

December 3, 2021
AEON Financial Service Co., Ltd.

AFS Sustainability Policy

AEON Financial Service Co., Ltd., ("the Company") and its consolidated subsidiaries ("the Group") aim to achieve both the "realization of a sustainable society" and "growth of the Group" based on AEON's Basic Principles of "Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core."

Recognizing that sustainable development of society is a precondition for the continuous growth of our 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 social value enjoyed by local communities.

(Purpose)

- The AFS Sustainability Policy ("the Policy") sets out the principles by which the Group actively and proactively promotes sustainability activities together with local communities, customers and business partners in order to contribute to the realization of a sustainable society in the long term.

(Scope)

- This policy applies to all directors and employees of the Group.
- This policy applies to all the Group's business areas, including credit card, banking, installment loan, and insurance businesses in Japan and overseas.

(Structure and responsibility)

- We have established the Sustainability Committee ("the Committee") for the purpose of; implementing this policy, put into effect sustainability management and to maximize corporate value.
- The Committee, chaired by the Director in charge of Corporate Planning, examines and deliberates on implementation plans for specific targets and measures relating to sustainability. The Committee Chairman, who is the final decision-maker, decides on the relevant action plan at the Committee meeting.
- The Committee monitors the Group's efforts and progress in accordance with the action plan, provides ongoing follow-up (guidance and advice), and reports regularly to the Board of Directors.
- The Group Sustainability Department, which was established to strengthen the Group's sustainability initiatives in line with our management strategy; gathers internal and external knowledge, examines global, cross-company sustainability issues, and oversees and supports the implementation of measures at Group companies.

(Basic principles)

- It is essential to identify and understand key sustainability issues that should be prioritized from a medium- to long-term perspective in a multifaceted and comprehensive way. The Group, which operates a diverse range of businesses both in Japan and overseas, incorporates sustainability perspectives in all business decision-making, while practicing long-term value creation in harmony with the natural environment and social systems.

- Regarding the key sustainability issues identified by the Group, each company commits to addressing them through business activities, and implements this policy in each country and region while taking into account business specific legal requirements, risks and opportunities.
- We are committed to building and maintaining relationships of trust with our stakeholders by working closely with customers and local communities, and by engaging in constructive dialogue with shareholders and investors. We also encourage our business partners and suppliers to implement this policy.
- In addition to promoting understanding and permeating this policy among directors and employees, we will provide timely and appropriate guidance for practicing sustainability management through our business activities. In this way, we aim to raise awareness and knowledge of sustainability issues.

(Key issues)

The Group's mission is to identify social issues that may affect business in the medium- to long-term and address them through business activities having understood associated risks and opportunities.

Our directors and employees sharing the same purpose mindset are all committed to solving these issues and contributing to peace by creating a sustainable society where everyone can live a fulfilling and happy life.

Pursuing happiness through innovative financial services

As a financial group originating from the retail industry, the Group provides safe and secure financial services and creates new value for our customers by developing and providing innovative financial services. We also seek to enrich the lives and happiness of our customers by building an infrastructure that enables access to financial services for everyone in the countries and regions that we operate in, and by promoting financial literacy through partnerships with educational institutions and local communities.

Exerting diversity and the potential of our people

The Group respects the humanity and diversity of its employees and continues to be committed to take on innovation with our unshakeable interpersonal relationships as a source of competitive advantage. We aim to achieve our goals as a team by creating a work environment where everyone feels fulfilled and where individual abilities are maximized.

Establishing organizational resilience

In an increasingly uncertain socio-economic environment, we strive to develop highly ethical and disciplined human resources in order to truly earn the trust and confidence of our customers, as well as enabling quick and flexible decision-making by transferring authority to frontline operations. We also aim to evolve our governance structure and build a strong corporate culture through the supervisory function exercised by the Board of Directors, risk management throughout the value chain, and business management enhancement.

Addressing climate change

As natural disasters increase due to global warming, we aim to solve global issues by working towards decarbonization together with our customers and local communities through products and services that the Group provides. In addition, we will raise awareness of environmental protection among each of our directors and employees, encourage taking initiative, and effectively use resources in our business activities by transforming our business model.

(Commitment to international initiatives)

The Group supports the following international codes and initiatives.

- United Nations Global Compact
- United Nations Framework Convention on Climate Change (such as the Paris Agreement)
- International Labour Organization (ILO), “ILO Declaration on Fundamental Principles and Rights at Work”
- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- The International Bill of Human Rights (Universal Declaration of Human Rights, and International Covenants of Human Rights)
- United Nations Convention against Corruption
- Sustainable Development Goals (SDGs)

(Disclosures)

- We ensure the transparency and soundness of our management by disclosing material information in a timely and appropriate manner, including the application of this policy in our business activities.
- We report annually on the progress of our efforts through the integrated report and our corporate website, using frameworks of the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) as reference.
- Recognizing that climate change will have a significant impact on the lives and health of our customers and on local economic and social development, we are supporting the Task Force on Climate-related Financial Disclosures (TCFD) and will set strategies and measurable targets for building a decarbonized society, along with improving our disclosures.

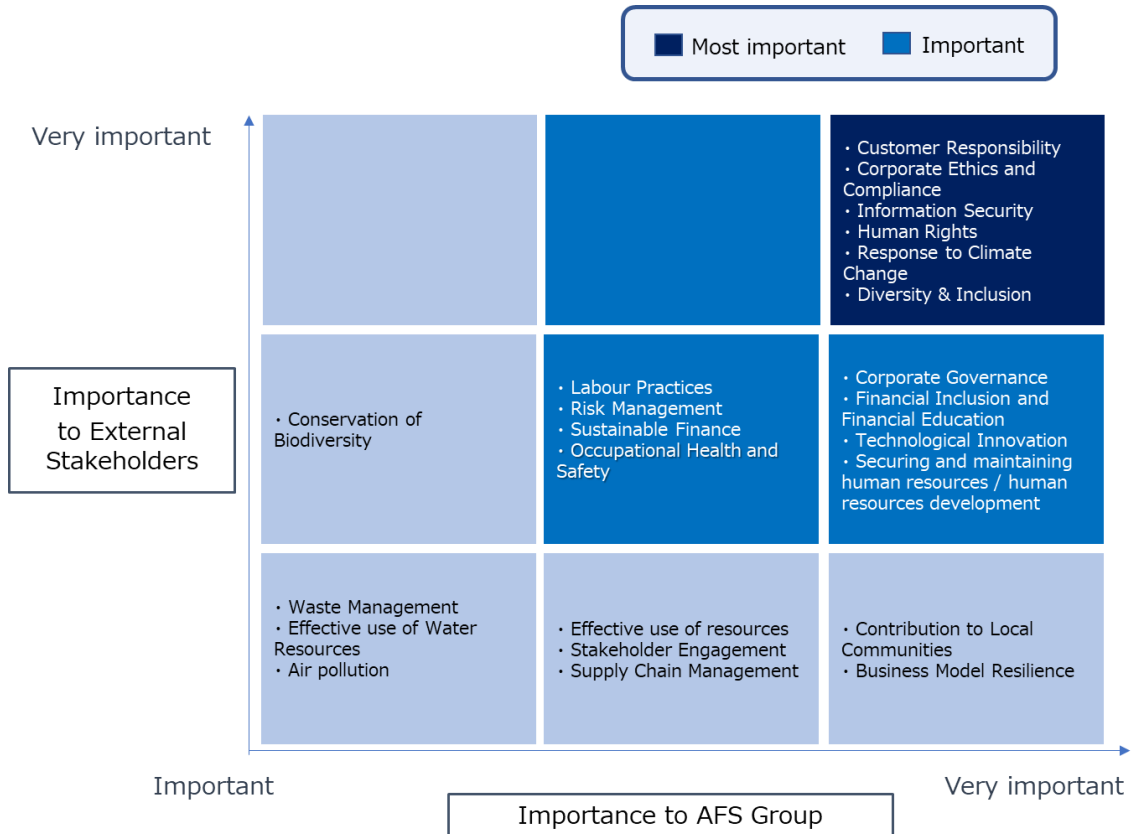
(Relevance to other policies)

This policy is guided by the management philosophy and basic management policies of AEON and the Company, as well as the AFS Corporate Governance Guidelines. This is complemented by other policies and guidelines, including the AEON Code of Conduct, which sets out the actions to be taken for our customers, the Aeon Decarbonization Vision, the Aeon Basic Human Rights Policies, and the Group's Basic CSR Policy.

Established on November 30, 2021

(Reference)

Materiality (key issues) of the Group



■ Relevance to SDGs

