

Sustainability of AEON Financial Service Group

Recognizing that the sustainable development of society is a precondition for the continuous growth of its business, the Group is committed to environmental protection and social contribution activities. In addition, to ensure that the Group's business is positioned as an essential part of society's infrastructure, both in Japan and overseas, we promote sustainability management that balances the economic value created through our business activities with the social value enjoyed by local communities.

To continue to be the company that can contribute the most to customers and communities.

Yuro Kisaka

Responsibility for AFS Sustainability
Director and Managing Executive Officer
Group Corporate Planning Division



Toward Realization of Sustainability Management

The Company conducts all its activities based on 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." We also place particular importance on continuing to be the company that can contribute the most to customers and communities, while continuing to innovate.

It could be thought that an AEON Group philosophy of this kind would lead as a matter of course to SDGs and sustainability, but we established the Group Sustainability Division in September 2021 to further promote our initiatives. Using that division as the focal point for gathering knowledge from a global perspective, in November of that same year, we clarified social issues that will affect our business over the medium to long term and identified the key issues (materiality) that should be addressed to resolve them. At the same time, we formulated the AFS Sustainability Policy. We also renamed the existing CSR Committee as the Sustainability Committee and strengthened the promotion system by adding the top management of each Group company responsible for implementation to its members.

We started by asking under what kinds of situations can we provide customers with the best value in our area of business, the field of finance, then, we kept those situations in mind when formulating the AFS Sustainability Policy and when organizing how to achieve the Policy. Taking the opportunity presented by formulating the Policy, we are proceeding with tasks designed to determine specific objectives, directions, and goals while collecting a wide range of information from the Group's 32 companies.

Sustainability Focus Areas

The AEON Group conducts business activities as a company

that supports customers' lifestyles. While I myself have been working overseas for nearly 20 years, I have been reassured by the fact that this attitude has become ingrained in all our overseas staff and thus has become part of our DNA. Supporting customers' lifestyles can also be defined as providing value that customers need. I have seen scenarios in which this has been realized in various regions overseas.

We launched our overseas business in Hong Kong in 1987, but a distinctive feature of the Company was its attitude of flexibly responding to local needs without being overly fixated on the credit card business. It was while observing consumer trends among the general public that I noticed that Japanese-made televisions were a commodity beyond their financial reach. At that time, the price was about five times the starting salary of a university graduate, and ordinary people could not easily afford them. Therefore, we offered an installment payment service that local financial institutions did not offer, and which was welcomed by many customers. In Malaysia, we started motorcycle loans in 1996 and later expanded our services to cover used and new car loans. We did this not only because public transportation was underdeveloped and young people needed motorcycles for everyday transportation, but also designed to solve the problem that banks did not provide small loans to individuals.

These are examples of what we now call "financial inclusion." I feel once again that helping everyone have access to basic financial services is an important stance that leads to sustainability.

Environment

The AEON Group, has adopted its Decarbonization Vision with due regard for the environment and we are assisting the Group's aim to reduce CO₂ emissions from its stores to zero by 2040. Having endorsed the Task Force on Climate-related

Financial Disclosures (TCFD) since 2021, we are linking its recommendations to strategies through the ascertaining and analyzing of climate change risks and opportunities. In addition, a company characteristic is that we engage in business that is closely related to the daily lives of our customers, provide information and conduct educational activities. I would like us to expand our initiatives to reduce environmental impact together with local communities and customers while providing them with that information and those enlightenment activities.

Social

In terms of society, one of the activities we are focusing on is financial literacy education. Our Group employees are conducting financial education, geared primarily towards students from elementary schools to university students, in various regions in Japan and overseas. Going forward, I would like to expand the training sessions for those employees who act as instructors to revitalize and enhance financial literacy education. As a member of the AEON Group, we are also aiming to build a business model that will lead to the development of AEON, which in turn will lead to the development of local communities, and to the growth of AEON's business. As the environment and needs surrounding society, regions, and customers are constantly changing, it will be essential for us to continue to innovate by reinventing ourselves to achieve this aim.

Governance

In terms of corporate governance, we put in place a Transaction Screening Committee in 2022. This committee will closely monitor transactions to eliminate conflict of interest transactions between the AEON Group and the Company as well as to ensure that minority shareholders are in no way disadvantaged.

With regard to parent-subsidiary listings, we are the AEON Group's growth engine, and thus I see this positively as the result of having demonstrated entrepreneurial spirit. We will demonstrate our entrepreneurial spirit and step into untapped markets and new businesses. We will work together with local

employees to grow the company and go public. Not only strengthening its financial position, listing the Company will also improve its name recognition and credibility, which will lead to sales benefits, secure talented human resources, and improve employee morale. By strengthening and enhancing the governance and management systems required of listed companies, we will also strive to build an organizational foundation that can withstand the expansion of business scale. It is my belief that the listing of our Group companies is meaningful in terms of fostering human resources, contributing to regional development, and achieving sustainable growth as a company.

To All Our Stakeholders

AEON Financial Service would like to continue to be the company that can contribute the most to customers and communities. For that reason, we will spare no effort in continuing to innovate.

For the very reason that the AEON Group provides services that are essential to daily life, such as the financial services centered on the retail business, which are so familiar to our customers, I have been feeling that being rooted in communities represents our greatest strength. In my long experience abroad, foreign-owned companies continued to be regarded as foreign-owned companies no matter how much time had passed. However, having been listed on local stock markets and continuing to work with local employees and local governments to assimilate with local communities, we are familiarly popular with and supported by our customers. In Malaysia, the AEON Group has been in the retail business for 40 years and in the financial industry for nearly 25 years, so some of the local young people may not even be aware that AEON is a Japanese company.

In the years to come, as we sit face to face with our customers, we will consider factors that will bring color to their daily lives with peace of mind and delight while providing them with financial services.

» AFS Sustainability Policy

The AFS Group formulated its Sustainability Policy in November 2021 to promote sustainability management that balances the economic value created through its business activities with the social value enjoyed by local communities. The Group sets out the principles by which it will proactively promote sustainability activities together with local communities, customers, and business partners, and incorporates sustainability perspectives in all business decision-making. The Group stipulates that its policy is to practice long-term value creation in harmony with the natural environment and social systems.

➔ Please refer to our corporate website for the AFS Sustainability Policy.
<https://www.aeonfinancial.co.jp/en/activity/policy/>

Our Sustainability Policy consists of the following items.

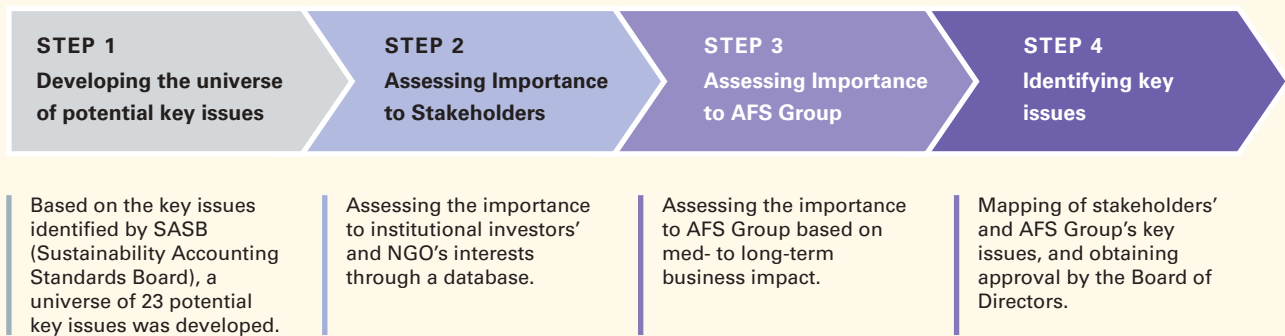


Identification of Materiality

The Group’s mission is to identify social issues that may affect its business over the medium to long term, understand both risks and opportunities, and resolve them through our business activities. In addressing these issues, all officers and employees are aiming for the realization of a sustainable society, in which everyone can live a fulfilling and happy life, and to contribute to peace.

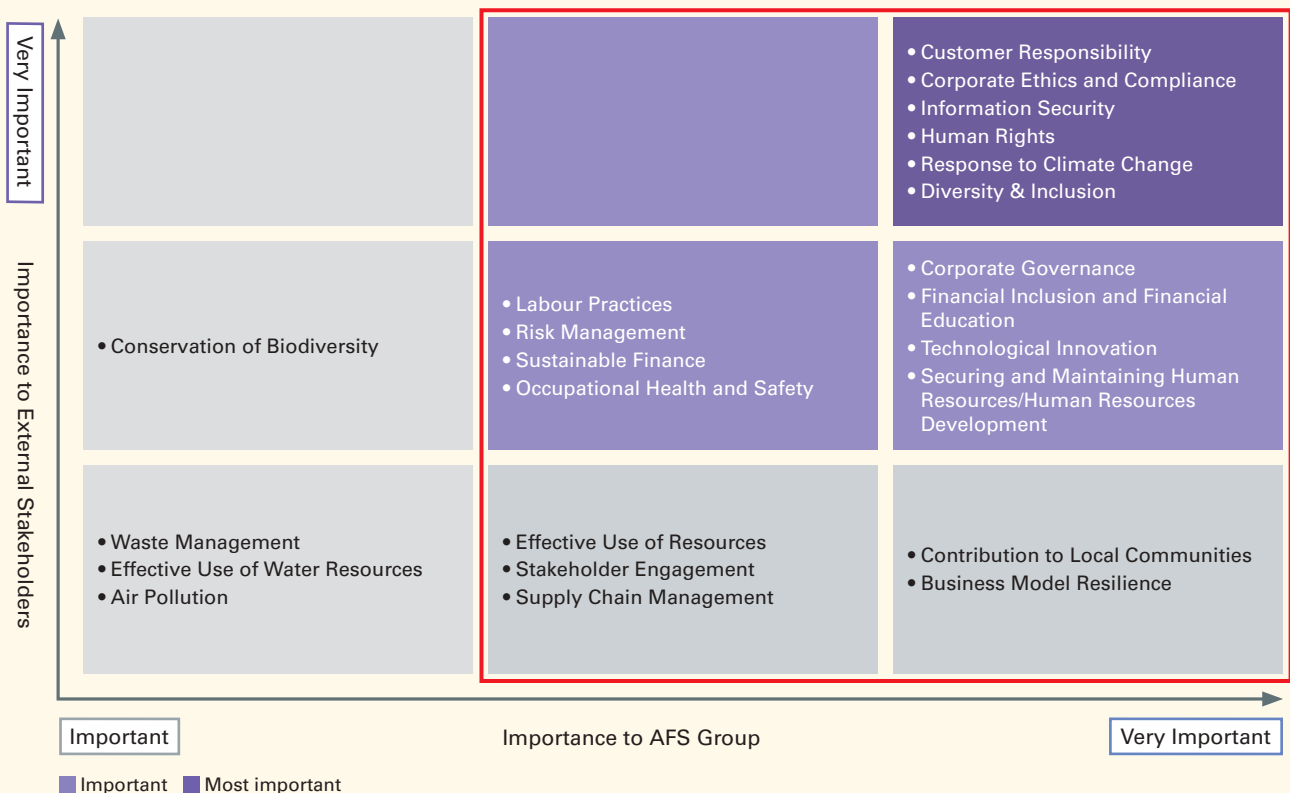
The Materiality Identification Process

Throughout the following four steps AFS Group has identified the material issues that will affect our company business over the medium to long term.



Materiality Map

After assessing the importance of key issues to stakeholders and the AFS Group, 19 key issues were identified, with six issues categorized as the most important, eight as important, and five as being of particular importance to the AFS Group.



Contributing to peace through the creation of a sustainable society



Pursuing happiness through innovative financial services

- Customer Responsibility
- Financial Inclusion and Financial Education
- Technological Innovation
- Sustainable Finance
- Contribution to Local Communities

Relevance to SDGs

Exerting diversity and the potential of our people

- Diversity & Inclusion
- Securing and Maintaining Human Resources/ Human Resources Development
- Labour Practice
- Occupational Health and Safety

Relevance to SDGs

Human Rights

Establishing organizational resilience

- Corporate Ethics and Compliance
- Information Security
- Corporate Governance
- Risk Management
- Business Model Resilience
- Supply Chain Management
- Stakeholder Engagement

Relevance to SDGs

Addressing climate change

- Response to Climate Change
- Effective Use of Resources

Relevance to SDGs

Message from Head of Sustainability Division

Toward the realization of a sustainable society in which everyone can live a fulfilling and happy life

In promoting sustainability management, the first factor to be identified was AFS's materiality, the social issues that will affect the Group's business over the medium term. This was an evaluation that allowed us to recognize the importance of the social issues we must address through our business activities. In the process of identifying materiality, in light of the Group's business conditions and business model we first extracted a universe of 23 issues from among the numerous social issues. After that, we investigated the importance of these social issues by surveying evaluations by about 20 domestic and overseas Group companies (horizontal scale) and evaluations by stakeholders (investors and NGOs) (vertical scale). By plotting them on a matrix, we have identified the issues (materiality) that the Group should prioritize.

We have adopted "contribution to 'peace' through the realization of a sustainable society" as the highest concept encompassing the 19 identified materialities. The AEON Group's financial business, which comes into contact with customers on a daily basis, will continue to be sustainable only if it is "peaceful." We will also work to resolve social issues such as human rights, customer responsibility, diversity and inclusion, and financial education, while remaining deeply involved not only with customers but also with people, including our employees.

Going forward, we will work to instill an understanding of the concept of sustainability management among all members of the management team and employees, set materiality KPIs, and promote the implementation of PDCA cycles in three steps.



Mariko Sasaki
Group Corporate Planning Division
Group Sustainability Department Head



AEON Thana Sinsap branch

SPECIAL FEATURE

AEON THANA SINSAP (THAILAND) PCL. 30th Anniversary

Since its establishment in 1992, AEON THANA SINSAP (THAILAND) PCL. (ATS) has been working to expand its customer base in Thailand with a focus on the installment financing business. Starting with installment sales and personal loans, it has since established a business model based on the recruitment of customers into its membership base, as well as expansion into peripheral credit-related activities, such as credit card issuance, and the insurance and servicer businesses. Listed on the Stock Exchange of Thailand in 2001, ATS has since then continued to provide financial services that meet the needs of its customers and celebrated its 30th anniversary in 2021.

AEON Thana Sinsap was an early adopter of digital technology and started to develop smartphone apps in 2013. Today, it uses AI for credit screening and management and is also developing cardless services, including digital card issuance. The company has enhanced its brand image in Thailand through various initiatives, including the issuance of cards with special benefits in partnership with leading Thai companies. These include BTS Group Holdings, a major Thai railway and real estate company, Thai Airways International, and major retailer Big C. Going forward, ATS will continue to strive to provide products and services that can support the lives of Thai customers more conveniently.

Growth Trajectory 1992 – 2021

1992 – 1999

- 1992**
 - Established as SIAM NCS CO., LTD
 - Launched individual product brokerage business, began issuing the AEON Express Card (member card)
- 1994**
 - Changed trade name to AEON THANA SINSAP (THAILAND) PCL.
- 1995**
 - Began providing personal loans

- 1997**
 - Began issuing the JUSCO Card



- 1998**
 - Established ACS CAPITAL CORPORATION LTD.



2000 – 2009

- 2001**
 - Listed on the Stock Exchange of Thailand
- 2003**
 - Obtained credit card issuer's license
- 2005**
 - (ACS CAPITAL CORPORATION LTD.) Established Non-life insurance agency ACS INSURANCE BROKER (THAILAND) CO., LTD.
 - Launched lease business

- 2006**
 - Began issuing the JUSCO Card (now AEON Card: tie-ins with international brands)



Growing from an unknown to a leading credit card operator in Thailand

I am in charge of the Marketing Department and my responsibilities are card acquisition, including credit cards and member cards; promotion of credit cards, personal loans and installment loans; the auto loan business, the insurance business and branch network for 103 branches nationwide.

From my point of view, I say that these days the public sees ATS as a leading consumer finance company in Thailand. In the past, customers perceived ATS as a hire-purchase company and its image was not high compared with commercial banks. Even though, ATS also operated a credit card, but the company was not recognized among the name-brand credit card operators. After ATS partnered with Thai Airways (national airline) and issued the co-branded Royal Orchid Platinum card, we gained a good image among customers and the market. ATS is now widely recognized as one of the leading credit card operators in Thailand.

It was not that way at the beginning, however. ATS started business 30 years ago by penetrating the market with hire-purchase services focusing on middle- to low-income groups. At that time, ATS was the first financial company offering non-collateralized credit to customers who were not welcomed by commercial banks, which focused more on collateralized loans. As a result, we won over a large number of loyal customers and became a financial company at the top of customer's minds. This was the key success of our business and we will continue in this spirit in the future. We also followed AEON Group's direction to listen to the "Customer's Voice" and try our best to offer any financial products or services that will satisfy customer needs.

I recall another success story as a result of this approach. Long ago, when our company image was that of a hire-purchase company, it was difficult for ATS to engage with high-class department stores or premium-brand designer stores in order to bring high-income customers into our portfolio. After we became a partner with Thai Airways, BTS Group, Big C and other leading names in various industries, we were able to recruit high income customers and grow our portfolio significantly.

Looking ahead, we are focusing on migrating our business from a traditional platform toward digitalization. For instance, we have completely migrated our personal loan customers from using plastic cards to virtual accounts on mobile apps. In the past, these customers needed to use their member card to withdraw cash from ATMs, but since acquiring virtual accounts, they have been able to withdraw cash by using QR codes or the PromptPay service instead, which is much more convenient for customers, and also improves operational efficiency for ATS as well.



Mr. Nuntawat Chotvijit
Head of Marketing Department
AEON Thana Sinsap

2010 – 2021

2007

- (ACS CAPITAL CORPORATION LTD.) Established life insurance agency ACS Life Insurance Broker (Thailand) Co., Ltd. and servicer company ACS Servicing (Thailand) Co., Ltd.



- AEON Thailand Foundation established to engage in environmental/social contribution activities

2012

- Transferred non-life insurance agency, life insurance agency, and servicer company to AEON THANA SINSAP (THAILAND) PCL.

2013

- Integrated two insurance agency companies, changed trade name to AEON Insurance Service (Thailand) Co., Ltd.

2021

- Established Rabbit Cash Company Limited as joint venture with BSS Holdings Company Limited and Humanica Public Company Limited

2016

- Launched issuing of integrated member card with Rabbit electronic money in partnership with BTS Group



2017

- Worked to increase number of co-branded cardholders with major retailer Big C Group



2018

- Began issuing AEON J-Premier Platinum Card by which benefits can be received at AEON stores in Japan



DX

In light of the changes in an environment in which customer needs and behavior patterns have undergone radical modifications, the Group is further accelerating the Group-wide digital transformation (DX) on which it has been working for some time. In addition to improving customer convenience by enhancing our smartphone apps and online services, we are focusing on improving service sophistication and streamlining operations by utilizing AI and other technologies.



Strengthening of Payment Business Based on Digital Technology Utilization

In September 2021, AEON launched iAEON, its all-in-one app that is intended to be a common point of contact for the entire AEON Group. Users of the iAEON app can use, send, exchange, and check the balance of their WAON points, which are likewise common to the entire AEON Group. Moreover, it is possible to add up WAON points within the app. Users can present their membership code at the store cash register and use the app to collect or pay with WAON POINT. Furthermore, users can register their credit and debit cards with an AEON mark in the app, allowing them to make payments during checkout using AEON Pay, a simple method of code payment, at any AEON Pay-affiliated store in Japan.

Since October 5, 2022, AEON Pay functions have also been available through AEON Wallet, the official app for AEON Cards.

The addition of this capability has further enhanced customer convenience, since the AEON Wallet can now be used to obtain AEON Card statements and points balances and information about campaigns, and to make payments to AEON Pay affiliated merchants.



AEON Pay code payment

Strengthening of Online Channels

In our domestic business activities, we are responding to changes in consumer lifestyles and behavior patterns by creating digital ways to access services traditionally provided in real-world outlets, such as the processing of applications and the provision of advice. For example, by having customers make reservations in advance online, at AEON Bank Co., Ltd. we have introduced a visitor reservation service that assists customers to avoid having to wait at the store, and a video consultation/processing desk that allows customers to use various procedures over a videophone at the store. We are also expanding our online consultation service, which allows customers to consult with store staff from a computer or smartphone at a location, such as their homes, that is convenient for them. From September 21, 2022, we made further enhancements to the function, which have made it possible to complete application procedures for investment trusts, foreign currency deposits, and all types of loans. AEON Insurance Service Co.,Ltd. is also active in this area via its own online insurance consultation service.

AEON Bank is also preparing for an online-merge-offline (OMO) transition. Adding to the unique business model that places real channels at AEON Bank's disposal, we will evolve DX-based services by, for example, the enhancement of online services, application programming interface (API) connections, and expanded capacity.



AEON Bank video consultation/processing desk

Progress Made in Digitalization Overseas

● Thailand

AEON THANA SINSAP (THAILAND) PCL. (ATS) has improved user interface (UI) and user experience (UX) by digitally replacing its business processes. Enabling customers, providing they have a smartphone, to complete the usage of a product, make inquiries, and make payment amount inquiries, they can use the service in a stress-free manner.

Also, having previously issued plastic member cards, ATS stopped issuing cards and paper invoices in January 2022 and completed its transition to a completely cardless business from May 2022. The company is rapidly shifting to digital-based services, such as by beginning to sell insurance via an app.

● Malaysia

Advancing collaboration with local AEON Group retailers, AEON CREDIT SERVICE (M) BERHAD (ACSM) has been promoting the integration of their customer bases, such as by the process of aligning their points systems in 2018, in conjunction with data utilization initiatives. Going forward, the evolution of the service will be brought about by, for example, incorporating functions that allow applications for ACSM financial services to be made, centered on the iAEON app developed by local retailer AEON CO. (M) BHD.



AEON THAI MOBILE

By combining the use of AI and external credit information in each country, we will also continue to promote efforts to improve customer convenience. These efforts will include those designed to improve the speed of credit screening and to seamlessly provide products to customers as well as the introduction of electronic know your customer (e-KYC) technology to reduce complicated tasks at the time of application and shorten waiting times.

TOPICS

Establishment of DX Committee

The DX Committee was created in September 2022. Its mission is to formulate DX strategies for the AEON Financial Service Group, to promote DX across the Group, and to optimize DX initiatives by Group companies. We will further accelerate our DX efforts going forward.

Two companies certified as DX-certified business operators, as stipulated by Ministry of Economy, Trade and Industry



● AEON Credit Service Co., Ltd. (certified April 1, 2022)

We are working to achieve customer satisfaction by building services that utilize AEON Wallet, the AEON Card official app, and DX infrastructure in the fields of cashless payments and financial services.

Main Policies:

- (1) Functional enhancement of AEON Wallet, which serves as a digital platform
- (2) Increased sophistication of credit extension procedures by using AI in reconstruction of existing credit model
- (3) Provide services that enable the company to have an unprecedentedly close connection with its customers by means of the digitalization of its operations

● ACS Credit Management Co., Ltd. (certified September 1, 2022)

Acquired DX certification for the first time as a debt collection company (servicer). Advanced technology and servicer business

As a tech servicer after having integrated our servicer business, we are working to provide sophisticated solutions for industry-leading, innovative debt collection operations.

Main Policies:

- (1) Utilizing AI modeling tools to optimize collection operations
- (2) Improving productivity by utilization of interactive voice response (IVR) and voice recognition systems
- (3) Streamlining of operations by digitalization and utilization of robotic process automation (RPA) tools

Health & Wellness

Amid the demographic changes and the extended healthy life expectancy in Japan, allied with the opportunity presented by increasing health awareness following the spread of COVID-19 infections both in Japan and overseas, the AFS Group is focusing on expanding its business into the health and wellness field.



Development of New Insurance Products/Services

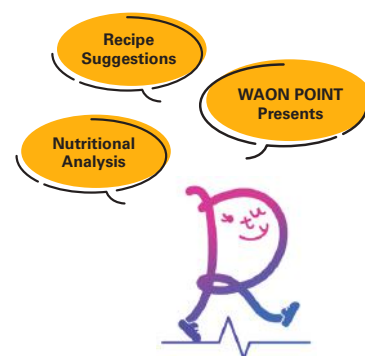
● Genki Passport Health Promotion Insurance

In November 2021, AEON Allianz Life Insurance Co., Ltd. began selling Genki Passport, health-promoting, whole-life medical insurance that meets customers' pre-illness, prevention, and health promotion needs. By performing health promotion activities with the Wellness Palette smartphone app, which is an ancillary service of this product, users are able to receive Wellness Coins that can be exchanged for health-related products from, for example, AEON Group and coupons. In addition to working to have a positive impact on our customers' awareness, behavior, and habits, and being able to contribute to their futures, we will work on cross-selling to provide them with new value by demonstrating the strengths that of the AEON Group possesses in terms of its sales channels, products, and data.



● ROUTY Healthcare App

In July 2021, amid rising demand for health care advice, such as on healthy eating and exercise habits, AEON Credit Service Co., Ltd. began providing the ROUTY healthcare app to assist its customers in improving their health in a simple and easy way. In January 2022, the company upgraded the in-app functions, for example by improving the accuracy of image analysis, customizing menus when recording meals, and suggesting ingredients to compensate for nutritional deficiencies. We will strive to improve customer satisfaction by supporting daily healthy eating lifestyles and exercise habits.



ROUTY healthcare app

Expansion of Overseas Insurance Business

● Thailand

In addition to discounts and cashback benefits at affiliated hospitals, health facilities such as gyms, and insurance companies, local subsidiary AEON THANA SINSAP (THAILAND) PCL. (ATS) is strengthening its efforts to support disease prevention and treatment. These efforts include the issuing of the health-specific AEON Wellness Platinum Card, which comes with the benefit of donating part of the card usage amount to the Thai Red Cross Society.

In Thailand, the insurance business, which had previously been developed as a subsidiary, was integrated into ATS, and we are working to strengthen both real and digital touchpoints. In the real world, we are promoting insurance sales through cross-selling with credit card solicitation by promoting the acquisition of insurance intermediary qualifications by store card solicitation staff. Digitally, having obtained permission to sell insurance online, we have begun selling automobile insurance, travel insurance (domestic and overseas), and cancer insurance via apps. Moves that include enabling AEON card payments to be completed via an app have led to improved customer convenience.



AEON Wellness Platinum Card

ESG

Recognizing that the sustainable development of society is a precondition for the continuous growth of its business, the AFS Group is committed to social contribution activities closely related to local communities and to global environmental protection and social contribution activities to fulfill its mission as a good corporate citizen.



Improving Financial Literacy

The AFS Group engages in activities for realizing a sustainable society, based on the Sustainable Development Goals (SDGs) and other factors, with a focus on initiatives designed to improve financial literacy. Recognizing the importance of acquiring knowledge about finance and contracts from a young age, we began offering financial literacy lectures in schools in 2018.

AEON Bank Co., Ltd. has been providing financial literacy lectures for university students to proactively provide opportunities for fair and high-quality financial education and lifelong learning. From fiscal 2021, the secretariat was moved to AFS to provide a wider range of financial education opportunities, while the entire Group has been working together to promote comprehensive financial literacy education.

Complementary Financial Lectures

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022 (First half)
Number of universities	25	12	11	4
Total number of lectures	116	93	84	33
Total number of participants	5,344	7,985	6,145	6,187



Scene from training meeting at AEON Credit Service Co., Ltd.

Through education about money, including credit cards, for high school and university students, AEON Credit Service Co., Ltd. is continuing to work to develop the sound card holders of the future. Since fiscal 2021, we have been implementing this initiative in each region, mainly at our branch offices and branches throughout Japan. The number of offers from educational institutions is increasing against the background of global changes, such as the encouragement of cashless payments and the lowering of the age of majority, and thus we are strengthening our efforts on an ongoing basis.

Socially, amid concerns over post-retirement life, the currently increasing burden on household finances due to rising prices is becoming the norm. For our Group and AEON Group employees to live their lives with peace of mind, we believe that it is necessary for them to take an interest for themselves, be exposed to information relating to finances, acquire accurate knowledge, and work on asset building on their own initiative. In the AFS Group, the financial education program necessary for all AEON Group employees is called AEON's Financial Literacy Education. Including in-house systems such as corporate pension plans and employee stock ownership associations, the program introduces financial products that meet financial needs arising from changes in life stages. As the entity responsible for AEON's comprehensive financial business, we will strive to improve welfare and promote health management for the entire AEON Group through the provision of this program.

TOPICS

Holding of AFS Global Internships

The Company is conducting global internships to convey its global expansion and initiatives rooted in local communities. Through the utilization of online channels and work experience learning at AFS Group companies in Japan and overseas, we are providing opportunities to improve financial literacy and deepen the interns' understanding of the Group's financial business.



ESG

Toward Resolution of Social Issues

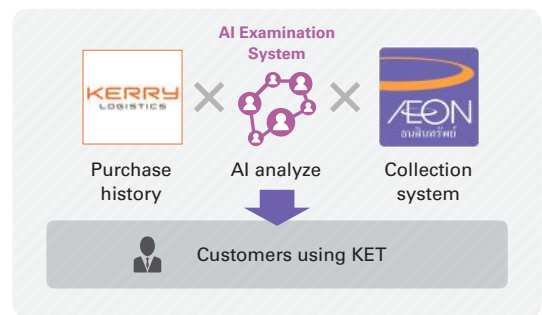
Through its business of providing financial services, the AFS Group will clarify the social issues faced by its customers in each country and region and address them from a long-term perspective.

Support for Business Activities

In Malaysia, AEON CREDIT SERVICE (M) BERHAD has issued membership cards that provide access to e-money and account functions for small business owners. This service is provided in partnership with a small business association with a membership consisting of 1.8 million operators of street food stalls and other small businesses. Members can use the card to process payments and purchase ingredients from AEON Group retailers at wholesale prices. The cards can also be used to pay social insurance charges and receive subsidy payments. Through this service, AEON CREDIT SERVICE (M) BERHAD is helping small business operators to stay in business.

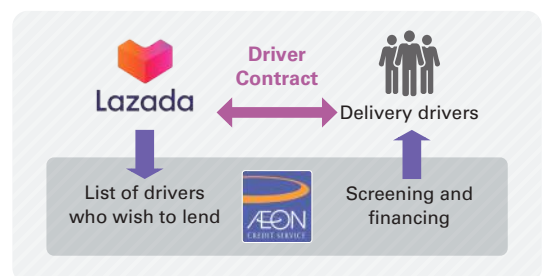


In Thailand, Rabbit Cash Company Limited, a new company established by local subsidiary AEON THANA SINSAP (THAILAND) PCL. as a joint venture with a local company in April 2021, obtained its nano finance license in May 2022. Nano finance is a microfinance loan product introduced by the Thai government to protect consumers and sole proprietors from unofficial high-interest loans. By utilizing AI to analyze sales and purchase history and judge credit risk, it has now become possible to provide small loans to customers whose creditworthiness was difficult to measure using conventional screening methods. With this license, Rabbit Cash is preparing to fully develop its loan business utilizing its digital platform and will support the business expansion of its sole proprietorship customers in Thailand.



Creation of Employment Opportunities

In the Philippines, local subsidiary AEON CREDIT SERVICE (PHILIPPINES) INC. has partnered with Singapore-based e-commerce company LAZADA to create employment opportunities through loans for LAZADA's delivery drivers who wish to receive them.



Responses to Social Issues

To deal with the inheritance issues that are arising with the advent of an aging society in Japan, the Company has started handling inheritance-related services, such as testamentary trusts and inheritance arrangements, through a business alliance between AEON Bank Co., Ltd. and Yamada Escrow and Trust Co., Ltd. Started at the AEON Bank's Tokyo Yaesu Branch in May 2022, this service will be expanded to 48 branches nationwide from September. Leveraging the friendly atmosphere that facilitates consultations and the easy access provided to its branches that are AEON Bank's strengths, we will work to resolve our customers' issues.



AEON Bank's Tokyo Yaesu Branch

Activities with AEON 1% Club Foundation

The six companies—AEON Financial Service Co., Ltd., AEON Credit Service Co., Ltd., AEON Bank Co., Ltd., AEON Product Finance Co., Ltd., AEON Housing Loan Service Co., Ltd., and AEON Insurance Service Co., Ltd.—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: the sound development of the next generation, the promotion of friendship with foreign countries, and the sustainable development of regional communities.

● Exciting Cashless Experience Event Held

For two days in August 2022, AEON Credit Service Co., Ltd. held a cashless experience event for children at AEON Mall Makuhari New City, as part of the AEON 1% Club's Aeon Cheers Club* activities. The aim of the event was to make the convenience of cashless payments more widely known and to provide an opportunity for children to think about the future of money.

On the day of the event, customers enjoyed experiencing the convenience and benefits of cashless payments through quizzes about money, the operating of cash registers, and hands-on experiences of cashless payments.



At the cashless event

*About the Aeon Cheers Club

One of the AEON 1% Club's healthy youth development support projects, the Aeon Cheers Club was launched in 1996 with the support of the Children's Eco Club, a Ministry of the Environment project. While learning social rules and manners through group behavior, children from the first grade of elementary school to the third grade of junior high school conduct hands-on learning at 420 bases nationwide that serve as forums for the nurturing of interest in the environment and agriculture as well as cultivating the ability to think.

(Aeon Cheers Club URL) <https://www.aeon.info/en/sustainability/social/cheers/>

Aeon Heartful Volunteers

As a member of the AEON Group, we are participating in the Aeon Heartful Volunteers program, which was launched as a new social contribution initiative by AEON Co., Ltd. in 2022. To assist in solving the environmental and social issues that each region is facing, we are promoting ongoing volunteer activities that are deeply rooted in local communities in partnership with our local stakeholders. As part of those activities, for the Marine Litter Cleanup Volunteer program, under which coasts and rivers are cleaned up to help resolve the global marine pollution problem, the whole country was divided into 10 areas, and employees from the respective Group companies gathered in each area and carried out beach cleaning activities together with local residents.



Beach cleaning by volunteer activities

Ongoing Support for Recovery from Great East Japan Earthquake

Having supported reconstruction from the Great East Japan Earthquake for 10 years since 2012, the Company has been participating in the Project Aeon Joining Hands, which was launched by AEON Co., Ltd. as a united effort between labor and management. We have engaged in a variety of initiatives to assist in the reconstruction of the disaster-stricken areas, including tree planting activities, the dispatching of volunteers, and the support activities of Group companies. Since 2017, with the cooperation of the specified non-profit organization The People, which operates the Fukushima Organic Cotton Project in Iwaki City, Fukushima Prefecture, we have been cultivating and harvesting cotton that is resistant to salt damage on farmland where rice cultivation had become difficult due to the tsunami. At the same time, we are conducting cotton harvesting volunteer activities with the aim of regenerating agriculture in Fukushima Prefecture and creating local employment by making the cotton into products. In the years to come, the Group will be continuing to support the reconstruction efforts in the Tohoku region through its fundraising and volunteer activities.



Volunteers helping to harvest cotton

As its basic human resource philosophy, the AEON Group shares “abolition of nationality, age, gender, and employee classification, and human resources based on ability and performance.” Under this basic principle, to continue to create and provide new value as a corporate group that is constantly innovating, the Group is also accepting of diverse human resources and promoting “diversity management” that draws on various values.

1. Promotion of Diversity

(1) Percentage of managerial positions filled by women

By the end of fiscal 2021, the percentage of managerial positions (assistant manager or higher) in the AFS Group (domestic and overseas) that were filled by women was 33.5%. The target is 50% in fiscal 2025. We are promoting career development support—through, for example, managerial position training for women—the expansion and upgrading of flexible working arrangements, efforts to fostering improvements in workplace environments, and the empowerment of women.

(2) Ratio of foreign nationals

At the end of fiscal 2021, the ratio of non-Japanese employees within the Group was 1.5%.

In contrast, the ratio of local employees in its overseas companies was 99.7% (the ratio of expatriates, including Japanese, was 0.3%). Since its founding, each company has been working to develop local management personnel and promoting the putting in place of management systems with local staff. In addition to the common manager education courses implemented by the entire AEON Group, as part of the financial business AFS Group continuously conducts training programs (AFS Management Course, AFS Global Course) to develop management candidates from various countries while localizing management.

(3) Ratio of mid-career hires

Mid-career hires account for a high level of about 80% of managerial positions (directors, divisional heads) within the Group. In addition to regular hiring, we have maintained a tradition of hiring people from a variety of backgrounds and are working to foster an organizational culture that respects diverse values.

(4) Employment ratio of people with disabilities

The ratio of people in the Group’s employ in Japan who have disabilities stands at 2.4%.

Group companies in Japan are operating farms, and thus we have created work environments, such as growing vegetables and cultivating Phalaenopsis orchids, in which people with disabilities can work with enthusiasm.

2. Initiatives toward Realization of Well-being

(1) Health and productivity management

In the belief that we can provide services that bring health and happiness to our customers only when each and every employee is also healthy both physically and mentally, the Group is actively working to manage and promote the health of its employees. Consequently, the Company and eight domestic Group companies have been certified among the Outstanding Health and Productivity Management Organizations for 2022.

AEON Credit Service Co., Ltd. was also recognized as a White 500 organization for 2022, having been certified as one of the top 500 companies in the large enterprise category.

List of Domestic Companies (Certification Status)

[Included for four consecutive years]

- AEON Credit Service Co., Ltd.
- AEON Financial Service Co., Ltd.
- AEON Housing Loan Service. Co., Ltd
- AEON Insurance Service Co.,Ltd.
- ACS Credit Management Co., Ltd.
- ACS Leasing Co., Ltd.

[Included for three consecutive years]

- AEON Bank, Ltd.
- AEON S.S. Insurance Co., Ltd.

[Included for first time]

- AEON Allianz Life Insurance Co., Ltd.



(2) Health support centers

In addition to regular distribution of health-related information by industrial physicians and occupational health nurses, the health support centers set up in Tokyo and Chiba provide consultations on, for example, employee health, medical care, and mental health. Conducting online interviews for bases all over Japan and for expatriates assigned overseas, the centers are working to manage the health of Group employees.

Besides annual health checkups and flu vaccinations, in the fiscal year under review the centers also conducted COVID-19 vaccinations for employees' families.

(3) Promotion of a variety of work styles

By allowing employees to choose from a variety of work styles that meet their needs, such as the balancing of work with childcare or nursing care, we are working to create environments in which employees can fully demonstrate their abilities.

(1) Flextime system (no core time setting)

(2) Promotion of remote working that utilizes telework

From April 2022, the retirement age will be raised from 60 to 65. In accordance with the Group's basic human resource philosophy, there is no retirement age.

3. Human Resource Development

In terms of AEON human resource activities, there is a saying that has been passed down from generation to generation—"The greatest form of welfare is education"—and Group companies actively invest in education, such as in the provision of learning opportunities. We encourage our employees to work hard and request that they continue to strive toward their goals.

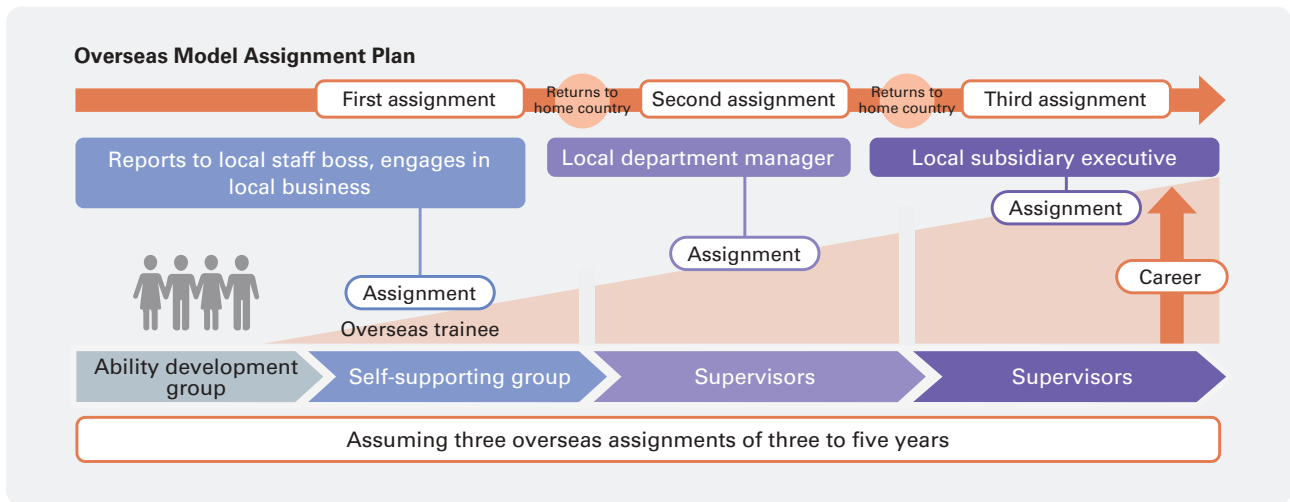
(1) Recruitment

While providing opportunities for our employees to demonstrate their abilities, such as participation in new projects and training, we respect the challenges they face. We also aim to constantly inject vitality and freshness into the organization by conducting personnel transfers based on employees' free will and sense of self-responsibility.

Recruitment List

<p>[Organizational strengthening, projects]</p> <ul style="list-style-type: none"> • Overseas management dispatches, overseas management personnel development course • DX Promotion Department 	<p>[Training]</p> <ul style="list-style-type: none"> • Domestic graduate school (MBA course) dispatches • Job-specific courses (digital technology, human resources, finance and accounting)
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Overseas Management Personnel Development Course



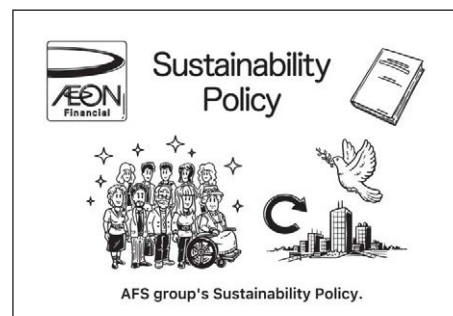
Materiality (2) | Exerting Diversity and the Potential of Our People

(2) Main training programs

(1) Governance strengthening

- Risk management training
- Internal control training
- Harassment training
- Sustainability training

In line with the formulation of the AFS Sustainability Policy in November 2021, we are conducting sustainability training sessions for all employees. Deepening understanding of the necessity and significance of sustainability, we are continuing to contribute to local communities and the lives of our customers.



Sustainability training video

(2) Director and auditor training

For the Company's directors and auditors to properly fulfill the roles and responsibilities expected of them as people who play a part in the Company's important governing institutions, we conduct executive training sessions for them every month (once a month, a total of 12 times a year) for the purpose of having them acquire the necessary knowledge.

(3) DX training

With the aim of responding to changes in the business environment and improving the IT literacy of the entire organization, we are conducting DX literacy training sessions targeting all employees for them to learn basic knowledge about digital technology and how to utilize data.

Fiscal 2022 Education Program

Management Personnel	Director and auditor training	Philosophy Human Rights Governance	Code of conduct training
	Overseas management personnel development course		Harassment training
	AFS Management Course		Risk management training
	AFS Global Course		Internal control training
	Training for newly appointed directors		Diversity promotion training
	Management executive training		Sustainability training
	Domestic graduate school (MBA course) dispatches		Temporary director/Audit & Supervisory
Professional Personnel	DX training	On Appointment	Board member training
	Finance and accounting personnel development course		Board of Directors' secretariat training
	Management planning training school		Finance and accounting manager training
	Job-specific courses (digital technology, human resources, finance and accounting)		Business Leader Program (BLP)
			New appointee training

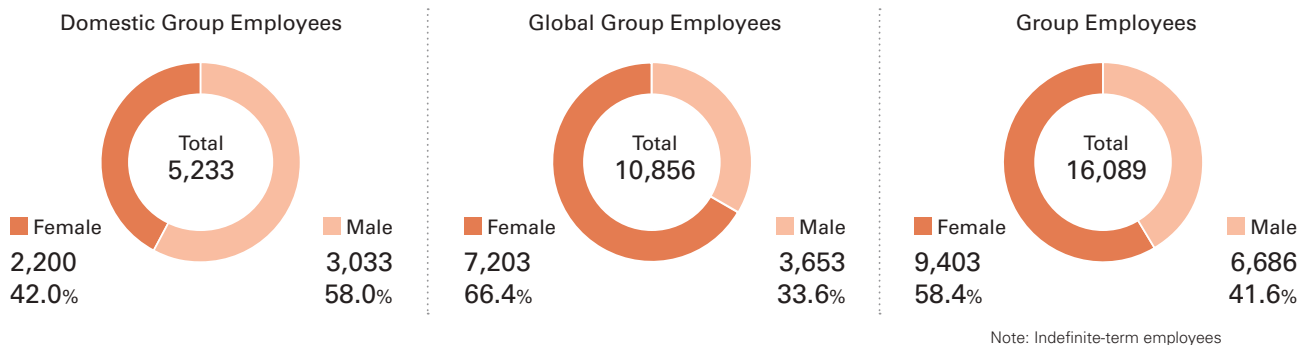
Note: Including AEON Group common programs

(3) AFS Academy

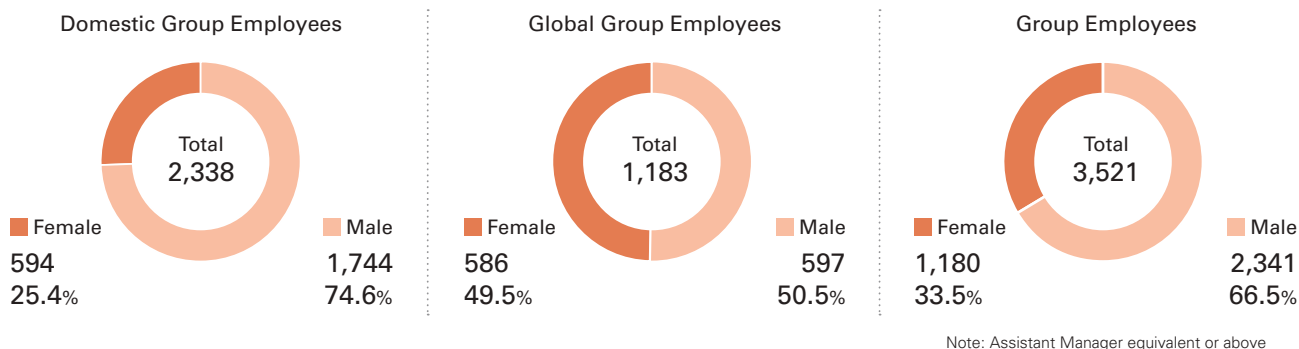
Aiming to open in March 2023, we are preparing to open the AFS Academy in-house university as an educational institution responsible for developing the common skills required for human resources in the Group.

Human Resource-related Data

Number of Employees/Employee Ratio (Fiscal 2021)



Number of Managers/Manager Ratio (Fiscal 2021)



Total Number of New Hires (Fiscal 2021)

Domestic Group Companies

	Male	Female	Total
Regular recruitment	60	75	135
Other than regular recruitment	108	46	154

Average Age/Average Length of Service (as of February 28, 2022)

Domestic Group Companies

	Male	Female	Total
Average age	40.1	37.9	39.3
Average length of service	8.7 Years	7.2 Years	8.1 Years

Employment Rate of Persons with Disabilities

(as of June 1, 2022)

2.4%

Note: Total of seven domestic group companies (AFS Corporation Co., Ltd., AEON Housing Loan Service Co., Ltd., ACS Leasing Co., Ltd., and AEON S.S. Insurance Co., Ltd. are not subject to the statutory employment rate because they have fewer than 43.5 regular employees.)

Training Cost/Training Time (Fiscal 2021)

Domestic Group Companies

Training cost per person	¥37,974
Training time per person	18.9 Hours

Note: Including directors

Our Management Team (As of September 1, 2022)

Directors



Masaki Suzuki
Chairman

1978 Joined Ministry of Finance
 2002 Appointed Director of Banks Division I of Supervisory Bureau of Financial Services Agency
 2005 Appointed Deputy Director-General of Budget Bureau of Ministry of Finance
 2007 Appointed Deputy Vice Minister for Policy Planning and Co-ordination of Minister's Secretariat of Ministry of Finance
 2008 Appointed Councilor of Minister's Secretariat of Ministry of the Environment
 2012 Appointed Deputy Vice Minister of Minister's Secretariat of Ministry of the Environment
 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.

Appointed Chairman of the Company
 2016 Appointed Chairman and Director of AEON Bank, Ltd. (current position)
 Appointed Director of AEON CREDIT SERVICE CO., LTD.
 2017 Appointed Executive Officer in charge of Comprehensive Financial Business of AEON Co., Ltd.
 Appointed Chairman of the Company
 2019 Appointed Representative Director and Chairman of AFS Corporation Co., Ltd.
 2020 Appointed Director of AFS Corporation Co., Ltd. (current position)
 Appointed Chairman of the Company
 2021 Appointed Chairman of the Company (current position)



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 the Company
 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

Appointed Chairman and Representative Director of ACS Servicing (Thailand) Co., Ltd.
 Appointed Managing Director of AEON THANA SINSAP (THAILAND) PCL.
 Appointed Chairman and Representative Director of AEON SPECIALIZED BANK (CAMBODIA) PLC.
 Appointed Director of AEON CREDIT SERVICE CO., LTD.
 2020 Appointed President and CEO of the Company (current position)
 Appointed Director of AEON THANA SINSAP (THAILAND) PCL.
 Appointed Representative Director and President of AEON CREDIT SERVICE CO., LTD. (current position)
 Appointed Director of AEON Bank, Ltd. (current position)



Masaaki Mangetsu
Director and Managing Executive Officer

1981 Joined JUSCO Co., Ltd. (currently, AEON Co., Ltd.)
 1996 Appointed Head of Sales Planning Department of Tokai Business Division of AEON Co., Ltd.
 2007 Appointed Head of Sales Promotion Department of AEON Co., Ltd.
 2008 Appointed Head of Marketing Department of AEON Co., Ltd.
 2009 Appointed Head of Nagano Business Department of AEON Retail Co., Ltd.
 2010 Appointed Head of Chiba Business Department of AEON Retail Co., Ltd.
 2012 Appointed Head of Sales Support Division of AEON (CHINA) CO., LTD.
 2013 Appointed COO of GMS Business of AEON (CHINA) CO., LTD.
 Appointed Director, Executive Officer and Head of Marketing Division of AEON CREDIT SERVICE CO., LTD.
 Appointed Head of Marketing Division of AEON CREDIT SERVICE CO., LTD.
 2014 Appointed Head of Marketing Division of the Company
 Appointed Director of AEON MARKETING CO., LTD.
 Appointed Director, Executive Officer and Head of Marketing Division of AEON CREDIT SERVICE CO., LTD.
 Appointed Head of Card Processing Business Division of the Company
 2015 Appointed Head of Marketing Division of the Company
 Appointed Director of AEON CREDIT SERVICE CO., LTD.
 Appointed Director and Head of Marketing Division of the Company
 Appointed Director and Head of Marketing Division and Overseas Business Division of the Company
 2016 Appointed Director in charge of Business Strategy and Head of Overseas Business Division of the Company
 Appointed Managing Director in charge of Business Strategy and Head of Overseas Business Division of the Company

Appointed Managing Director in charge of Global Business Strategy and Head of Global Business Strategy Division of the Company
 2017 Appointed Director and Chairman of AEON Credit Service (Asia) Co., Ltd.
 Appointed Chairman of AEON MICRO FINANCE (SHENZHEN) CO., LTD.
 Appointed Director, Managing Executive Officer in charge of Overseas Business Division and Head of Overseas Business Division of the Company
 Appointed Director of AEON CREDIT SERVICE (PHILIPPINES) INC.
 Appointed Director of AEON CREDIT SERVICE (M) BERHAD
 2019 Appointed Director, Managing Executive Officer in charge of Global Business Strategy and Head of Global Business Strategy Division of the Company
 Appointed Director, Managing Executive Officer in charge of Overseas Business Strategy and Innovation Planning, Head of Overseas Business Strategy Division and Head of Innovation Planning Division of the Company
 Appointed Director, Managing Executive Officer in charge of Overseas Business Strategy and Operation Planning, Head of Overseas Business Strategy Division and Head of Operation Planning Division of the Company
 2020 Appointed Director, Managing Executive Officer in charge of Group Marketing and Operation Planning and Head of Group Operation Planning Division of the Company
 2021 Appointed Director, Managing Executive Officer in charge of Group Marketing and Group Operation Planning
 2022 Appointed Director, Managing Executive Officer in charge of Group Operation Planning (current position)



Mitsugu Tamai
Director and Managing Executive Officer

1999 Joined the Company
 2006 Appointed Director, General Manager of Finance Management Department of the Company
 2007 Appointed Director and Head of Finance Division of the Company
 2010 Appointed Director, General Manager of Affiliate Management Division of the Company
 2011 Appointed Vice president, General Manager of Administration Department, Affiliate Management Division of the Company
 Appointed Aide to the Group Control and Accounting Officer of AEON Co., Ltd.
 2012 Appointed General Manager of Administration Division of AEON MALL Co., Ltd.
 Appointed General Manager of ASEAN Division of AEON MALL Co., Ltd.
 2013 Appointed Director and General Manager of ASEAN Division of AEON MALL Co., Ltd.
 Appointed Managing Director, General Manager of ASEAN Division, and General Manager of Digital Promotion Department of AEON MALL Co., Ltd.
 2019

Appointed Director of AEON MALL Co., Ltd.
 Appointed Managing Executive Officer in charge of Overseas Business of the Company
 Appointed Director, Managing Executive Officer in charge of Overseas Business of the Company
 2021 Appointed Chairman and Representative Director of AEON THANA SINSAP (THAILAND) PCL. (current position)
 Appointed Director of AEON CREDIT SERVICE (M) BERHAD (current position)
 Appointed Director, Managing Executive Officer in charge of Overseas Business and Head of Overseas Business Division of the Company
 Appointed Chairman of Equity Holder Association for ACS Trading Vietnam Co., Ltd. (current position)
 2022 Appointed Director, Managing Executive Officer in charge of Overseas Business of the Company (current position)



Yuro Kisaka

Director and
Managing Executive Officer

- 1997 Joined the Company
- 2003 Appointed General Manager of Sales Promotion Department, Sales Division of AEON Credit Service (Asia) Co., Ltd.
- 2006 Appointed Deputy General Manager of Business Promotion Division of AEON Credit Service (Asia) Co., Ltd.
- 2007 Appointed Head of Credit Card Business Administrative Department of AEON CREDIT SERVICE (M) BERHAD
- 2011 Appointed Head of Credit Card Business Administrative Department, Head of New Business Development Department of AEON CREDIT SERVICE (M) BERHAD
- 2012 Appointed General Manager of Myanmar Representative Office of the Company
- Appointed Representative Director and President of AEON MICROFINANCE (MYANMAR) COMPANY LIMITED
- 2019 Appointed Representative Director and President of AEON CREDIT SERVICE (M) BERHAD

- Appointed Director, Managing Executive Officer in charge of Group Corporate Planning of the Company
- Appointed Director, Managing Executive Officer in charge of Group Corporate Planning, Group Business Promotion and Insurance Business of the Company
- 2021 Appointed Director of AEON INSURANCE SERVICE CO., LTD. (current position)
- Appointed Director of AEON Allianz Life Insurance Co., Ltd. (current position)
- 2022 Appointed Director, Managing Executive Officer in charge of Group Corporate Planning (current position)
- Appointed Director of AEON Product Finance Co., Ltd. (current position)



Tomoyuki Mitsufuji

Director and
Managing Executive Officer

- 1987 Joined The Sanwa Bank, Limited (currently, MUFG Bank, Ltd.)
- 1994 Appointed Deputy General Manager of The Sanwa Bank, Limited
- 1998 Appointed Manager of Planning Department of The Sanwa Bank, Limited
- 1999 Appointed Vice President of Structured Finance Department of Sanwa International plc (London)
- 2001 Appointed Manager of 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.
- 2012 Appointed Director, Executive Officer and Head of Asset Management Division of AEON Bank, Ltd.
- Appointed Director, Managing Executive Officer in charge of Corporate Business Department and Asset Management Department of AEON Bank, Ltd.
- 2014 Appointed Director, Managing Executive Officer in charge of CSR, Credit, Operation Reforms and Business Reforms of AEON Bank, Ltd.
- 2015 Appointed Director, Managing Executive Officer in charge of Credit, Operation Reforms and Risk Compliance of AEON Bank, Ltd.

- 2016 Appointed Director, Managing Executive Officer in charge of Credit, Operation Reforms and Business Reforms of AEON Bank, Ltd.
- 2017 Appointed Director, Managing Executive Officer in charge of Business Promotion of AEON Bank, Ltd.
- Appointed Head of Risk Management & Compliance Division and Head of Risk Management Department of the Company
- Appointed Director, Senior Executive Officer in charge of Risk Management & Compliance and Head of Risk Management & Compliance Division of the Company
- 2019 Appointed President Commissioner of PT. AEON CREDIT SERVICE INDONESIA (current position)
- Appointed Director, Senior Executive Officer in charge of Group Risk Management
- 2021 Appointed Director, Senior Executive Officer in charge of Group Corporate Management and Group Risk Management
- Appointed Director and Chairman of AEON Credit Service (Asia) Co., Ltd. (current position)
- Appointed Director, Senior Executive Officer in charge of Group Corporate Management
- 2022 Appointed Director, Managing Executive Officer in charge of Group Corporate Management (current position)



Hiroki Tominaga

Director

- 1990 Joined The Fuji Bank, Limited (currently, Mizuho Bank, Ltd.)
- 2002 Appointed Deputy General Manager of Otemachi Corporate Banking Division No. 5 of Mizuho Corporate Bank, Ltd. (currently, Mizuho Bank, Ltd.)
- 2008 Appointed Chief Relationship Manager of Otemachi Corporate Banking Division No. 5 of Mizuho Corporate Bank, Ltd.
- 2011 Appointed Assistant Director of Business Administration Division of Mizuho Corporate Bank, Ltd.
- 2013 Appointed Assistant Director of Corporate Banking Coordination Division (Large Corporations) of Mizuho Bank, Ltd.
- 2015 Appointed General Manager of Kabutocho Corporate Banking and Securities Business Division of Mizuho Bank, Ltd.
- 2016 Appointed General Manager of Kobuncho No. 2 Division of Mizuho Bank, Ltd.
- 2019 Appointed General Manager of Corporate Promotion Division of Mizuho Bank, Ltd.

- Appointed Executive Officer and in charge of Specific Business of Retail & Business Banking Coordination Department of Mizuho Financial Group, Inc.
- 2020 Appointed Executive Officer and in charge of Specific Business of Retail & Business Banking Coordination Department of Mizuho Bank, Ltd.
- 2021 Appointed Director of AFS Corporation Co., Ltd.
- Appointed Director of the Company (current position)
- 2022 Appointed President and CEO of AFS Corporation Co., Ltd. (current position)
- Appointed Director of AEON Bank, Ltd. (current position)



Hiroyuki Watanabe

Director

- 1982 Joined Isejin JUSCO Co., Ltd. (currently, AEON Co., Ltd.)
- 2003 Appointed Head of Management of Kanto Company of JUSCO Co., Ltd.
- Appointed Representative Director of AEON Financial Project Co., Ltd. (currently, AEON Bank, Ltd.)
- 2006 Appointed Director in charge of Human Resources, General Affairs and Public Relation of AEON Financial Project Co., Ltd.
- 2008 Appointed Director, Managing Executive Officer in charge of Human Resources and General Affairs of AEON Bank, Ltd.
- Appointed Director, Senior Managing Executive Officer and Head of Corporate Management Division of AEON Bank, Ltd.
- 2012 Appointed Director of the Company
- 2013 Appointed Director in charge of Human Resources and General Affairs Division, and Legal and Compliance Department
- 2014 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
- Executive Officer in charge of Human Resources and Administration, and Administration & Risk Management of AEON Co., Ltd.
- 2018 Appointed Director of the Company (current position)
- Appointed Director of AEON Bank, Ltd.
- Appointed Director of ZAG ZAG Co., Ltd. (current position)
- 2020 Appointed Director of Abilities JUSCO Co., Ltd. (current position)
- 2021 Appointed Director of AEON DELIGHT CO., LTD. (current position)
- 2022 Appointed Executive Vice President and Executive Officer in charge of Human Resources and Administration, Supervisor of Risk Management of AEON Co., Ltd. (current position)

Our Management Team (As of September 1, 2022)

Directors



Yoshimi Nakajima

Director (Outside)
Independent Director

1980 Joined The Yasuda Trust & Banking Co., Ltd. (currently, Mizuho Trust & Banking Co., Ltd.)

1982 AVON Products CO., LTD., Tokyo Japan

1990 Disney Home Video Japan Co., Ltd.

1992 Dentsu Wunderman Direct Co., Ltd.

1995 Mary Kay Cosmetics Co., Ltd.

1997 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 Société Générale Securities Ltd.

2002 Appointed Vice President in charge of Global Traveler's Check & Prepaid Card Service of American Express International, Inc. (Japan)

2003 Appointed Vice President and Marketing Supervisor of Personal Business Department of American Express International, Inc. (Japan)

2011 Appointed President of American Express International, Inc. (Singapore)

Appointed Senior Vice President in charge of Acquisition & Marketing of Personal Business Department of American Express International, Inc. (Japan)

2014 Appointed President and Representative Director of American Express Japan Co., Ltd.

2016 Appointed Visiting Professor of the Graduate School of Project Design (current position)

2017 Appointed Outside Director of Yamaha Corporation
Appointed Outside Director of the Company (current position)

Appointed Outside Director of Japan Freight Railway Company

2018 (current position)
Appointed External Director of ULVAC, Inc. (current position)

2021 Appointed Outside Director of Sekisui House, Ltd. (current position)

(Significant concurrent positions)
Outside Director of Japan Freight Railway Company
External Director of ULVAC, Inc.
Outside Director of Sekisui House, Ltd.



Kotaro Yamazawa

Director (Outside)
Independent Director

1980 Joined Bank of Japan

1988 Appointed Deputy Representative of Hong Kong Representative Office of Bank of Japan

1998 Appointed Manager of Banking Division of Osaka Branch of Bank of Japan

2000 Appointed Manager of Personnel Division of Personnel Department of Bank of Japan

2004 Appointed Head of Hakodate Branch of 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.

Appointed Advisor of Osaka Exchange, Inc.
Appointed Corporate Auditor (Outside) of the Company

2017 Appointed Outside Director of Tokyo Commodity Exchange, Inc.
Appointed Special Advisor of GLORY LTD.

2018 Appointed Outside Auditor of WingArc1st Inc.

2019 Appointed Outside Director of the Company (current position)
Appointed Outside Director of WingArc1st Inc. (current position)

2020 Appointed External Board member of HJoJo Partners Inc. (current position)

2021 Appointed Full-Time Auditor of AGRIMEDIA Inc. (current position)

2022 Appointed Special Advisor of AGRIMEDIA Co., Ltd. (current position)
Appointed Outside Director of Morningstar Japan K.K. (current position)

(Significant concurrent positions)
Outside Director of WingArc1st Inc.
Outside Director of HJoJo Partners Inc.
Outside Director of Morningstar Japan K.K.
Special Advisor of AGRIMEDIA Co., Ltd.



Tatsuya Sakuma

Director (Outside)
Independent Director

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

1983

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

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

2010

Retired from the position

2019 Appointed Outside Director of bitFlyer, Inc.
Appointed Outside Director of the Company (current position)
Registered as an attorney-at-law (Da-i-ichi Tokyo Bar Association)

2022 Appointed External Director of PowerX, Inc. (current position)

(Significant concurrent positions)
Attorney-at-law of Aoyama TS Law Office
External Director of PowerX, Inc.



Takashi Nagasaka

Director (Outside)
Independent Director

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)

Appointed Representative of Takashi Nagasaka CPA Office (current position)

2019 Appointed Outside Director of Contec Co., Ltd.
Appointed Outside Auditor of Tokushu Tokai Paper Co., Ltd.

2020 Appointed Outside Director of PARK24 CO., LTD. (current position)
Appointed Outside Director of the Company (current position)

2022 Appointed Outside Director of Tokushu Tokai Paper Co., Ltd. (current position)

(Significant concurrent positions)
Representative of Takashi Nagasaka CPA Office
Outside Director of Tokushu Tokai Paper Co., Ltd.
Outside Director of PARK24 CO., LTD.

Auditors



Makoto Takahashi

Corporate Auditor (Outside)

- 1985 Joined Yaohan Department Store Company (currently, Maxvalu Tokai Co., Ltd.)
- 2007 Appointed Leader of Internal Control Preparation Task Team of Maxvalu Tokai Co., Ltd.
- 2009 Appointed General Manager of Internal Control Department of Maxvalu Tokai Co., Ltd.
- 2012 Appointed General Manager of Compliance Department of Maxvalu Tokai Co., Ltd.
- 2013 Appointed Manager of Management Audit Office of Maxvalu Tokai Co., Ltd.
- 2014 Appointed General Manager of Business Management Headquarters of Maxvalu Tokai Co., Ltd.
- 2016 Appointed Director and General Manager of Business Management Headquarters of Maxvalu Tokai Co., Ltd.
- 2019 Appointed Director, concurrently serving as Executive Officer and General Manager of Business Management Headquarters of Maxvalu Tokai Co., Ltd.
- 2022 Appointed Director and Assistant to president of Maxvalu Tokai Co., Ltd.
Appointed Corporate Auditor (Outside) of the Company (current position)
Appointed Corporate Auditor of AEON Bank, Ltd. (current position)
Appointed Corporate Auditor of AFS Corporation Co., Ltd. (current position)



Go Otani

Corporate Auditor (Outside)
Independent Director

- 1980 Joined Yamanouchi Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)
- Appointed Acting Senior Vice President, Shaklee Business of Yamanouchi Pharmaceutical Co., Ltd.
- 1997 Appointed Outside Director of Shaklee Corporation (USA) of Yamanouchi Pharmaceutical Co., Ltd.
- Appointed Deputy Vice President in Charge of IR of Corporate Communications Department of Yamanouchi Pharmaceutical Co., Ltd.
- 2001
- 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 Appointed Corporate Auditor (Outside) of the Company (current position)



Yuko Yogo

Corporate Auditor (Outside)
Independent Director

- 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
Appointed Head of Human Resources of FIL Investments (Japan) Limited
- 2008 Appointed Representative Executive Officer of FIL Holdings Limited
- 2016 Appointed Executive Officer and Head of Human Resources of FIL Investments (Japan) Limited
- 2019 Appointed Corporate Auditor (Outside) of the Company (current position)
- 2022 Appointed Outside Director of HEALIOS K.K. (current position)



Makoto Fukuda

Corporate Auditor

- 2001 Joined JUSCO Co., Ltd. (currently, AEON Co., Ltd.)
- 2009 Secretary Office of AEON Co., Ltd.
- 2011 Finance Department of AEON Co., Ltd.
- 2012 Appointed Manager of Finance Department of AEON Co., Ltd.
- 2013 Appointed Manager of Finance Planning Department of AEON Co., Ltd.
- 2015 Appointed Manager of Finance Department of AEON Co., Ltd.
Appointed Head of Finance Department of AEON Co., Ltd. (current position)
- 2021 Appointed Director of AEON STORES (HONG KONG) CO., LTD. (current position)
- 2022 Appointed Corporate Auditor of the Company (current position)

Corporate Governance

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.

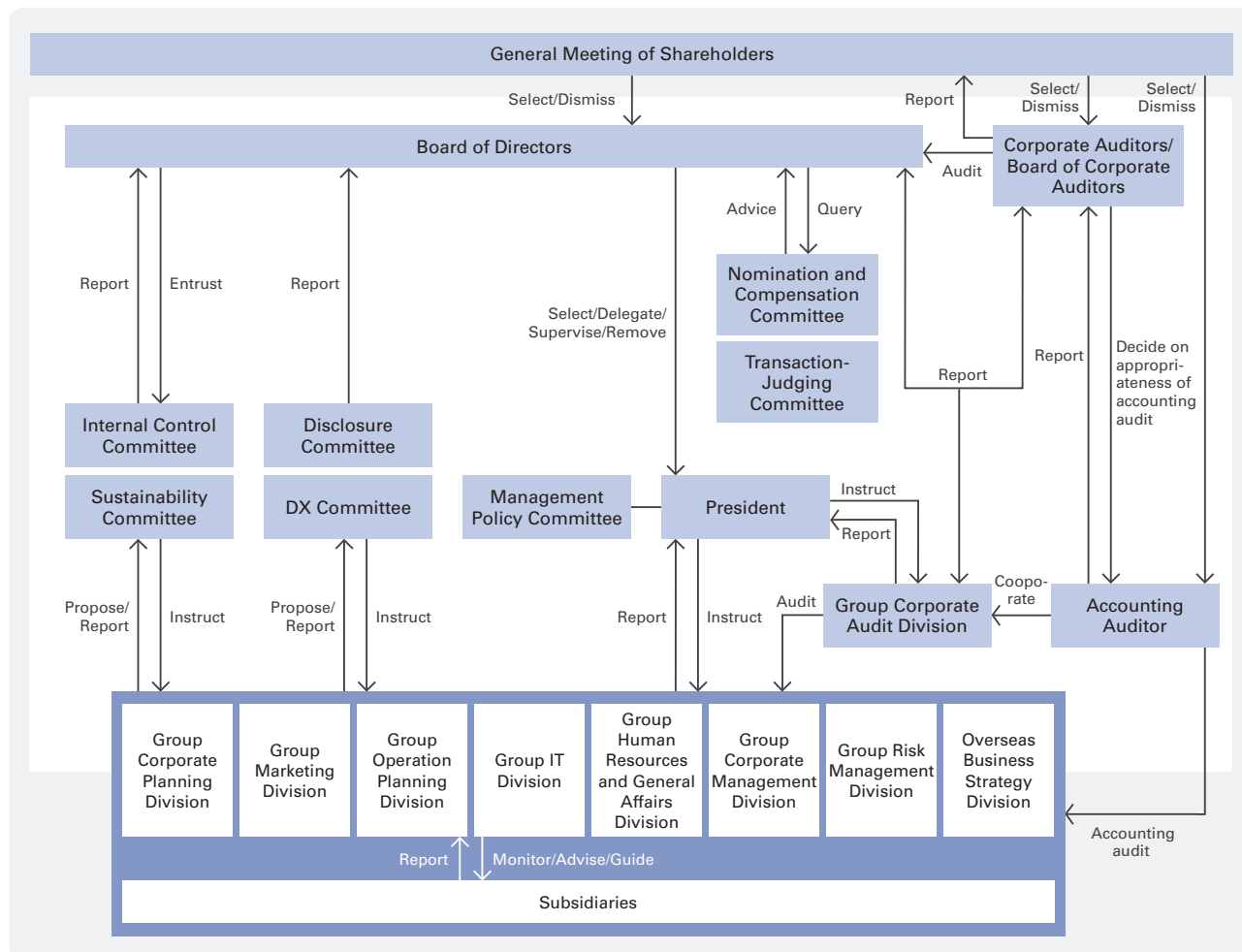
Please refer to our corporate website for Corporate Governance Guideline.

<https://www.aeonfinancial.co.jp/en/activity/governance/guideline>

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 Sustainability Committee, the Nomination and Compensation Committee, and the Disclosure Committee, in addition to the Board of Directors.

Corporate Governance (As of September 30, 2022)



Overview of Organization and Members

Name	Chairperson	Overview	Fiscal 2021 meetings held
Board of Directors	President and CEO	Chaired by the President and CEO; carries out ongoing initiatives to strengthen the management supervision and internal control functions. Membership is of the appropriate size for rapid decision-making of a dynamic nature. Monthly regular meeting.	17
Management Policy Committee	President and CEO	Set up as an advisory body to the President on decision-making as it relates to business execution. Requests are normally received from Board of Directors, who meet once or more each month.	30
Internal Control Committee	President and CEO	To ensure that the Group carries out business appropriately and effectively, the committee examines and discusses matters related to the development of internal controls from generalist and specialist perspectives; offers necessary guidance and advice to persons concerned; and votes on resolutions, presents reports, and offers advice. Once or more per month.	12
Sustainability Committee	Director/Managing Executive Officer (In charge of Group Management Planning)	Requests are received from the Board of Directors. Examines and discusses Group sustainability strategy and policy from generalist and specialist perspectives; offers necessary guidance and advice to persons concerned; and votes on resolutions, presents reports, and offers advice. Quarterly, or more frequently.	4 (Former CSR Committee)
Board of Corporate Auditors	Corporate Auditor (Outside)	The Company is organized as a Company with a Board of Corporate Auditors. The Board is composed of three outside members (including two that qualify as independent officers) and one Company member for a total of four. One member has some expertise in being directly responsible for finance and accounting. Monthly.	18
Nomination and Compensation Committee	Corporate Director (Outside)	Ensures that the nomination and compensation of directors and senior management at Group companies is carried with in accordance with procedures on an objective, transparent, and independent basis; debates and considers candidates for director in the next fiscal period and director compensation based on advice from the Board of Directors. Once or more per year.	9
Transaction-Judging Committee	Corporate Director (Outside)	For major transactions or conduct that create a conflict of interest between the Company's controlling and minority shareholders, deliberates the appropriateness of the corresponding transactions or conduct from the viewpoint of protecting the interests of minority shareholders. Composed of outside directors and meets when necessary.	*Newly established in FY2022
Disclosure Committee	Director/Managing Executive Officer (In charge of Group Management Planning)	Taking a multi-faceted and comprehensive approach, discusses and debates materials, etc., that disclose important corporate information on matters such as Group performance and business conditions. Four times or more per year.	11
DX Committee	Director/Managing Executive Officer (In charge of Group Operation Planning)	Develops Group digital transformation (DX) strategy and endeavors to design the best initiatives for promoting DX, both across companies and within individual companies. Monthly.	*Newly established in FY2022

Members of Governance Committees

Position	Name/Committee	Board of Directors	Management Policy Committee	Internal Control Committee	Sustainability Committee	Board of Corporate Auditors	Nomination and Compensation Committee	Transaction-Judging Committee	Disclosure Committee	DX Committee
Chairman	Masaki Suzuki	○	○	○	○		○			○
President and CEO	Kenji Fujita	◎	◎	◎	○		○		○	○
Director and Managing Executive Officer	Masaaki Mangetsu	○	○	○	○					◎
Director and Managing Executive Officer	Mitsugu Tamai	○	○	○	○					
Director and Managing Executive Officer	Yuro Kisaka	○	○	○	◎				◎	○
Director and Managing Executive Officer	Tomoyuki Mitsufuji	○	○	○	○				○	○
Director	Hiroki Tominaga	○		○						
Director	Hiroyuki Watanabe	○								
Director (Outside)	Yoshimi Nakajima	○					◎	○		
Director (Outside)	Kotaro Yamazawa	○					○	○		
Director (Outside)	Tatsuya Sakuma	○					○	◎		
Director (Outside)	Takashi Nagasaka	○					○	○		
Corporate Auditor (Full-Time) (Outside)	Makoto Takahashi					◎				
Corporate Auditor (Outside)	Go Otani					○				
Corporate Auditor (Outside)	Yuko Yogo					○				
Corporate Auditor	Makoto Fukuda					○				

*◎=Chairperson ○=Committee member

Corporate Governance

Approach to Director Diversity

In accordance with a management philosophy of “Support customers’ lifestyles and enable each individual to maximize future opportunities through effective use of credit,” the Company selects directors who can contribute to the various life stages and lifestyles of its customers. Candidates must possess both high integrity (ethics and honesty) and management skills and also share the AEON philosophy. In addition, they must have a wealth of practical experience and special expertise to fulfill a leadership role in corporate management, global finance, retailing, law, accounting, or other areas. Consideration is given to ensuring diversity by age and gender of those entrusted with proper decision-making and supervision at the corporate level.

From the viewpoint of emphasizing independence, outside directors fulfill the independent director/auditor requirements of the Tokyo Stock Exchange. They are selected in consideration of gender and diversity and achieving a balance among specialized fields. The ones selected include those who have served in a leadership role in individual fields and those who have experience at the policy decision level and who can be expected to contribute to enhancement of the Company's corporate value.

The Company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors, chaired by an independent outside director, and one in which independent outside directors compose a majority of the members. When selecting candidates for director, which has been designated as a matter decided by the Board of Directors, the highest value is accorded to a record of results in a deliberative committee.

Criteria for independence of candidates for outside directors are as set forth below.

[Criteria applied to all directors]

- 1.1 Is not a person belonging to the Company or a subsidiary of the Company in the capacity of executive director, vice president, corporate executive or other employee (hereinafter, collectively, “business executive”) and was not a business executive at the Company or a subsidiary of the Company within the last 10 years prior to the appointment.
- 1.2 Is not a person who, at any time in the 10 years prior to the appointment, was a director, accounting advisor, or corporate auditor (excluding business executive) of the Company or a subsidiary of the Company who, during the 10 years prior to that appointment as director, accounting advisor, or corporate auditor was a business executive at the Company or a subsidiary of the Company.
- 2.1 Is not a person who has a business relationship with the Company or a major subsidiary of the Company (Note 1) whereby the Company or a major subsidiary of the Company is its major transacting counterparty (Note 2), or a person who is not currently or has not been in the last three years a business executive at such business partner that is an incorporated entity, etc. (Note 3).
- 2.2 Is not a person who has a business relationship with the Company or a major subsidiary of the Company who is a major transacting counterparty, or a person who is not currently or has not been in the last three years a business executive at such major transacting counterparty that is an incorporated entity, etc.

[Criteria applied to outside directors]

3. Is not a person who is a consultant, accounting expert or legal expert, etc. receiving a large sum (Note 4) of money or other financial asset other than the remuneration for directors and corporate auditors from the Company.
4. Is not an employee, etc. of a consulting firm, accounting firm, legal firm, etc. that has the Company as a major transacting counterparty.
5. Is not a person who receives a donation, etc. of a large sum from the Company, or who is a business executive of an incorporated entity, etc. receiving such donation.
6. Is not a person who is a major shareholder of the Company or a business executive of an incorporated entity, etc. that is a major shareholder of the Company.
7. Is not a person falling under the following categories (excluding persons who are not important persons (Note 5)) or a close relative (Note 6) of such person:
 - (a) Person falling under the above criteria 1 to 6.
 - (b) Person who is a director, corporate auditor, corporate executive, and important employee, etc.

(Note 1) Major subsidiary: AFS Corporation Co., Ltd., AEON Bank, Ltd., AEON CREDIT SERVICE CO., LTD.

(Note 2) Major transacting counterparty: Judged by the criterion of at least 1% of consolidated net sales (ordinary income in the case of the Company) in the most recent business year.

(Note 3) Incorporated entity, etc.: Includes organizations other than incorporated entities.

(Note 4) Large sum: At least ¥10 million per year based on an average of the past three years.

(Note 5) Persons who are not important persons: An “important person” refers to a person with a position in the class of company officer or general manager, and in the case of persons belonging to an accounting firm or law firm, etc., it refers to a certified public accountant or lawyer, etc.

(Note 6) Close relative: Spouse or relative within the second degree of kinship.

Support Systems for Directors

The Company regularly conducts director training in corporate governance, management strategy, risk management, internal controls, and compliance. The purpose is to foster the devotion of attendees to acquiring the necessary expertise for a corporate auditor and its roles and responsibilities, as well as updating this expertise as appropriate.

Also, as one part of their orientation upon assuming office, independent outside directors are provided the opportunity to observe operations sites and other facilities. After assuming office, they continue to be supplied with necessary information such as expertise related to the business.

Outside Directors: Reasons for Appointment

Outside Director	Reasons for Appointment	Attendance at Board of Directors meeting during FY2021
Yoshimi Nakajima	After working at major marketing posts in places such as foreign financial institutions operating in Japan, Ms. Nakajima became President of American Express International in Singapore and also in Japan, where she worked on corporate strategy. She now serves as a special lecturer at the Graduate School of Project Design. Ms. Nakajima has a wealth of experience and a proven track record in corporate management of financial businesses, both in Japan and overseas. She also has excellent insights into marketing, digital transformation, corporate governance, and diversity and inclusion. Because she brings a diversity of perspectives from which she can express opinions and offer advice on domestic and overseas business, the Company has judged her to be an indispensable talent for the Board of Directors. She also serves as chair of the Nomination and Compensation Committee.	100% 17/17
Kotaro Yamazawa	After joining the Bank of Japan, Mr. Yamazawa became a director of the Osaka Securities Exchange (now the Osaka Exchange). He became a Senior Managing Executive Officer of the Japan Exchange Group (JPX) and then served as Vice President of the Osaka Exchange. Mr. Yamazawa has a wealth of experience and a proven track record in corporate management of financial business. He also has excellent insights into financial accounting and corporate governance. Because he can express sound opinions and offer advice centering on business strategy for sustainable growth with a focus on medium- to long-term growth markets and industry structure, while assimilating a wide range of views, the Company has judged him to be an indispensable talent for the Board of Directors.	100% 17/17
Tatsuya Sakuma	Following his appointment as public prosecutor, Mr. Sakuma served as a general director of the Tokyo District Public Prosecutors Office and Chief of Special Investigations. He then headed the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders, followed in succession by service at two major positions, Chief Public Prosecutor of the Chiba District Public Prosecutors Office, and Director-General of the Research and Training Institute of the Minister of Justice. He is now actively involved as a practicing attorney and brings to his directorship a wealth of experience and excellent insights spanning his long tenure in the legal profession. Because he can express sound opinions and offer advice from an independent and objective basis, centered on internal controls and risk management, the Company has judged him to be an indispensable talent for the Board of Directors. He also serves as chair of the Transaction-Judging Committee.	100% 17/17
Takashi Nagasaka	As a certified public accountant, Takashi Nagasaka has served in succession as an audit manager at Chuo Aoyama Audit Corporation and a Managing Director, then Senior Partner, of Shinnihon Audit Corporation (now Ernst & Young Shinnihon LLC). He now serves as Representative of Takashi Nagasaka CPA Office. Mr. Nagasaka has a wealth of experience and excellent insights, focused on financial audits and internal controls, from exercising responsibility at auditing firms across a broad span of industries including retail, financial, and companies operating overseas. Because he can express sound opinions and offer advice on an independent and objective basis, centered on transactions with controlling shareholders and assurance of propriety, the Company has judged him to be an indispensable talent for the Board of Directors.	100% 17/17

Corporate Auditor (Outside)	Reasons for Appointment	Attendance at Board of Corporate Auditors meeting during FY2021
Makoto Takahashi	Mr. Takashi joined Yaohan Co., Ltd. (now MaxValu Tokai Co., Ltd.) and assumed positions as general manager of internal controls, general manager of compliance, and manager of management audits. He then served concurrently as director and executive officer of the Corporate Management Headquarters. He brings to his directorship a wealth of experience and a track record in a variety of fields at listed subsidiaries of AEON Corporation, including internal controls, internal auditing, and corporate management, and adds a management perspective based on experience as a concurrent director and executive officer. Because he can fulfill an appropriate role as an corporate auditor to ensure the soundness and propriety of the Company's management and decision-making, the Company has judged him to be an indispensable talent for the Board of Directors.	—
Go Otani	Joined Yamanouchi Pharmaceutical Co. Ltd. (now Astellas Pharma Inc.), where he successfully carried out a series of major positions including Outside Director of US subsidiary Shaklee Corporation. After serving as a Deputy Vice President in Charge of IR, he was seconded to Astellas Pharma Europe Ltd. (UK), a supervisory company in Europe, where he General Manager of the Internal Auditing Division. He was later appointed Vice President of the Auditing Department at Astellas Pharma Co., Ltd. (Japan) and now serves as a full-time corporate auditor of the Company. Mr. Otani has broad expertise in a variety of fields conferred by a wealth of work site experience in Japan and overseas. This has given him excellent insights into domains such as corporate governance, risk management, and internal controls. Because he can contribute to ensuring the adequacy and appropriateness of the Company's management, the Company has judged him to be an indispensable talent for enhancing the functions of the Board of Corporate Auditors.	100% 18/18
Yuko Yogo	After joining Morgan Bank (now J.P. Morgan), she was engaged in banking, securities, and asset management at foreign financial institutions operating in Japan, starting with J.P. Morgan Securities. Since 2008, she has served as representative executive officer at Fidelity Holdings Inc. and executive officer responsible for the Human Resources Department at Fidelity Investments (Japan) Limited and Fidelity Brokerage Services Japan LLC. Has a wealth of experience and proven track record as an internal supervisory manager and person responsible for human resources at foreign financial institutions operating in Japan. Also possesses excellent insights into company culture, human resources development, and diversity and inclusion. In addition to her deep insights and global perspective, she can contribute to the strengthening of corporate governance by offering advice from a social perspective. Because of this, the Company has judged her to be an indispensable talent who can enhance the functions of the Board of Corporate Auditors.	100% 18/18

Messages from Outside Directors



Yoshimi Nakajima

Chair, Nomination and
Compensation Committee

Focusing resources on LTV as a company trusted by each and every customer

We set fiscal 2021 as the period to launch the Nomination and Compensation Committee and to build a foundation for examining what is best in running a company, and in what way, in order to raise its corporate value. This was followed by 2022—the year we seized the business expansion opportunity presented by environmental change—when discussions from a long-term point of view on nurturing human resources, a pillar of the business, started at full steam. Expanding and organizing business based on the concept of supplying comprehensive services that are also fit for the future, not just in Japan but also over a wide section of Asia, is an urgent task. It is therefore necessary to bolster the senior management team so that employee training, including re-skilling and the hiring of outside talent, can be conducted systematically and in a timely manner.

The Company's strengths lie in the brand power of being in charge of the AEON Group's financial services and the ability to offer both online and physical store customer experiences, forming the basis of the Company's competitive edge. Nevertheless, challenges lie in our path. In Japan with its shrinking population, the challenge is to shift focus to customer life-time value (LTV) to be a company trusted by each and every customer, with whom we seek long and deep relationships, and to direct resources towards this shift. Overseas, the challenge is to secure management talent flushed with a sense of speed who can develop new markets and earn market share.

We will continue to develop our fertile culture that we have been fostering at the organizational level, including the development of products and services, as well as the employees themselves, so that they become "things the Company cannot do without." While all employees feel the urgency that they cannot be content with the current situation, in this period of great transformation, 2022 was the year in which the groundwork was laid for enacting change. I would like to ask for your support for such innovations from here on.



Kotaro Yamazawa

Looking for a great leap forward while the times demand innovation and responses to a swath of challenges

Discussions at various committees led by outside directors have been greatly enriched, and I feel we have made great strides forward in the Company's governance these last three years. However, compliance problems have arisen in recent years. Furthermore, upon reflection, we find that insufficiencies arose in discussions towards subsidiary controls and putting in place a system that prevents these types of conditions. Also, we did not delve deeply enough into strategic discussions.

When a subsidiary is listed, there is an identified risk that the rights of the minority shareholders will be inhibited. However, the AFS Group continues to maintain many listed subsidiaries. The Company is making every effort to ensure independence and has set up a special committee composed of four independent outside directors. So that the rights of minority shareholders are not infringed upon, the committee has been holding a series of earnest discussions on transactions with the parent company that could create a conflict of interest. In its selection of officers and proper design of the compensation system, the Nomination and Compensation Committee is seeking the best solutions based on a healthy relationship with controlling shareholders. In this regard, transparency has undergone a substantial increase in the past one to two years.

From a strategic aspect, profitability has fallen in Japan while overseas there are no signs of a growth sector that will follow the path of the three listed companies. With this as background, business challenges have been pointed out, such as problems related to organizational culture: the delayed move to digitalization and IT personnel shortages. The Company has set forth a clear direction towards 2025 in the medium-term management plan, and we anticipate a major leap brought about by innovation towards a "second founding." AFS is in fact a totally exciting place to be right now.

Those who currently serve as independent outside directors, function well not only in governance, but also in formulating strategy.

I not only seek out solutions based on this type of governance, but also ones that function well in the context of strategic policy. I hope that stakeholders, starting with the Company's shareholders, would like to look forward to the future results.



Tatsuya Sakuma
Chair, Transaction-Judging
Committee

While leveraging Group advantages, fulfilling our mission to not have individual transactions impose losses on minority shareholders

The Transaction-Judging Committee was established for the purpose of protecting the interests of minority shareholders. Even though the Company is highly indebted to the parent company and its Group—from management philosophy to corporate resources such as the customer base and personnel—which are also strengths. The committee will fulfill its assigned mission by verifying that each transaction that makes use of these strengths does not impose losses on minority shareholders.

Regulations from the committee cover more than just transactions between parent company and subsidiary; they also cover the broad adoption of management decisions in which the interests of the parent company, i.e., the controlling shareholders, and those of minority shareholders are structurally in opposition. Here, it is necessary to accurately identify proposals that require deliberation by the committee from the items brought before the Board of Directors. For decisions on whether the interests of minority shareholders are being met, the viewpoints of time and having a specialization tailored to the proposal are essential ones. Because the committee is blessed with members having expertise and experience in a variety of areas, I would like to see such projects decided appropriately whenever they come up for deliberation.

While keeping its traditional style of granting broad discretion to Group companies using their decisions to develop business, the Company offers much more from the parent company than corporate management and audits. It also shares the responsibility with the individual companies in corporate planning and shares management resources with these companies, including expertise, information, and personnel. In so doing, AFS has come into an era of expanding these parent company functions. Soon after its founding in credit cards and banking growing out of retail operations, the Company expanded overseas and turned into a corporate group infused with the spirit of progress. Financial services including payment procedures are undergoing major changes at this moment, and in response the Company must adapt to a new environment and the development of new businesses by demonstrating its challenge mentality in great measure. To support the governance aspect of this risk-taking, I would like to play a role in pushing senior management towards guaranteeing objectivity and rationality in management decisions.



Takashi Nagasaka

Support that balances improving medium- to long-term corporate value with achieving sustainable growth

Expanding the range of domestic and overseas activity together with offering products and services that raise value added through peace of mind, economy, and familiarity, as a comprehensive financial company of the AEON Group, constitute AFS's boasting points. In a Group that strives for diversity and inclusion, the people of the Group come from a variety of origins and have unusually strong individual skills. On the other hand, it is difficult to bring a variety of companies and personnel into a single force as an organization, meaning that beneficial opportunities will not necessarily be put to good use. Carrying the organization to an overall optimal state is a challenge faced by the Company. Naturally, there are more than a few merits in splitting off a company or two, but if we overdo this as a parent company, our controls will not function well. With the rules now laid out, it is essential to make use of individual companies, while having them align with a vector that points in the direction we aspire to.

In the last few years, while dealing with the special factor of COVID-19, Company profits have fallen and potential growth has softened. The price-to-book ratio (stock price divided by net assets per share) has fallen below 1.0 and growth has started to be questioned, which has created the issue of how to get back on a growth track. The Nomination and Compensation Committee is deliberating using compensation system for officers' compensation based on a performance-linked incentive model. In fiscal 2022, regarding the standard for the granting of subscription rights to shares for the purpose of having equity-linked compensation in the form of stock options, we raised the effectiveness of the incentives by lifting the upper limit for grants issued in accordance with the achievement of performance targets.

Looking ahead, what I see as important is to get on a growth trajectory centered on medium- to long-term growth and to communicate regularly with shareholders and investors to deepen their understanding of our Company.

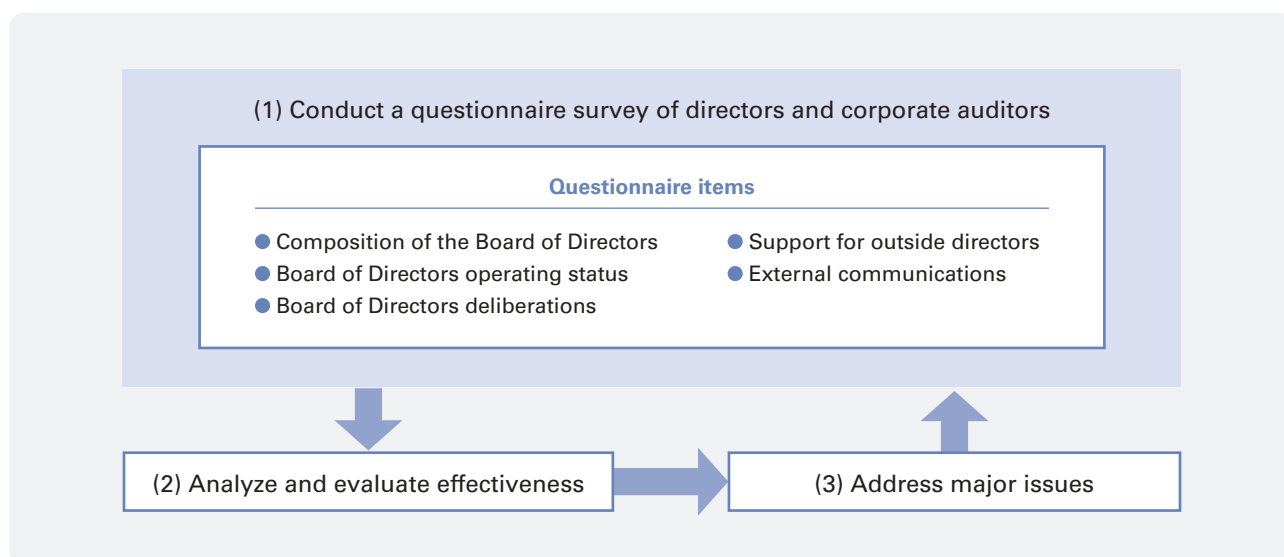
Utilizing the Evaluation of Director Effectiveness

Evaluation of Director Effectiveness

In order to strengthen corporate governance to facilitate improvement in sustainable growth and medium- to long-term corporate value, the Company has analyzed and evaluated Board of Directors effectiveness. It is carrying out initiatives that apply the PDCA cycle on each issue identified as a result of this work.

In fiscal 2021, we conducted an evaluation of director effectiveness covering all 12 directors and all four corporate auditors. Since fiscal 2020, an improvement in the current corporate governance system and its operation has been recognized. The evaluation found that no large problems are apparent, that the Company's Board of Directors is on the whole functionally appropriately, and that effectiveness is being ensured. We nevertheless have identified issues derived from the evaluation and are continually engaged in improving effectiveness.

Evaluation Process



Points of Improvement and Details of Future Initiatives Towards

On the positive side, improvements were seen in the quality of Company deliberations from a multi-sided perspective and having appropriate monitoring by outside directors who bring to the table a wealth of diversity. On the other hand, careful study is needed on creating time for discussions of long-term management strategy, promoting in-house initiatives throughout the entire Group, identifying the necessary attributes and skills of successor candidates, and having senior management compensation linked to medium- to long-term performance.

Important Issues for the Future

Although it was judged from the evaluation that effectiveness is being ensured at present, towards the realization of a highly effective Board of Directors, we have identified the following major issues, including the continuity issue from the previous year, and intend to make improvements.

- Enhancing discussions concerning long-term strategy
- Deliberations integrating sustainability and corporate strategies, and their monitoring
- Review of management-level successor training and compensation system design
- Further upgrading the management accounting system

Executive Officer Compensation

Decision Guidelines for Compensation Amounts and Method of Calculation.

Officer Compensation (Fiscal 2021)

Classification	Number of Recipients	Total Compensation (Millions of Yen)		
		Base Compensation	Performance-Linked Compensation	Non-monetary compensation, etc.
Directors (Outside Directors)	13 (4)	168 (48)	15 (—)	0 (—)
Corporate Auditor (Corporate Auditor (Outside))	3 (3)	27 (27)	—	—
Total (Total of Outside Directors)	16 (7)	195 (75)	15 (—)	0 (—)

*1. Based on the status at the adjournment of the 40th Ordinary General Meeting of Shareholders held on May 21, 2021, three retired directors are included in the table above.

*2. 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.

Moreover, the 41st Ordinary General Meeting of Shareholders, held on May 23, 2022, resolved to make no changes to the compensation limits for directors (¥550 million per year), and to change the limit for outside directors to ¥100 million per year.

*3. The 13th Ordinary General Meeting of Shareholders, held on May 18, 1994, resolved to limit compensation for corporate auditors to ¥50 million per year.

*4. Performance-linked compensation covering performance in fiscal 2021 was paid to six full-time directors.

Also, equity-linked compensation in the form of stock options scheduled for distribution on July 21, 2021, were suspended in consideration of the effects of the COVID-19 novel coronavirus on fiscal 2020 performance.

*5. At the end of the corresponding fiscal year (February 28, 2021), there were currently 12 directors and four corporate auditors. Among these officers, two directors and one corporate auditor are paid no compensation.

In order to ensure that decisions on appointment and compensation for directors and the core management team are carried out with procedures having objectivity, transparency, and independence, the Company established the Nomination and Compensation Committee ("the Committee").

A majority of the Committee is comprised of outside directors, and the chair is selected from the members who are outside directors by mutual choice of those members.

Based on the findings of the Committee, the Board of Directors decides upon the directors and core management team and their compensation, among other matters.

<Details on activities of the Nomination and Compensation Committee>

- Level of compensation compared to the Company's compensation policy for its executive officers and external data
- May 2022: Amount of performance-linked compensation paid and number of shares of stock granted as compensation to full-time directors and executive officers for fiscal 2021
- May 2022: Director compensation following new elections (in fiscal 2022) (stipulated amounts of base compensation and performance-linked compensation, stipulated number of shares for stock compensation)

<Details on activities regarding compensation decisions for the Board of Directors>

- May 2022: Amount of performance-linked compensation paid and number of shares of stock granted as compensation to full-time directors and executive officers for fiscal 2021
- May 2022: Director compensation following new elections (in fiscal 2022) (stipulated amounts of base compensation and performance-linked compensation, stipulated number of shares for stock compensation)

*Performance compensation and stock compensation mean the amounts paid for Company and individual performance (indicating achievement status of operating income) when targets are met and the stipulated values for number of shares granted, which is set in advance as the stipulated number of shares, are determined after the close of the fiscal year when Company and individual performance is evaluated and the payment amounts and size of share grants are decided upon.

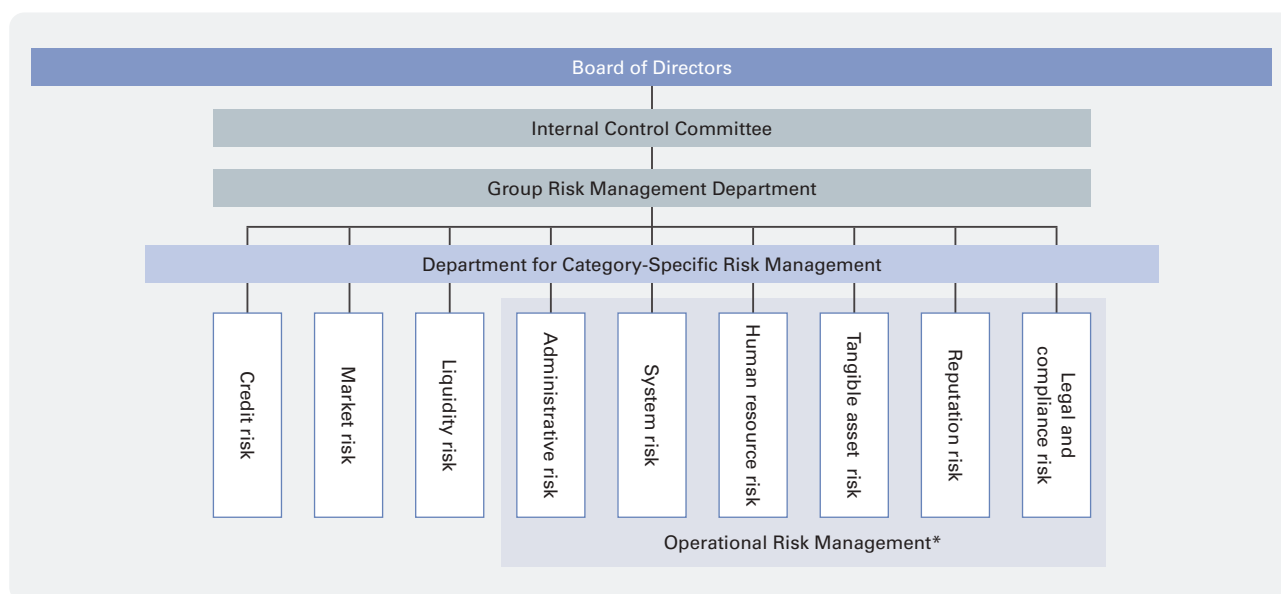
*Equity-linked compensation means the granting of subscription rights to shares as equity-linked compensation in the form of stock options.

Risk Management

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 Group Risk Management Division to oversee the 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 the root causes of said problems, 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. In particular, we are working to create a regularly updated system to identify, analyze, and evaluate changes in external conditions, including the COVID-19 pandemic, which has been ongoing since the beginning of 2020, and changing political situations in countries that the Group is expanding into.

Risk Management Structure



Note: The Group classifies operational risk management into six categories. Departments manage risks relevant to them, while the Group Risk Management Division works to understand and manage risks on a comprehensive level.

Business Risks

When assessing the Group's business risks, the Company makes a comprehensive judgment on whether a risk is a priority risk or not after evaluating the possibility of said risk materializing and the impact it will have on management.

The items listed on Security Report and website have been highlighted as high priority risks.

These risks are considered to have a relatively high possibility of affecting the Group's performance and financial standing based on the Company's risk assessment.

➡ Please refer to our corporate website for a list of major risks.

<https://www.aeonfinancial.co.jp/en/ir/strategy/risk/>

Other risks that could affect business operations include physical damage to our sales offices and communication systems from natural disasters caused by climate change and an increase in abnormal weather. Such events could also have an adverse effect on customers' daily lives and household budgets, resulting in an increase in Group credit-related expenses. AEON Co., Ltd., the parent company of AFS, has established Aeon Decarbonization Vision, aiming to realize a carbon-neutral society, and has been working to tackle the

problem of global warming—something that bears a major impact on the Earth’s environment—at an early stage. They have been working to expand initiatives to understand and assess risks and disclose information in line with the recommendations put forth by the TCFD. As a member of the AEON Group, AFS is working to reduce CO₂ emissions by promoting paperless operations. These efforts include using tablets for explaining products and for application procedures and introducing digital signage at stores, in addition to moving AEON Card usage details online.

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 Policies on Compliance. All officers and employees of the Group comply with these guidelines, which represent common value standards.

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, specific red flags 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 Group Legal Compliance Department as an entity charged with overseeing the compliance of the Group. It monitors compliance for respective Group companies and provides guidance and advice when necessary.

The Internal Control Committee monitors compliance within the Group and examines compliance-related policies, regulations, and case-by-case responses 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 compliance-related matters.

For each company of the AFS Group, monitory guidance and support in the case of administrative penalties and guidance from a supervisory agency is carried out through this system.

The Group has also formulated its 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 management status of all Group companies regarding the exclusion of anti-social forces in addition to providing instructions and guidance when necessary.

Due to strong domestic and international demand, we have positioned money laundering and terrorist financing as important issues for management, in addition to measures aimed at preventing corruption among foreign public servants.

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 and the outside hotline for consultation. These hotlines are aimed at providing individuals an option to report problems ranging from legal violations, to violations of the Code of Conduct, to day-to-day work issues when there are difficulties correcting these problems at the workplace in question. When a violation is reported, efforts are made to investigate the facts and implement appropriate actions and improvements while protecting the individual reporting the infraction.

The system has been mandatory for operating companies in especially Japan since June 1, 2020, and includes measures to prevent power harassment in the workplace. In addition, in accordance with the amendments to the Whistleblower Protection Act that took effect in June 2022, the Company intends to handle cases on a global basis and, similar to what was done previously, utilize the same consultation office where consultation can be received, and have cases examined and responded to, with improvements made.

Internal Audit

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 Group Auditor Section 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.

Response to Climate Change (Initiatives Based on TCFD Recommendations)

From an early stage, the AEON Group has addressed the issue of climate change, which is having a major impact on the global environment and human society. We have adopted the Aeon Decarbonization Vision, by which we aim to have reduced to zero the total amount of CO₂ emitted at our stores by 2040. In November 2021, AEON Financial Service Co., Ltd. (AFS) announced its endorsement of the recommendations put forth by the Task Force on Climate-related Financial Disclosures (TCFD) and is clarifying its policies for addressing climate change to promote management that contributes to the building of a sustainable society.

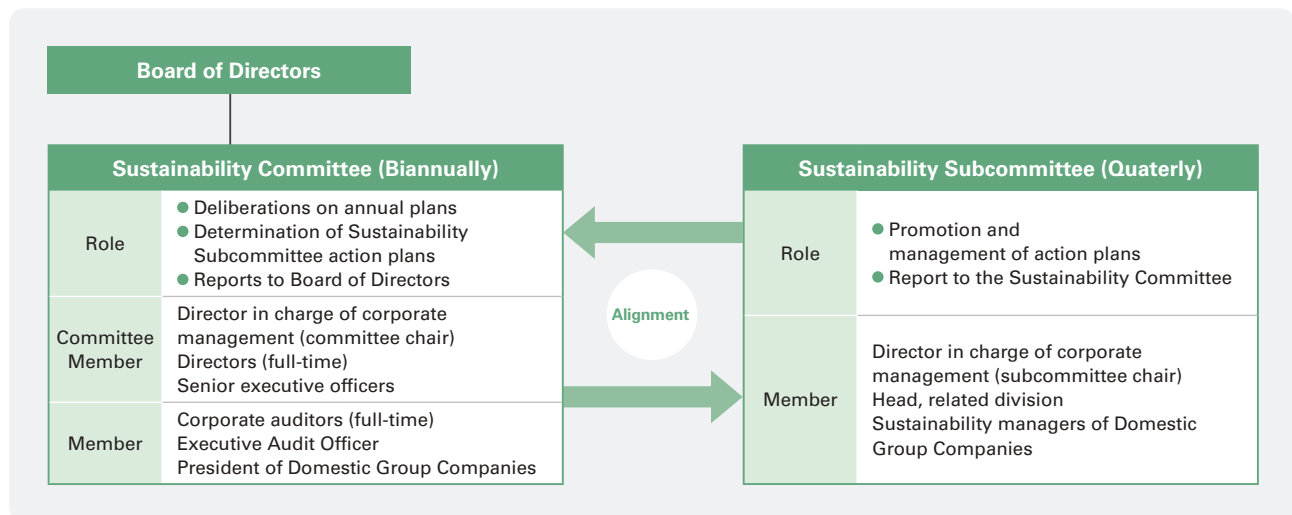


Governance

With the aim of increasing the Company's corporate value, the Board of Directors is committed to prompt and appropriate decision-making. Important matters related to sustainability, such as the formulation and revision of the AFS Sustainability Policy and the formulation of medium- to long-term and annual action plans, are matters to be resolved by the Board of Directors after deliberations by the Sustainability Committee.

The Board of Directors provides necessary guidance and advice to relevant parties on important matters related to sustainability. In addition, the Sustainability Committee executes matters entrusted to it by the Board of Directors in cooperation with the Sustainability Subcommittee and reports them to the Board of Directors.

Sustainability Execution Framework



Strategy

The Group pursues sustainability management with the aim of realizing a sustainable society in which everyone can live a content and happy life and contribute to peace. In November 2021, we identified material issues that affect our business over the medium to long term. By systematically classifying these into four areas: "pursuing happiness through innovative financial services," "exerting diversity and the potential of our people," "establishing organizational resilience," and "addressing climate change," we set indicators and create a roadmap to specifically take action on them. In particular, recognizing that "addressing climate change" has a significant impact on the lives and health of our customers, local economies, and social development, we will strive to ensure resilience through governance, strategy, and setting targets to build a decarbonized society.

First, as part of managing climate change-related risks, we conducted scenario analysis of climate change-related risks and opportunities based on two scenarios, the 1.5°C scenario and the 4°C scenario, with the aim of assessing the impact of climate change on the Group's businesses. Specifically, medium to long-term risk items stemming from climate change were organized into transition risks, physical risks and opportunities. Then, the impact of each item on the Group was assessed and those identified to have a significant impact were designated as "serious risk/opportunity items." Each item was then organized in a short-, medium-, and long-term framework according to the time horizon in which it is expected to have an impact.

• Risk Management

Assessing a variety of risks, including climate change, by risk category, the AFS Group is promoting the increased sophistication of its risk management with the aim of maintaining the soundness of its management through appropriate controls while comparing and contrasting its management capabilities. Under these circumstances, we are putting in place a series of risk management processes, consisting of risk identification and evaluation, control evaluation, and risk assessment. In terms of climate change risk management, we are utilizing multiple future prediction scenarios, such as the 1.5°C scenario and the 4°C scenario, and conducting analyses of each, while identifying and assessing the climate change-related risks and opportunities affecting the Group. To reflect the identified risk and opportunity items in the Group's business plans, we are assessing the scale and scope of any potential impact on business divisions through discussions in the Sustainability Subcommittee, under the direction and supervision of the Sustainability Committee.

Significant climate change-related risks/opportunities and their impact levels for the Group identified by scenario

Classification Level 1	Classification Level 2	Classification Level 3	Impact	Time Horizon	1.5°C scenario	4°C scenario
Transition Risks	Policy and Regulation	Introduction of Carbon Tax	Tax increases due to Carbon Tax	Short to long-term	large	medium
	Market	Rising renewable energy prices	Increased energy costs due to renewable energy procurement	Short to long-term	large	medium
Physical Risks	Acute	Severe natural disasters such as cyclones and floods	Damage to infrastructure, facilities and equipment Increased costs, increased debt collection risk in business operation regions, increased insurance premiums, and reduced availability of insurance products	Medium to long-term	medium	large
	Chronic	Average temperature rise, sea level rise			medium	large
Opportunities	Energy	Introduction of carbon tax	Reduction of impact of carbon tax introduction by GHG emission reduction (e.g., issuing Aeon Cards using recycled PVC materials, office relocation to energy-efficient buildings)	Short to long-term	large	medium
	Products and Services	Increased demand for products related to climate change	Increased revenues from new product development and sales (e.g., home loans for decarbonized housing (ZEH) and car loans for electric vehicles (EVs))	Medium to long-term	large	medium

Metrics and Targets

The Group measures and ascertains greenhouse gas (GHG) emissions in order to assess and manage climate change-related risks and opportunities. Going forward, we will set targets and indicators to reduce the environmental impact associated with our business activities in order to contribute to the reduction of GHG emissions worldwide.

Major climate-related indicators in the Group

Indicators	Fiscal 2020 Results	Fiscal 2021 Results
GHG emissions across the Group (Scope 1, 2)	15,828 tons	15,741 tons
Ratio of hybrid vehicles as % of cars owned by the company	70.30%	72.05%
Credit card statement Web statement ratio	79.00%	83.97%

Note. The Group calculates GHG emissions in accordance with the GHG protocol methodology.

*1 CO₂ emissions per envelope calculated as 500g based on the Ministry of the Environment's "Examples of Calculation Methods for Reducing the Effects of CO₂ for Eco-Action Point Model Projects."
The following group companies are included in the aggregation.
AEON Credit Service Co., Ltd.

*2 The following group companies are included in the aggregation.
ACS Credit Management Co., Ltd.
AEON Housing Loan Service Co., Ltd.
ACS Leasing Co., Ltd.
AEON Allianz Life Insurance Co., Ltd.
AEON Credit Service (Asia) Co., Ltd.
AEON THANA SINSAP (THAILAND) PCL.
AEON CREDIT SERVICE (M) BERHAD

Greenhouse gas (GHG) emissions by the Group

(Scope 1, 2)

Item	Fiscal 2020 Results	Fiscal 2021 Results
Scope 1 (Direct emissions from fuel consumption)	2,598 tons	3,332 tons
Scope 2 (Indirect emissions from electricity use)	13,230 tons	12,409 tons
Scope 1 and Scope 2 Total	15,828 tons	15,741 tons

(Scope 3)

Item	Fiscal 2020 Results	Fiscal 2021 Results
Emissions resulting from credit card paper statements*1	15,695 tons	12,037 tons
Emissions pertaining to printer use*2 (upstream and downstream)	400 tons	287 tons

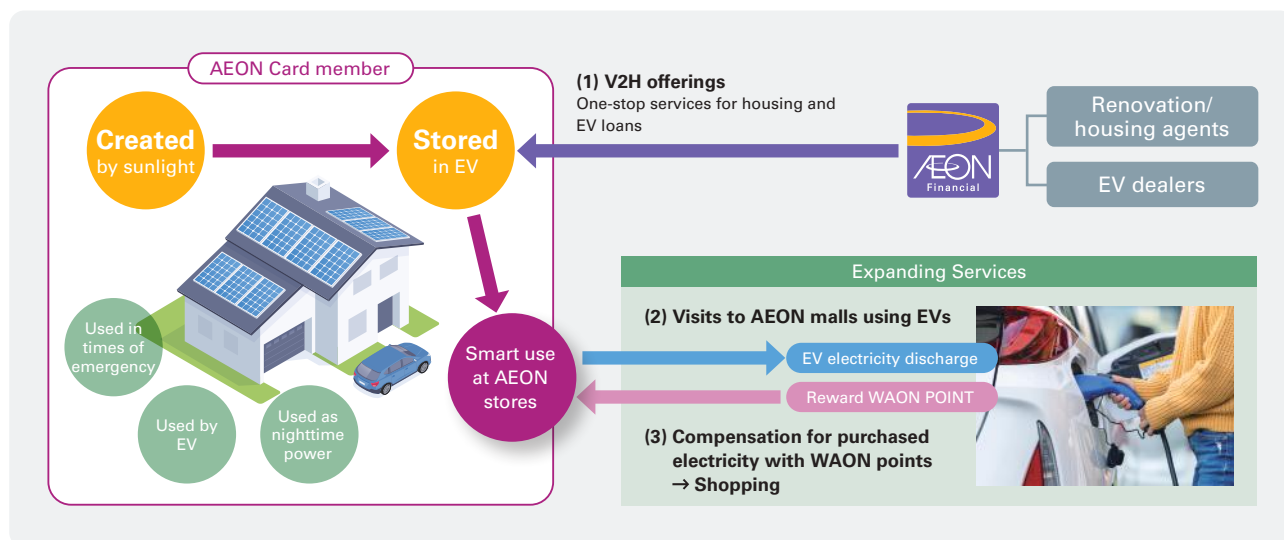
Decarbonization Initiatives

Globally, the Paris Agreement came into force in 2016, and in 2021, the 26th Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC) adopted the Glasgow Climate Pact, which seeks efforts to limit the increase in global average temperature to within 1.5°C above pre-industrial levels. Having declared its intention to realize a decarbonized society and for Japan to be carbon neutral in 2050, the Japanese government is promoting a raft of measures centered on enhancing renewable energy.

As a member of the AEON Group, we have adopted the Aeon Decarbonization Vision and are aiming to have reduced the total amount of CO₂, etc. emitted from our stores to zero by 2040.

Loan Products for Promotion of Clean Energy

Having collaborated with a housing manufacturer since November 2021, AEON Product Finance Co., Ltd. has begun to offer a product that enables customers to apply to buy a decarbonized zero-energy home (ZEH) and an electric vehicle (EV) under one packaged loan. This product was developed with the aim of spreading the decarbonized lifestyle to households by popularizing new freestanding homes equipped with Vehicle-2-Home (V2H) systems, which can be electrically self-sufficient by using solar panels and V2H-compatible EVs. Not only enabling savings on household electricity bills, V2H also represents a win-win relationship for both customer lifestyles, such as the ability to secure a power source even in the event of an outage, and for the global environment, while providing major added impetus toward the realization of a decarbonized society.



Environmentally Friendly Materials for AEON Card Select Cards

To aid in the realization of a carbon-neutral society, AEON Bank, Ltd. has embarked upon a new initiative regarding its AEON Card Select cards, switching to a new card that utilizes recycled PVC plastic, an environmentally friendly material. The materials used in these new cards come from waste or intermediary materials recovered from processors who handle PVC products. After recovery, these materials are crushed and processed. This shift will reduce the CO₂ emissions generated from the manufacturing process.

For other AEON cards, we have been using environment friendly PET-G materials. Our intention is to implement this shift to environment friendly materials with other newly issued AEON cards over time as one of our efforts to become carbon-free through business activities.



Efforts to Reduce Environmental Impact

• Participation in AEON Forest Creation Activities

Since 2021, AEON Credit Service Co., Ltd. has been participating in the Kimitsu AEON Forest Project under an agreement the AEON Environmental Foundation signed with the Forestry Agency's Kanto Forest Management Bureau and a memorandum of understanding signed with Kimitsu City, Chiba Prefecture. The purpose of this project is to promote forest development by employees, conduct environmental education, and popularize and educate about satoyama (ecosystems in Japanese villages) and forest activities. Continuing their forestation activities, which include tree planting and the clearing of undergrowth, throughout the year, employee volunteers regularly report the growth of seedlings on the internal portal site. In the years to come, we will further expand the tree planting area and promote forest development in partnership with the local residents.



Tree planting

• Provision of Eco-friendly Services

Promotion of Web-Based AEON Card Statements (Environmental Declaration)

Since 2019, AEON Credit Service Co., Ltd. has been making statements available on the web, a basic service that allows users to check their transaction histories on their smartphones using the AEON WALLET app. Thanks to this service, the company has been able to reduce CO₂ emissions by 500 grams* per unsent envelope.

*Calculated based on the Ministry of the Environment's "Example of calculation method of carbon dioxide reduction effect of eco-action point"



CO₂ Reduction Effect

A reduction of approximately 500 grams of CO₂ is equivalent to the reduction effect from the following resources.

- Around 12 steel cans
- Around three milk cartons
- Around seven PET bottles
- Around 62 food trays

*Source: Challenge 25 Library of Global Warming-related Materials

AEON Bank Passbook App

Having not issued paper passbooks since the start of its operations in 2007, AEON Bank, Ltd. now enables its customers to easily and conveniently check their deposit balances and deposit/withdrawal details via the AEON Bank Passbook App.



AEON Card Magnetic Restoration Service at ATMs

We have introduced a service that enables magnetic defects in AEON Cards to be rectified at AEON Bank ATMs. Not only improving convenience, this service is also leading to a reduction in the environmental impact caused by exchanges of the documents involved in the reissuing of cards.

TOPICS

Promoting Paperless Operations in Countries Outside Japan

By having promoted digitalization in each country that we operate, we are advancing app-based cardless and paperless operations.

Previously, local subsidiary AEON THANA SINSAP (THAILAND) PCL. issued plastic member cards. However, having stopped issuing cards and paper transition to a completely cardless business by means of an app in May of the same year.

