluding AEON MALL or AEON MALL subsidiaries)
6. Spouse or relative within the second degree of kinship of an individual falling under any of the following conditions:
 - (1) Any conditions provided under 5.(1) to (3)
 - (2) AEON MALL Group executives
 - (3) Executives or non-executive directors of the AEON MALL parent company
 - (4) Executives of a subsidiary of the AEON MALL parent company (excluding AEON MALL or AEON MALL subsidiaries)
 - (5) Individual who has served as an AEON MALL Group executive with in three years prior to his or her appointment

Board Member Training Policies, Outside Director Support System

AEON MALL provides senior manager training and other opportunities for directors and members of the Audit and Supervisory Board to cultivate stronger leadership skills and strategic business thinking, as well as to gain a stronger understanding of compliance and governance. These trainings include seminars for newly appointed officers and top company management.

Newly appointed outside directors and outside members of the Audit and Supervisory Board are provided with mall tours and training to develop an understanding of the industry, history, businesses, financial situation, strategies, and organization of the AEON MALL Group and the AEON Co., Ltd. Group. The Company provides overseas tours of business operations at least once per year to outside directors and outside members of the Audit & Supervisory Board. The purpose of these tours is to deepen an understanding of our overseas strategy, which is a foundational part of our corporate policy.

The General Affairs department provides support to outside directors and outside members of the Audit and Supervisory Board. In addition, the department assigns one staff members responsible for assisting members of the Audit and Supervisory Board (including outside members). To ensure effective discussions within the limited time of board of director meetings, we provide directors with agenda materials and explanations prior to meetings, as well as other appropriate information when deemed necessary.

Succession Plan

We have established Nomination and Compensation Committee, consisting mainly of outside directors, to investigate training and other programs addressing standards, career paths, and training necessary for individuals with management responsibility (including candidates). Combined with board of director meeting deliberations, the system is designed to ensure highly transparent and fair procedures.

Evaluating Board of Director Effectiveness

To ensure effective and strong corporate governance, the company verifies the degree to which directors contribute to the board of directors. Further, the board of directors itself analyzes and evaluates its own effectiveness by identifying issues and implementing improvements.

1. Analysis and Evaluation Process

The company conducts questionnaire-based self-assessments regarding the effectiveness of the board of directors, working with third-party organizations to analyze the responses obtained. Responses are also verified and discussed at meetings of the board of directors through an exchange of opinions and discussions led by outside directors.

2. Overview of Analysis and Evaluation Results

Board of director meetings function appropriately. Board meetings follow proper agendas and allow sufficient time for active discussions among directors and corporate auditors who have a diverse background of opinions and experiences.

3. Response Going Forward

AEON MALL strives to enhance the quality of deliberations conducted by the board of directors and the board's effectiveness by working to improve global governance and risk management to support appropriate risk-taking as we expand the scale of our overseas operations. Moreover, the company implements measures to improve the functions of the board of directors.

Officer Compensation

Director compensation consists of a base component and a performance-linked component, the maximum amounts of which are determined via resolution at the general meeting of shareholders. Payments are made within the scope approved and in consideration of job responsibilities, earnings performance, and other factors.

The Nomination and Compensation Committee focuses mainly on outside directors and reviews the adequacy of director evaluations, compensation rates and levels, and specific compensation amounts. Compensation for members of the Audit and Supervisory Board is made within the scope approved at the general meeting of shareholders, subsequent to negotiations with said members.

● Compensation for Directors and Audit & Supervisory Board Members (FY 2020)

| Classification | No. of Officers | Amount of Compensation (thousands of yen) |
|--|-----------------|---|
| Directors (No. of outside directors) | 16 (4) | 235,835 (19,800) |
| Audit & Supervisory Board Members (No. of outside members) | 3 (3) | 23,880 (23,880) |
| Total (No. of outside directors) | 19 (7) | 259,715 (43,680) |

Note 1: Data to the left does not include one director and two member of the Audit and Supervisory Board.

2: Resolutions of the General Meeting of Shareholders

Directors Maximum monetary compensation

¥600 million per year

Maximum stock-linked compensation

¥100 million per year

(Resolutions of the General Meeting of Shareholders held Thursday, May 17, 2007)

Corporate auditors Maximum compensation

¥50 million per annum

(Resolutions of the General Meeting of Shareholders held Wednesday, May 8, 2002)

3: Total compensation shown to the left includes the following:

- The projected bonus amount for directors is ¥75,400,000 (for 11 directors who were current as of February 29, 2020; one director without pay and two outside directors not included)
- Stock option compensation: ¥25,062,000 (for 10 directors as of May 10, 2019, one director without pay and two outside directors are not included)

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Cross-Shareholdings

The Aeon Mall policy on cross-shareholding is to hold shares for the purpose of contributing to improved Aeon Mall Group corporate value over the medium and long term. This policy considers a number of factors including business strategy and business relationships. Our board of directors meets to review individual cross shareholdings on an annual basis, considering the purpose for holding shares, risks involved in holding shares, the cost of capital, and other economic rationale on a comprehensive basis, determining the reasonableness for cross-shareholdings. We consider selling shareholdings when deemed as having little significance, considering the impact of such sales on the markets. We disclose the results of such sales publicly. When exercising voting rights of cross-held shares, we verify whether each proposal contributes to the medium- and long-term improvement in Aeon Mall corporate value and whether said proposal holds the potential to damage our corporate value. As necessary, we hold discussions with the issuing company as part of our overall decision-making process.

Policy on Measures to Protect Minority Shareholders in Conducting Transactions with the Controlling Shareholder

Aeon Co., Ltd. is the parent company of the Company, holding 58.22% of the Company's voting rights (as of February 28, 2021).

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

AEON MALL works with Aeon Co., Ltd. and its subsidiary, general retail operator AEON Retail Co., Ltd., as well as other group companies, conducting shopping mall management and operations in various regions. While AEON MALL signs building lease agreements with AEON Retail Co., Ltd., we enter into agreements will transaction terms similar to general agreements of the type in question. Therefore, we recognize that we have secured a certain degree of independence from Aeon Co., Ltd. and group companies.

Related-Party Transactions

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

We carefully investigate in board of director deliberations whether competitive transactions by directors and transactions involving conflicts of interest with directors and AEON MALL infringe on the interests of AEON MALL or our shareholders. Our investigations include consulting with experts regarding the reasonable nature of the transactions in question. We ensure fairness in this process through a number of means, including recusing directors having special interests in transactions with AEON MALL from voting in the resolution.

When we enter into transactions with related parties, we clarify the identity of such parties in our Related Party List according to the provisions of our Rules for Managing Related Party Transactions. We ensure objectivity in transaction terms through rules that include providing comparison tables in period-end financial reports that show examples of transactions with non-related parties. According to the importance and nature of the transaction in question, we comply with our Authority Rules in soliciting opinions from outside directors and members of the Audit and Supervisory Board during board of director meetings regarding the rationality (business purpose) and reasonable nature of the transaction terms. On an annual basis, we investigate the rationality and reasonableness of transactions, issuing a report on the annual increase or decrease in transactions with related-party companies.

Compliance Promotion System

The Company emphasizes compliance and respect for the Aeon Code of Conduct, fostering improving relations with local communities and meeting the Company's social responsibilities. In addition, in order to prevent bribery, we are improving our internal structures within the Group and conducting education based on the Basic Rules for the Prevention of Bribery.

AEON MALL has established a Compliance Committee, which is chaired by the general manager of Administration Division. The role of this committee is to ensure group compliance with laws, regulations, our corporate charter, and internal rules. The committee is also responsible for identifying problems and advancing discussions to resolve said problems. Committee proceedings are reported to the Management Council, and matters of note are elevated to the board of directors.

The company has established a help line (*Aeon Mall Hotline*) for internal reporting. The company's labor union has likewise established its own *Kumiai 110* help line. Subsidiaries have also established help lines equivalent to the company's. We ensure privacy protection for users of this help line and that they are not penalized. Additionally, we investigate any problems reported to the company through this help line. 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.

Initiatives to Prevent Corruption

All executives and employees ("Group Executives and Employees") agree that the group will not pursue profit through bribery or other fraudulent means under any circumstances.

Although group officers and employees abide by internal rules and regulations established by AEON MALL and each group company, each individual in our group promises to consider, judge, and take action in line with social justice when asked to comply with a demand by public officials or others.

Group executives and employees must not damage our corporate culture by furnishing benefits, paying expenses, making donations, or providing aid for improper purposes. Executives and employees must also refrain from improper behavior that could impede the healthy advancement of any particular country or region. Finally, executives and employees recognize that any such behavior will have an adverse effect the group's approach to compliance.

Group officers and employees affirm their strong commitment and dedication to high ideals, approaching anticorruption in a serious and sincere manner.

Toward the implementation of these principles, AEON MALL has established the Basic Rules for the Prevention of Bribery. Officers and employees of the group comply with and follow these rules as a code of conduct.

To instill and enshrine corporate ethics in our company, we provide training to directors and employees at every level of our organization. We also incorporate corporate ethics into the behavior evaluation sections of our goal management system.

Communications with Shareholders and Investors

■ Disclosure policy publication

AEON MALL has created a disclosure policy (IR Information Disclosure Policy) publishing our basic policy, information disclosure criteria, information disclosure method, and investor relations quiet periods.

▶ <https://www.aeonmall.com/en/ir/index.html>

■ Regular information meetings for individual investors

We conduct information meetings for individual investors.

■ Regular information meetings for analysts and institutional investors

We conduct information meetings on a quarterly basis.

These meetings are presided over by the CEO and director in charge of investor relations.

■ Regular information meetings for overseas investors

In addition to preparing an English version of our integrated report, we also publish an English version of our investor relations website and make various materials available in English simultaneously with Japanese. AEON MALL has established a Compliance Committee, which is chaired by the general manager of Administration Division. The role of this committee is to ensure group compliance with laws, regulations, our corporate charter, and internal rules. The committee is also responsible for identifying problems and advancing discussions to resolve said problems. Committee proceedings are reported to the Management Council, and matters of note are elevated to the board of directors.

■ Investor Relations website

AEON MALL publishes financial data, timely disclosure documents, securities reports, quarterly financial results, communications to shareholders, and audio broadcasts of financial results briefings via our corporate website.

■ Investor relations department and manager

The AEON MALL IR Group is positioned under the Strategy Department and is responsible for company disclosures. (Tel. +81-43-212-6733)

■ Other

AEON MALL conducts individual meetings with domestic and overseas investors and securities analysts. We also offer mall tours in Japan and overseas on a regular basis.

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Risk Management

■ Risk Management Promotion System

The Company's president and CEO is the executive officer responsible for risk management under the Group's rules and other systems for managing risk of loss. The executive director over each business unit is responsible for risk management at the business unit level. This structure provides a system and environment ensuring business continuity and the safety of human life. The group has created Risk Management Rules to prevent crises or minimize damage in the event of a crisis, striving to reduce risk and mitigate any damages.

Specifically, we have selected risk categories having a high impact on the Group and have established departmental teams to address risk management by category. As each team executes PDCA cycles for risk measures, we strive to prevent damage to our brand value and improve overall corporate value by managing the risk of loss for the Group as a whole.

Furthermore, in the event of an emergency presenting a risk of significant loss, we engage in appropriate information sharing and decision-making according to our Risk Management Rules, taking proper steps to minimize damages.

■ Establishment of the Risk Management Committee and Overview of Activities

The Company has established the Risk Management Committee, chaired by the HQ general manager. The purpose of this committee is to maintain and improve risk management systems, including determining the status of risk management operation across the Group and reviewing

risk management systems on a continual basis. The details of this committee are as follows. 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.

Furthermore, for crises that require same-day judgment, e.g., during an earthquake, a separate emergency response office will be established to provide a rapid, appropriate initial response, to prevent escalation, and to aid an early resolution.

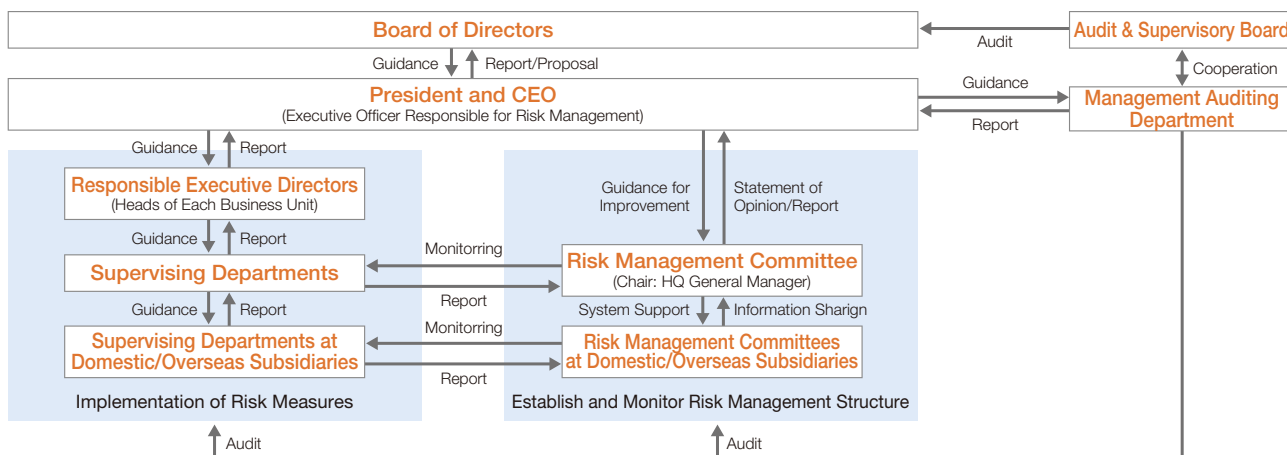
Over the most recent three years, the Risk Management Committee held activities approximately five times each year, with the committee reporting to the board of directors at the beginning of each fiscal year (March) regarding details of initiatives in the previous fiscal year and policy regarding initiatives in the current fiscal year. Domestic and overseas subsidiaries such as OPA Co., Ltd. and companies outside Japan have establish Risk Management Committees by country. The details of committee deliberations are shared with the Company's Risk Management Committee.

The members of the Company's Risk Management Committee are as follows.

- Chair: HQ general manager
- Members: A) Heads of supervising departments for risk response as defined in the Risk Management Rules
B) Persons nominated by the chair
- Secretariat: Legal Department

(Note) In order to improve the effectiveness of the risk management system, a responsible member will be selected within the department leading prevention of and response to a given high-impact risk for the Group.

● Risk Management Promotion System Diagram



Risk Management Process

To carry out efficient and effective management of various risks, the Risk Management Committee identifies risk items that affect the Group in particular. The committee then makes recommendations to the president and CEO regarding systems for managing said risks. Subsequently, a department to be in charge of handling each risk item is selected. These departments are responsible for planning, executing, and reviewing risk measures, while the Risk Management Committee and internal audits are conducted to monitor the implementation status of the executive body, assessing risk measure effectiveness.

We categorize risks under one of three categories (management strategy risk, compliance risk, other risk) according to the nature of the risk to consider and

monitor the progress of risk measures at each department related to the risk in question. A director in charge of management strategy risk is designated in accordance with the category. This individual reports the progress of risk measures to the board of directors on a quarterly basis. Compliance risks are reported at the Compliance Committee, and other risks are reported at the Risk Management Committee, with details and progress of risk measures discussed as necessary. All risk measures for each risk item are eventually aggregated and managed by the Risk Management Committee.

The implementation of risk measures is decided and carried out after internal approval by the respective supervising department for risk response.

Diagram of Risk Management Process



Identifying Risk

When identifying risks, we narrow risks to those that impact the Group according to their nature. Our identification method is as follows.

Identifying risks

We conduct risk surveys (questionnaires and interviews) with directors, Audit & Supervisory Board members, and employees, assessing risks quantitatively and qualitatively.

Using a risk map to assess risks

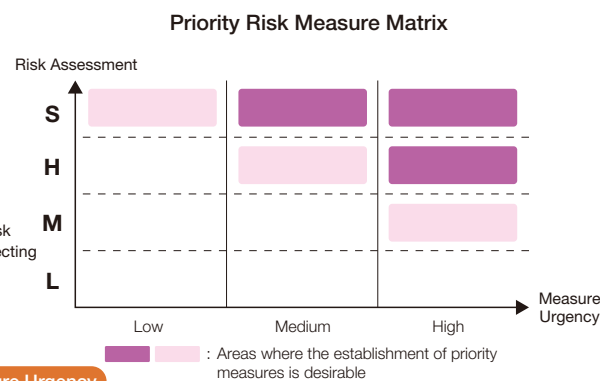
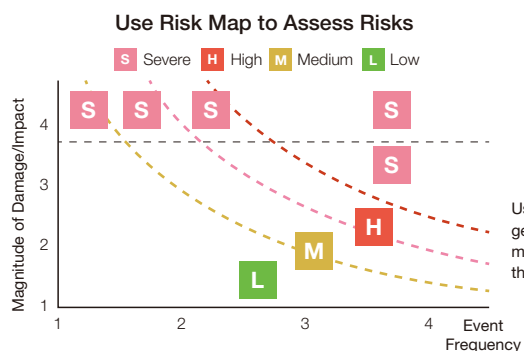
Based on the results of risk surveys, we create a risk map based on the frequency and magnitude of damage or impact of

each risk. We evaluate risks and identify those risks that require countermeasures.

Establishing priorities using a priority risk measure matrix

Based on the status of existing measures for identified risks, we create a priority risk measure matrix based on the need for measures, identifying the risks that should be prioritized.

Based on the preceding, we have identified 92 risk items and have adopted risk measures according to priority. Risk assessments will change as our business environment changes. Therefore, priority risks measures will be updated as necessary in parallel with risk surveys.



Risk Assessment

Assess risks and categorize across four levels (Severe, High, Medium, Low) based on risk map location. Risks categorized at higher levels with greater frequency and magnitude of damage/impact

Other

Other matters identified in interviews

Measure Urgency

(Assessed by the Company based on interviews and other methods)

- Risks for which suggestions to revise assessment upward has been indicated in interviews

- Risks for which measures may have room for improvement

Low: Requires verification of measure effectiveness

Medium: Requires steady measure implementation and verification of effectiveness

High: Requires rapid response

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Business and Other Risks

Based on the latest business environment in Japan and overseas, we have identified risks that may impact the Group's business activities and that require company-wide management. Of the risk items identified according to risk map assessment and priority risk measure matrix, certain risk items requiring risk assessment and measures in particular. In addition to these risks, risk items other than those identified that may have a potential material impact on investor decisions. We categorize those risks as follows.

| Type | Risk Item | Risk Assessment | Measure Urgency |
|---------------------------|---|-----------------|-----------------|
| Business strategy risks | a. Risks related to changes in the business environment | S | High |
| | b. Risks related to real estate development and investment | S | High |
| | c. Risks related to securing and cultivating human resources | S | High |
| | d. Risks related to transactions with AEON Co., Ltd. and its affiliates | ☆ | ☆ |
| | e. Risks related to statutory regulations | ☆ | ☆ |
| Risks related to finances | f. Impairment risks | S | High |
| | g. Risks related to capital procurement, interest rate fluctuations, and exchange rate fluctuations | S | Medium |
| Operational risks | h. Risks related to the occurrence of natural disasters, accidents, and terrorism | S | High |
| | i. Risks related to the occurrence of war, civil disorder, and coup d'état | S | High |
| | j. Risks related to the spread of infectious diseases | S | High |
| | k. Risks related to information security | ☆ | ☆ |

☆: Risk items that may have a material impact on investor decisions.

Business Strategy Risks

a. Risks related to changes in the business environment

| | | | | | | | | | | |
|-----------------|---|---|---|---|---|-----------------|------|--------|-----|---|
| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|-----------------|---|---|---|---|---|-----------------|------|--------|-----|---|

| Risk Scenarios | Measures |
|---|--|
| <p>In the Group's external business environment, certain overseas retail markets exhibit high growth potential due to strong economic development. However, there concerns exist related to accelerate store openings by competing developers and slowdown in growth due to global economic recession. Japan is experiencing changes in demographics and family structures due to population decline, low birthrates, and an aging population. In addition, there are ongoing changes in consumer behavior, including the expansion of e-commerce, an orientation toward savings, and the rise of the sharing economy.</p> <p>Major tenants of malls managed and operated by the Group are retail and service companies, which tend to be sensitive to economic and personal consumption trends. Therefore, economic downturns and intensifying competition with other real estate developers and retailers could result in a negative impact on the Group's business performance or financial position, including a worsening of tenant leasing terms or an increase in vacant spaces.</p> | <p>The Group's business is to provide solutions to issues faced by local communities and society, without being bound to the framework of a commercial facility. We aim to establish shopping malls that serve as a core facility and social infrastructure in their local communities.</p> <p>Overseas, economic policies continue to develop centered on the development of social infrastructure. Accordingly, we are pursuing property development and opening new locations in areas of advancing urbanization with high market growth potential. We strive to differentiate ourselves from competing developers by through competitive malls that leverage our expertise in mall management and operations cultivated in Japan.</p> <p>In Japan, we secure a market position as the dominant mall in each region, increasing our market share through localization efforts that include revitalizing floor space expansions that meet local needs and expanded regional infrastructure functions. In addition, we expand our business domains by diversifying development patterns according to local characteristics. These patterns include multi-function commercial facilities and innovative regional commercial facilities.</p> <p>In terms of leasing, we work to create attractive malls from the customer standpoint by attracting new tenants. We provide added value through new business formats, taking advantage of our relationships with tenant companies in Japan and overseas.</p> |

b. Risks related to real estate development and investment

| | | | | | | | | | | |
|-----------------|---|---|---|---|---|-----------------|------|--------|-----|---|
| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|-----------------|---|---|---|---|---|-----------------|------|--------|-----|---|

| Risk Scenarios | Measures |
|--|--|
| <p>Mall development requires significant time and investment prior to opening. Tasks include market research, site selection, negotiations with landowners, legal proceedings, mall construction, and tenant recruitment. Therefore, recouping investment requires a certain period of time. If the development schedule is delayed due to unseasonable weather, natural disasters, environmental pollution in the development area, delays in obtaining licenses, opposition from local residents, or other local factors, or if real estate prices rise, the cost of acquiring and renting real estate may increase, potentially having a negative impact on the Group's business performance or financial position.</p> | <p>The Group has put in place a system in which each department works together to manage the schedule and progress of future development properties, as well as to identify and analyze possible risk scenarios, formulating plans based on the most appropriate plan in terms of revenue and cost to achieve progress. In addition, for new location openings and floor space expansion revitalization in Japan and overseas, we make decisions after clearly identifying the department responsible for the business plan, and deliberate the appropriateness of the profit and loss plan and the feasibility of the return on investment based on operation under a clear investment profitability standard at meetings of the board of directors and the Management Council.</p> |

c. Risks related to securing and cultivating human resources

| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|---|---|---|---|---|---|--|------|--------|-----|---|
| Risk Scenarios | | | | | | Measures | | | | |
| <p>The Group is pushing forward with the creation of a foundation for the expansion of business bases and the strengthening of profitability in domestic business and overseas business in China and ASEAN, which are growth drivers. It will be necessary to secure and develop human resources who can demonstrate strong management skills and leadership from a global perspective.</p> <p>Particularly in Japan, the working population is decreasing due to declining birthrates and an aging population. If we are unable to secure and train the human resources necessary for business expansion, such may have a negative impact on the Group's business performance or financial position.</p> | | | | | | <p>In the belief that human resources are the greatest management resource for achieving sustainable growth, the Group seeks to become a company in which diverse human resources can enjoy healthy lives as they continue to demonstrate their talents. We pursue a growth strategy by investing in human resources to this end.</p> <p>We promote diversity management to respond to rapid social changes and innovate our business model. We are developing systems and work environments by which a diverse base of employees can express their individuality, demonstrate their capabilities, and play active roles.</p> <p>We have established a wide range of programs for the cultivation and education of our human resources. In addition to employee training based on position and level of growth, we offer personnel exchanges between Japanese and overseas locations to cultivate future leaders in our overseas business. We have also created the AEON Business School (ABS), a program for cultivating future top managers.</p> <p>We provide senior manager training and other opportunities for directors and members of the Audit & Supervisory Board to cultivate stronger leadership and strategic business thinking, as well as to gain a stronger understanding of compliance and governance. To ensure transparency and fairness in cultivating candidates for management, we also discuss the necessary standards, career plans, cultivation policies, and plans for managers at the Nomination and Compensation Committee, which consists of outside directors primarily.</p> | | | | |

d. Risks related to transactions with AEON Co., Ltd. and its affiliates (hereinafter, "AEON Group companies")

| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|---|---|---|---|---|---|-----------------|------|--------|-----|---|
| Risk Scenarios | | | | | | | | | | |
| <p>The role of anchor tenants with the ability to attract customers is extremely important in developing malls. We leverage our close relationship with our parent company AEON Co., Ltd. to arrange for AEON and AEON STYLE general merchandise stores, primarily operated by our subsidiary AEON Retail Co., Ltd., to serve as anchor tenants. Going forward, we anticipate that malls developed by the Group will continue to have AEON and AEON STYLE stores serve as anchor tenants. In this way, the relationship between the Group and AEON Co., Ltd. and AEON Group companies provides advantages in mall development in the form of a stable source of anchor tenants. On the other hand, the business performance, store opening policies, and store closure policies of these anchor tenants may have a negative impact on the Group's business performance or financial position.</p> <p>AEON Retail Co., Ltd. accounted for 11.7% of the Group's operating revenue for the fiscal year ended February 28, 2021, while the total of AEON Group companies other than AEON Retail Co. amounted to 10.9% of total operating revenue.</p> | | | | | | | | | | |

e. Risks related to statutory regulation

| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|--|---|---|---|---|---|-----------------|------|--------|-----|---|
| Risk Scenarios | | | | | | | | | | |
| <p>The Group coordinates initiatives with local municipalities to develop malls firmly rooted in local communities. However, owing to the City Planning Act and the Building Standards Act, construction of large retail facilities exceeding 10,000m² are in principle not possible except in those areas designated as commercial zones, neighboring commercial zones, or semi-industrial zones as designated by the aforementioned acts. Furthermore, to develop large shopping centers in un-zoned city planning areas or un-zoned areas within semi-approved city planning projects, either a zoning designation or an approval to relax site purpose requirements is needed from the relevant prefectural governor. Therefore, there is the potential that the Company's future plans for new malls could be affected by these legal restrictions.</p> <p>In the event of a revision that real estate-related tax policies are revised, higher costs associated with ownership, purchase, and sale of assets could have a negative impact on the Group's business performance or financial position.</p> <p>Since the Group is expanding its overseas business in China and ASEAN, changes in statutory regulations regarding investment, trade, competition, taxes, foreign exchange, and other topics in countries and regions where new locations are opened could have a negative impact on the Group's business performance or financial position.</p> | | | | | | | | | | |

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Risks Related to Finances

f. Impairment risks

| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|---|---|---|---|---|---|---|------|--------|-----|---|
| Risk Scenarios | | | | | | Measures | | | | |
| <p>In the event of ongoing operating losses at malls due to significant worsening of the business environment, increasing vacancies due to tenant closures, etc., or due to a significant drop in market price of mall sites, the resulting impairment losses for fixed assets held by the Group for business purposes could have a negative impact on the Group's business performance, financial position, or creditworthiness.</p> | | | | | | <p>The Group formulates plans reflecting optimized costs and revenues after determining and analyzing possible risk scenarios. For investment projects over a certain amount, we also deliberate the appropriateness of the profit and loss plan and the feasibility of the return on investment at meetings of the board of directors and the Management Council. In this way, we strive to improve the accuracy of investment profitability plans.</p> <p>We verify the operating status of malls that have been opened at company-wide meetings. The results of investment profitability verifications for malls that have been open for a certain period of time are reported to the board of directors. For malls facing possible impairment loss, we form a response project team (value-building project team) to take action, primarily to improve profitability as we strive to reduce the risk of impairment.</p> | | | | |

g. Risks related to capital procurement, interest rate fluctuations, and exchange rate fluctuations

| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|---|---|---|---|---|---|--|------|--------|-----|---|
| Risk Scenarios | | | | | | Measures | | | | |
| <p>The Group procures capital to support mall development based on the Group's growth strategy, primarily via borrowings from financial institutions, the issuance of corporate bonds, leases, or capital increases. However, there instances may occur in which a destabilization in financial market conditions, worsening in the Group's business outlook, or deterioration in the Group's creditworthiness, etc., may result in the Group being unable to procure funding in a timely manner under desirable terms. In the event of an increase in market interest rates, the increased cost of capital for financing or refinancing mall development and higher rents paid to property owners under lease contracts could have a negative impact on the Group's business performance or financial position.</p> <p>In addition, the Group is expanding its overseas business in China and ASEAN, regions driving future growth. This expansion is leading to an increasing volume of foreign currency-denominated transactions in areas like materials procurement for overseas development properties. These transactions are affected by exchange rate fluctuations, which may have a negative impact on the Group's business performance or financial position.</p> | | | | | | <p>In principle, the Group procures capital at fixed interest rates and hedges exchange rate fluctuation risk in part by currency swaps. While we diversify the methods and sources of our capital procurement (borrowings), we make efforts to maintain and improve credit ratings by controlling our balance of interest-bearing debt, etc., to ensure needed financing facility. Furthermore, we have established commitment lines enabling immediate procurement of necessary working capital even during dramatic changes in the financing environment.</p> | | | | |

Operational Risks

h. Risks related to the occurrence of natural disasters, accidents, and terrorism

| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|--|---|---|---|---|---|---|------|--------|-----|---|
| Risk Scenarios | | | | | | Measures | | | | |
| <p>Since the Group conducts business both in Japan and overseas, the malls we manage and operate may suffer damage (including to damage to reputation), destruction by fire, deterioration, or other serious harm as a result of events occurring in the respective mall's country or region. These incidents include natural disasters such as large-scale earthquakes, typhoons, and torrential rains, as well as human accidents such as fire and power outages, and even acts of violence or terrorism that endanger human life. Such events could force a suspension of business, having a negative impact on the Group's business performance or financial position.</p> | | | | | | <p>The Group has established and is working to strengthen our risk response systems to minimize harm caused in the event of emergencies. We have established and communicated our crisis management administration rules and Risk Management Rules that address natural disasters, epidemics, accidents, etc. Furthermore, we conduct disaster prevention drills simulating large-scale earthquakes and terrorist attacks.</p> <p>Measures taken to protect buildings and facilities include seismic retrofitting and fire protection soffit slabs to mitigate harm in the event of a large-scale earthquake. We also install plate water stops in malls at risk of flood damage.</p> <p>The Group subscribes to fire insurance at all malls we operate, as well as profit insurance to cover lost rent and other expenses in the event of a fire, flood, or other large-scale disaster. The Group subscribes to earthquake insurance jointly with the AEON Group, striving to manage risks associated with earthquakes in an appropriate manner.</p> | | | | |

i. Risks related to the occurrence of war, civil disorder, and coup d'état

| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|---|---|---|---|---|---|-----------------|------|--------|-----|---|
| Risk Scenarios | Measures | | | | | | | | | |
| <p>Since the Group conducts business both in Japan and overseas, the malls we manage and operate may suffer damage (including to damage to reputation), destruction by fire, deterioration, or other serious harm as a result of events occurring in the respective mall's country or region, including war, civil disorder, and coup d'état. Such events may lead to long-term mall closures, wider vacancies due to the withdrawal of tenants in Japan and/or overseas, and costs incurred to rebuild damaged malls. This could have a negative impact on the Group's business performance or financial position.</p> | <p>Particularly when developing business overseas, the Group pursues business in partnership with local governments, local companies, and other business partners. We strive to collect information through close communication with these parties.</p> <p>We work to build a system by which we engage in appropriate responses, even in the event of an emergency. This system includes measures such as preparing various rules and manuals, e.g., the Risk Management Rules and emergency response manuals, conducting training based on business continuity plans (BCP) in each country, and educating employees on crisis management.</p> | | | | | | | | | |

j. Risks related to the spread of infectious diseases

| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|---|---|---|---|---|---|-----------------|------|--------|-----|---|
| Risk Scenarios | Measures | | | | | | | | | |
| <p>The Group is engaged in the mall business both in Japan and overseas. In the event of an outbreak of a large-scale and severe infectious disease in countries and regions where the Group operates malls, national or municipal government lockdown orders, requests to restrict activities, or other actions could limit customer movement outside their homes. Such developments could lead to changes in customer values and consumption behavior. In the event that the malls managed and operated by the Group are forced to close temporarily, to shorten business hours, or to change plans for mall openings, such may have a negative impact on the Group's business performance or financial position.</p> <p>The spread of COVID-19 has caused a slowdown in the global economy and changed customer lifestyles. As it is difficult to predict when the pandemic will subside, we expect uncertainty to remain as to the future business environment.</p> | <p>Based on the AEON COVID-19 Prevention Protocol, a standard for quarantine measures established by AEON to protect the health and livelihoods of tenants and Company employees, the Group continues to establish improved mall environments and operations in the interest of infection prevention measures. We view this as an opportunity to reinvent our business models and create malls that offer new concepts and service functions in the era of the new normal and in response to changing customer values and consumption behavior. We strive to create malls that respond to social change in Japan and overseas.</p> <p>We are also working to prevent the spread of infection through rigorous health management, including temperature checks, and we encourage telecommuting, so employees work in good health and safety. We pursue work efficiency through videoconferencing systems and improved remote work environments. We are also moving forward with initiatives toward work-style reforms.</p> | | | | | | | | | |

k. Risks related to information security

| Risk Assessment | S | H | M | L | ☆ | Measure Urgency | High | Medium | Low | ☆ |
|--|--|---|---|---|---|-----------------|------|--------|-----|---|
| Risk Scenarios | Measures | | | | | | | | | |
| <p>The importance of the Group's information systems within our overall business operations has increased dramatically. In the event of a large-scale natural disaster or similar occurrence, data centers could be damaged and information system operations could be interrupted.</p> <p>If the personal information of our customers or employees, confidential business information, or other information is leaked or altered as a result of cyberattacks or other unforeseen circumstances, the Group's social credibility may be damaged, and the Group may become responsible for paying significant compensation for damages. Such events could have a negative impact on the Group's business performance or financial position.</p> | <p>To address the risk of information system outages, we have backup data centers in standby operation at remote locations in addition to data centers in primary operation. By establishing a system allowing recovery, even in the event of failure at the primary data center, we have further strengthened our current business continuity plan (BCP), striving to minimize the impact of large-scale natural disasters on Group businesses.</p> <p>With respect to risks such as information leakage and alteration, we have implemented a number of measures against cyberattacks. These measures include antivirus software on work computers, logging tools for network communications, and limitations on the use of external recording media in work computers. We have also implemented a variety of measures in our operations. These measures include the latest security patches to applications and other software used, information security education programs for employees, and regular information system security checks.</p> | | | | | | | | | |

11-Year Financial and Non-Financial Highlights

Consolidated fiscal years beginning March 1 and ending the last day of February

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-----------|-----------|-----------|-------------|-------------|
| Consolidated Fiscal Year | | | | | |
| Operating revenue | 145,117 | 150,886 | 161,427 | 176,931 | 203,902 |
| Operating income | 39,651 | 40,656 | 41,743 | 42,227 | 41,872 |
| Operating margin (%) | 27.3 | 26.9 | 25.9 | 23.9 | 20.5 |
| EBITDA | 59,373 | 61,395 | 63,365 | 66,173 | 71,447 |
| Segment profit | | | | | |
| China | — | — | — | — | (3,529) |
| ASEAN | — | — | — | — | (944) |
| Japan | — | — | — | — | 46,346 |
| Net income attributable to owners of parent | 22,379 | 20,355 | 21,865 | 23,430 | 24,513 |
| Capital expenditure | 54,762 | 73,044 | 53,536 | 114,859 | 181,953 |
| Depreciation and amortization | 19,721 | 20,739 | 21,621 | 23,945 | 29,574 |
| Cash flows from operating activities | 53,007 | 23,248 | 63,226 | 44,382 | 76,152 |
| Cash flows from financing activities | (27,315) | 25,889 | 35,493 | 17,232 | 54,994 |
| Free cash flow | 17,100 | (45,075) | (6,525) | (2,761) | (51,353) |
| Cash and cash equivalents | 27,631 | 8,440 | 39,292 | 59,096 | 67,222 |
| Per-Share Data | | | | | |
| Net income | 123.55 | 112.37 | 120.70 | 106.96 | 107.58 |
| Net assets | 976.65 | 1,069.25 | 1,187.14 | 1,295.30 | 1,438.25 |
| Dividends | 20.00 | 21.00 | 22.00 | 22.00 | 22.00 |
| Consolidated Fiscal Year-End | | | | | |
| Total assets | 517,218 | 543,761 | 630,887 | 759,245 | 900,957 |
| Net assets | 177,617 | 194,474 | 217,776 | 298,526 | 332,536 |
| Equity | 176,896 | 193,683 | 215,046 | 295,124 | 327,708 |
| Interest-bearing debt | 143,691 | 179,911 | 220,146 | 190,366 | 253,798 |
| Financial Indicators | | | | | |
| Equity ratio (%) | 34.2 | 35.6 | 34.1 | 38.9 | 36.4 |
| ROE (Ratio of net income to equity) (%) | 13.4 | 11.0 | 10.7 | 9.2 | 7.9 |
| ROA (Ratio of net income to total assets) (%) | 4.4 | 3.8 | 3.7 | 3.4 | 3.0 |
| ROIC (Return on invested capital) (%) | — | — | — | — | 4.9 |
| D/E ratio (times) | 0.8 | 0.9 | 1.0 | 0.6 | 0.8 |
| Net D/E ratio (times) | 0.6 | 0.8 | 0.8 | 0.5 | 0.6 |
| PER (Price earnings ratio) (times) | 17.8 | 16.4 | 19.0 | 26.3 | 21.5 |
| PBR (Price book-value ratio) (times) | 2.2 | 1.7 | 1.9 | 2.2 | 1.6 |
| Non-Financial Indicators | | | | | |
| No. of malls (Japan/Overseas) | 56 (54/2) | 59 (57/2) | 64 (61/3) | 138 (133/5) | 148 (139/9) |
| New malls (Japan/Overseas) | 4 (3/1) | 3 (3/0) | 3 (2/1) | 7 (5/2) | 11 (7/4) |
| No. of reactivated malls (floor space expansion/renovation) | 12 (1/11) | 9 (1/8) | 5 (1/4) | 11 (0/11) | 8 (0/8) |
| No. of urban SCs | — | — | — | — | — |
| Total leasing area (m ²) | | | | | |
| Japan | 3,319,500 | 3,434,400 | 3,498,400 | 6,615,900 | 6,996,700 |
| Overseas | 108,000 | 108,000 | 170,000 | 283,300 | 544,300 |
| Total | 3,427,500 | 3,542,400 | 3,668,400 | 6,899,200 | 7,541,000 |
| Disaster-relief malls owned/operated (malls) | — | — | — | 4 | 14 |
| Energy consumption (crude oil equivalent kl) | 126,338 | 100,683 | 96,083 | 100,598 | 106,155 |
| Energy consumption intensity (denominator: floor space/mall operating hours) (GJ/1,000 m ² x h) | 0.779 | 0.585 | 0.539 | 0.510 | 0.475 |
| Energy consumption intensity YoY (%) | 100.55 | 75.14 | 92.21 | 94.62 | 93.01 |
| Waste output volume (t) | 53,194 | 53,391 | 56,183 | 58,227 | 64,505 |
| Waste recycling volume (t) | 44,723 | 44,106 | 46,603 | 48,467 | 54,348 |
| Waste recycling rate (%) | 84.1% | 82.6% | 82.9% | 83.2% | 84.3 |
| Water consumption (m ³) | 3,406,449 | 3,218,670 | 3,183,332 | 3,328,665 | 3,175,143 |
| Water consumption intensity (denominator: floor space/mall operating hours) (m ³ /1,000 m ² x h) | 0.54 | 0.48 | 0.46 | 0.44 | 0.37 |
| Trees planted (Japan, Overseas, ASEAN) | 2,634,000 | 2,654,000 | 2,695,000 | 2,788,000 | 3,046,000 |
| No. of malls with EV charging stations (Japan, China, ASEAN) | 2 | 8 | 25 | 35 | 73 |
| No. of EV chargers (Japan, China) | 2 | 13 | 60 | 103 | 187 |
| No. of employees (consolidated) | 685 | 804 | 1,042 | 1,689 | 2,024 |
| No. of female managers | 56 | 65 | 79 | 99 | 112 |
| Ratio of female managers to total managers (%) | — | — | — | 12.5 | 13.1 |
| No. of female officers | — | — | — | — | 2 |
| Ratio of female officers to total officers (%) | — | — | — | — | 12.5 |
| No. of local staff members overseas | — | — | — | 392 | 580 |

Note: Amounts in U.S. dollars are for convenience only, calculated at an exchange rate of ¥106.24 to US\$1 on February 26, 2021.

* AEON MALL issued 23.5 million and 2.5 million in new shares on June 19, 2013 and July 12, 2013, respectively. AEON MALL conducted a 1.1 for 1 split for common shares on August 1, 2013. Accordingly, fiscal 2012 net-income per share has been calculated assuming this stock split occurred as of the first day of fiscal 2012.

* Due to a change in fiscal year, fiscal 2012 consists of the 12-month-eight-day period from February 21, 2012 to February 28, 2013.

* Figures for energy, waste, and water do not include those for PM contracted malls. Rates provided use multipliers including floor space of common areas and back areas.

* Energy consumption, energy consumption intensity, and energy usage reduction figures are fiscal April through fiscal March figures in conformance with the regular reporting requirements of the Act on the Rational Use of Energy.

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2020 |
|--|--------------|--------------|--------------|--------------|--------------|-----------------|----------------------------------|
| | | | | | | Millions of Yen | Thousands of U.S. Dollars (Note) |
| | 229,754 | 269,793 | 288,111 | 312,976 | 324,138 | 280,688 | 2,642,019 |
| | 43,870 | 44,935 | 49,211 | 52,987 | 60,794 | 34,394 | 323,742 |
| | 19.1 | 16.7 | 17.1 | 16.9 | 18.8 | 12.3 | 12.3 |
| | 75,959 | 82,993 | 87,654 | 101,732 | 117,653 | 92,981 | 875,199 |
| | (4,448) | (3,451) | (1,132) | (453) | 5,622 | 2,296 | 21,617 |
| | (1,013) | (348) | 248 | 999 | 2,686 | 1,474 | 13,879 |
| | 49,322 | 48,716 | 50,074 | 52,415 | 52,460 | 30,597 | 288,007 |
| | 24,639 | 28,527 | 30,542 | 33,538 | 34,239 | (1,864) | (17,546) |
| | 207,215 | 163,407 | 190,100 | 217,101 | 99,633 | 59,738 | 562,297 |
| | 32,088 | 38,058 | 38,443 | 42,640 | 56,858 | 58,586 | 551,457 |
| | 61,785 | 73,646 | 80,616 | 90,600 | 133,645 | 61,621 | 580,024 |
| | 73,446 | 8,312 | 44,841 | 91,199 | 22,808 | 12,244 | 115,250 |
| | (84,547) | 10,072 | (61,393) | (85,589) | 37,862 | (2,822) | (26,568) |
| | 53,652 | 69,593 | 54,223 | 55,414 | 114,368 | 124,080 | 1,167,927 |
| | | | | | | Yen | U.S. Dollars (Note) |
| | 108.43 | 125.45 | 134.29 | 147.45 | 150.50 | (8.19) | (0.07) |
| | 1,481.77 | 1,539.36 | 1,642.59 | 1,685.46 | 1,731.11 | 1,658.23 | 15.15 |
| | 22.00 | 27.00 | 35.00 | 38.00 | 40.00 | 40.00 | 0.36 |
| | | | | | | Millions of Yen | Thousands of U.S. Dollars (Note) |
| | 974,970 | 1,012,758 | 1,123,781 | 1,203,211 | 1,381,217 | 1,394,199 | 13,123,109 |
| | 339,849 | 356,203 | 385,561 | 394,059 | 404,522 | 387,486 | 3,647,274 |
| | 333,547 | 350,073 | 373,572 | 383,393 | 393,849 | 377,318 | 3,551,570 |
| | 334,406 | 360,292 | 405,749 | 506,975 | 666,076 | 709,659 | 6,679,776 |
| | 34.2 | 34.6 | 33.2 | 31.9 | 28.5 | 27.1 | |
| | 7.5 | 8.3 | 8.4 | 8.9 | 8.8 | (0.5) | |
| | 2.6 | 2.9 | 2.9 | 2.9 | 2.6 | (0.1) | |
| | 4.5 | 4.4 | 4.6 | 4.4 | 4.3 | 2.2 | |
| | 1.0 | 1.0 | 1.1 | 1.3 | 1.6 | 1.8 | |
| | 0.8 | 0.9 | 0.9 | 1.1 | 1.5 | 1.5 | |
| | 14.8 | 13.8 | 16.7 | 12.3 | 10.2 | — | |
| | 1.1 | 1.1 | 1.4 | 1.1 | 0.9 | 1.1 | |
| | 161 (144/17) | 166 (147/19) | 174 (150/24) | 180 (153/27) | 172 (142/30) | 174 (142/32) | |
| | 13 (5/8) | 7 (5/2) | 10 (5/5) | 7 (4/3) | 4 (1/3) | 3 (1/2) | |
| | 12 (1/11) | 20 (2/18) | 14 (2/12) | 8 (2/6) | 15 (4/11) | 9 (2/7) | |
| | — | 20 | 21 | 23 | 23 | 22 | |
| | 7,312,900 | 7,753,950 | 7,923,800 | 8,154,700 | 7,876,500 | 7,922,700 | |
| | 1,136,000 | 1,266,000 | 1,599,700 | 1,828,000 | 2,072,000 | 2,251,000 | |
| | 8,448,900 | 9,019,950 | 9,523,500 | 9,982,700 | 9,948,500 | 10,173,700 | |
| | 18 | 23 | 28 | 37 | 39 | 42 | |
| | 114,856 | 117,278 | 118,030 | 118,723 | 117,801 | 112,922 | |
| | 0.453 | 0.432 | 0.410 | 0.401 | 0.379 | 0.364 | |
| | 95.45 | 95.33 | 94.88 | 97.86 | 94.43 | 95.99 | |
| | 69,598 | 72,326 | 76,342 | 79,364 | 79,492 | 63,170 | |
| | 60,271 | 62,805 | 65,748 | 68,977 | 71,066 | 56,032 | |
| | 86.6 | 86.8 | 86.1 | 86.9 | 89.4 | 88.7 | |
| | 3,354,719 | 3,592,795 | 3,612,049 | 3,629,433 | 3,596,512 | 3,146,507 | |
| | 0.34 | 0.34 | 0.32 | 0.32 | 0.30 | 0.26 | |
| | 3,190,000 | 3,275,000 | 3,344,000 | 3,467,000 | 3,496,000 | 3,550,000 | |
| | 128 | 136 | 149 | 158 | 154 | 155 | |
| | 516 | 1,045 | 1,944 | 2,332 | 2,404 | 2,418 | |
| | 2,313 | 2,871 | 3,091 | 3,303 | 3,447 | 3,656 | |
| | 115 | 121 | 136 | 151 | 155 | 165 | |
| | 13.2 | 13.7 | 14.2 | 15.1 | 17.4 | 18.0 | |
| | 2 | 2 | 3 | 4 | 4 | 4 | |
| | 13.3 | 13.3 | 17.6 | 23.5 | 23.5 | 22.2 | |
| | 829 | 956 | 1,113 | 1,227 | 1,288 | 1,429 | |

* Figures for waste output volume, recycling volume, and recycling rate are aggregated figures for specialty stores, common areas, and AEON MALL offices.

* Figures for water consumption and water consumption intensity are aggregated figures for common areas and AEON MALL offices.

* The number of trees planted is an aggregated number of trees in all malls including PM contracted properties.

* Figures for ratio of female managers to total managers before fiscal 2012 are not listed, because the number of employees increased as a result of signing a PM contract for the malls of AEON Retail Co., Ltd. in 2013.

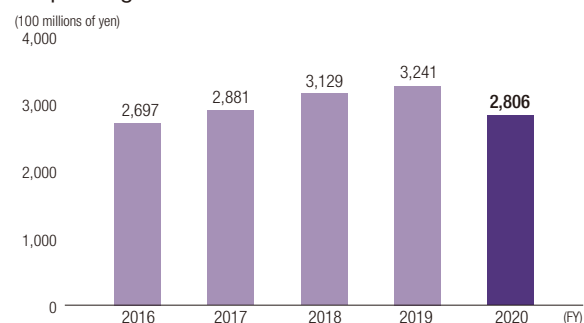
* The number of local staff members overseas is listed in and after fiscal year 2013, since when the opening of malls has accelerated.

Financial Performance

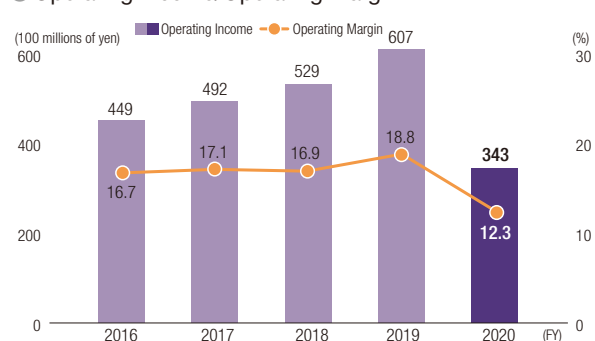
FY2020 Highlights

During FY2020, due to the global spread of COVID-19, we reduced mall operating hours or closed malls temporarily in China, ASEAN, and Japan in response to government requests, as well as our own considerations in preventing the spread of infection. As a result, operating revenue amounted to ¥280,688 million (-13.4% year on year). Operating income amounted to ¥34,394 million (-43.4%), and net loss attributable to owners of parent amounted to ¥1,864 million (compared to net income of ¥34,239 million in the previous fiscal year). Fixed costs for the fiscal year amounted to ¥16,572 million stemming from temporary closures and other factors. We posted these costs as extraordinary losses due to COVID-19.

● Operating Revenue



● Operating Income/Operating Margin



■ Performance by Segment

Our Domestic Business recorded operating revenue in Japan of ¥237,093 million, a decrease of 13.8% year on year, while operating income amounted to ¥30,597 million, down 41.7%. In response to the declaration of a state of emergency in Japan on April 7, 2020, we temporarily suspended the management and operations of AEON MALL specialty stores and urban shopping centers. From April 8, 2020 we temporarily closed all 164 malls across Japan on April 18, 2020. Subsequently, Japan phased out its state of emergency and we began reopening our

businesses on May 13. By May 28, all of our facilities were open for business. Upon reopening, we installed AI-based thermometers at building entrances and implemented measures to prevent droplet infections in our sales areas and back rooms, including acrylic panels. We also adopted entry restriction standards based on in-store customer management system data. We continue in our efforts to prevent infection and offer safety and security to our customers, which includes increased internal air circulation in malls through the intake of outside fresh air.

Our Overseas Business recorded overseas operating revenue in the amount of ¥43,594 million, a decrease of 11.3% year on year. Operating income amounted to ¥3,771 million, down 54.6%. Consumption in China and ASEAN declined temporarily due to the spread of COVID-19. Although there were degrees of difference in recovery among countries and areas in which we operate malls, activity has improved generally overseas since we resumed operations, and we aim to continue delivering high growth in these regions.

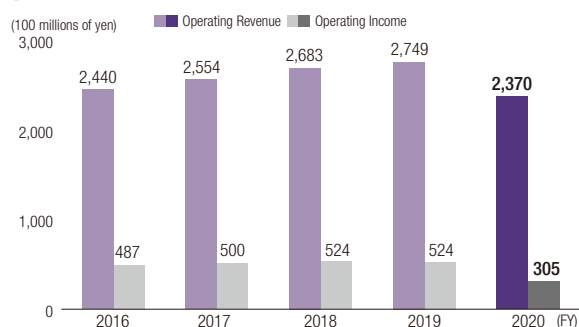
Our China Business recorded operating revenue of ¥31,353 million, a decrease of 12.5% year on year, while operating income amounted to ¥2,296 million, down 59.1%. In conjunction with the January 24 quarantine of Wuhan City due to the spread of COVID-19, tenants in our three malls in the city instituted temporary closures beginning in mid-February 2020, as many as 11 of our 21 malls in China closed temporarily due to the spread of COVID-19 across the country. Beginning February 22, 2020, through March, we resumed operations in stages, having reopened all 21 malls for specialty store business by April 1, 2020. On July 20, we began reopening movie theaters, which had been closed due to government orders. By early August, theaters were once again open at all malls.

Our ASEAN Business recorded operating revenue of ¥12,241 million, a decrease of 7.9% year on year. Operating income amounted to ¥1,474 million, down 45.1%. We closed specialty store operations at four malls temporarily in Vietnam beginning March 28, 2020, due to government regulations associated with COVID-19. In April 24, 2020, we resumed operations, with all five malls in Vietnam opened. Although customer traffic and sales dropped temporarily due to the spread COVID-19 in late July, traffic returned quickly due to the strict virus containment measures in the country. Specialty store sales performance for the existing four malls in Vietnam recovered and increased 1.4% year-on-year for the stand-alone fourth quarter. In Cambodia, we shorted mall operating hours at our two existing malls due to COVID-19 for a time

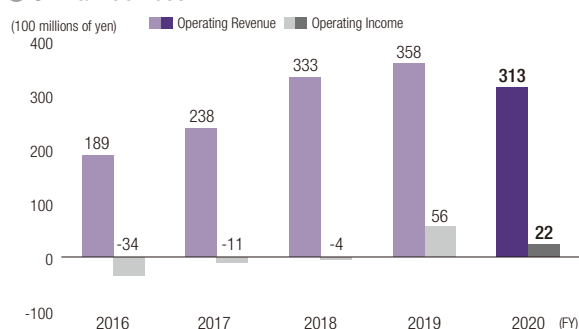
until returning to normal in June. In August, we reopened mall movie theaters. Although COVID-19 had a minimal impact on operations, many foreign nationals living in Cambodia returned to their home countries, which limited specialty store sales performance for the consolidated fiscal year to 75.1% of the prior fiscal year at our existing two malls.

In Indonesia, on June 15, we reopened specialty store operations for two existing malls that had been closed temporarily since March 31, 2020, due to large-scale government social restrictions associated with the spread of COVID-19. However, with the increase COVID-19 patients continued to grow in Indonesia, conditions were challenging, and customer traffic declined 50% like-for-like at our two existing malls. Here, we introduced food delivery discount promotions in collaboration with local companies and engaged in other measures to secure sales at our malls.

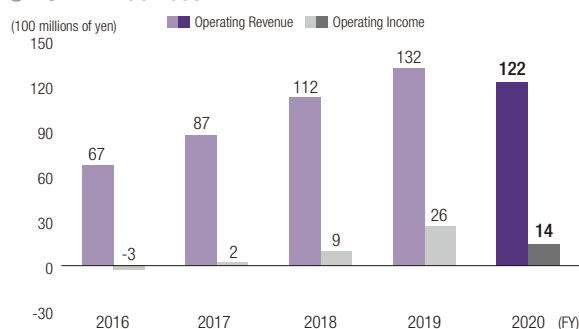
● Domestic Business



● China Business



● ASEAN Business

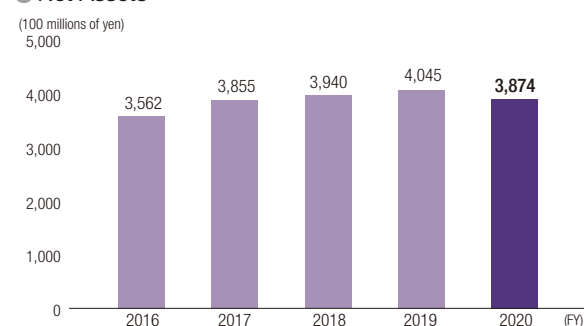


■ Assets, Liabilities, and Net Assets

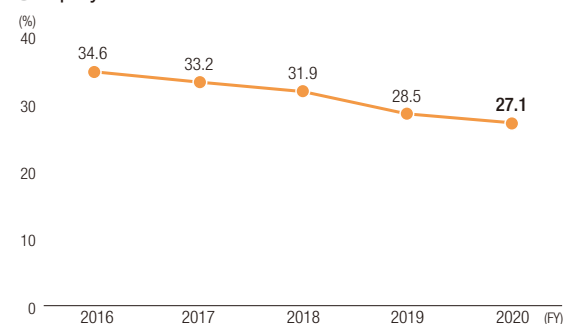
Total assets amounted to ¥1,394,199 million, up ¥12,981 million compared to the end of the prior consolidated fiscal year. This increase was mainly due to an increase of ¥73,159 million in cash and deposits, mainly as a result of a decrease of ¥63,400 million yen in deposits paid to affiliates, and ¥79,212 million in advanced purchases for activating existing malls and acquisition of land for development. These increases were offset in part by depreciation and amortization of ¥58,586 million. Total liabilities stood at ¥1,006,712 million, up ¥30,017 million from the end of the prior consolidated fiscal year. This result was mainly due to an increase of ¥45,000 million in bonds (including current portion) and an increase in lease obligations of ¥11,254 million. These increases were offset in part by decreases of ¥12,671 million in long-term debt (including current portion), ¥5,203 million in deposits received from specialty stores, and ¥3,490 million in accounts payable-other (related to facilities).

Net assets totaled ¥387,486 million, down ¥17,035 million compared to the end of the prior consolidated fiscal year. This result was mainly due to a decrease in retained earnings of ¥1,864 million in net loss attributable to owners of parent, a decrease in retained earnings of ¥9,100 million due to dividend payments, and a decrease of ¥6,036 million in foreign currency translation adjustments.

● Net Assets



● Equity Ratio



Financial Performance

■ Cash Flows

Cash and cash equivalents (“Cash”) as of the current consolidated fiscal year amounted to ¥124,080 million, up ¥9,711 million compared to the end of the prior consolidated fiscal year. The following text describes cash flows for the period under review:

Net cash provided by operating activities amounted to ¥61,621 million, compared to cash flows of ¥133,645 million in the prior consolidated fiscal year. This result was mainly due to income before income taxes and other adjustments of ¥4,268 million (¥54,019 million in the prior consolidated fiscal year) and depreciation and amortization of ¥58,586 million (¥56,858 million in the prior consolidated fiscal year). These amounts were offset in part by decreases in income taxes paid in the amount of ¥11,528 million (¥15,701 million in the prior consolidated fiscal year) and deposits received from specialty stores in the amount of ¥5,184 million (increase of ¥23,074 million in the prior consolidated fiscal year).

Net cash provided by financing activities amounted to ¥12,244 million, compared to net cash provided of ¥22,808 million in the year-ago period. This result was mainly due to proceeds from issuance of bonds in the amount of ¥60,000 million (¥80,000 million in the prior consolidated fiscal year) and proceeds from long-term debt of ¥23,734 million (¥85,000 million in the prior consolidated fiscal year). During the same period, the Company made cash outlays for repayments of long-term debt of ¥35,774 million (¥24,015 million in the prior consolidated fiscal year), ¥15,000 million in redemptions of corporate bonds (¥15,000 million in the prior consolidated fiscal year), and payments of dividends in the amount of ¥9,100 million (¥8,872 million in the prior consolidated fiscal year).

Net cash used in investing activities amounted to ¥64,444 million, compared to ¥95,783 million in the prior consolidated fiscal year. This result was mainly due to purchases of property, plant and equipment in the amount of ¥57,535 million (¥97,192 million in prior consolidated fiscal year) for equipment at malls expanded in the prior consolidated fiscal year (AEON MALL Takaoka) and newly opened in the prior consolidated fiscal year (AEON Fujiidera Shopping Center).

Outlook for FY2021

In FY2021, based on the AEON COVID-19 Prevention Protocol, a standard for quarantine measures established by AEON to protect the health and livelihoods of customers and employees, we will continue to establish improved mall environments and operations that offer thorough infection prevention measures. We view this as an opportunity to reinvent our business models and create malls that offer new concepts and service functions in the era of the new normal. We will strive to create malls that respond to social change in Japan and overseas. Through these efforts, we will continue to provide solutions to regional and social issues, establishing our position through social infrastructure functions to be a central facility for the local community.

We plan to open two new malls overseas in FY2021, one in China and one in Indonesia. Our overseas business has entered a stage of expanding profits as a growth driver for the Company, and we will proceed in securing a pipeline to accelerate the opening of new malls in the future. At the same time, we are moving forward with renovations for new tenants, floor space expansions, and initiatives to improve our operations at existing malls. AEON MALL plans to open four new malls in Japan, as well as expand the floor space of two existing malls. We intend to grow earnings by pursuing aggressive floor space expansion and renovation, while opening new malls that take advantage of the characteristics of the locations where they are situated.

● FY2022 Consolidated Business Targets (March 1, 2021 to February 28, 2022)

| | Operating revenue | | Operating income | | Ordinary income | | Net income attributable to owners of parent | | Net income per share |
|---|-------------------|---------|------------------|---------|-----------------|---------|---|---------|----------------------|
| | Million yen | YoY (%) | Million yen | YoY (%) | Million yen | YoY (%) | Million yen | YoY (%) | Yen |
| 1st Half (2021.3.1-2021.8.31) | 167,000 | +32.5 | 26,500 | +125.3 | 23,000 | +156.0 | 18,000 | — | 79.10 |
| 2nd Half (2021.9.1-2022.2.28) | 177,000 | +14.5 | 32,500 | +43.6 | 27,500 | +41.4 | 13,000 | +44.4 | 57.13 |
| Total | 344,000 | +22.6 | 59,000 | +71.5 | 50,500 | +77.6 | 31,000 | — | 136.23 |

Policy on Dividends

AEON MALL recognizes that returning profits to shareholders through improving earnings power is a key management priority. Our basic policy on income distribution emphasizes steady dividend payments to shareholders, while using internal reserves to invest in structural business improvements, including investments in growth businesses, new businesses, and other areas that strengthen our operating foundation. We issue dividends twice annually, in the interim and at the end of the fiscal year, according to the provisions of Article 459, Paragraph 1 of the Companies Act. The Company's articles of incorporation state that dividends paid from surplus are to be determined by resolution of the board of directors.

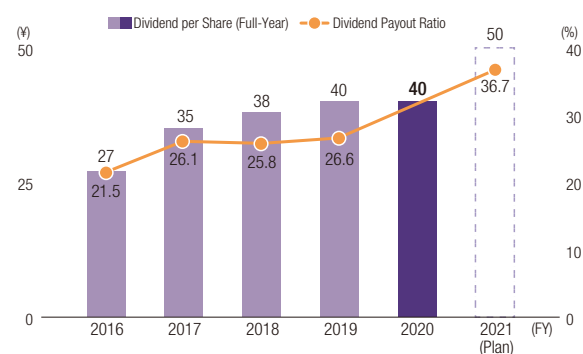
At a meeting held on April 8, 2021, our board of directors resolved to pay year-end dividends of ¥20 per share, in line with our initial plan. In combination with an interim dividend of ¥20 per share, our annual dividend for the fiscal year amounted to ¥40 per share.

Our policy is to aim for long-term and continuous dividend increases in line with the growth stage of our

company. At a meeting held on April 8, 2021, our board of directors resolved to increase the consolidated payout ratio from 25% to 30% or more.

For the next fiscal year, we plan to pay an annual dividend of ¥50 per share (an increase of ¥10 per share).

● Dividend per Share (Full-Year) and Dividend Payout Ratio



Corporate Profile (as of February 28, 2021)

| | |
|------------------------|--|
| Company Name: | AEON MALL Co., Ltd. (Stock Code: 8905) |
| Date Established: | November 1911 |
| Representative: | Yasutsugu Iwamura, President |
| Common stock: | ¥42,372 million |
| Headquarters: | 1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba 261-8539, Japan |
| No. of Shopping Malls: | 196 (Domestic 164/Overseas 32) <small>* Includes OPA Co., Ltd. (urban shopping center business converted to subsidiary in March 2016) and other affiliates.</small> |
| Business Activities: | Development of large-scale shopping malls, tenant leasing, and operations/management Real estate, leasing, agency services (Lic.No.7682 issued by the Minister of Land, Infrastructure and Transportation (3)) |
| No. of Employees: | 3,656 |

● Offices

| Office Name | Location |
|---------------------------------------|--|
| Sendai Office | Sendai Minamimachi-dori Building 7F, 3-6-12 Chuo, Aoba-ku, Sendai-shi, Miyagi 980-0021, Japan |
| Tokyo Office | Fuundo Honkan Building 5F, 1-2 Kandaogawamachi, Chiyoda-ku, Tokyo 101-0052, Japan |
| Makuhari WBG Office | WBG Malibu East 22F, 2-6-1 Nakase, Mihama-ku, Chiba-shi, Chiba 261-7122, Japan |
| Chiba Division business establishment | AEON MALL MAKUHARISHINTOSHIN FAMILY MALL, 1-1 Toyosuna, Mihama-ku, Chiba-shi, Chiba 261-8535, Japan |
| Nagoya Office | Aizo building 4F, 5-25-1 Meieki, Nakamura-ku, Nagoya-shi Aichi 450-0002, Japan |
| Osaka Office | Kurabo Annex Building 12F, 2-4-11 Kyutaromachi, Chuo-ku, Osaka-shi, Osaka 541-0056, Japan |
| Kobe Office | 2-1-1 Nakanoshima, Hyogo-ku, Kobe-shi, Hyogo 652-0844, Japan |
| Hiroshima Office | 1-3-52 Danbara-minami, Minami-ku, Hiroshima-shi, Hiroshima 732-0814, Japan |
| Fukuoka Office | Sankyo Fukuoka Building 5F, 2-9-11 Hakataekiminami, Hakata-ku, Fukuoka-shi, Fukuoka 812-0016, Japan |
| Shanghai Resident Office | Room 1204, An-Tai Building, 107 Zunyi Road, Changning District, Shanghai, China 200051 |
| Ho Chi Minh City Resident Office | Room 3102.B, 31F, Lim Tower, No9-11 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam |

Stock Information (as of February 28, 2021)

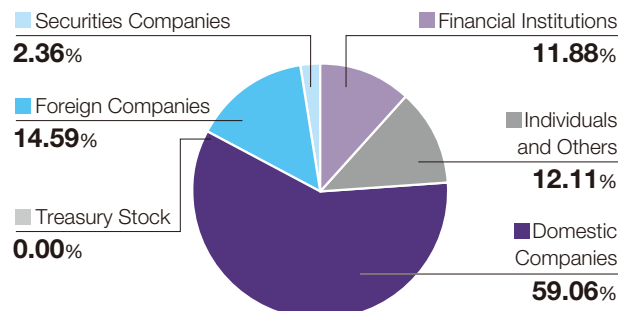
● General Stock Information

Authorized No. of Shares: 320,000,000 shares

No. of Shares Issued: 227,545,839 shares

No. of Shareholders: 123,756

● Distribution of Shareholders



● Major Shareholders (Top 10)

| Name/Company Name | Equity in AEON MALL | |
|---|---------------------------------------|----------------|
| | Number of Shares Owned (1,000 shares) | Percentage (%) |
| AEON Co., Ltd. | 132,351 | 58.16 |
| The Master Trust Bank o f Japan, Ltd. (Trust Account) | 6,031 | 2.65 |
| Custody Bank o f Japan, Ltd. (Trust Account) | 4,720 | 2.07 |
| SMBC Nikko Securities Inc. | 2,953 | 1.29 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 2,350 | 1.03 |
| State Street Bank West Client -Treaty 505234 | 1,830 | 0.80 |
| JP Morgan Chase Bank 385781 | 1,599 | 0.70 |
| Custody Bank o f Japan, Ltd. (Trust Account No. 5) | 1,569 | 0.68 |
| Custody Bank o f Japan, Ltd. (Trust Account No. 6) | 1,382 | 0.60 |
| AEON MALL Trading-Partner Shareholding Association | 1,334 | 0.58 |

Notes 1) Shareholdings are rounded down to the nearest 1,000 shares.

2) Ownership ratios have been calculated excluding treasury stock (3,265 shares) and rounded to the nearest hundredth.

Fiscal Year End: February 28 (or 29)

Record date:

Record Date for Annual General Meeting of Shareholders

February 28 (or 29)

Record Date for Year-End Dividend

February 28 (or 29)

Record Date for Interim Dividend

August 31

Annual General Shareholders' Meeting:

Held annually by the end of May

Minimum Trading Unit: 100 shares

Stock Listing:

1-2-1 Yaesu, Chuo-ku, Tokyo, Japan

Mizuho Trust & Banking Co., Ltd.

● Credit Rating (as of February 25, 2021)

| Rating Agency | Long-Term Rating | Short-Term Rating |
|---|------------------|-------------------|
| Japan Credit Rating Agency, Ltd. (JCR) | A | — |
| S&P Global Ratings | BBB | — |
| Rating and Investment Information, Inc. (R&I) | A- | a-1 |



ÆON MALL CO., LTD.

1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba 261-8539, Japan
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<https://www.aeonmall.com/en>