

Human Resources Strategy

BASIC POLICY

The Group supports a variety of work styles for its diverse talent, and has established a human resource policy that promotes health and productivity, talent development and diversity so that each employee can thrive as part of an organization of professionals.



Health and Productivity Management

To remain in constant pursuit of customer satisfaction and ensure sustainable business growth, the AEON Financial Group promotes health and productivity management, believing that it is important that each and every employee be full of vitality and of sound body and mind

Establishment of Medical Support Centers

We engage in health and productivity management with the two goals listed below. In 2019, we appointed corporate occupational health physicians and nurses at our medical support centers as part of our efforts to ensure that these goals are fulfilled.

- Enhance preventative and support measures based on health checkup results
- Realize our mental health promotion plan* (maintaining and improving mental health)

* Formulated in accordance with the "Guidelines for Improving and Maintaining Workers' Minds and Bodies" released by the Ministry of Health, Labour and Welfare

Implementation of Healthcare Training

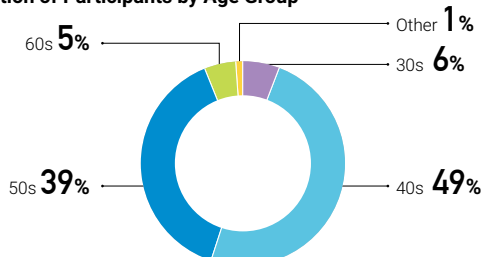
In fiscal 2019, we made efforts to improve mental healthcare based on our mental health promotion plan, formulated as part of health and productivity management. As the second part of these efforts, we conducted mental healthcare training for line managers. This training was aimed at managers and supervisors and involved learning about mental healthcare and how to catch changes in their subordinates at an early stage, how to respond, and how they can create a workplace environment that is good for the body and mind.



Care training for line managers

Number of training sessions:	11
Locations:	Tokyo, Chiba, Osaka, Fukuoka
Number of participants:	158

Proportion of Participants by Age Group



Implementation of Morale Surveys

We conduct annual morale surveys targeting every employee as a measure to improve working environments. The survey takes the form of a five-stage questionnaire regarding the Company's vision and its spread, communication, and other matters. Content-wise, employees answer questions related to their satisfaction with their workplace environment and their motivation. Survey results and improvement measures are shared internally.

Survey Contents

Odd-numbered years

Survey, common to the entire AEON Group, aimed at confirming the company's position, strengths, and weaknesses.



Even-numbered years

AFS-specific survey aimed at investigating the causes of items identified as issues.

Promotion of a Variety of Work Styles

We have established a variety of choices about work location, work hours, and prescribed duties, with five employee categories* based on their differences. Each employee category is essentially a choice of work style, and we evaluate and promote employees fairly according to their individual work.

* Global employees, regional employees, area employees, local employees, and flex employees

Topics

AEON Financial Service Co., Ltd., alongside AEON Credit Service Co., Ltd., AEON Bank, Ltd., AEON Insurance Service Co., Ltd., AEON Product Finance Co., Ltd., AEON Housing Loan Service Co., Ltd., and AEON S.S. Insurance Co., Ltd. received certification under the 2020* Certified Health & Productivity Management Outstanding Organizations Recognition Program. Of these seven Group companies, AEON Financial Service Co., Ltd. and AEON Credit Service Co., Ltd. were also recognized as White 500 organizations, bringing the total number of certifications to nine.



* Out of the 2,328 companies that applied for the certification, the top 500 were designated as White 500 organizations.



Talent Placement and Development

We believe it is important to have a working environment where each and every employee is able to work with vitality while maintaining high aspirations and a feeling of self-fulfillment.

Under this belief, we promote self-development and open-call training to ensure that each and every employee is able to design their own career.

In addition, supervisors and senior-level staff in each workplace are actively involved in on-the-job training and provide “in-workplace training” to help employees acquire knowledge of their duties in addition to providing opportunities for employees to gain knowledge and experience of duties across the entire Group. In doing so, we are able to develop professional human resources who can put forth financial services that will meet customer needs. At the core of our human resources development system is self-development, where employees learn with a forward-looking attitude.

Examples of Training System

- ▶ Joint training on compliance and other themes related to internal control for executives in Japan and overseas
- ▶ Various courses on how to play an active role as managers or specialist personnel
- ▶ Overseas inspection seminars and overseas dispatch training system

Compliance Training

AEON Financial Service sponsors training each year for all officers and managers at domestic and overseas companies to foster high-level awareness of compliance, deepen understanding of various laws and regulations, and strengthen Group governance.

In fiscal 2019, compliance training was conducted in Japan and Hong Kong, with 177 attendees.



Compliance training

AFS Group's Common HR System

As a Group that provides comprehensive financial services, we actively share talent and exchange personnel among Group companies. We facilitate smooth mobility across Group companies with an HR system common across Group companies in Japan, including recognition of qualifications, personnel evaluation, compensation systems, and an employee infrastructure that ensures that employees receive fair treatment no matter which Group company they are assigned to.

We will further promote optimal talent placement, exchange, and development to enhance our core strength—our ability to provide comprehensive financial services that match our customers’ lifestyles.

Global Talent Development

We have established an overseas dispatch training system to develop executive management candidates at each Group company to enhance business overseas. We issue an open call to employees and select young candidates with global sensibilities, an understanding of diversity, and desire to take on challenges, who receive practical training at overseas and domestic subsidiaries, which prepares them to be executive management candidates down the line.



Diversity

To better provide products and services that match our customers’ perspectives, we are working to create a system in which every individual is respected and a wide variety of personnel can flourish. To this end, we are working to build a corporate culture and workplace environment where a diverse range of human resources have the chance to make active contributions to the Company and are encouraged to engage in free and open discussion. In that spirit, we accept people with diverse manners of thinking and opinions, regardless of their gender, age, and nationality.

Ratio of Female Employees at the Group

	As of August 31, 2017	As of August 31, 2019
Domestic	10.5% (81/771)	14.5% (127/877)
Overseas	45.1% (385/853)	48.0% (454/946)
Total	28.7% (466/1,624)	31.9% (581/1,823)

Note: Values in parentheses show comparative numbers (number of female employees/total employees)

Employment Rate for People with Disabilities (as of February 29, 2020)

2.43%*

* Total across eight Group companies (legal requirement is 2.2%).



We operate a Peace Farm that utilizes an agricultural scheme that enables people with disabilities to work with peace of mind.

Efforts Related to SDGs

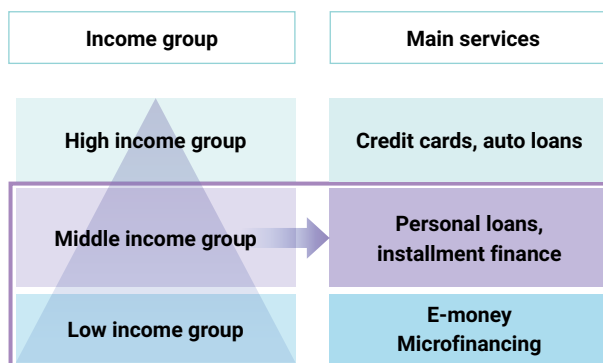
Since our founding in 1981, we have worked closely with customers to help them enrich their lives through work centered in installment payments for items that are difficult to pay for in cash, credit card payments that open the door to post-payment options, and the hire purchase business.

Staying true to our management philosophy to “support customers’ lifestyles and enable each individual to maximize future opportunities through effective use of credit,” we have made efforts to address customer needs in local areas, both in Japan and in countries throughout Asia, since the 1980s, as one of the first Japanese financial institutions to begin operations in these Asian countries.

We have found a wellspring of value in providing the unbanked class of people, who are unable to open bank accounts, with credit, loans for higher education, proposals for insurance, and other means to improve their living standards.

Business activities such as these align with the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015. We will continue providing financial services as a means to contribute toward developing a more prosperous society.

Main Services by Income Group



Helping Customers Lead Richer Lives Through Financial Services

Myanmar



Helping Improve Customers’ Standard of Living with Microfinancing

AEON Microfinance (Myanmar) Co., Ltd. started a microfinancing business in Yangon, Myanmar’s largest city, in June 2013. Since then, we have worked to support and improve the lives of the people in the country, drawing from the belief that businesses we develop as part of the AEON Group must be rooted in the lives of our customers.

Foreign investment in Myanmar has increased in recent years, and companies have been seeking employees of a certain level of education, meaning there is a growing interest in practical vocational training. However, since minimum wage is roughly ¥350, which is fairly low, banks typically require collateral for loans. Therefore, we launched Myanmar’s first unsecured education loan service. These education loans have helped customers improve their lives by providing funds for computer schools, language schools, business schools, and others, as have our efforts to provide support to customers according to their current stage in life and their lifestyles. Adding to this, we also provide personal and purpose loans for daily necessities and living funds.

As we utilize microfinancing to help support and improve people’s lives, we are mindful of the fact that we receive support from our customers. Going forward, we will continue to contribute to the people of Myanmar by expanding our sales areas, expanding our products and services, and creating opportunities for many people to make use of financial services.

AEON Microfinance (Myanmar) Co., Ltd.

Naomi Mikuni, Managing Director





Laos

Helping Close the Material Wealth Gap with Hire Purchases

In November 2013, AEON Leasing Service (Lao) Co., Ltd. started a hire purchase business in Vientiane, the capital city of Laos.

As of the end of May 2020, the hire purchase business has partnered with 270 affiliated merchants to develop products that are closely tied to daily life, from smartphones to air conditioners, TVs, refrigerators, and other home appliances to motorcycles. We continue to provide superior services that include issuing member cards to customers with good usage and payment history and smooth screening, with excellent terms and conditions during subsequent use. In addition, we are the first company in the industry to offer bike hire purchases packaged with non-life insurance, serving as an agent for a local insurance company and offering customers peace of mind. For insurance premiums, we have opted for installment payments instead of lump-sum payments, since the lower payment burden makes it easier to become insured. As a result, awareness of insurance is on the rise. In the coming future, we intend to sell insurance for minor injuries in order to provide our customers with peace of mind in case of an accident. While there is a large gap in material wealth depending on the city, we believe we can play a role in closing this gap through financial services.

AEON Leasing Service (Lao) Co., Ltd

Kunio Kawamura, President



Solving Social Issues Alongside Local Governments

Cambodia

Providing a Variety of Payment Methods

AEON Specialized Bank (Cambodia) Plc. began installment payment and unsecured loan services in Cambodia in October 2011. We started a credit card business in 2015 and proposed financial services to enrich Cambodian customers' daily lives.

While the U.S. dollar is widely recognized in the country, the National Bank of Cambodia has been promoting the use of riel, the local currency, as financial policy. In 2018, we introduced the smartphone application "Riel Pay," equipped with QR code payment and remittance functions, and started providing riel-denominated electronic money (prepaid) services. In addition to helping with the government's work to circulate the national currency, these actions also serve to eliminate the inconvenience of carrying cash in a country where cash payments account for the majority of transactions and also promote safety. Going forward, we will improve the convenience of payment methods and enrich people's lives.



Environment and Social Contribution Activities

As a member of the AEON Group, we aim to work together with our customers and stakeholders to resolve environmental and social issues and realize a sustainable society.

BASIC CSR POLICY

As a member of the AEON Group, AEON Financial Service responds to the expectations of stakeholders in accordance with its management philosophy to “support customers’ lifestyles and enable each individual to maximize future opportunities through effective use of credit.” Our objective is to build our businesses to contribute to the development of a sustainable society.

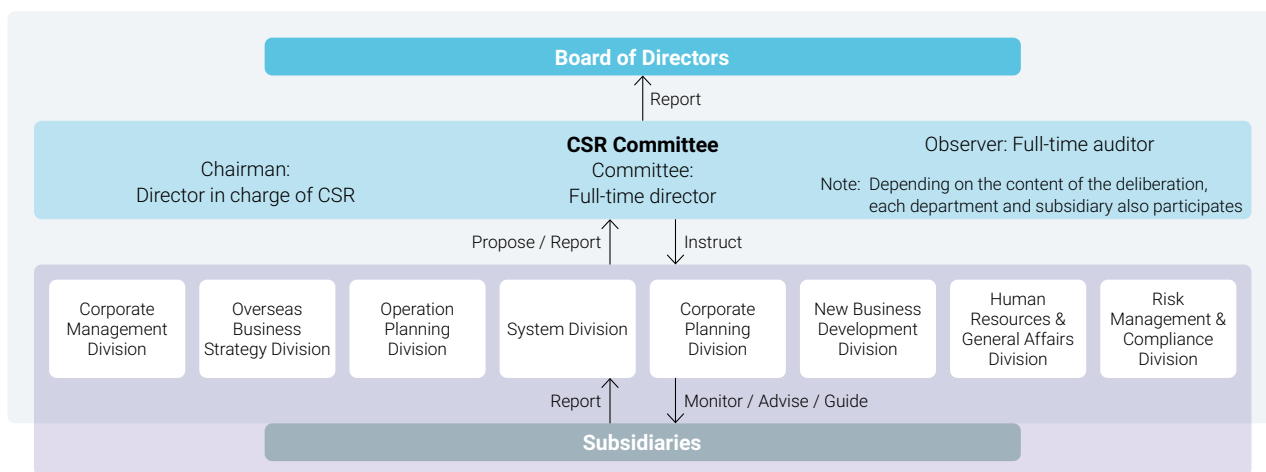
Priority Areas for CSR

- Pursue customer-oriented financial services
- Contribute to local communities
- Realize a sustainable environment and society
- Enhance corporate governance

SYSTEM FOR PROMOTING CSR

AEON Financial Service has established a CSR Committee, chaired by the Director in charge of CSR, which discusses and make decisions on matters regarding CSR such as environmental conservation and community contribution. The committee convenes once a quarter to discuss major issues related to CSR and the results of initiatives, and the chairman reports the contents of these discussions to the Board of Directors.

The presidents of the three core subsidiaries, AEON Credit Service Co., Ltd., AFS Corporation Co., Ltd., and AEON Bank, Ltd., participate in these meetings as observers to ensure that these companies promote CSR activities, unified under the AEON Financial Service Group banner.



Financial and Economic Education

Financial Literacy

Based on factors such as the SDGs (Sustainable Development Goals), the Company is focusing on activities for realizing a sustainable society, particularly financial education.

The Company, in collaboration with AEON Credit Service Co., Ltd., will continue to nurture responsible credit cardholders through the implementation of financial education (money-related topics, including credit cards) aimed at high school students. AEON Bank, Ltd. is implementing financial literacy education aimed at university students as well.

In fiscal 2019, 116 lectures were given to a total of 5,344 university students at 25 universities. Additionally, as part of AEON Co., Ltd.’s global internship business, Japanese university students were provided with the opportunity to learn about financial literacy and local cultures through work experience at our subsidiaries in Malaysia and Vietnam.



Environmental Conservation

Tree Planting

Every year, our employees actively participate in tree planting activities organized by the AEON Environmental Foundation. Led by our directors, we planted trees together with our clients in the town of Minamifurano, Hokkaido Prefecture in May 2019 and overseas in the town of Bidor, Malaysia in September 2019. Including these events, the foundation planted around 50,000 trees in fiscal 2019.

Additionally, since 2008, the AEON Thailand Foundation, a local subsidiary of the AEON Group, has been planting trees in various parts of Thailand for the purpose of forest protection. In August 2019, we collaborated with elementary schools to plant trees in the Chiang Mai National Park in the northern region of Thailand.



Web-Based Statements (Environmental Declaration)

The Company is promoting the switchover to web-based statements where users can check their transaction history on the internet or the smartphone app AEON WALLET. Due to this action, we were able to reduce our CO₂ emissions by 500g* per envelope and reduce our overall CO₂ emissions for fiscal 2019 by 50,000 tons.

* Based on the Ministry of the Environment's Eco-Action Point model project's "Examples of Calculation Methods for Reducing the Effects of CO₂"

ISO 14001 Certification

AEON Financial Service has established its own management structure for environmental activities. Major domestic subsidiary AEON Credit Service Co., Ltd. and our listed subsidiaries overseas in Hong Kong, Thailand, and Malaysia have acquired ISO 14001 certification and are working to reduce environmental impact. AEON Credit Service's initiatives include improving business process efficiency, formulating an annual plan for its education and training system, and implementing ISO education to raise environmental awareness among employees.

Social Contribution

Support for Recovery from the Great East Japan Earthquake

Since fiscal 2017, we have been volunteering to harvest cotton as part of land rehabilitation efforts in Iwaki, Fukushima Prefecture in cooperation with "The People," an NPO. This project aims to restore Fukushima Prefecture's agricultural industry and create employment opportunities for the community by cultivating and commercializing cotton that has a high salt tolerance. This cotton is grown on the agricultural land used for rice cultivation, which was damaged by the tsunami following the Great East Japan Earthquake. AEON Group will continue to support recovery activities in the Tohoku Region.



Community Contribution Overseas

Group companies also actively contribute to the regions they serve and promote community-based management in each area.

In Hong Kong, the local subsidiary, AEON Credit Service (Asia) Co., Ltd., contributes to its community in various ways, such as environmental conservation, education, and cultural exchange. In fiscal 2019, they donated an annual total of HK\$11.9 million (around ¥165.0 million) to scholarships for

seven universities in China (including Hong Kong) and financial assistance for the UNICEF Young Envoys Programme to support university students who will be responsible for the future of the local community.

AEON Thana Sinsap (Thailand) Plc. held a charity bowling event to support the Ramathibodi Foundation, which is engaged in cancer treatment and hepatocyte and genetic research. We also donated essential supplies to facilities for seniors and to elementary and junior high schools through the Thai Red Cross Society. AEON Credit Service (M) Berhad continues to raise funds for children with disabilities.

Donations and Fundraising for the AEON 1% Club Foundation

AEON Financial Service, AEON Credit Service, AEON Bank, and AEON Insurance Service donate 1% of their income before income taxes to the AEON 1% Club Foundation. The foundation collaborates with cooperating Group companies to support projects with three main themes: sound development of the next generation, promotion of friendship with foreign countries, and sustainable development of regional communities.



Messages from Outside Directors

Diversity and Inclusion Are Indispensable to Achieving Business Innovation

Yoshimi Nakajima



One of the AFS Group's greatest strengths is that it actively develops business in Japan and other countries in Asia with an unwavering commitment to its management philosophy, "to support customers' lifestyles and enable each individual to maximize future opportunities through effective use of credit." The Group's presence in each of its Asian countries of operation is relatively new, and I can expect business to expand, given the Group's stance of taking on new challenges.

In addition to each business digging roots downward, the Group is working to expand its business scale and operations laterally as well. As one would expect, the key factor in this challenge going forward is people. It is important to find the right personnel, put them in the right place, and make good use of them. Diversity in the form of inclusion—bringing in this diverse set of people and utilizing them—is important for a company.

Inclusion adds a variety of perspectives to a company, which can then expect to see further business innovation. More than just utilizing a variety of personnel, an absolute must for the Group to raise corporate value is creating conditions where everyone has the chance to take part in various

types of work and has their wide-ranging experience, abilities, and ways of thinking recognized and utilized.

Working styles are now seeing a drastic change. From my point of view as an outside director, the Group is utilizing various opportunities to actively promote measures to respond to this change. Such measures include implementing human resource-related measures and systems to facilitate business plans and establishing frameworks that adopt a broad-based view on corporate culture, in addition to offering support and instruction and holding discussions to help employees gain experience.

COVID-19 has dramatically changed the way we live. This situation very much reaffirms the AEON Group as an essential corporate group to the infrastructure that supports people's lives. The AFS Group, meanwhile, plays an important role in terms of financial services. The ideal situation for investors would be for AEON Financial Service to continue into the next 5, 10, or 100 years as a corporate group that is sought after by people. For this to come to fruition, I would like to see the Group pay attention to the accelerating changes in the external environment and face them as opportunities.



Kotaro Yamazawa

Making of an Active Push for "Offensive Governance" in Addition to "Defensive Governance"

AEON Financial Service Group is extremely serious about addressing the Corporate Governance Code and has already achieved full compliance.

Given that the Board of Directors spends a sufficient amount of time engaged in active discussions, the belief is that the Board maintains an adequate level of effectiveness. Furthermore, the increase in the number of independent outside directors with varied backgrounds enables a deeper examination of issues from a wider perspective than ever before, and this greater weight is reflected in the Board's decision-making. Furthermore, the introduction of the executive officer system has clarified business execution responsibilities, allowing the Board to carry out more effective supervision.

That being said, there are some issues going forward. It is becoming increasingly important for the Group to both incorporate more diversity into the Board and to ensure that each member thereof possesses abilities, knowledge, and experience that match the Group's strategies. I also believe that close examination of agenda items—with more items being delegated to the executive department—and more efficient

explanations of agenda items are issues from the perspective of giving more weight to discussions regarding various strategies.

More than anything, what makes AFS different from other financial institutions is its ability to leverage AEON's brand power, customer base, store network, and other advantages to develop a variety of financial businesses in Japan and overseas and to create synergies with the AEON Group. As of late, more and more subsidiaries are delisting; however, AFS has established an appropriate governance system centered on outside directors and outside corporate auditors to protect the interests of minority shareholders from being harmed by measures of the parent company, confirming the rationality, independence, and effectiveness of AFS as a listed company.

Finally, one must recognize the important responsibilities outside directors have, not only in defensive governance but in offensive governance as well. I would like to encourage swift and flexible action based on the recent changes in the environment and will do my utmost to ensure that AFS becomes the number one retail financial services company in Asia.

Group Growth through Appropriate Risk-Taking in a Changing Business Environment

Tatsuya Sakuma



As a member of the AEON Group, Japan's largest distribution group, AFS is responsible for retail finance, and therefore it has a stable customer base and the life infrastructure industry in its DNA.

Together with AEON, AFS entered rapidly growing Asian countries at an early stage, meaning that it already has an established business foundation in these overseas locations, which are seeing major growth. Moreover, the Global Business already accounts for about half of operating profit. These competitive advantages constitute two significant strengths.

As for its governance system, independent outside directors account for one-third of the Board of Directors and outside auditors account for one-third of corporate auditors on the Board of Corporate Auditors, with each body being lively in expressing their opinions at their respective meetings. Within the executive officer department, AFS has also established the Management Policy Committee and the Internal Control Committee, and deliberations are conducted carefully in order to enhance governance both in terms of its systems and its operations. The same can generally be said about Group companies, but there are some challenges to overcome when

it comes to Group governance. For the Group to continue its future development, it must take some calculated risks in the Global Business while also expanding its lines of business and addressing digital transformation and other changes in the Business environment. Up to this point, whenever the Group commenced business operations in a given country, it would launch a select few businesses and achieve growth by applying the business model that enabled it to achieve great success in Japan. Times have changed, however, and there are now certain countries where the ecosystem of local Group retail businesses is more advanced than that in Japan. In a situation where the business environment has changed drastically and there are many competitors, AFS as a parent company needs to look at its subsidiaries in terms of strategy and business management and establish a personnel system, administrative functions, and mechanisms that will support these subsidiaries, while also harmonizing Group governance and still respecting each Group company's ability to operate its business with autonomy. As an outside director, I would like to help improve Group governance through appropriate risk-taking.



Takashi Nagasaka

Spreading of the Group's Management Philosophy among Employees and Realization of Governance with Strong "Awareness"

I was appointed to the Board of Directors as an independent outside director in May 2020. As a member of the AEON Group, which is the largest distribution group in Japan, AFS has a stable customer base and a reputation of having a good balance of overseas and domestic business. While the comprehensive financial business is currently feeling the temporary effects of COVID-19, it is definitely a growth area, and we can expect further development in the medium to long term. However, there are many new players from different industries entering the business domains of the Group, which is already rife with competition, so the Group must step up its game by accelerating its digital transformation initiatives.

As a certified public accountant, I have been involved with companies of various sizes and in various industries, and I have seen many successful and unsuccessful cases. A fact that cannot be overlooked is that there has been a trend in corporate scandals emerging in recent years, a fact not limited to AFS. In particular, there are many cases in which these scandals occur in overseas subsidiaries that are physically separated from the rest of the Group.

The Group's overseas subsidiaries have autonomy—a sort of "accelerator"—and that is a positive. However, some control by the parent company—a "brake," if you will—is necessary, and this balance is important. While this is mainly a problem of internal control, a subsidiary's governance and organizational culture can have a strong effect as well. In order to prevent scandals as a company, it is essential to create a "system," but since an organizational culture often plays a role, the employees' "awareness" is what is most important.

When it comes to governance, it is not enough to just have a system in place—there needs to be constant awareness of any problems and efforts needs to be made to improve the system, or else it will deteriorate. As an outside director, I would like to help spread the Group's management philosophy—"to support customers' lifestyles and enable each individual to maximize future opportunities through effective use of credit"—and create "awareness" through an open workplace and, by doing so, improve governance and assist the Group as it takes its next leap forward.

Our Management Team

(As of June 1, 2020)

Directors

Masaki Suzuki

Representative Director and Chairman



1978 Joined Ministry of Finance
 2002 Appointed Director of Banks Division I of Supervisory Bureau of Financial Services Agency
 2007 Appointed Deputy Vice Minister for Policy Planning and Coordination of Minister's Secretariat of Ministry of Finance
 2014 Appointed Vice-Minister of the Environment of Ministry of the Environment
 2015 Appointed Advisor of the Company
 Appointed Advisor of AEON Co., Ltd.
 Appointed Chairman and Representative Director of AEON Bank, Ltd.
 2016 Appointed Representative Director and Chairman of the Company
 Appointed Chairman and Director of AEON Bank, Ltd. (current position)
 Appointed Director of AEON Credit Service Co., Ltd. (current position)
 2017 Appointed Executive Officer in charge of General Finance Business of AEON Co., Ltd. president and CEO
 2019 Appointed Representative Director and Chairman of the AFS Corporation Co., Ltd.
 Appointed Chairman of the Company
 2020 Appointed Director of AFS Corporation Co., Ltd. (current position)
 Appointed Representative Director and Chairman of the Company (current position)

Reasons for Appointment

Masaki Suzuki has successively held key positions at the Ministry of Finance and the Ministry of the Environment. With his professional knowledge and experience cultivated through such a career, he has contributed to strengthening the efficacy of the decision-making and supervisory functions of the Board of Directors.

Committees

- Board of Directors
- Management Policy Committee
- Internal Control Committee
- CSR Committee
- Nomination and Compensation Committee

Attendance at Board of Directors Meetings

100% (17/17 times)

Kenji Fujita

President and CEO



1992 Joined Jusco Co., Ltd. (currently, AEON Co., Ltd.)
 1997 Jaya Jusco Stores Sdn. Bhd. (currently, AEON Co. (M) Bhd.)
 2004 Appointed Head of Managing Director Office and Deputy Division Head of SC Development of AEON Co. (M) Bhd.
 2005 Appointed Division Head of SC Business Development of AEON Co. (M) Bhd.
 2007 Talent Development Department of AEON Co., Ltd.
 2009 Appointed Head of Corporate Management Division of AEON Stores (Hong Kong) Co., Ltd.
 2010 Appointed Director and Head of Corporate Management Division of AEON Stores (Hong Kong) Co., Ltd.
 2011 Executive Office of AEON Co., Ltd.
 2012 Appointed Head of Asia Business Division of AEON Credit Service Co., Ltd.
 2012 Appointed Director of AEON Credit Holdings (Hong Kong) Co., Ltd. (currently, AEON Financial Service (Hong Kong) Co., Ltd.)
 2013 Appointed Director of AEON Credit Service (M) Berhad
 2014 Appointed Managing Director of AEON Credit Service (M) Berhad
 2019 Appointed Chairman and Representative Director of ACS Servicing (Thailand) Co., Ltd.
 Appointed Managing Director of AEON Thana Sinsap (Thailand) Plc.
 Appointed Chairman and Representative Director of AEON Specialized Bank (Cambodia) Plc. (current position)
 2020 Appointed Director of AEON Credit Service Co., Ltd. (current position)
 Appointed President and CEO of the Company (current position)
 Appointed Director of AEON Thana Sinsap (Thailand) Plc. (current position)

Reasons for Appointment

Kenji Fujita has approximately 20 years of experience working overseas, during which he has successively held key positions, and has abundant management experience, particularly overseas, such as serving as Managing Director of our locally listed subsidiaries in Malaysia and Thailand. We believe he will to contribute to the business.

Committees

- Board of Directors
- Management Policy Committee
- Internal Control Committee
- CSR Committee
- Nomination and Compensation Committee
- Disclosure Committee

Attendance at Board of Directors Meetings

(Appointed May 2020)

Hideki Wakabayashi

Director and Senior Managing Executive Officer



1980 Joined Japan Housing Finance Co., Ltd.
 1997 Joined Jusco Co., Ltd. (currently, AEON Co., Ltd.)
 2007 Appointed Corporate Auditor (External) of the Company
 2008 Appointed Vice President in charge of Group Finance of AEON Co., Ltd.
 2010 Appointed Managing Director and Head of Finance Division of the Company
 2011 Appointed Director, Managing Executive Officer, and Head of Finance Division of the Company
 2013 Appointed Director in charge of Corporate Management of the Company
 Appointed Director and Senior Managing Executive Officer of AEON Credit Service Co., Ltd.
 2014 Appointed Director of AEON Credit Service Co., Ltd.
 Appointed Chairman and Representative Director of AEON Thana Sinsap (Thailand) Plc. (current position)
 2015 Appointed Senior Managing Director in charge of Corporate Management of the Company
 2017 Appointed Senior Managing Director in charge of Corporate Management and Head of Corporate Management Division of the Company
 2018 Appointed Director of AEON Insurance Service Co., Ltd. (current position)
 2019 Appointed Director and Senior Managing Executive Officer in charge of Corporate Management and Head of Corporate Management Division of the Company (current position)

Reasons for Appointment

Hideki Wakabayashi has worked as head of the Corporate Management Department as well as the Finance and Accounting Department of the Company and operating companies and has abundant insight and experience and an extensive track record relating to management, finance, and accounting. The Company has determined that Mr. Wakabayashi is suitable for promoting business management and improving business efficacy in each Group company.

Committees

- Board of Directors
- Management Policy Committee
- Internal Control Committee
- CSR Committee
- Disclosure Committee

Attendance at Board of Directors Meetings

100% (17/17 times)

Masaaki Mangetsu

Director and Managing Executive Officer



1981 Joined Jusco Co., Ltd. (currently, AEON Co., Ltd.)
 2013 Appointed COO of GMS Business of AEON (China) Co., Ltd.
 2014 Appointed Director of AEON Marketing Co., Ltd.
 2015 Appointed Head of Marketing Division of the Company
 Appointed Director of AEON Credit Service Co., Ltd.
 2016 Appointed Director in charge of Business Strategy and Head of Overseas Business Division of the Company
 2017 Appointed Managing Director in charge of Global Business and Head of Global Business Division of the Company
 Appointed Director and Chairman of AEON Credit Service (Asia) Co., Ltd. (current position)
 2019 Appointed Chairman of AEON Micro Finance (Shenzhen) Co., Ltd. (current position)
 Appointed Director and Managing Executive Officer in charge of Global Business Strategy and Head of Global Business Strategy Division of the Company
 Appointed Director of AEON Credit Service (Philippines) Inc.
 Appointed Director of AEON Credit Service (M) Berhad (current position)
 Appointed Director and Managing Executive Officer in charge of Overseas Business Strategy and Innovation Planning and Head of the Overseas Business Strategy Division and Head of Innovation Planning Division of the Company
 2020 Appointed Director and Managing Executive Officer in charge of Overseas Business Strategy and Operation Planning and Head of the Overseas Business Strategy Division and Head of Operation Planning Division (current position)

Reasons for Appointment

Masaaki Mangetsu has broad experience not only in the business marketing departments at our operating companies but also in holding key roles at overseas companies. Based on this experience, we believe he will formulate and promote future growth strategies for the Company.

Committees

- Board of Directors
- Management Policy Committee
- Internal Control Committee
- CSR Committee

Attendance at Board of Directors Meetings

100% (17/17 times)

Tomoyuki Mitsufuji

Director and Senior Executive Officer



1987 Joined The Sanwa Bank, Limited (currently, MUFG Bank, Ltd.)
 1999 Appointed Vice President of Structured Finance Department of Sanwa International plc (London)
 2005 Appointed Senior Vice President of Investment Banking Division and Head of Capital Market Department of Tokyo Branch of Lehman Brothers Japan Inc.
 2006 Appointed Leader of Market Funds Group of AEON Financial Project Co., Ltd. (currently, AEON Bank, Ltd.)
 2007 Appointed Executive Officer and Head of Market Funds Department of AEON Bank, Ltd.
 2010 Appointed Director, Executive Officer, and Head of Market Funds Department of AEON Bank, Ltd.
 2014 Appointed Director, Managing Executive Officer in charge of Corporate Business Department, Corporate Planning Department, and Asset Management Department of AEON Bank, Ltd.
 2019 Appointed Director of AEON Bank, Ltd.
 Appointed Head of Risk Management & Compliance Division and Head of Risk Management Department of the Company
 Appointed Director and Senior Executive Officer in charge of Risk Management & Compliance and Head of Risk Management & Compliance Division of the Company (current position)
 Appointed President Commissioner of PT. AEON Credit Service Indonesia (current position)

Reasons for Appointment

Tomoyuki Mitsufuji has successively held key positions in the market departments, front-office operations such as those of corporate businesses, as well as credit and bank operations in the Group's banking business since its establishment. He also possesses abundant insight in the area of risk management as well as broad knowledge relating to the banking business. We believe these qualities will contribute toward thorough risk management at Group companies.

Committees

- Board of Directors
- Management Policy Committee
- Internal Control Committee
- CSR Committee
- Disclosure Committee

Attendance at Board of Directors Meetings

93% (13/14 times)

Kazuyoshi Suzuki

Director and Senior Executive Officer



1984 Joined The Sanwa Bank, Limited (currently, MUFG Bank, Ltd.)
 1990 Joined the Ministry of Foreign Affairs, working at the Embassy of Japan in Malaysia
 2005 Appointed Deputy Manager of Accounting Department of Lotte Co., Ltd.
 2010 Performance Management Department, Policy Division of Lotte Holdings Co., Ltd.
 2011 Planning Department of AEON Bank, Ltd.
 2012 Appointed Executive Officer and Head of Planning Department of AEON Bank, Ltd.
 2014 Appointed Director, Managing Executive Officer, Head of Corporate Planning Division, and Head of Planning Department of AEON Bank, Ltd.
 2015 Appointed Senior Managing Director of AEON Product Finance Co., Ltd.
 2017 Appointed Head of Corporate Planning Division of the Company
 Appointed Director of AEON Marketing Co., Ltd. (current position)
 Appointed Director in charge of Corporate Planning and Head of Corporate Planning Division of the Company
 2018 Appointed Director of AEON specialized Bank (Cambodia) Plc.
 2019 Appointed Senior Executive Officer in charge of Corporate Planning and Head of Corporate Planning Division of the Company
 Appointed Senior Executive Officer in charge of Corporate Planning and New Business Development, Head of Corporate Planning Division and Head of New Business Development Division of the Company
 2020 Appointed Director of Allianz Life Insurance Japan Ltd. (currently, AEON Allianz Life Insurance Co., Ltd.) (current position)
 Appointed Senior Executive Officer in charge of Corporate Planning, New Business Development and Human Resources & General Affairs, Head of Corporate Planning Division, Head of New Business Development Division and Head of Human Resources & General Affairs Division of the Company (current position)

Reasons for Appointment

Kazuyoshi Suzuki has mainly served as head of key departments, including corporate planning departments, at operating companies and has a broad range of business experience in banks. With his abundant knowledge and experience relating to the Company's business and the operating companies, the Company has determined that Mr. Suzuki is suitable for enhancing the corporate value of the company.

Committees

- Board of Directors
- Management Policy Committee
- Internal Control Committee
- CSR Committee
- Disclosure Committee

Attendance at Board of Directors Meetings

(Appointed May 2020)

Kazuo Ishizuka

Director and Senior Executive Officer



1984 Joined Nihon Credit Service Co., Ltd. (currently, the Company)
 2009 Appointed Director and Head of Information System Division of the Company
 2010 Appointed Head of System Department of AEON Bank, Ltd.
 Appointed Director and Executive Officer in charge of System Department of AEON Bank, Ltd.
 2014 Appointed Head of System Administrative Department of the Company
 2015 Appointed Executive Officer in charge of System of AEON Bank, Ltd.
 Appointed Director and Executive Officer in charge of System of AEON Bank, Ltd.
 2017 Appointed Director in charge of IT Digital, Head of System Division and Head of System Planning Department of the Company
 2018 Appointed Director of AEON Credit Service Systems (Philippines) Inc.
 2019 Appointed Director of AEON Bank, Ltd.
 Appointed Senior Executive Officer in charge of IT Digital, Head of System Division, and Head of System Planning Department of the Company
 Appointed President and Representative Director of AEON Credit Service Systems (Philippines) Inc. (current position)
 2020 Appointed Senior Executive Officer in charge of IT Digital, Head of System Division and Head of System Planning Department of the Company

Reasons for Appointment

Kazuo Ishizuka has been a head of the System Department of the Company and operational companies and has abundant experience and an extensive track record. The Company expects that his high level of knowledge will play a sufficient role in decisions related to the execution of important operations and during supervision.

Committees

- Board of Directors
- Management Policy Committee
- Internal Control Committee
- CSR Committee

Attendance at Board of Directors Meetings

(Appointed May 2020)

Hiroyuki Watanabe

Director



1982 Joined Isejin Jusco Co., Ltd. (currently, AEON Co., Ltd.)
 2006 Representative Director of AEON Financial Project Co., Ltd. (currently, AEON Bank, Ltd.)
 Appointed Director in charge of Human Resources, General Affairs and Public Relations of AEON Financial Project Co., Ltd.
 2008 Appointed Director, Managing Executive Officer in charge of Human Resources & General Affairs of AEON Bank, Ltd.
 2012 Appointed Director, Senior Managing Executive Officer, and Head of Corporate Management Division of AEON Bank, Ltd.
 Appointed Director of the Company
 2014 Appointed Director of the Company (current position)
 Appointed Representative Director and Senior Managing Executive Officer, Head of Sales Division of AEON Bank, Ltd.
 2015 Appointed President and Representative Director of AEON Bank, Ltd.
 2016 Appointed Director of AEON Credit Service Co., Ltd.
 2017 Appointed Director and Executive Vice President of the Company
 2018 Appointed Executive Officer of AEON Co., Ltd. (current position)
 Appointed Director of the Company (current position)
 Appointed Director of AEON Bank, Ltd.
 Appointed Director of ZAG ZAG Co., Ltd. (current position)
 2019 Appointed Director of AEON Integrated Business Service Co., Ltd. (current position)
 2020 Appointed Director of Abilities Jusco Co., Ltd. (current position)

Reasons for Appointment

Hiroyuki Watanabe has been a head of the human resources department of operational companies for many years. He has successively held key positions in AEON Bank, Ltd., the Company's major subsidiary, including as CEO, and has abundant knowledge and experience in the Company's business. We believe he will contribute to enhancing the corporate value of the Company in the future.

Committees

- Board of Directors

Attendance at Board of Directors Meetings

76% (13/17 times)

Yoshimi Nakajima

Director (Outside)



1980 Joined The Yasuda Trust & Banking Co., Ltd. (currently, Mizuho Trust & Banking Co., Ltd.)
 1997 Joined Citibank, N.A.
 Appointed Vice President of Personal Finance Division of Citibank, N.A.
 2000 Appointed Senior General Manager in charge of Marketing and Sales of SG Online Branch of Societe Generale Securities Ltd.
 2011 Appointed President of American Express International, Inc. (Singapore)
 2014 Appointed Senior Vice President in charge of Acquisition & Marketing of Personal Business Department of American Express International, Inc. (Japan)
 Appointed President and Representative Director of American Express Japan Co., Ltd. (current position)
 2017 Appointed Outside Director of the Company (current position)
 Outside Director of Yamaha Corporation (current position)
 2018 Appointed Outside Director of Japan Freight Railway Company (current position)
 Appointed External Director of ULVAC, Inc. (current position)

(Significant concurrent positions)
 Outside Director of Yamaha Corporation
 Outside Director of Japan Freight Railway Company
 External Director of ULVAC, Inc.

Reasons for Appointment

Yoshimi Nakajima has deep insight into global perspectives and diversity, abundant experience in corporate management, and experience as a company president overseas. The Company expects that, by utilizing her personal network, know-how, and knowledge cultivated to date, she is capable of providing opinions and suggestions from various standpoints and perspectives on the Company's management of the AEON Group, which embraces a large number of overseas subsidiaries as a comprehensive financial business group

Committees

- Board of Directors
- Nomination and Compensation Committee

Attendance at Board of Directors Meetings

94% (16/17 times)

Kotaro Yamazawa

Director (Outside)



1980 Joined Bank of Japan
 2006 Seconded to Osaka Securities Exchange Co., Ltd.
 2010 Appointed Director and Senior Executive Officer of Osaka Securities Exchange Co., Ltd.
 2013 Appointed Senior Executive Officer of Japan Exchange Group, Inc. and Director and Senior Executive Officer of Osaka Securities Exchange Co., Ltd.
 2014 Appointed Senior Managing Executive Officer of Japan Exchange Group, Inc. and Director and Senior Managing Executive Officer of Osaka Securities Exchange Co., Ltd.
 2015 Appointed Director and Vice President of Osaka Exchange, Inc.
 2017 Appointed Advisor of Osaka Exchange, Inc.
 Appointed Corporate Auditor (External) of the Company
 Appointed Outside Director of Tokyo Commodity Exchange, Inc.
 Appointed Special Advisor of Glory Ltd. (current position)
 2018 Appointed Outside Auditor of WingArc1st Inc.
 2019 Appointed Outside Director of the Company (current position)
 Appointed Outside Director of WingArc 1st Inc. (current position)

(Significant concurrent positions)
 Special Advisor of Glory Ltd.
 Outside Director of WingArc1st Inc.

Reasons for Appointment

Kotaro Yamazawa has knowledge of finance and accounting cultivated through his service at Bank of Japan and several stock exchanges, in addition to having a high level of insight into corporate governance. The Company has determined that he is capable of utilizing his extensive personal network in the financial industry to realize sustained enhancement of corporate value.

Committees

- Board of Directors
- Nomination and Compensation Committee

Attendance at Board of Directors Meetings

100% (14/14 times)

Tatsuya Sakuma

Director (Outside)



1983 Worked as public prosecutor of Tokyo, Naha, and Niigata District Public Prosecutors Offices of Criminal Affairs Bureau of the Ministry of Justice, and as First Secretary of Embassy of Japan in the United States of America
 1999 Appointed as Chief of Investigations, Human Rights Bureau of the Ministry of Justice
 2003 Appointed as Chief of Public Security Division, Criminal Affairs Bureau of the Ministry of Justice
 2004 Appointed as Chief of Criminal Affairs Division, Criminal Affairs Bureau of the Ministry of Justice
 2005 Appointed Deputy Head of special investigation task force of the Tokyo District Public Prosecutors Office
 2007 Appointed Head of General Affairs Department of the Tokyo District Public Prosecutors Office
 2008 Appointed Head of special investigation task force of the Tokyo District Public Prosecutors Office
 2010 Appointed Chief Public Prosecutor of Otsu, Maebashi, and Chiba District Public Prosecutors Offices, Director of United Nations Asia and Far East Institute and Director-General of the Research and Training Institute of the Minister of Justice (retired in 2019)
 2019 Appointed Outside Director of bitFlyer, Inc.
 Appointed Outside Director of the Company (current position)
 Registered as an attorney-at-law (Dai-ichi Tokyo Bar Association)

(Significant concurrent positions)
 Attorney-at-law of Aoyama TS Law Office

Reasons for Appointment

Tatsuya Sakuma has ample experience and insight relating to the legal profession gained from occupying successive key positions such as head of special investigation task force of the Tokyo District Public Prosecutors Office. The Company has determined that he is capable of providing assistance in strengthening its internal control system, centering on compliance.

Committees

- Board of Directors
- Nomination and Compensation Committee

Attendance at Board of Directors Meetings

100% (14/14 times)

Takashi Nagasaka

Director (Outside)



1979 Joined Chuo Audit Corporation
 1981 Registered as a certified public accountant
 1990 Appointed Partner of Chuo Audit Corporation
 1998 Appointed Senior Partner of Chuo Audit Corporation
 2005 Appointed Head of Audit Division of ChuoAoyama Audit Corporation
 2007 Appointed Managing Director of Ernst & Young ShinNihon (currently, Ernst & Young ShinNihon LLC)
 2010 Appointed Senior Partner of Ernst & Young ShinNihon (currently, Ernst & Young ShinNihon LLC)
 2019 Appointed Representative of Takashi Nagasaka CPA Office (current position)
 Appointed Outside Director of Contec Co., Ltd. (current position)
 Appointed Outside Auditor of Tokushu Tokai Paper Co., Ltd. (current position)
 2020 Appointed Outside Director of Park24 Co., Ltd. (current position)
 Appointed Outside Director of the Company (current position)

(Significant concurrent positions)
 Representative of Takashi Nagasaka CPA Office
 Outside Director of Contec Co., Ltd.
 Outside Auditor of Tokushu Tokai Paper Co., Ltd.
 Outside Director of Park24 Co., Ltd.

Reasons for Appointment

Takashi Nagasaka has practical experience as an accounting expert, accumulated through his career as a certified public accountant, in addition to extensive knowledge related to internal control. Accordingly, the Company hopes to seek his advice on strengthening corporate governance and enhancing corporate value.

Committees

- Board of Directors
- Nomination and Compensation Committee

Attendance at Board of Directors Meetings

(Appointed May 2020)

Auditors

Junichi Suzuki

Corporate Auditor (Outside)



1980 Joined Jusco Co., Ltd. (currently, AEON Co., Ltd.)
 1998 Appointed General Manager of Administration Division of Siam-Jusco Co., Ltd. (currently, AEON (Thailand) Co., Ltd.)
 2002 Appointed Director and General Manager of Administration Division of Siam-Jusco Co., Ltd.
 2009 Appointed Director, Vice President, and General Manager of Administration Division of Beijing Aeon Co., Ltd.
 2011 Appointed General Manager of Administration Division of AEON Stores (Hong Kong) Co., Ltd.
 2012 Appointed Director and Vice President of AEON Stores (Hong Kong) Co., Ltd.
 2015 Appointed Outside Audit & Supervisory Board Member (permanent) of AEON Mall Co., Ltd.
 2018 Appointed Corporate Auditor (Full-Time) (External) of the Company (current position)
 Appointed Corporate Auditor of AEON Bank Co., Ltd.
 2019 Appointed Auditor of AFS Corporation Co., Ltd. (current position)

(Significant concurrent positions)
 Auditor of AEON Bank, Ltd.
 Auditor of AFS Corporation Co., Ltd.

Reasons for Appointment

Given Junichi Suzuki's extensive experience at overseas subsidiaries of the AEON Group, we believe his oversight and effective advice will contribute to the proper and appropriate management of the Company.

Committees

• Board of Corporate Auditors

Attendance at Board of Directors Meetings

92% (12/13 times)

Go Otani

Corporate Auditor (Outside)



1980 Joined Yamanouchi Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)
 1997 Appointed Acting Senior Vice President, Shaklee Business of Yamanouchi Pharmaceutical Co., Ltd.
 Appointed Outside Director of Shaklee Corporation (USA) of Yamanouchi Pharmaceutical Co., Ltd.
 2001 Appointed Deputy Vice President in Charge of IR of Corporate Communications Department of Yamanouchi Pharmaceutical Co., Ltd.
 2003 Appointed Vice President in charge of European Business of Europe and U.S. Department of Yamanouchi Pharmaceutical Co., Ltd.
 2005 Seconded to European Headquarters (resided in the United Kingdom), General Manager of Internal Auditing Division of Astellas Pharma Inc.
 2009 Appointed Vice President of Internal Auditing Department of Astellas Pharma Inc.
 2013 Appointed Audit & Supervisory Board Member of Astellas Pharma Inc.
 2016 Corporate Auditor (External) of the Company (current position)

Reasons for Appointment

Go Otani is well versed in internal control systems and corporate governance. Based on this abundant experience, the Company has determined that he will ensure the validity and appropriateness of the Company's management.

Committees

• Board of Corporate Auditors

Attendance at Board of Directors Meetings

100% (13/13 times)

Yuko Yogo

Corporate Auditor (Outside)



1982 Joined Tokyo Branch of Morgan Bank (currently JPMorgan)
 1993 Appointed Vice President of Global Market Department of JPMorgan Securities
 1996 Appointed Japan Office Country Manager of Enterprise Attraction Bureau of Scottish Development International
 2002 Appointed Vice President, General Manager of Administration Division and Manager of Internal Control of Tokyo Branch of TD Securities
 2005 Appointed Head of Human Resources of ABN AMRO Securities
 2008 Appointed Head of Human Resources of FIL Investments (Japan)
 Limited Appointed Representative Executive Officer of FIL Holdings Limited (from 2008 to 2016)
 2016 Appointed Executive Officer and Head of Human Resources of FIL Investments (Japan) Limited
 2019 Appointed Auditor (External) of the Company (current position)

Reasons for Appointment

Yuko Yogo has been selected as an Outside Corporate Auditor to strengthen the Company's corporate governance system in light of the opinions and suggestions she can offer, based on her experience as a representative executive officer of a holding company, her deep insight and global perspective obtained from her long tenure as a manager responsible for internal control and personnel management at foreign-capital-affiliated financial institutions, and her social perspective.

Committees

• Board of Corporate Auditors

Attendance at Board of Directors Meetings

100% (10/10 times)

Takeshi Miyazaki

Corporate Auditor



1993 Joined Jusco Co., Ltd. (currently, AEON Co., Ltd.)
 2001 Secretary Office of Jusco Co., Ltd.
 2009 My Basket Division of AEON Retail Co., Ltd.
 2012 Appointed Head of Sales Department of My Basket Co., Ltd.
 2013 Appointed Director and Head of Support Administration Department of My Basket Co., Ltd.
 2015 Appointed Director and Head of Sales and Support Administrative Department of My Basket Co., Ltd.
 2016 Appointed Director and Head of Human Resource Development Department of My Basket Co., Ltd.
 2017 Appointed President and Representative Director of A Colle Co., Ltd.
 2018 Appointed President and Representative Director of AEON Co., Ltd.
 2019 Appointed PT of Discount Stores Business of AEON Co., Ltd.
 2020 Appointed in charge of Finance & Accounting and Head of Finance Department of AEON Co., Ltd. (current position)
 Appointed Auditor of the Company (current position)

(Significant concurrent positions)
 In charge of Finance & Accounting and Head of Finance Department of AEON Co., Ltd.

Reasons for Appointment

Takeshi Miyazaki has successively served as a director of subsidiaries of the AEON group. With his abundant insight and experience in corporate management, and due to his being in charge of finance & accounting at AEON Co., Ltd., the Company has determined that he will ensure the soundness and appropriateness of the Company's management.

Committees

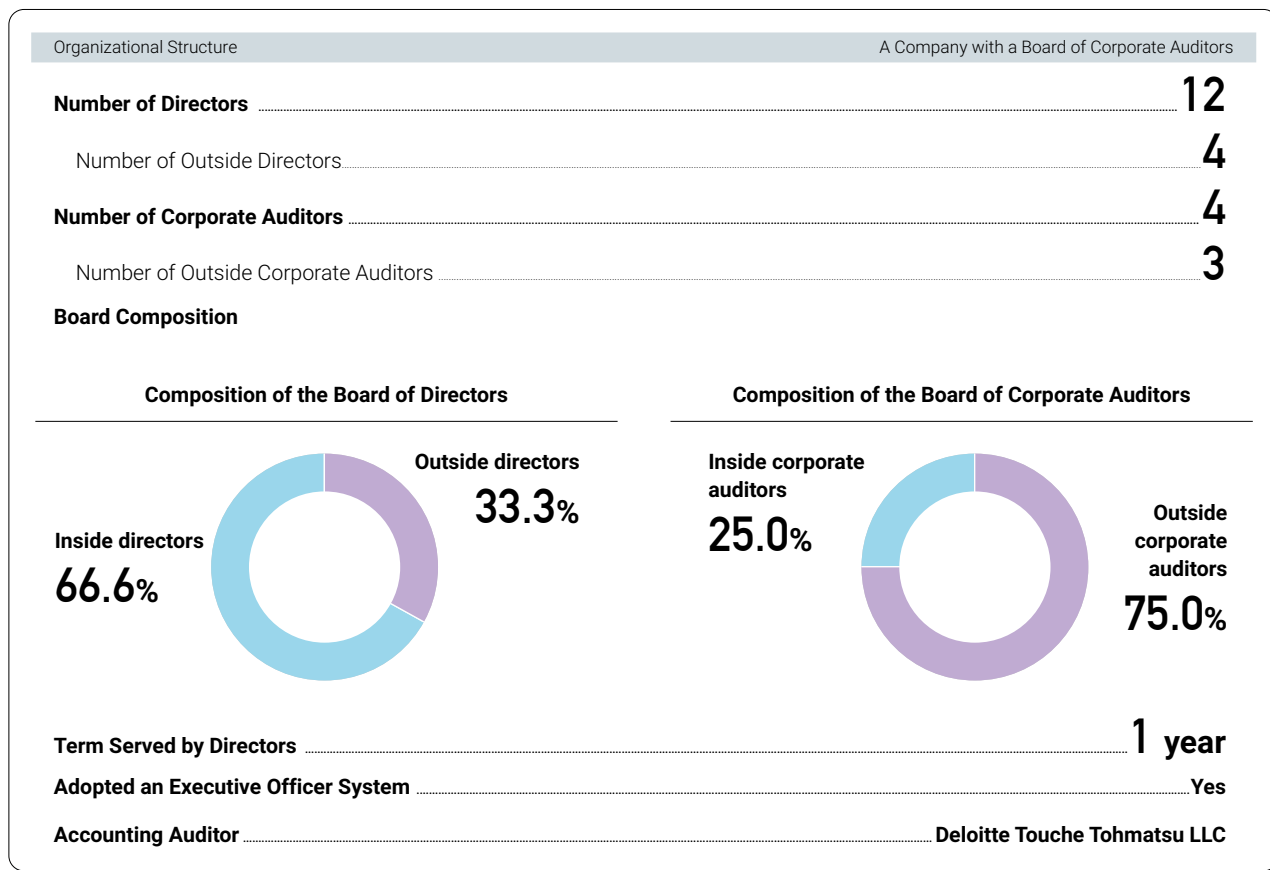
• Board of Corporate Auditors

Attendance at Board of Directors Meetings

(Appointed May 2020)

Corporate Governance

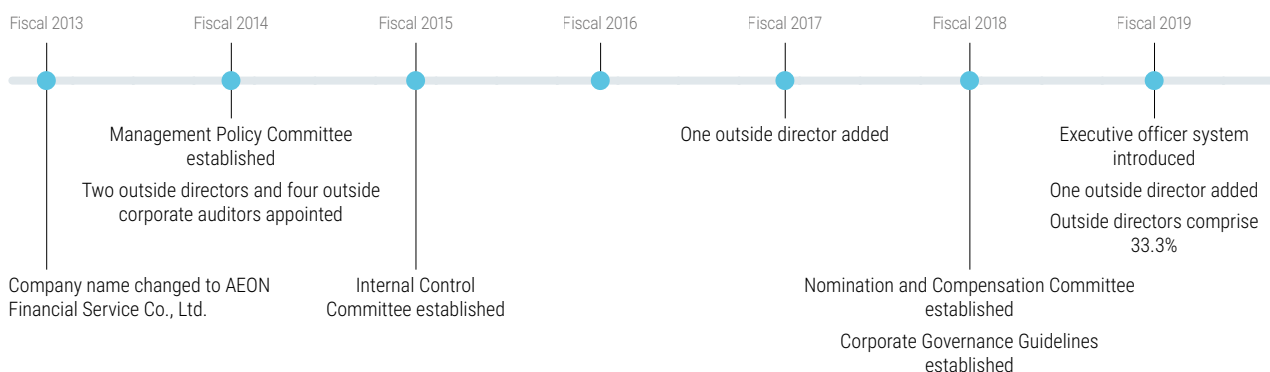
CORPORATE GOVERNANCE CHART (AS OF JUNE 1, 2020)



NUMBER OF MEETINGS OF THE MANAGEMENT POLICY COMMITTEE, BOARD OF DIRECTORS, AND BOARD OF CORPORATE AUDITORS (FISCAL 2019)



CORPORATE GOVERNANCE TIMELINE



BASIC PRINCIPLES OF CORPORATE GOVERNANCE

1. We shall be guided by the AEON Basic Principles of "Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core" of AEON Co., Ltd., the parent company of AEON Financial Service Co., Ltd., and ensure adherence throughout the Group.
2. Based on the spirit of our Management Philosophy, we shall implement our Basic Policies and respect the independence and autonomy of each Group company.
3. All executives and employees of the Group shall cooperate to implement the following based on shareholder returns, mutual benefit with stakeholders, and social contribution.
 - (i) At all levels of decision-making, from the Board of Directors to individual departments, we shall gather sufficient information on advantages, disadvantages, and risks to conduct multilateral assessments through free and vigorous discussions, employing an appropriate process in order to make optimal decisions that comply with laws, regulations, and other social norms.
 - (ii) We shall pursue continuous growth by pursuing efficient operations, innovative business, and maximization of Group synergies and thereby enrich the daily lives of our customers.
 - (iii) For employees, we shall develop talent capable of thinking and acting autonomously by providing fair treatment and evaluation, and appropriate opportunities for people to demonstrate and fulfill their potential.
 - (iv) We shall contribute to society through our businesses and implement sustainable management.

OUR BASIC APPROACH TO CORPORATE GOVERNANCE

AEON Financial Service Co., Ltd. ("the Company") is a member of the AEON Group. The AEON Basic Principles, "Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core," guide us. The Company's Basic Policies are "to put customers first, provide financial services that are closely attuned to customers' lives, earn the trust of society and meet its expectations, and maintain a corporate culture that encourages our people to excel."

The Company consistently develops, strengthens and enhances corporate governance to ensure transparent, fair, prompt, and decisive decision-making with due consideration of the perspectives of all stakeholders in order to achieve sustainable growth and increased corporate value over the medium term.

CORPORATE GOVERNANCE STRUCTURE

The Company aims to further strengthen its management control and corporate governance. To this end, it has established the Management Policy Committee, Internal Control Committee, the CSR Committee, the Nomination and Compensation Committee, and the Disclosure Committee, in addition to the Board of Directors. The Management Policy Committee is an advisory body that discusses management decision-making executed on the President and CEO's authority. With the aim of realizing sustainable growth and increasing corporate value for the Group over the medium and long term, the Internal Control Committee comprehensively and expertly discusses and makes decisions on matters regarding the development of an internal control system within the scope entrusted by the Board of Directors and provides reports and opinions to the Board of Directors.

The Committee consists of the President and CEO as the presiding officer within the scope entrusted by the Board of Directors. The internal control system is ready to be operated and improved flexibly and, by conducting thorough consideration and deliberation of individual themes, provide necessary guidance and advice to the relevant parties, make resolutions

on matters entrusted by the Board of Directors, and provide reports and opinions to the Board of Directors. The CSR Committee was established for governance from a social perspective, to determine strategies and policies for CSR as a company, to indicate its CSR stance externally, and to guide each division of the Company and the Group companies with regard to CSR. The committee comprehensively and expertly discusses and reviews matters regarding CSR, provides necessary guidance and advice to relevant parties, and reports to the Board of Directors.

The Nomination and Compensation Committee, consulted by the Board of Directors, discusses and deliberates prospective director candidates and the compensation of directors.

The Disclosure Committee multidimensionally and comprehensively discusses and deliberates the disclosure materials to explain the company's financial results and status of the operating business.

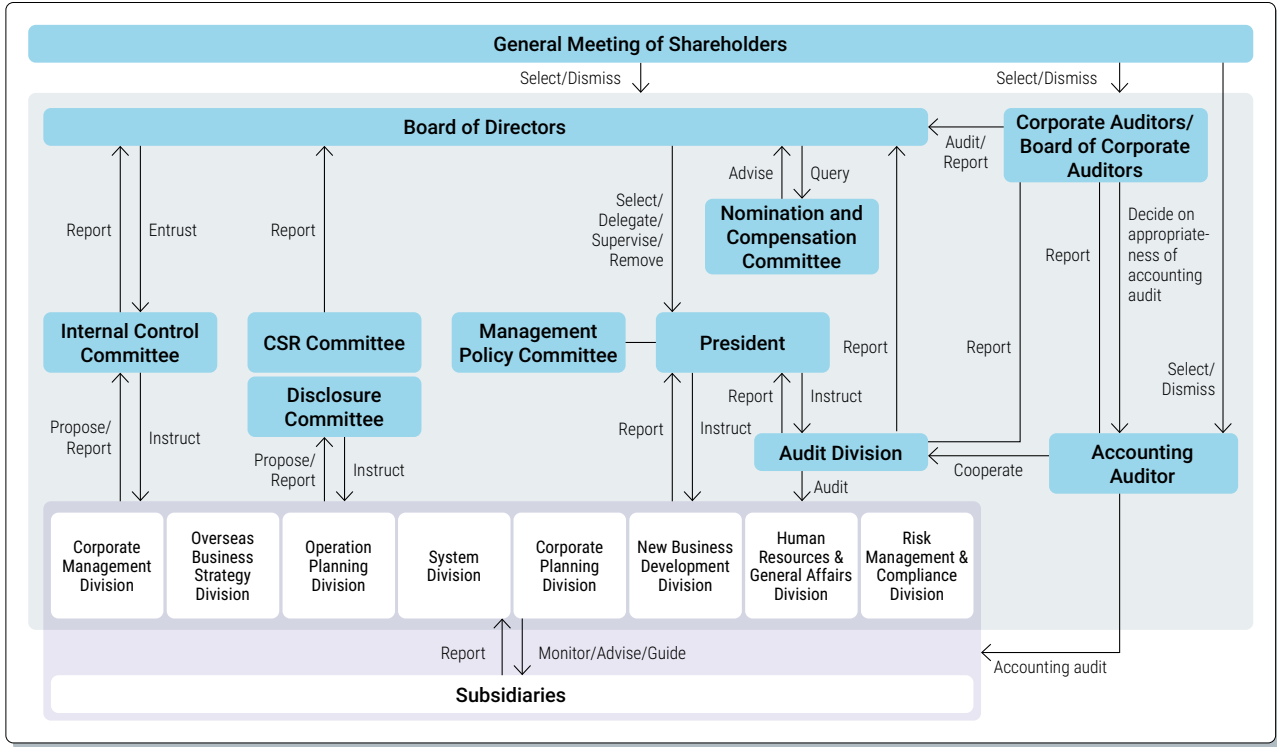
The Board of Directors consists of an appropriate number of people in order to emphasize mobility and enable prompt decision-making. Important matters related to the management of the Company and the Group are decided by

the Board of Directors after deliberation by the Management Policy Committee and the Internal Control Committee from the viewpoint of the effectiveness and efficiency of the business.

In addition, the Company is a company with the Board of

Corporate Auditors, and the Board of Corporate Auditors consists of three outside corporate auditors (including two independent directors) and one corporate auditor.

Corporate Governance (As of July 1, 2020)



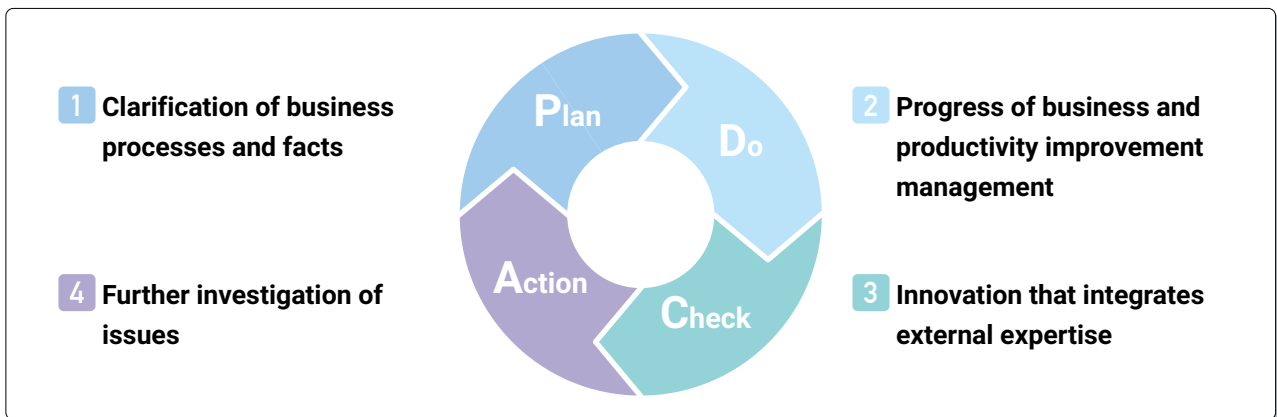
INITIATIVES TO INCREASE THE EFFECTIVENESS OF THE BOARD OF DIRECTORS

Participants of Board of Directors meetings are surveyed concerning issues such as management by the Board of Directors, the composition of the Board of Directors, and communication with stakeholders. The results are analyzed and evaluated and a PDCA cycle is applied to address the various issues identified.

This initiative has supported corporate governance reforms that include enhancing the operation of the Board of

Directors in ways such as thoroughly explaining agenda items to participants prior to meetings and establishing the Nomination and Compensation Committee.

We will continue to enhance the functional effectiveness of the Board of Directors.



POLICIES FOR COMPENSATION AMOUNT AND METHOD OF CALCULATION

Officer Compensation (Fiscal 2019)

Classification	Total Compensation (millions of yen)	Total Compensation by Classification (millions of yen)				Number of Recipients
		Base Compensation	Stock Options	Performance-Linked Compensation	Retirement Benefits	
Directors (excluding outside directors)	261	158	19	81	2	11
Corporate Auditors (excluding outside corporate auditors)	—	—	—	—	—	—
Outside Officers	68	68	—	—	—	9

Notes:

- The above table includes compensation for five directors (including one outside director) who retired at the end of the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019, one director who retired during the period, and one outside corporate auditor. Furthermore, the total amount of compensation and number of people includes Kotaro Yamazawa, who retired as an outside corporate auditor at the end of the above mentioned Ordinary General Meeting of Shareholders and assumed the position of outside director, and his compensation is divided into the time served as an outside corporate auditor and the time served as an outside director.
- The Company determines director compensation fairly and transparently to provide strong motivation for directors to properly execute management strategy and links it to business performance.
- Director compensation consists of base compensation, performance-linked compensation, and equity-linked compensation in the form of stock options.

Base compensation is determined based on individual assessment within the standard amount for each position and is paid monthly. Base compensation for directors who concurrently serve at and receive compensation as officers of affiliated companies is handled on an individual basis.

Performance-linked compensation is weighted at about 30% of total cash compensation (base compensation plus performance-linked compensation), with the weight increasing according to responsibilities. The payment for performance-linked compensation will be 100% of the standard amount when the targets set at the beginning of a given fiscal year are achieved and ranges from 0% to 200% based on performance and individual assessment for the relevant fiscal year.

Performance-linked compensation consists of compensation linked to Company results and compensation for individual performance. Compensation linked to Company results is determined by comprehensively considering performance and applying a coefficient to the standard compensation for each position based on the ratio of actual to target consolidated or Company results.

Compensation for individual performance is determined by applying a coefficient to the standard compensation of each position based on individual evaluation, the performance of the relevant business units, and the ratio of actual to target management goals achieved.

Equity-linked compensation in the form of stock options aims to align stock price, performance, and compensation. Recipients share the benefits of stock price increases and the risk of stock price declines with shareholders. Stock acquisition rights are allocated as stock options that reflect business performance and serve to motivate and encourage recipients in consistently improving business performance and increasing corporate value. The number of stock acquisition rights allocated is determined by adjusting the standard number for each position according to performance in the relevant fiscal year.
- Outside directors receive only fixed compensation and are not subject to Company or individual performance evaluations.
- The 34th Ordinary General Meeting of Shareholders held on June 24, 2015 resolved to limit compensation for directors to a total of ¥550 million per year. Monetary compensation is limited to ¥400 million per year (including ¥50 million for outside directors) and equity-linked compensation is limited to ¥150 million per year as determined by the fair market value of the stock options.
- The Board of Directors resolved at a June 25, 2019 meeting to give the President and CEO the authority to determine the policy and calculation method for the compensation of Company officers, the scope of which includes monetary compensation for individual directors. Performance-linked compensation is determined in accordance with the ratio of actual to target Company and individual performance of the officer.

Remuneration Type for Each Position of Director

KPIs for performance-linked compensation are mainly based on the ratio of actual to targeted ordinary profit. Factors including non-recurring income, changes in the operating environment during the fiscal year, and revisions of intracompany transactions influence the actual amount of performance-linked compensation.

The Company has selected ordinary profit as the main KPI because it best reflects normal business performance.

Position	Composition of Officer Compensation			Total
	Base Compensation	Performance-Linked Compensation		
		Performance-Linked Compensation	Equity-Linked Compensation in the Form of Stock Options for Medium-to-Long-Term incentives	
Director with Additional Title	100%–50%	0%–35%	0%–15%	100%
Director	100%–56%	0%–37%	0%–7%	
Outside Director	100%	0%	0%	

Note: This table shows the extent to which performance-linked compensation may increase or decrease based on changes in performance, as a percentage of the total annual amount of officer compensation set at a reference value of 100%. Calculated based on actual payments.

RISK MANAGEMENT

The Company employs a comprehensive approach in promoting risk management, working to evaluate the risks facing the Group in each risk category in the most consistent manner possible. This approach leads to a reliable and steady increase in corporate value.

As a structure to promote said risk management, the Company has established the Risk Management and Compliance Department to oversee risk management of the Group.

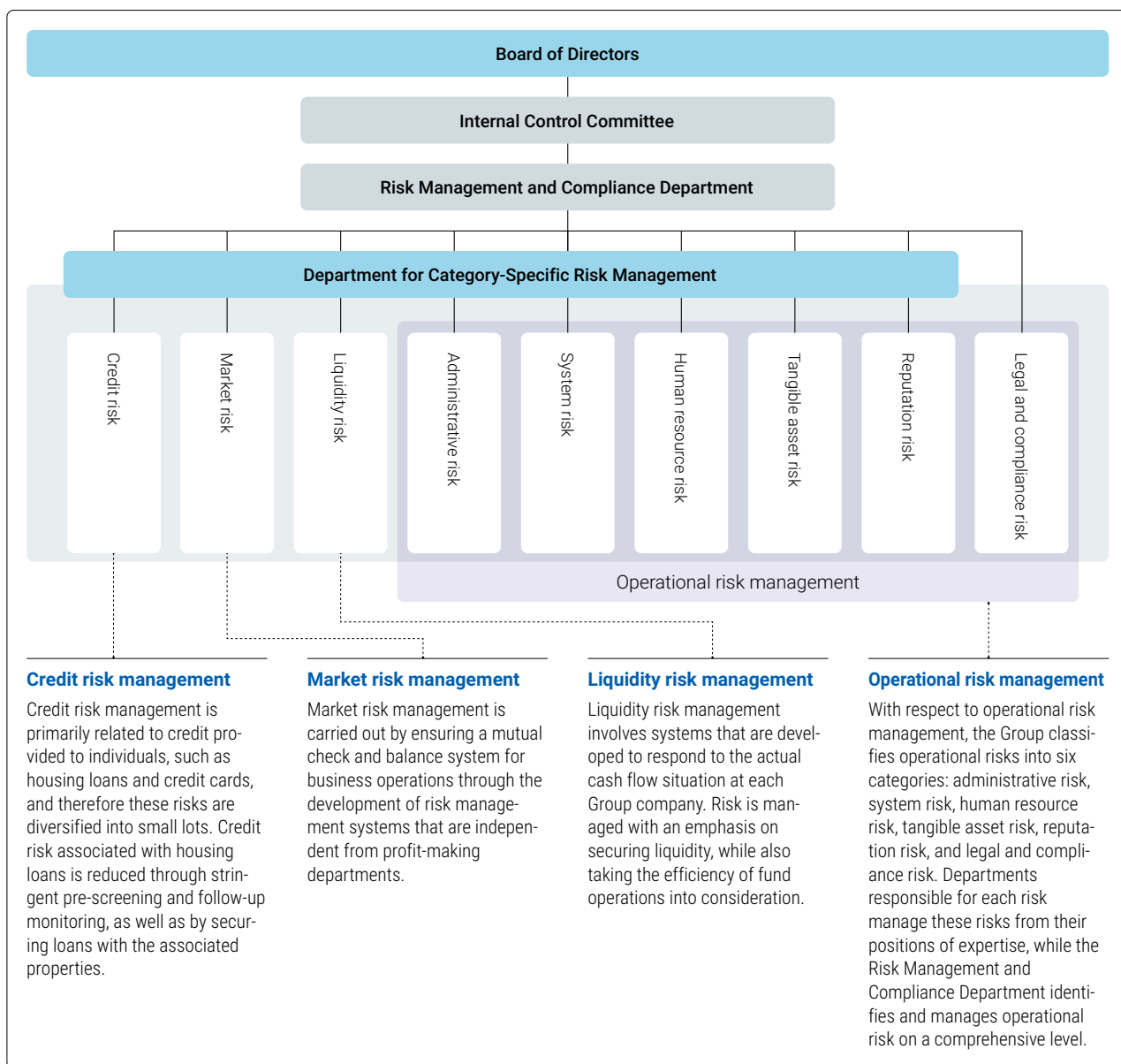
The Internal Control Committee comprehensively studies and deliberates on matters relating to overall risk management in the Group and refers important matters to the Board of Directors. In addition, we have established subcommittees related to internal control and conduct concrete examinations

regarding operational issues that focus on monitoring and risk control within the Group. These examinations entail understanding problems, analyzing root causes, and planning countermeasures. The examination results are then proposed and reported to the Internal Control Committee.

The role of the Board of Directors with respect to risk management is to regularly receive reports on the status of risk management, perform monitoring of risk management, and deliberate and decide on important fundamental matters relating thereto.

The Group categorizes risks that occur in the course of operations into a number of categories: credit risk, market risk, liquidity risk, and operational risk. Risks are managed according to their specific characteristics.

Corporate Governance Structure



BUSINESS CONTINUITY MANAGEMENT

As a member of the AEON Group, in December 2019 we revised our manual on business continuity management in preparation for natural disasters—such as earthquakes, floods, and typhoons—system troubles, pandemics, fires, and other various risks. The business continuity policy contained

within the business continuity management system, applicable to the Company as well as AEON Credit Service and AEON Bank, has been clarified, as have organizational and accountability structures. By following and revising this policy and these structures, we aim to ensure business continuity.

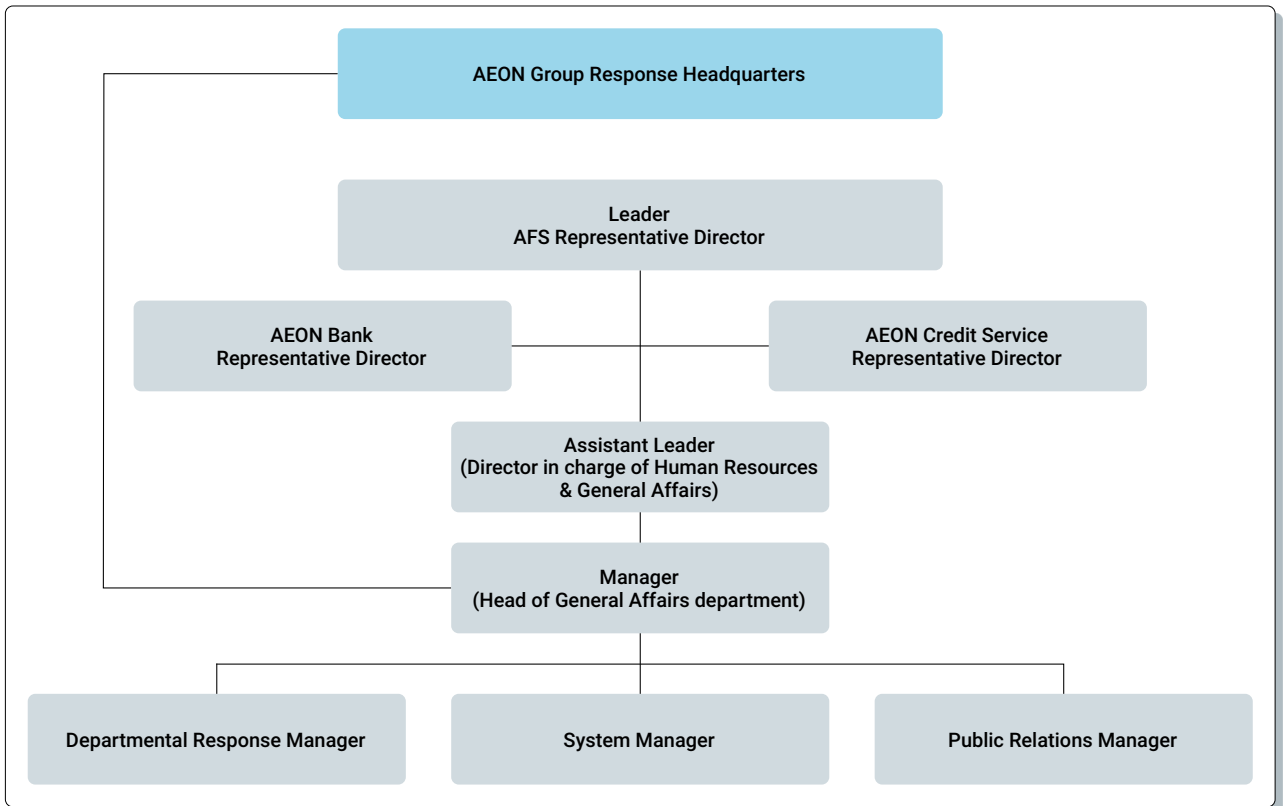
Business Continuity Policy

The Group has a “business continuity management system” defined by AEON Co., Ltd. and a “business continuity management system” defined by AFS. We aim to continue the business of each AEON financial service company, such as its payment infrastructure.

1. We give top priority to ensuring the safety and security of our customers, employees, and their families.
2. In the event of a disaster, work to grasp the damage situation and implement countermeasures, and work to restore operations as soon as possible.
3. Aim for early restoration of payment and ATM functions that are particularly important as social infrastructure.

Emergency Response Headquarters System

In the event of an emergency, the Group will set up a task force headed by the President and CEO and will work closely with related sections of the AEON Group to make appropriate and timely responses.



Column

Acquisition of ISO 22301 Certification for Business Continuity Management Systems

In March 2020, AFS acquired ISO 22301 certification, the international standard for business continuity management systems (BCMS). The certification, which was developed in 2012, is an international standard for BCMS for formulating measures to minimize the impact of various risks on business—such as system troubles and pandemics, as well as earthquakes, typhoons, and other natural disasters—and implementing an efficient and effective response.

Efforts to ensure business continuity in the event of a large-scale disaster are critical management issues for financial companies. As a part of the payment infrastructure, there are great expectations from the local communities and other stakeholders for the Company to make a prompt recovery in an emergency. Therefore, we have undertaken various efforts to maintain and improve our disaster response and business continuity capabilities.

These efforts fulfill the standard for business management continuity systems put forth under ISO 22301. Since this certification is applicable to AEON Financial Service Co., Ltd., AEON Credit Service Co., Ltd., and AEON Bank, Ltd., we are the first financial group that includes a bank to receive this certification.

The AEON Group continues to carry out annual large-scale natural disaster prevention drills in anticipation of a huge earthquake or tsunami to promote business continuity. We have accumulated knowledge concerning natural disaster countermeasures through active participation in these drills. In September 2019, Typhoon Faxai caused major power outages, particularly in Chiba Prefecture. However, when this rendered the dedicated ATMs at AEON Bank located in AEON Mall Kisarazu inoperable, mobile ATMs were dispatched to the location. In addition in response to the prolonged damage caused by the power outages, we dispatched mobile ATMs to Tateyama City, Chiba Prefecture, alongside AEON's mobile sales vehicles as part of visits to schools, two public halls, and fishing ports to provide services. Going forward, we will continue to take the initiative to promote business continuity, support people's lives even in times of emergency, and fulfill our social responsibility as a part of the financial infrastructure that serves the community.



Mobile ATM



ISO 22301 (business continuity) management system certification

Overview of Certification

Registered business	AEON Financial Service Co., Ltd.
Registration code	JQA-BC0042
Certification standards	ISO 22301: 2012/JISQ 22301: 2013 Issuing body: Japan Quality Assurance Association (JQA) Issuing body: ISMS Accreditation Center
Certification date	March 27, 2020
Scope of certification	(1) AEON Financial Service Co., Ltd. <ul style="list-style-type: none"> • Management and coordination of Group companies • Coordination of information with outside parties • Bank loans, procurement procedures for commercial papers, subsidiary loans, and bank repayments (2) AEON Credit Service Co., Ltd. a) Management of operational systems related to credit and call centers b) Management of call center operations (3) AEON Bank, Ltd. a) Current deposit payments and foreign currency payments with Bank of Japan b) Zengin System payments c) Housing loans and corporate loans, and purchase requests to Japan Housing Finance Agency d) Internet banking and system maintenance e) Work planning (cash payments during emergencies)

COMPLIANCE SYSTEM

The AEON Code of Conduct has been established to provide guidance for appropriate judgments and actions in line with the social norms and corporate ethics upheld by the AEON Group. The Group, meanwhile, has established the AFS (AEON Financial Service) Group Polices on Compliance. Considering both these guidelines to be common standards of values, all officers and employees of the Group ensure compliance with these guidelines.

The Group has also formulated the Compliance Regulations and Compliance Manual to thoroughly inform all officers and employees about the laws and regulations that they must comply with, as well as specific points to watch out for, and how to respond should they discover any compliance violations. In addition, the Group holds compliance training at regular intervals and whenever necessary.

The Company, meanwhile, has established the Risk Management and Compliance Department as an entity charged with overseeing the compliance of the Group. It monitors the compliance status of respective Group companies and provides guidance and advice when necessary.

The Internal Control Committee performs monitoring of compliance inside the Group and examines the measures

carried out in response to compliance-related issues.

The Board of Directors receives reports and opinions relating to compliance in the Group from the Internal Control Committee and makes decisions on important matters relating to compliance.

The Group has formulated the Basic Policy for Handling Anti-Social Forces. This policy clearly informs officers and employees that relationships with anti-social forces are strictly forbidden. In addition, the Company and each Group company compile and analyze data about anti-social forces collected from both inside and outside the Group and report the status of management to the Company. The Company monitors the status of management of all Group companies regarding the exclusion of anti-social forces, in addition to providing instructions and guidance when necessary.

In addition, we regard money laundering and terrorist financing, which have been increasing internationally in recent years, as important management issues. In order to promote a proactive response in this regard, we are working to develop and operate management systems at each Group company based on our AFS Group Compliance Policy.

WHISTLEBLOWING SYSTEM

Each Group company has a contact point for consultation to ensure the promotion of compliance and the integrity of the compliance system of the Group. In addition, all officers and employees are informed about the AEON Code of Conduct "110" hotline contact point and the outside hotline contact point for consultation. In addition to handling issues involving legal violations, while protecting the individual seeking a consultation, we are investigating the facts and devising

measures for making improvements or resolving issues to ensure the contact points for consultation protect the individual making the consultation and help Group companies to take corrective action.

In January 2020, we set up a dedicated contact point for reporting officer misconduct at each Group company. This action will further strengthen corporate governance for the AEON Group.

AEON Bank Receives Whistleblowing System Certification

In order to detect and correct instances of fraud or rule violations at an early stage, AEON Bank has adopted the theme of "clear internal reporting" and is working to build an environment where the consultation process is both easy and has a low barrier. In November 2019, AEON Bank registered for the Whistleblowing Compliance Management System certification (a self-declaration of conformity) under the jurisdiction of the Japanese Consumer Affairs Agency, an action aimed at increasing the effectiveness of its whistleblowing system.



Whistleblowing
Compliance
Management
System

INTERNAL AUDITS

Based on the recognition that building an internal audit system is critical for developing an appropriate risk management structure, the Company has formulated an Internal Audit Basic Policy for the Group, which aims to ensure the effectiveness of internal audits. The Internal Audit division of the Company conducts internal audits of each division of the Company as well as supervises the Group's internal audit function. Specifically, the division verifies the appropriateness and effectiveness of each Group company's internal

management and internal audit structure by monitoring the status of internal audits and conducting direct audits as necessary. The division provides necessary opinions and guidance based on the results of these reviews. In addition, from the standpoint of ensuring the efficiency and effectiveness of audits, the Internal Audit Division exchanges opinions and information with the corporate auditors and accounting auditor regularly as well as on an as-needed basis.



DIALOGUE WITH STAKEHOLDERS

The Company engages in responsible dialogue with shareholders and investors, mainly through top management and the investor relations department. We will continue to improve corporate value through responsible dialogue.

Status of Investor Relations Activities

Investor Relations Activities	Details	Explanation by Representative Directors	Actions (Fiscal 2019 Annual)
Preparation and publication of a disclosure policy	We prepare a disclosure policy and publicize basic policies, standards of information disclosure, methods of information disclosure, and announcements of the IR quiet period.	—	—
Company briefings for individual investors	We hold company briefing sessions for individual investors to showcase the Company and explain its performance.	Yes	In-person events: 3 (266 attendees) Online events: 2
Periodic briefings for analysts and institutional investors	Representative directors or the director in charge of corporate management periodically conduct briefings.	Yes	Dialogue counterparties: 221 companies
Periodic briefings for foreign investors	We publish English annual reports and an English version of the IR website. We translate various reporting materials into English and regularly hold meetings with overseas investors.	Yes	Dialogue counterparties: 51 companies
Availability of investor relations materials on the corporate website	We publish various materials, including audio versions of results briefings. We also publish monthly information.	—	Earnings release reports: Quarterly Other investor relations materials: As needed
Establishment of a department and person in charge of investor relations	An IR representative is assigned to the Corporate Planning Department, which is responsible for disclosure.	—	—
Overseas inspection tours for analysts of domestic securities companies and institutional investors	We give an overview of Global Business, local circumstances, and of the nature of business at local subsidiaries in Thailand and Malaysia, with visits to stores in Thailand and Malaysia.	—	Meetings: 1
Others	The President and CEO, director in charge of corporate management, and person in charge of investor relations conduct meetings with individual domestic and overseas investors and securities analysts.	Yes	Meetings: 121

External Recognition of AEON Financial Service (As of June 30, 2020)

IR Websites	Awards and Accreditations
Nikko Investor Relations Co., Ltd.	 <p>2019 All Japanese Listed Companies' Website Ranking Overall ranking: Best Sites</p>
Gomez Consulting Co., Ltd., a subsidiary of Morningstar Japan K.K.	 <p>Gomez IR Site Ranking 2019 Excellent Company: Silver Award</p>

Indices	Awards and Accreditations
MSCI Japan ESG Select Leaders Index*	 <p>Included for four consecutive years (ESG rating: AA/AAA–B)</p>
SNAM Sustainability Index	 <p>Included for nine consecutive years</p>
JPX-Nikkei Index 400	 <p>Included for seven consecutive years</p>

Others	Awards and Accreditations
Nikkei Smart Work	 <p>Overall assessment: 3.5 stars</p>

Investor Relations Information Disclosure

Materials	Japanese	English
Announcement of results	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Timely disclosure materials	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Materials for individual investors	<input checked="" type="checkbox"/>	—
Shareholder and stock information	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Performance and financial graphs and data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Credit Rating Information (As of June 30, 2020)

Rating Agency	Long Term	Short Term
Japan Credit Rating Agency, Ltd. (JCR)	A (Stable)	J-1
Rating and Investment Information, Inc. (R&I)	A– (Stable)	a-1

Notes: 1. The MSCI Japan ESG Leaders Index is a free float-adjusted market capitalization index designed to represent the performance of companies that have high environmental, social, and governance (ESG) performance from within its parent index, the MSCI Japan IMI Top 700 Index, and targets coverage of 50% of the free float-adjusted market capitalization within each Global Industry Classification Standard® (GICS®) sector of the parent index.

2. The inclusion of AEON Financial Service Co., Ltd. in any MSCI Index, and the use of MSCI logos, trademarks, service marks, or index names herein, do not constitute a sponsorship, endorsement, or promotion of AEON Financial Service Co., Ltd. by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.