



AEON delight Report

2022



AEON DELIGHT CO., LTD.

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Facility management for a better tomorrow

For our 50 years of existence, the AEON delight Group has been providing safety and security to facilities and their surrounding environments. We will continue to solve social issues through facility management and grow as an environmental value-creating company that helps create a society full of joy.



Management Principle

We Pursue the Creation of "Environmental Value" for our Customers and for the Local Communities.

The environmental value we consider includes all the values in the following; value in the business environment of the corporation, value in the usage environment of the customers of the corporation, value in the workplace environment employees work in and value in the local community. By creating environmental value, we strive to provide "delight" such as joy, shine and richness of mind. To achieve that goal, we constantly aim to improve safety, security, cleanliness and comfort, and keep stepping forward towards "the future with a dream."



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Editorial policy

Editorial policy

The AEON delight Report 2022 is published to inform shareholders, investors, and all other stakeholders of the Group's business activities, growth strategies, and future outlook based on our Management Principle. In preparing this report, we referred to the International Integrated Framework of the International Integrated Reporting Council (IIRC) and the GRI Sustainability Reporting Standards, focusing on information that we deemed important from the standpoint of medium- and long-term corporate value creation.

Organization

AEON DELIGHT CO., LTD. and AEON delight Group

Period

March 1, 2021 – February 28, 2022

*Some sections include information for March 2022 and beyond.

Forward-looking statements

This report contains projections and forward-looking statements regarding our Group's future plans, strategies and performance. These statements are based not only on historical facts, but also on assumptions made with information currently available to the company. As such, actual results may differ from projections.



Investor Relations ▶ <https://www.aeondelight.co.jp/english/ir/>
Sustainability ▶ <https://www.aeondelight.co.jp/english/csr/>



Services

AEON delight's facility management

We help companies and organizations solve various issues by building optimal customer-focused solutions with a wide array of services covering everything from facility operations to management.

Management Services

Enhance and maximize facility performance



Facility Budget Management

We manage all facility costs, from land, buildings, equipment, security, and cleaning, and develop and implement budget plans for our customers.



Workplaces

We propose both soft and hard solutions that transform office spaces as well as work habits and processes.



Maintenance Plan Development and Management

We formulate and manage maintenance plans tailored to building use, achieving both lower maintenance costs and longer service life.



Energy Management

We comprehensively manage and optimize facility energy use, and offer energy-saving proposals that optimize life-cycle costs by introducing energy-efficient equipment.



Business Continuity Plan (BCP)

We formulate plans that enable customers to continue operating and promptly restore facilities in the event of a disaster, minimizing impact on corporate activities.



Partner Management (Evaluation & Guidance)

We maximize the performance of our customers' operational partners by providing implementation and improvement support for systematic management methods.

Business Fields

The AEON delight Group is a facility management group that offers various solutions for facilities and surrounding environments in response to the challenges faced by customers in Japan, China, and the ASEAN region.



Office buildings and public facilities

For office buildings and public facilities, we propose unique solutions to address various issues that our customers face, from major disasters and labor shortages to reducing environmental impact and preventing the spread of infectious diseases. In addition, we provide services that enable our customers to establish sustainable business models and further grow their businesses.



Commercial facilities

For commercial facilities, we help customers build facilities and systems that enable shoppers to safely, securely, and comfortably enjoy their shopping experience. In addition, we help create commercial facilities that are closely connected to local communities by helping our customers prepare business continuity plans, address labor shortages, and reduce environmental impact.



Hospitals and research facilities

Hospitals and research facilities have higher sanitation requirements compared to other facilities. To address this, we provide optimal solutions that meet the specific needs of each facility, ranging from highly sanitary environments achieved through infection control to robust security environments using advanced disaster prevention equipment.



Factories and warehouses

For factories and warehouses, we support a variety of outsourcing needs aimed at improving management and operation efficiency, including energy savings through facility management. In addition, we propose preparation solutions that enable facilities to fulfill their production and supply roles in the event of a major disaster by ensuring continued operation and rapid recovery.

Operations Services

Optimally operate facilities



Facility Management

We provide optimal operation, inspection, maintenance, and servicing tailored to each facility, and propose an Open Network System that reduces management and operating costs.



Security

We offer a wide range of services from facility security to traffic guidance and event security, providing unique plans that incorporate advanced equipment.



Materials

We provide various materials such as packaging and sanitary materials for stores, and propose environmentally friendly materials as well as ways to reduce total cost and streamline material ordering operations.



Cleaning

We offer cleaning services that not only maintain aesthetics but also extend the life of facilities, including Hygiene Control Cleaning and New Standard Cleaning services designed to enhance infection control.



Building Construction

We provide comprehensive support (planning, layout, design, construction, and supervision) for everything from restoration work to renovation, interior work, and extensive maintenance.



Vending Machines

We contribute to improved profitability and user satisfaction with high value-added vending machines and product lineups tailored to customer needs.



Support

We offer a variety of services to meet the outsourcing needs of customers for managing and operating their facilities and surrounding areas, including landscaping, catering, cafeteria operations, business travel arrangements, and rental conference spaces.

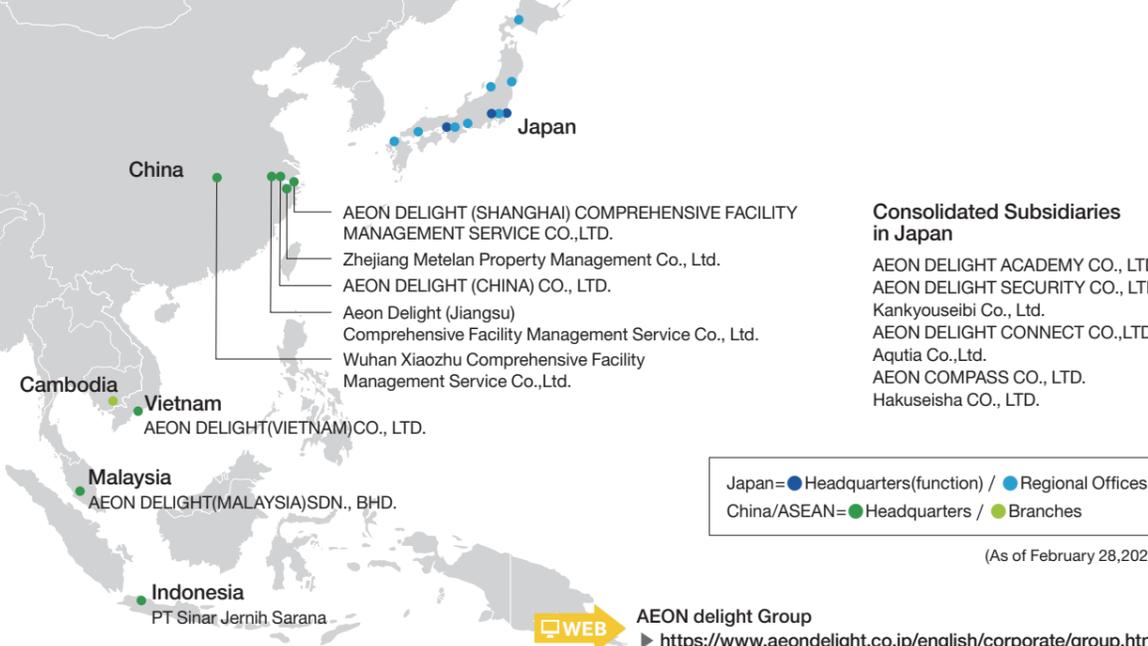
WEB FMNavi Service menu (Japanese)
<https://service.aeondelight.co.jp/s/service>



Global Network

Aiming to become Asia's No. 1 facility management company

We have standardized the technology and quality control methods we have developed over the past 50 years in Japan. With the aim of becoming Asia's No. 1 facility management company, we are extending the AEON delight brand from Japan to China and ASEAN countries.



Our Strengths

Providing the best facility solutions as a group of experts for facility management

The strength of the AEON delight Group rests in our ability to provide optimal solutions to customer issues through our diverse array of facility-related services and our network of expert personnel in Japan and overseas.



* As of May 31, 2022
 * Recurring customers excluding spot contracts

* As of February 28, 2022
 (as of May 31, 2022 for number of facilities under management)

AEON delight's Strengths
<https://www.aeondelight.co.jp/english/fms/advantage.html>

Our Strengths

Advanced expertise in Facility Management

~Continuous training of professional personnel with both technical and human capabilities~

Over 20,000 qualified employees

Our Group employs over 20,000 qualified personnel, ranging from essential personnel for facility maintenance to those with knowledge and skills related to reducing environmental impact (see p. 40). These employees are deployed to our more than 500 service locations throughout Japan. We maintain a network of approximately 5,000 partners to uniformly provide highly specialized services throughout Japan.

Unique training facilities held within the Group

We have our own training facility, AEON delight Academy Nagahama, where employees can gain knowledge and skills through practical training and lectures in a simulated facility environment. In addition to technical capabilities, we are constantly developing professional personnel who can put themselves in the customer's shoes and provide hospitality. We are committed to providing world-class service quality with our technical and human capabilities.

Technical contests aimed at improving quality of operations

Starting in FY2019, we have been hosting technology contests to encourage experts in various fields to hone their technical capabilities and further develop ideas generated in the field into shared assets for the Group. In addition to our domestic and overseas group companies in the facilities management, security, and cleaning businesses, we also have partner companies participating in the contest.

Through these technical contests, we strive to improve the expertise of not only our own company but also our overall service network.

Community crisis management support

We have two AD Solution Centers (ADSC) in Japan, one in Osaka City and the other in Komaki City, Aichi Prefecture (AEON Komaki Crisis Management Center), which serve as our core crisis management centers for disaster prevention. ADSC constantly collects and analyzes disaster information and remotely monitors our facilities under management for abnormalities in order to prepare for disaster risks. In the event of disasters such as earthquakes, floods, and major power outages, we handle the situation as an organization with the ADSC in charge of collecting information. To date, we have supported our customers' crisis management by restoring damaged facilities, dispatching support personnel, coordinating with relevant ministries and agencies, and procuring disaster response equipment and supplies, in an effort to minimize damage and restore facilities quickly (see p. 30).

In addition, our new headquarters, which began operations in September 2021, is home to the Kanto Regional Office's Customer Support Center (CSC)*, which can function as a substitute for the ADSC. By sharing systems and data among our three locations in Osaka, Komaki, and Tokyo, and by establishing a backup system for crisis management functions, we have built a system that can demonstrate resilience in the event of a major, widespread disaster.

In the event of a disaster, one of the eight nationwide CSCs located close to the disaster area will quickly gather information and work toward early recovery and reconstruction of the affected area by carrying out disaster response efforts that leverage field expertise in cooperation with the ADSC.

* Customer Support Center (CSC)

We have Customer Support Centers established under our eight regional offices in Japan. These centers provide remote support for facility management operations through various systems and sensors, and also gather customer requests and information on each facility.



Training facility AEON delight Academy Nagahama



Third AEON delight Skill Contest [Equipment Division]



AD Solution Center

Ability to transform in response to changes in the environment

COVID-19 response

Amid the COVID-19 pandemic, we continued to provide a safe and secure environment for people using our facilities by implementing a variety of infection prevention measures in response to the changing environment.

By leveraging our network and procurement capabilities in the materials business, we were able to provide a stable supply of infection prevention materials such as alcohol dispensers, face masks for business use, and acrylic partitions from the early stages of the pandemic. In addition, by harnessing the expertise we accumulated through our hygiene control service, a cleaning service including infection control that we have developed and offered to healthcare facilities before the pandemic, we were able to develop our New Standard Cleaning service designed for the age of COVID-19, which we launched in September 2020. We provide a hygienic environment backed by scientific evidence in accordance with a cleaning procedure manual developed under the supervision of infection control experts. Moreover, we developed a Network CO₂ Density Monitoring System with a manufacturer for the purpose of promoting ventilation in facilities, and began offering the system in April 2021. By visualizing CO₂ density, we promote improved ventilation while fostering a sense of security for people using our facilities.

We continue to provide safe and secure facility environments even amid the pandemic by implementing various infection prevention measures.

Digital transformation promotion initiatives

As the labor shortage in the facility management industry becomes increasingly severe, we are moving forward with digital transformation to promote area management^{*1}, a new facility management concept. The remote support provided by the CSC has helped us reduce resident facility managers, and we are shifting from conventional resident-based individual facility management to a multiple facility management system that mainly consists of patrolling by area. At the same time, the data collected and accumulated from inside and outside facilities are processed into valuable information and shared to help solve customer issues. We continue to update the information with the AEON delight Platform^{*2}, which also functions as a shared data collaboration platform for our entire service network, including group companies and partner companies.

Through these efforts, we are transforming our business into a sustainable model that adapts to changes in the environment (see p. 16).

*1: Area management refers to a facility management model that efficiently manages multiple facilities in an area through remote management.

*2: AEON delight Platform is an information collaboration platform that processes data collected and accumulated from inside and outside facilities into valuable information that helps solve customer issues and shares it throughout the entire service network comprising group companies and partner companies.



New Standard Cleaning service launched in September 2020 as a new standard for cleaning in the age of COVID. Cleaning services are carried out by staff who have completed specialized training, and quality is measured and quantified through monitoring.



Improving ventilation by installing a network-enabled CO₂ density monitoring system

Selected as a certified digital transformation business by the Ministry of Economy, Trade and Industry (METI)

In June 2021, we were selected as a Certified Digital Transformation Business in recognition of our digital transformation promotion system aimed at building a sustainable business model in facility management, which meets the criteria for certification by the Ministry of Economy, Trade and Industry (METI).



AEON delight's measures taken against COVID-19
▶ <https://www.aeondelight.co.jp/english/covid19/>





This mural is located in the elevator hall on the second floor of the new headquarters (Teito Kanda Building), which opened in September 2021. It was created with the aim of taking us back to our roots and reaffirming our purpose and mission, as well as to carry our legacy into the future. The mural features employees working in our seven business fields in seven different colors, along with two symbolic disasters: the 1972 Sennichi Department Store fire, which triggered the establishment of our company, and the Great East Japan Earthquake of 2011. Through facility management, we will continue to support many people by ensuring the safety and security of facilities both in normal times and in the event of a disaster. As we celebrate our 50th anniversary, we renew our pride in our mission and will continue to bring "delight" to society, even as society continues to change in the future.

■ The Last 50 Years

AEON delight celebrates its 50th anniversary

The roots of our company can be traced back to the fire at the Sennichi Department Store in Osaka in May of 1972, which is considered to be the worst fire in the history of building fires in Japan. With the aim of preventing such a tragic accident from ever happening again, the building maintenance division was spun off from the retailer Nichii (presently AEON Retail) to form our predecessor company.



AEON delight logo
"Good-jo-kun"

● Other major M&A and subsidiary acquisitions

- 2001 • Japan Maintenance Academy Co., Ltd. (presently AEON DELIGHT Academy Co., Ltd.)
- 2004 • Japan Maintenance Security Co., Ltd. (presently AEON DELIGHT SECURITY CO., LTD.)
- 2007 • A to Z Service Co., Ltd. (presently AEON DELIGHT CONNECT CO., LTD.)
- AEON DELIGHT (BEIJING) CO., LTD (presently AEON DELIGHT (CHINA) CO., LTD.)
- 2008 • Kankyouseibi Co., Ltd.
- 2009 • DO SERVICE Co., Ltd. (presently AEON DELIGHT CONNECT CO., LTD.)
- 2011 • KAJITAKU Co., Ltd. (presently AQUITA Co., Ltd.)
- 2012 • AEON DELIGHT (MALAYSIA) SDN. BHD. / AEON COMPASS CO., LTD.
- AEON delight Sufang (Suzhou) Comprehensive Facility Management Service (presently AEON delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd.)
- 2013 • AEON DELIGHT (VIETNAM) CO., LTD. / Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd.
- 2015 • Hakuseisha Co., Ltd.
- 2017 • AEON DELIGHT (SHANGHAI) MANAGEMENT CO., LTD.
- 2018 • PT Sinar Jernih Sarana

Establishment

Established as a facility management company to ensure safety and security following the fire at the Sennichi Department Store. Subsequently expanded business domain to include security, construction, and cleaning services.

Following the fire at the Sennichi Department Store, the facilities management division of Nichii Corporation was spun off and became Nichii Maintenance Co., Ltd. Starting with a few employees, we expanded our business domain from facility management services to comprehensive building maintenance services such as security and cleaning, as well as construction-related services.

1972

Nichii Maintenance Co., Ltd. established in Higashi-ku, Osaka City as a subsidiary of Nichii Corporation (presently AEON Retail Co., Ltd.)

1976 Company name changed to Japan Maintenance Co., Ltd.



Logo of Japan Maintenance Co., Ltd.

Scene of equipment inspection at the time



*1 Founding: AEON delight was established in 1973 as Nichii Japan Kaihatsu Co., Ltd., and merged with Nichii Maintenance Co., Ltd. in 1976, changing its name to Japan Maintenance Co., Ltd. As a result of the 1976 merger, Nichii Japan Kaihatsu Co., Ltd. ceased operations, and Nichii Maintenance Co., Ltd. effectively became the surviving company.

*2 Sennichi Department Store Fire: At the time, The Nichii Sennichimae Store was a tenant in the building. The fire shutters on each floor and escalator fire compartments were not closed, toxic gases and smoke filled the floors, and elevators were stopped. Customers and employees panicked as they lost their way out, which resulted in 118 fatalities, making it the deadliest building fire in Japan since the end of World War II.

Business expansion and IPO

Developed business foundation by making regional subsidiaries Listed on the Second Section of the Osaka Securities Exchange and then on the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange

Our business expanded as our parent company, Nichii Corporation opened more general merchandise stores. Around this time, we introduced a center manager system that assigned a person to be responsible for each property, which helped improve the quality of our operations. In addition, we began providing services to office and commercial buildings outside the Nichii Group. From around 1980, we established regional subsidiaries in Hokkaido, Tohoku, Shinetsu, and Kyushu. In 1995, we went public on the Second Section of the Osaka Securities Exchange (OSE). Then, after listing on the Second Section of the Tokyo Stock Exchange (TSE), we became the first comprehensive building maintenance company to list on the First Section of the OSE and TSE in 2000.

1978 ~1986 Established regional subsidiaries in Hokkaido, Tohoku, Shinetsu, and Kyushu regions

1995 Listed on the Second Section of the Osaka Securities Exchange
1997 Opened Technical Training Center in Sanda City, Hyogo Prefecture
1999 Listed on the Second Section of the Tokyo Stock Exchange
2000 Listed on the First Section of both the Tokyo Stock Exchange and the Osaka Securities Exchange
Reorganized into a two-headquarter system with an Osaka headquarters and a Tokyo headquarters.

Listed on the Second Section of the Osaka Securities Exchange



AEON DELIGHT CO., LTD. is founded.



Unveiling of new uniforms

Merger and business expansion

Expanded sales through merger with AEON Techno Service Co., Ltd. and CERTO Corporation Enhanced service offerings as a facility management business

We merged with AEON Techno Service Co., Ltd. a general building maintenance company in the AEON Group, and became the largest comprehensive building maintenance company in Japan. Then, in 2010, we merged with CERTO Corporation, which operated a vending machine business and a materials business, and expanded our services as a facility management company. Subsequently, we began providing integrated facility management (IFM) services overseas in response to outsourcing demand for back office operations, including building maintenance. In addition, we added subsidiaries in Japan and overseas through M&A and by establishing joint ventures to form the AEON delight Group, which is comprised of approximately 30 companies.

2006

Merged with AEON Techno Service Co., Ltd. Changed trade name to AEON DELIGHT CO., LTD. Joined the AEON Group



Aeon Techno Service Co., Ltd. logo

2010 CERTO

CERTO Corporation logo

Merged with CERTO Corporation. Expanded business domain to include material procurement and vending machine management

2010 Opened research and training facility AEON delight Academy Nagahama in Nagahama City, Shiga Prefecture, Japan

2012 Established representative office in Beijing, China

2012 ~ 2021 Moved forward with establishing overseas subsidiaries and acquiring shares to gain subsidiaries

2021

Moved to new Tokyo Headquarters



History
▶ <https://www.aeondelight.co.jp/english/corporate/history.html>



■ Toward a future with dreams

WEB Future Vision
<https://www.aeondelight.co.jp/english/fms/vision.html>

Sustainable facilities, sustainable smiles.

We, the AEON delight Group,
 have been and will continue to be a company that protects
people's precious places by continuously improving
 our technical and human capabilities to ensure
 the safety and security of facilities.

To embody this aspiration,
 we formulated the AEON delight Vision 2025.

AEON delight Vision 2025

We aim to become an environmental value-creating company that solves social issues in Asia by focusing on the three pillars of our growth strategy consisting of **ensuring safety and security, resolving labor shortages, and addressing environmental issues.**



Safety and Security

Natural disasters such as typhoons, torrential rains, and earthquakes are happening more frequently and becoming more devastating. Under these circumstances, we will help our customers develop disaster prevention and mitigation systems during normal times, and provide crisis management support to minimize damage from disasters in the event of an emergency.

In addition, we will continue to advance the safety and security we provide to our customers by promoting digital transformation initiatives across our crisis management system and disaster recovery operations.



Labor shortage

Labor shortages are becoming more and more serious in various industries, including the facilities management industry. With the aim of resolving labor shortages within our company and for our customers, we will build a sustainable facility management business model by promoting digital transformation initiatives to expand our new area management model, while also renewing the AEON delight Platform (see p. 8).



Environment

Solving environmental issues such as climate change and marine plastic pollution has become a global challenge. We will work together with our customers and local communities to help create a sustainable, decarbonized society by expanding our environmentally friendly business, including implementing energy-saving measures at facilities, managing electric power, and enhancing environmentally friendly products made from biomass materials, wood, and paper.

FY2025 Targets			
Net sales: 471.0 billion yen	Sales: Globally, TOP10 Asia No.1	Operating income: 37.0 billion yen	Operating income margin Global top level



■ Message from the CEO

To continue protecting people's precious places as an environmental value-creating company

The AEON delight Group celebrated its 50th anniversary in 2022. This is a result of the support of our stakeholders, including customers, partners, and shareholders, as well as the efforts of our management and employees over the years, who have continued to take on a variety of challenges while staying true to our founding philosophy of protecting the safety and security of facilities. We will continue to protect people's precious places as an environmental value-creating company by constantly transforming to adapt to changes in the environment.

Kazumasa Hamada

President & CEO, Group CEO



Celebrating our 50th anniversary – The past and future of the AEON delight Group –

Origin of the AEON delight Group

The origin of the AEON delight Group can be traced back to the Sennichi Department Store fire that broke out in Osaka in May 1972. It was the worst fire incident in the history of building fires in Japan, leaving 118 people dead. With the aim of preventing such a tragic accident from ever happening again, we founded the company and developed our

expertise and techniques in facility management to "pursue facility safety and provide an environment where customers can visit our stores with peace of mind." Our company, which started with only a few employees out of deep regret for the tragic accident, has grown into a corporate group with over 20,000 employees providing services throughout Japan and Asia (see p. 9-10).

AEON delight and the creation of the environmental value management principle

AEON delight was formed in 2006 through the merger of its predecessors, Japan Maintenance and Aeon Techno

Service. We then discussed what we needed to do in order for AEON delight to make even greater strides, which resulted in the creation of our management principle to "pursue the Creation of 'Environmental Value' for our Customers and for the Local Communities" The phrase "creation of environmental value" expresses our aspiration to become a company that continues to protect people's precious places by expanding the value we provide from safety and security, our founding philosophy, and including cleanliness, comfort, and reducing environmental impact. Since 2006, we have continued to grow by bringing in companies that share our vision. We believe that the fact that the AEON delight People, which come from diverse backgrounds, have been able to unite and continue to grow is largely attributable to the establishment of this management

principle, which serves as the basis for our corporate activities.

Beliefs that will never change and things that must be changed

The AEON delight Group celebrated its 50th anniversary in 2022, and the role we fulfill in society will remain unchanged in the years to come.

Our role is to create environmental value and to continue protecting people's precious places. However, the means and the goals we need to achieve change with the times. For example, the standards for people's safety and security have changed when the COVID-19 pandemic came about,

Message from the CEO



and infection prevention measures are now the norm in every facility. The New Standard Cleaning that we began offering in 2020 is a new standard for cleaning services that incorporates infection prevention measures developed in response to these changing needs.

The AEON delight Group will aim to achieve further sustainable growth by continuing to transform in response to changes in the business environment. This is why we established AEON delight Vision 2025 (Vision 2025) (see p. 12) as our aspiration for the future, and formulated a three-year medium-term management plan (medium-term management plan) starting in FY2021 to accelerate our growth toward achieving our Vision 2025. Under the three basic policies of Customer-oriented Management, Digital Transformation (DX) Promotion, and Group Management, the medium-term management plan calls for net sales of 361 billion yen, operating income of 22 billion yen, and net income attributable to parent company shareholders of 14 billion yen in FY2023, the final year of the plan.

Progress of Medium-Term Management Plan

Net sales and operating /ordinary income rose in FY2021, but we need to accelerate our initiatives

In FY2021, we successfully expand sales and increase operating and ordinary income by implementing various measures in accordance with the three basic policies set

Figure 1: Medium-term management plan KPI progress (highlighted letters indicate improved items)

Basic policy	KPI (end-FY2023)	End-FY2021	End-FY2020
Customer-oriented Management	Percentage of sales inside/outside the Aeon Group: 60%/40%*	64.4%/35.6%	64.3%/35.7%
DX Promotion	Operating income margin: 6.0%*, Maintain full-year ROE of 12% by improving operating income margin	Operating income margin: 5.0% ROE: 11.7%	Operating income margin: 5.1% ROE: 14.1%
	Number of facilities under Area Management: 360 facilities	151 facilities	27 facilities
	Number of permanent posts reduced through Area Management: 180	115 posts	—
Group Management	Reallocate 20% of headquarters staff to direct departments by consolidating functions	Began improving business processes in the headquarters	—
	Domestic Group company net sales 65 billion yen	52.1 billion yen	52.8 billion yen
	Overseas sales ratio: Over 8%*	7.8%	6.7%
	Shift to shared services for domestic Group finance and accounting departments	Finance and accounting department began providing support to all domestic Group companies	—

*Previous revenue recognition standard

forth in our medium-term management plan. Although we were able to systematically implement the various measures set forth at the beginning of FY2021, results were short of the medium-term quantitative targets owing to delays in achieving the benefits of some measures stemming from the greater-than-expected impact of COVID-19. To this end, we have been promoting various initiatives with a greater sense of urgency since FY2022.

Various initiatives based on the three basic policies

Enhancing customer contact points by reorganizing office area structure

In April 2022, we reorganized our eight regional office structure in Japan in line with customer needs, facility characteristics, and regional characteristics, with the aim of enhancing our customer contact points. We replaced our former 41 office and 13 sales branch structure with 97 new areas under 37 offices. At the same time, by redefining the responsibilities of each job level, from operations to management, we are building a system that enables all of our regional offices to directly serve customers in their respective regions.

1 Customer-oriented Management

The previous regional office, office, and center structure has been reorganized into a regional office, office, area, and site structure. We reorganized ourselves into a structure that better fits the new area management* facility management model that we are currently developing in an effort to create a sustainable business model. At the same time, we redefined the role of the office manager from "head of operations" to "growth leader," positioning them to formulate growth strategies for their jurisdictions and to be responsible for achieving targets. Accordingly, we reassigned our existing center managers to area managers that manage multiple facilities in an area. The structure is such that the office manager designs the optimal area within their jurisdiction based on factors such as customer service and operational efficiency, and the area manager is responsible for the overall management of multiple facilities in the area under their jurisdiction. In addition, the office manager will also engage in sales activities for new contracts in their jurisdiction in cooperation with the headquarters, regional office sales department, and service development department. Furthermore, it is essential for office managers to take ownership as a business leader and enhance their skills to draw up growth strategies anchored in the characteristics of their region. To this end, we launched a training program for office managers nationwide in April 2022, with lecturers from our management team, including myself.

* Area Management refers to a facility management model that manages multiple facilities by area, mainly through remote management and patrolling services. We are moving away from the previous resident-based individual facility management by automating inspection work using cameras and sensors, and by consolidating some work into customer support centers equipped with remote monitoring functions (deployed in all eight regional offices in Japan) to save labor for resident facility management work.

Expand market share by strengthening sales structure

In FY2021, we began full-fledged account sales activities with an account manager responsible for all transactions with each customer, with the aim of promoting customer needs-driven proposal activities. This customer-oriented structure has led to improved customer satisfaction, expanded market share, and other results. Meanwhile, in terms of new customer development, we established

specialized divisions with expertise in different industries at the end of FY2020 and are continuing to work on these activities. Although there were restrictions on sales activities related to COVID-19, we began to see steady results in FY2022 as we continued to make customer-driven proposals and started providing services at a wide variety of new facilities.

We intend to establish this sales cycle as soon as possible in order to further expand our market share.

Develop consulting business by selling solutions

In addition to strengthening account sales and new customer development, we began developing our consulting business by selling solutions in two domains that require advanced expertise in FY2022.

The first domain is the healthcare market. As society becomes more conscious of the need to prevent infections, we established a dedicated sales department and are actively proposing facility hygiene standard improvement solutions built on our expertise gained by offering hygiene control* and New Standard Cleaning services. This will help us speed up facility management contract acquisition for a variety of buildings.

The second domain is the decarbonization market. We organized our services that contribute to reducing environmental impact, including energy saving proposals that we have been providing as part of our facility management, under the keyword "decarbonization". We formed a dedicated sales force for this as well, and have launched initiatives to fully support our customers' decarbonization efforts.

* Hygiene control service refers to our cleaning service for healthcare-related facilities that includes infection control, which we began offering in FY2014.

2 DX Promotion

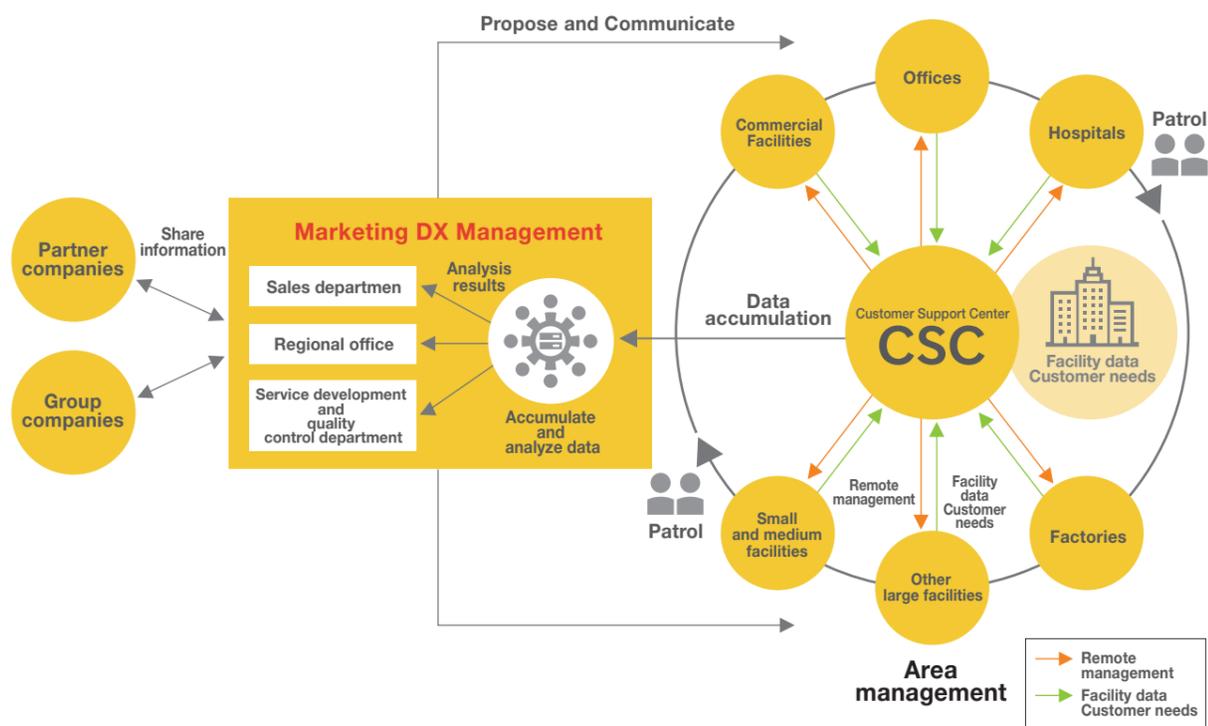
Updating the AEON delight Platform, a data collaboration platform

We aim to propose and efficiently provide all our customers with the best solutions tailored for their specific challenges. Accordingly, we are building and updating our AEON delight Platform (AD Platform; see p. 17), a data collaboration platform that collects and analyzes various types of information gained from both within and outside of facilities by digitally transforming business processes into valuable information and sharing it throughout our service network, which includes all Group companies and partner companies.

One important factor to consider when thinking about how to leverage our AD Platform is the quality of input data. We continuously provide services to over 8,000 facilities in Japan, but we are first working on capturing various input data from approximately 500 commercial facilities, which is our forte. We collect basic information on the facilities as well as data obtained from day-to-day management and operations, and compare, verify, and analyze the data against each other. This will enable us to visualize the latent needs of our customers and produce valuable proposals that will help us resolve their respective issues. We already use this type of data as part of our sales activities.

Message from the CEO

Figure 2: AEON delight Platform



Further development of area management

While updating the AD platform, we will further develop area management in FY2022, aiming to save manpower in 100 additional facilities (278 facilities in total) and reallocate 40 facility management personnel (155 people in total).

In addition, to carry out this series of initiatives, we will aggressively invest in areas such as digital transforming our business and sales activities, recruiting specialized personnel, and enhancing IT training.

Group Management

In Japan, we will strive to further grow the AEON delight Group by strengthening cooperation among Group companies and solving issues each company faces from a post-pandemic perspective, while taking into account the business characteristics of each group company.

In China, which we consider to be the largest growth area in Asia, we will steadily expand business by focusing on securing more contracts for key target facilities such as medium- and high-end shopping centers, hospitals, nursing homes, and redevelopment areas through our core operating companies Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd. and Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd. under group management by our controlling company AEON DELIGHT (CHINA) CO., LTD.* Furthermore, in FY2021, AEON delight Jiangsu acquired a highly specialized company with a proven track record in outsourced factory operations in Suzhou, and in March 2022, AEON delight China acquired a local company with

strengths in outsourced medical-related facility operations in Zhejiang and Jiangxi provinces as a subsidiary. In addition to organic growth, we plan to make further strides in China by capturing expertise, expanding our business domain, and strengthening our customer base through these types of M&A deals and business alliances.

Moreover, in the ASEAN business, where we expect further growth over the medium to long term, we are preparing to open an ASEAN headquarters in order to enhance our governance structure and draw up a new growth strategy. In the summer of 2022, we opened a preparatory office for our ASEAN headquarters in Kuala Lumpur, Malaysia, which is conveniently located for ease of access to various ASEAN countries. In addition to preparing to open the ASEAN headquarters in 2023, we will actively communicate with local subsidiaries in each country where we operate to understand the issues they face and provide support to help resolve them. At the same time, we began market research in Singapore and Thailand, which we are considering for our next expansion.

* On September 28, 2022, AEON DELIGHT (CHINA) CO., LTD shifted to an investment company with broader business operations capabilities.

Positioning M&A as a key strategic option

I believe we need to explore and pursue M&A opportunities with a greater sense of urgency.

M&A deals are one of the key strategic options for our Group to achieve Vision 2025. The aim is to fill in the gaps in our functionality. In selecting M&A targets, we examine three factors: Acquiring expertise, creating a regional economic zone, and building overseas bases.

1 Acquiring expertise

As I mentioned earlier, we began selling solutions in the healthcare and decarbonization markets, but we plan to expand beyond these two domains and provide highly specialized solutions in other domains as well. To this end, we will explore acquiring new expertise through M&A deals.

2 Creating regional economic zones

In order to create regional economic zones in facility management and to further solidify our ability to expand our business throughout the country, we will explore M&A opportunities with companies that are closely tied to local communities and have strengths in specific areas.

3 Building overseas bases

In addition to expanding local businesses in China and ASEAN countries, we will look into M&A opportunities to expand our services to Japanese companies operating in various regions and to enter new businesses.

members. As a company-wide promotion body for ESG management, we will identify the highest priority issues and determine initiatives to resolve them based on the Basic Policies for Sustainability and Materiality.

Furthermore, in May, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). (See p. 27-30.) In addition, on the governance front, we established a new Special Committee in May, consisting of independent outside directors. As an advisory body to the Board of Directors, its purpose is to ensure that the opinions of minority shareholders and other stakeholders are appropriately reflected in the Board of Directors. The AEON delight Group will continue to further strengthen Group governance and foster a healthy organizational culture that supports sustainable growth (see p. 35-37).

Finally – To Our Stakeholders –

The world is facing a variety of challenges to achieve a sustainable society, including environmental and human rights issues. As a corporate group that aims to solve social issues by ensuring safety and security, resolving labor shortages, and addressing environmental issues through facility management, we sense every day that there are more and more fields we should pursue.

We will continue to protect people's precious places by adapting to the changing environment as well as people's values, while continuing to transform ourselves.

We look forward to your continued support as we take new steps toward the next 50 years.

Strengthen ESG management system Newly established Sustainability Committee and Special Committee

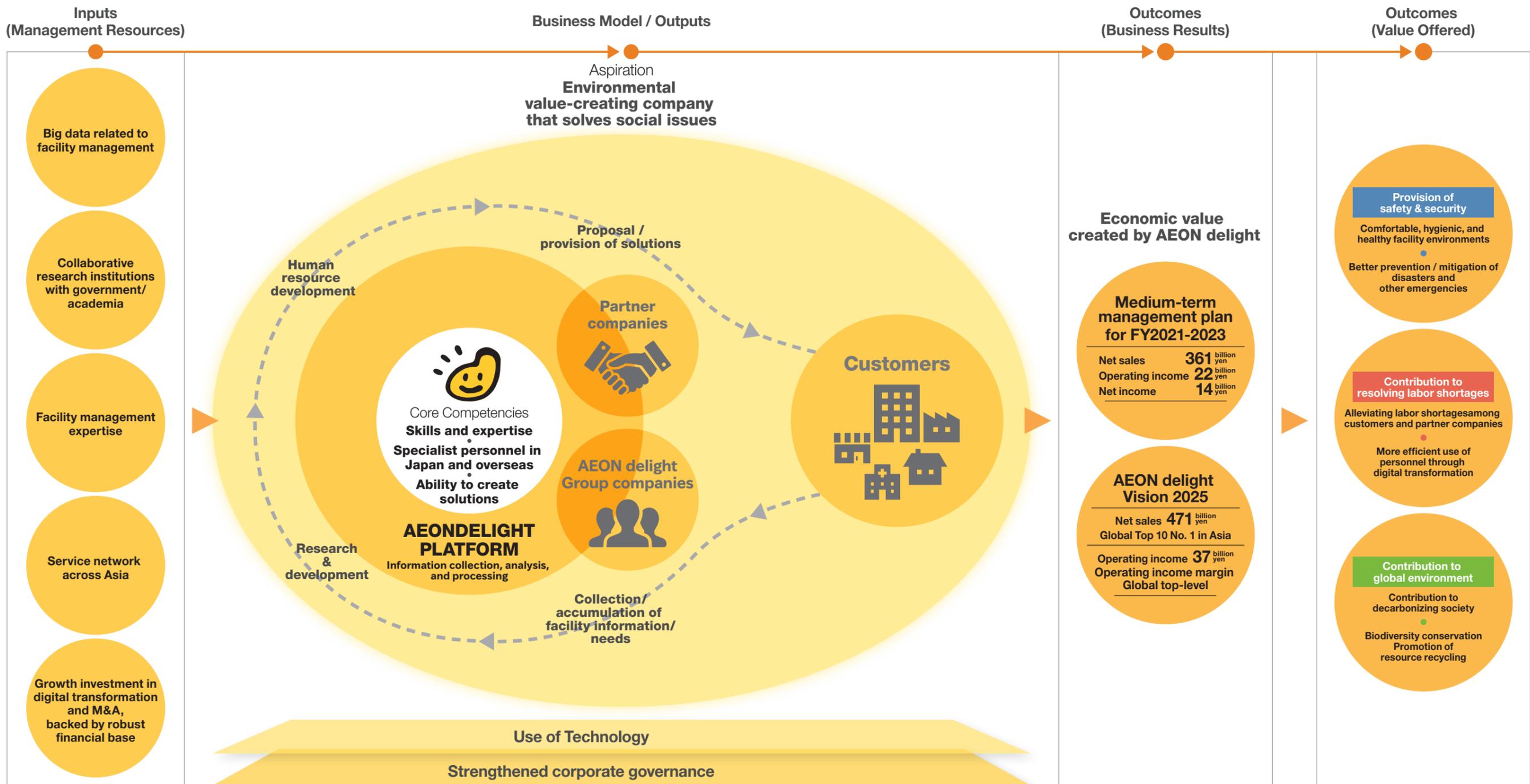
To enhance our ability to solve social issues as stated in our Vision 2025, we must practice ESG management, which involves our business as well as the environment and society. Accordingly, we are strengthening our ESG management system.

In April 2022, we established a Sustainability Committee, with myself as the chairperson and executive officers as



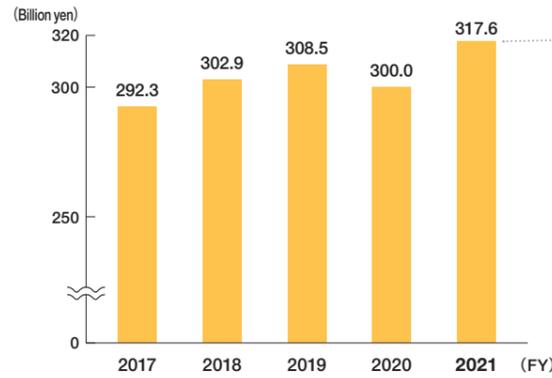
Contributing to the resolution of social issues as an Environmental value-creating Company

Through our business activities, we contribute to the realization of a sustainable society by leveraging our strengths, including our accumulated facility management skills and expertise, our specialist personnel in Japan and overseas, and our ability to create solutions.



Financial data (Consolidated)

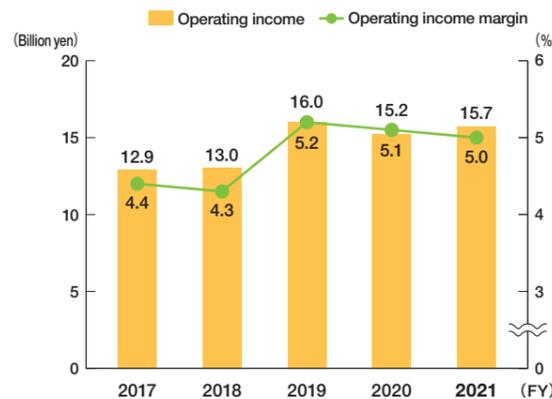
Net Sales



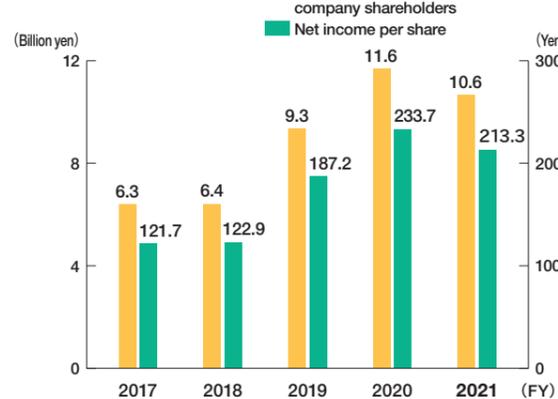
Net Sales Composition by Segment



Operating Income/Operating Income Margin



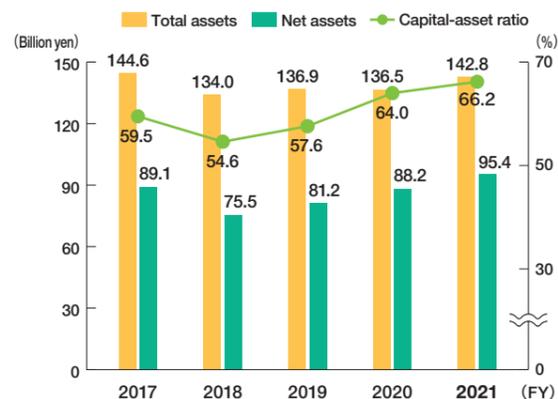
Net income attributable to parent company shareholders/ Net income per share



Dividend per Share/Payout Ratio (%)

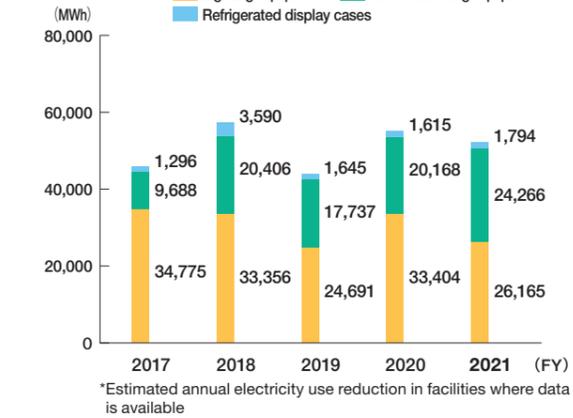


Total Assets/Net Assets/Capital-Asset Ratio

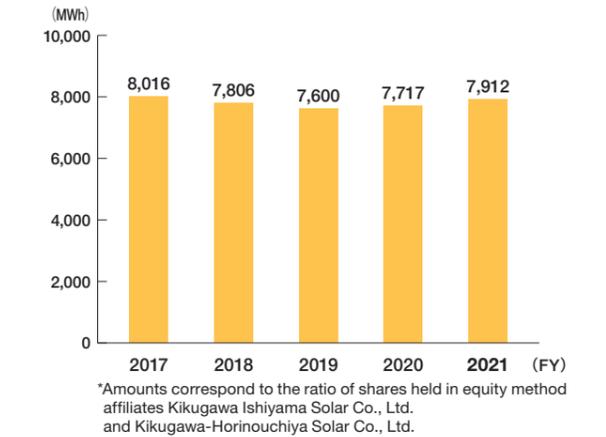


Non-financial data (Non-consolidated)

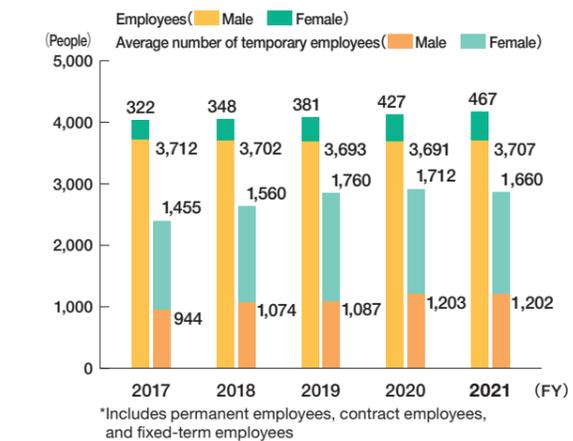
Reduction in power consumption by installed energy-saving equipment



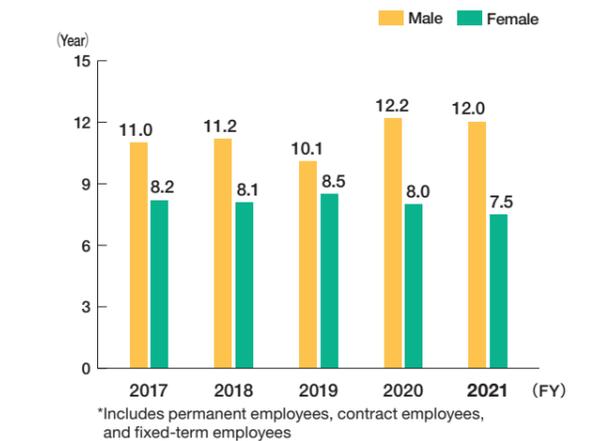
Amount of solar power generated



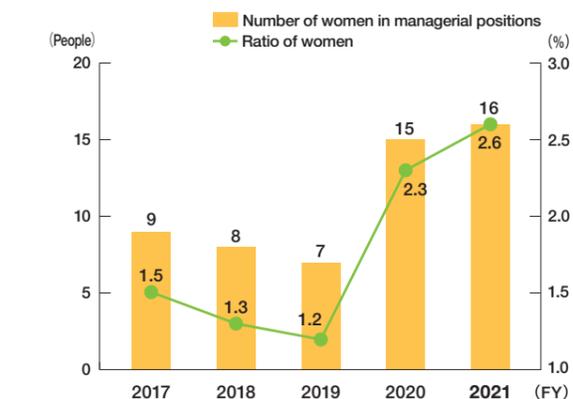
Number of employees/ Average number of temporary employees



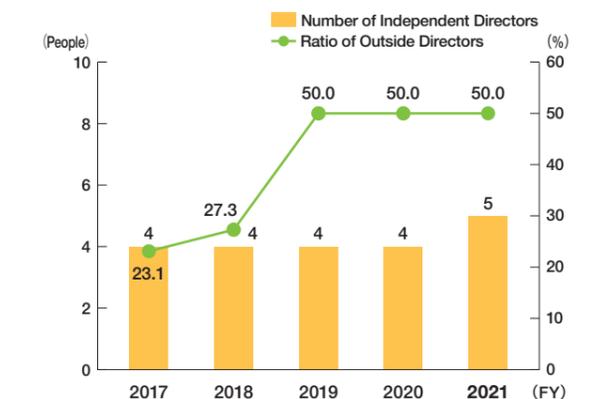
Average length of service



Number/Ratio of women in managerial positions



Number of Independent Directors/ Ratio of Outside Directors



Materiality

12 Materiality issues and 2030 Targets

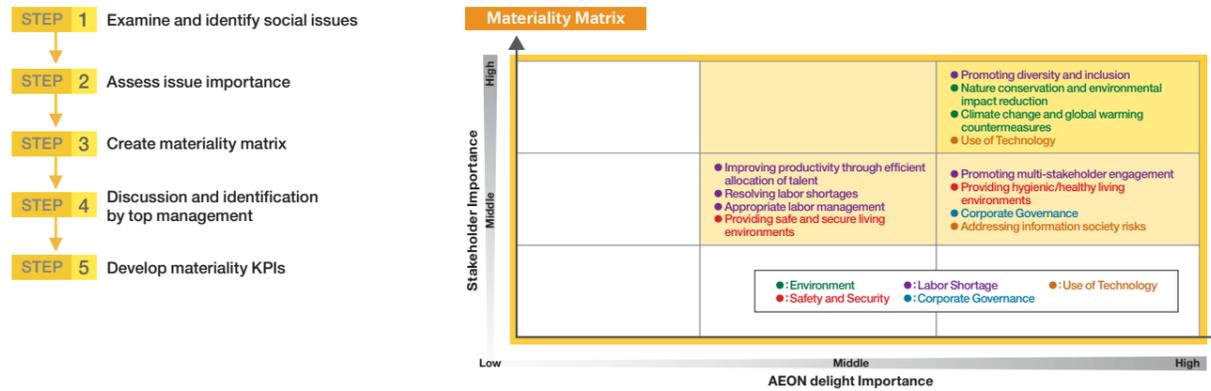
The AEON delight Group promotes ESG management, which helps solve social issues through our business and enhances our enterprise value. In 2021, we identified 12 Materiality issues in five domains, including ensuring safety and security, resolving labor shortages, and addressing the environment as we set forth in our Management Principles and the AEON delight Vision 2025, as well as using technology and enhancing governance, which we believe are necessary to achieve sustainable growth.

In addition, we have set 2030 targets for each of the five domains.

We will also contribute to achieving the SDGs through group-wide initiatives to solve social issues.

Materiality identification process

Reference to SDGs, FTSE, Global Risks Report, and other sources, we have identified 59 issues as areas of particular relevance to our Group. We then analyzed the 59 issues. We followed this up by evaluating risks and opportunities for each business and the entire Group, as well as risks and opportunities for stakeholders based on stakeholder interviews, and created a matrix that reflects the significance of these risks and opportunities.



2030 Materiality Targets

	2030 Targets	FY2021 results
Safety and Security	Expand provision of safe and secure services ● 20% of sales from BCP and infection control-related services*1	3.8%
Labor Shortage	Improve business continuity by solving labor shortages ● 30% female managers on a consolidated basis compared to FY2021	22.1%
	● 50% reduction in consolidated annual employee turnover rate (regular employees, contract employees, and temporary employees) compared to FY2021	23.7%
	● 50% reduction in consolidated annual overtime per person compared to FY2021 ● 30% reduction in number of consolidated annual work-related accidents*2 compared to FY2021	268 hours 139 accidents
Environment	Expand environmentally-friendly business ● 10% of sales from GHG emission reduction related services*3	2.5%
	● Zero gasoline and diesel vehicles, including hybrid vehicles, for business (consolidated) Of 822 total vehicles, 591 gasoline/diesel vehicles, 230 hybrid 230 vehicles, 1 electric vehicle	
	● 50% of sales in the materials business from environmentally friendly products ● 50% recycling rate (bottle-to-bottle) in vending machine business	14.9% 15%

Initiatives to support the above activities

Use of Technology	Leverage the latest technology to research and develop new services ● Enable unmanned management through robotization of facilities ● Reduce facility lifecycle costs by using FM big data and AI to diagnose buildings ● Develop solutions business leveraging our unique FM data
Corporate Governance	Establish robust Group governance system in Japan and abroad ● Establish a 'three lines of defense' structure ● Corporate Culture Committee and Group Governance Enhancement Promotion Committee continue to operate

*1 BCP services include disaster prevention and countermeasure construction, provision of remote monitoring systems, infection control measures, infection control cleaning (New Standard Cleaning), sales of related materials, and construction work related to droplet and contact infection control measures.

*2 Work-related accidents resulting in four or more days of absence from work

*3 Includes installation of energy management systems, freon management, installation of EV chargers, installation of energy-saving equipment (lighting, air conditioning, refrigeration cases), installation of water-based floor coding agents, etc.

12 Material Issues

5 Areas	12 Material Issues	Opportunities for our Group	Risks to our Group	Related SDGs
Safety and Security	Providing safe living environments	Growing need for facilities/equipment resilient against disasters and infrastructure outages Growing demand for high-quality services in Japan and abroad	Difficulties in continuing operations due to disaster or infrastructure outage	11 SUSTAINABLE CITIES AND COMMUNITIES
	Providing hygienic/healthy living environments	Growing need for hygienic/healthy living environments	Decline in corporate image if infectious disease impact is not prevented Growing health risks accompanying increased employment of elderly personnel	3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND AFFORDABLE ENERGY
Labor Shortage	Resolving labor shortages	Promote recruitment of diverse personnel Growing need for improved productivity and operational efficiency	Risk of contract non-fulfillment and lost opportunities due to lack of personnel	8 DECENT WORK AND ECONOMIC GROWTH
	Improving productivity through efficient allocation of talent	Expand AEON delight Economic Zone by strengthening relationships with Group management and partner companies	Risk of decline in service quality due to insufficient personnel training	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH
	Promoting diversity and inclusion	Improve quality and productivity by securing diverse personnel Expanding need for services as women enter the workforce	Risk of contract non-fulfillment and lost opportunities due to lack of personnel Decline in corporate power due to inadequate communication skills and multicultural understanding	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
	Promoting multi-stakeholder engagement	Develop new services by strengthening relationships with local communities, partner companies, and relevant government agencies	Risk of non-compliance, including affiliates and partner companies Risk of not gaining trust/understanding when expanding overseas due to inadequate handling of target country risks (changes in political, economic, and social environments)	17 PARTNERSHIPS FOR THE GOALS
	Appropriate labor management	Improve productivity and job satisfaction by reducing employee infection rates and providing comfortable work environments	Risk of difficulties in securing personnel due to inadequate enforcement of proper labor management Employee accident and mental health risks during work	8 DECENT WORK AND ECONOMIC GROWTH
Environment	Climate change and global warming countermeasures	Growing need for energy-saving and renewable energy use	Increased cost burden due to environmental measures and soaring energy prices	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 13 CLIMATE ACTION
	Nature conservation and environmental impact reduction	Growing need for environmentally friendly products and services	Decline in corporate image and brand power due to water pollution, increased plastic waste, etc. Stricter laws and regulations related to waste, etc.	2 ZERO WASTE, 14 LIFE BELOW WATER, 15 LIFE ON LAND
Use of Technology	Use of Technology	Raise productivity, improve operational efficiency, and develop new services through digital transformation driven by IoT, sensors, AI, etc.	Decline in service quality and market share due to lagging digital transformation Risk of information leaks	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Addressing information society risks	Growing need to strengthen facility information security	Risk of cyber-attacks leading to operational shutdown or information leak	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Corporate Governance	Strengthening Group governance	Curtail costs with prompt problem detection/resolution through strengthened governance	Adverse effect on corporate activities and damage to social reputation due to inadequate governance systems Risk of harm to business performance due to inability to handle target country risks when expanding overseas (changes in political, economic, and social environments)	10 AFFORDABLE AND CLEAN ENERGY, 17 PARTNERSHIPS FOR THE GOALS

■ Sustainability Management

Sustainability Committee established to promote ESG management

In August 2021, the AEON delight Group established the Basic Policies for Sustainability as a basic approach to promoting ESG management. In addition, in April 2022, we established the Sustainability Committee as a company-wide promotion body for ESG management to solve social issues and help create a sustainable society through our business activities.

Basic Policies for Sustainability

AEON delight's management philosophy is "We Pursue the Creation of 'Environmental Value' for our Customers and for the Local Communities." Based on this management philosophy, we will contribute to solving social issues and achieving a sustainable society by creating "environmental value" in all aspects of our business together with our many stakeholders.

- We will strive to create a safe, secure, hygienic, and healthy usage environment in and around our facilities.
- By providing solutions that meet society's expectations, we will contribute to achieving a decarbonized society, conserving biodiversity, and promoting recycling.
- We will comply with laws and social norms, build relationships of mutual trust with our business partners, and conduct fair business activities throughout the supply chain.
- We will respect the human rights of each individual and create a vibrant organizational culture in which diverse human resources can demonstrate their abilities.
- As a corporate citizen, we will engage in social contribution activities that aim for a better environment and society.

Formulated on August, 2021

■ Established Sustainability Committee

In April 2022, the AEON delight Group established the Sustainability Committee, chaired by the President, as a company-wide promotion body for ESG management aimed at solving social issues through business activities. The Sustainability Committee determines the highest priority issues based on the Basic Policies for Sustainability and Materiality (key issues), formulates related policies, targets, and key measures, manages their progress, and reports to the Board of Directors.

In FY2022, the first year of the committee's launch, we have identified "human rights, safety, and health," "environment," and "supply chain" as priority issues that society strongly demands be addressed. Human rights, safety and health mainly covers respect for human rights, occupational health and safety, and health management for employees, while environment focuses on our energy use and waste emissions, and supply chain covers supply chain management related to the environment and human rights.

In addition, we established subcommittees for each issue under the Sustainability Committee, which are chaired by an executive officer. Going forward, the subcommittees will be responsible for formulating and promoting specific measures related to the issues.



(Figure: Promotion structure chart centered on the Sustainability Committee)

■ Environment

Achieving environmental targets through our business activities

We have established the following environmental targets as part of our Quality and Environmental Policy. Starting in FY2021, we added initiatives to achieve environmental targets through our business activities as part of the policy, and each of our departments established their own environmental activity targets.

- 1 To protect the global environment, we will implement activities that minimize environmental impact and activities that have a positive impact on the environment.
- 2 We will strive to prevent environmental pollution.
- 3 As a company that creates environmental value, we will contribute to the environmental protection activities that our customers and stakeholders promote through our business activities.

■ Started disclosing GHG emission information

We believe the impact of climate change to be a significant risk. Accordingly, we expressed our support for the TCFD (Task Force on Climate-related Financial Disclosure) recommendations in FY2022 (see p. 27-30), and began disclosing information on our GHG emissions. Going forward, we will continue to extensively analyze the risks and opportunities that climate change poses to our business, reflect them in our management strategies, and proactively disclose information. In addition, by further promoting climate change initiatives such as preparing for disasters and making facilities more energy efficient, we will improve disaster resilience and reduce GHG emissions for our customers as well as our Group, and help achieve the AEON Group's AEON Decarbonization Vision.

AEON Decarbonization Vision (excerpt)

Stores

We will reduce the total GHG emissions from our stores to zero (to be achieved by 2040)

Products and Logistics

We will continue our efforts to achieve zero GHG emissions from our business operations

Hand in hand with customers

We will cooperate with our customers for the realization of a decarbonized society

Interim target Switch 50% of electricity used in stores to renewable energy by 2030 (Japan)

FY2021 GHG emissions (non-consolidated)

Scope1 (direct emissions from fuel use)



Scope2 (indirect emissions from electricity use)

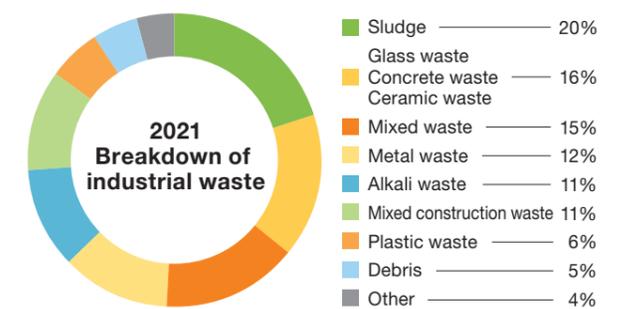


■ Promoting proper waste disposal

From FY2022, we also began disclosing our industrial waste emissions. We properly manage waste while complying with various laws and regulations, such as the Waste Management and Public Cleansing Act and the Construction Recycling Act, and conduct legal compliance assessments under the ISO 14001 framework.

Industrial waste emissions (non-consolidated)

2017	2018	2019	2020	2021
12,328 t	16,629 t	15,942 t	20,474 t	19,697 t



ISO 14001:2015 and JIS Q 14001:2015 certification status

Registered Office	Registration Date	Certification Body	Registration Number
AEON DELIGHT CO., LTD.	2003/07/11	Japan Audit and Certification Organization for Environment and Quality (JACO)	EC09J0013
Scope of registration	Provision of facility management services (facility management, security, cleaning, construction management, material procurement, support for vending machine installation, and customer support services)		

Endorsed TCFD recommendations and formulated strategies

In May 2022, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to promote understanding and disclosure of the impact of climate change on our business activities.

We provide climate change-related disclosures in accordance to the recommendations.

Strengthened decarbonization support services, addressing climate change through business

We have adopted ESG management, which is designed to solve social issues through business, and have identified Materiality issues (see p.23-24), which include climate change and global warming countermeasures and nature conservation and environmental impact reduction. In addition, as a member of the AEON Group, we will support initiatives to reduce total GHG emissions from stores to zero in accordance with the AEON Decarbonization Vision. After reviewing both the opportunities and risks surrounding our Group associated with climate change, we believe that the opportunities for our business activities outweigh the risks. This is based on the premise that we continue to appropriately manage risk and strengthen our existing crisis response capabilities against disasters and other incidents, as well as the decarbonization support services we provide to our customers, including facility energy conservation. We will continue to extensively analyze the risks and opportunities that climate change poses to our business, confirm the direction of our own initiatives, and reflect them in our management strategies, thereby improving the resilience to climate change for our Group and our customers. Furthermore, we will proactively disclose information regarding our efforts to address climate change in order to help create a decarbonized society and ensure our sustainable growth as a company.

Below is a description of each of the AEON delight Group's policies on climate change with respect to governance, strategy, risk management, and indicators and targets.



WEB AEON Decarbonization Vision (Aeon Co., Ltd.)
 ▶ <https://www.aeon.info/en/sustainability/datsutanso/>
 Material Issues
 ▶ <https://www.aeondelight.co.jp/english/csr/materiality.html>

Governance

Supervision by the Board of Directors

The Board of Directors receives and monitors reports on activities and issues related to climate change in accordance with the annual agenda of the Board of Directors. In August 2021, the Board of Directors approved and announced the 'Basic Policies for Sustainability'. The Board of Directors will oversee the implementation of initiatives with a stronger focus on sustainability in business models, growth strategy, and business activities.

Role of the management (executive) team

The Group's Executive Committee, consisting of President & CEO and key executive officers, deliberates on social issues, including climate change and sustainability, and evaluates the status of environmental initiatives. In addition, the executive officer in charge of ESG, who is also a member of the Executive Committee, will take the lead in promoting company-wide initiatives.

Strategy

Selection of scenario

The Group has selected the "less than 1.5°C/ 2°C scenario," in which the impacts on the transitional side become apparent, and the "4°C scenario," in which the impacts on the physical side become apparent, as published by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). For the time frame, we selected 2030 for the medium term and 2050 for the long term.

In conducting the scenario analysis, in order to ascertain the impact on the entire AEON delight Group, the analysis covered all domestic businesses (excluding certain support businesses), which comprise approximately 90% of the Group's sales.

Deliberation process



Significant risks/opportunities and their impact

As a result of the scenario analysis, while there are various risks and opportunities, such as transition risks and physical risks assumed with climate change, we identified the following as important risks and opportunities for our Group.

Area of impact		Risk/Opportunity	Overall Evaluation	Timeframe
Transition risk				
Sourcing	Risk	Increase in raw material prices due to introduction of carbon tax	Small	Medium-term
Direct operation	Risk	Introduction, rise, and expansion of the scope of carbon tax	Small	Medium-term
		Increase in electricity and fuel costs	Small	Medium-term
Products & Services	Opportunity	Capture demand for environmentally friendly products and services	Medium	Short-term
		Reduction of cost burden for customers by providing services related to energy conservation (renewable energy, energy saving, LEDs, sensors, cooling systems, etc.)	Medium	Short-term
Physical risk				
Sourcing	Risk	Increase in procurement costs due to supply chain disruptions	Medium	Medium-term
Direct operation	Opportunity	Expansion of demand for support to strengthen disaster prevention response and early recovery measures in anticipation of more severe natural disasters	Medium to large	Medium-term
	Risk	Operational impact (reduction or shutdown of distribution center functions), inability to operate stores, inventory loss from damaged and discarded merchandise Decrease in earnings due to work restrictions, operational impact, employee injuries and illnesses, and difficulty in recruiting human resources due to the increased number of extremely hot days	Medium	Medium-term
Products & Services	Opportunity	Expansion of demand for cleaning and disinfection services in response to increased risk of infectious diseases due to global warming	Small	Medium-term

* For transition risk, "SDS" (IEA WEO2020, less than 2°C scenario), "NZE" (IEA Net Zero by 2050, 1.5°C scenario), SSP1-1.9, SSP1-2.6 (IPCC AR6, less than 2°C scenario) (equivalent to RCP2.6 of AR5) are referenced for less than 1.5°C/ 2°C scenarios. For physical risk, SSP2-7.0 (IPCC AR6, 4°C scenario) (equivalent to RCP8.5 of AR5) as 4°C scenario. 6), and for physical risks, SSP2-7.0 (IPCC AR6, 4°C scenario) (equivalent to RCP8.5 of AR5) and STEPS (IEA, 4°C scenario) are referenced for 4°C scenarios.

Introduction of carbon tax and increased costs

In order to achieve carbon neutrality by 2050, a carbon tax is expected to be introduced in Japan, the AEON delight Group's primary base of operations. Based on our calculations, we assume that even if a carbon tax is introduced, the additional cost will be limited to less than 1% of the Group's net income. We will continue our efforts to conserve energy in order to reduce the impact on our business.

Increase in renewable energy procurement costs

In order to achieve the AEON Decarbonization Vision 2050, the AEON delight Group may switch the procuring electricity to renewable energy sources. Even if we replace 100% of our electricity with renewable energy, the additional cost is expected to be limited to less than 1% of our Group's net income.

Growing demand for decarbonization and services for energy saving

The AEON delight Group provides a variety of services that help combat global warming, including installation of energy-saving equipment, energy-saving operations of various facilities, fluorocarbon management services based on the Fluorocarbons Emission Control Law, and proposing environmentally friendly materials.

Going forward, we will provide solutions to fully support our customers' decarbonization efforts by adding renewable energy procurement support and other services to these solutions.

Proposing energy reduction in facilities

We propose energy-saving air conditioning equipment and large-scale facilities, including LED lighting, which can significantly reduce electricity consumption, in addition to introducing BEMS (Building and Energy Management System), an energy management system that monitors, controls, and visualizes electricity consumption in buildings and other structures.

Implementing an open network system

We propose the introduction of an open network system that networks the various equipment in a facility and enables centralized management in real time. This system allows customers to operate their facilities efficiently by making full use of remote operations and also contributes to energy saving in the facilities.

Providing fluorocarbons management services

We provide simple and periodic inspections for Class 1 Specified Products*, as well as administrative services on behalf of customers based on the Act on Rational Use and Appropriate Management of Fluorocarbons, which requires maintenance and the creation of a database. We also actively propose to our customers the introduction of fluorocarbon-free refrigerated showcases, which are more energy-efficient and have a very low GWP (Global Warming Potential).

* Class 1 Specified Products: Refers to products such as commercial air conditioners and commercial refrigeration and freezing equipment in which chlorofluorocarbons are used.

Developing renewable energy-related businesses

We provide electricity services to commercial facilities, office buildings, medical institutions, and other special high-voltage and high-voltage electricity using facilities, supplying electricity at reasonable prices and with the same quality and stability as in the past. At the same time, we are working together with our customers to prevent global warming by offering "CO2 emission reduction plans" combined with non-fossil fuel energy certificates* and "100% renewable energy plans" such as solar power, wind power, and biomass.

In addition, we are developing solar power generation businesses at Kikugawa Ishiyama Solar Ltd. and Kikugawa-Horinouchiya Solar Co., Ltd. (in Kikugawa City, Shizuoka Prefecture), both of which are equity method affiliates.

* Non-fossil fuel energy certificates: Certificates of the environmental value provided by electricity generated from renewable energy sources that do not emit CO2.

Proposing environmentally-friendly commercial products

Based on the Aeon Plastic Utilization Policy, which aims to halve the amount of single-use plastic by 2030 (compared to 2018), we are promoting the reduction of plastic materials used in stores. In addition to conventional methods such as making materials thinner and lighter, we are also working on a plastic-free initiative to change the material of spoons and forks to paper and wood in accordance

with the Act on Promotion of Resource Circulation for Plastics.

In FY2020, we began offering paper straws developed in-house. These straws have a four-layer structure that is both strong and water-resistant. In FY2021, we provided approximately 50 million pieces of cutlery and switched 48% of our straw shipments to paper straws, contributing to a reduction of approximately 150 tons of single-use plastic per year for cutlery and straws combined.

We also promote the use of biomass resources to reduce the use of fossil resources and the carbon dioxide emitted into the atmosphere during incineration. For example, we propose to our customers the use of plastic bags and packaging materials made of biomass plastic and inks containing biomass-derived ingredients.

 Environment
▶ <https://www.aeondelight.co.jp/english/csr/environment/>

Occurrence of major disasters caused by climate change

Following the occurrence of a major or wide-area disaster, including natural disasters caused by climate change, the AEON delight Group has supported its customers' crisis management by setting up a disaster response headquarters immediately after the disaster, utilizing its nationwide network of service bases and its own internal and external networks to restore damaged facilities, dispatch support personnel, coordinate with relevant government agencies (fire departments, police departments, water authorities, etc.), and procure disaster response materials, equipment, and supplies. The AD Solution Center (Osaka City, Osaka Prefecture and Komaki City, Aichi Prefecture), a disaster prevention center that plays a central role in responding to disasters, constantly collects and analyzes disaster information and remotely monitors managed facilities for abnormalities in order to prepare for risks caused by disasters. From August 2021, we further strengthened our disaster resilience by assigning our head office in Chiyoda-ku, Tokyo with backup functions for the AD Solution Center. In addition to our own business continuity plan (BCP), we will continue to work on the development of disaster prevention and mitigation systems, including BCPs for our customers.

AD Solution Center and Customer Support Center (CSC)

AD Solution Center provides crisis management services such as information gathering and distribution on natural disasters and accidents, and remote monitoring of facilities for abnormalities, 24 hours a day, 365 days a year.

In addition, the AD Solution Center has established Customer Support Center (CSC) at eight branch offices nationwide, which provides remote support for the management and operation of customer facilities in each region. In the event of an emergency, the AD Solution Center serves as the information gathering and analysis team and coordinates with the CSCs to provide prompt disaster support and achieve early restoration and resumption of operations at customer facilities.



Customer Support Center (CSC)

Examples of Past Support Activities	
Earthquake off the coast of Fukushima Prefecture (March 16, 2022)	
Disaster outline	AEON delight Group's main support activities
<ul style="list-style-type: none"> ● A magnitude 7.4 earthquake occurred off the coast of Fukushima Prefecture, with an intensity of 6 Upper on the Japanese seismic scale in Miyagi and Fukushima Prefectures, causing large-scale power outages mainly in the Tohoku and Kanto regions. ● Many customer facilities were damaged over a wide area in the Tohoku region. 	<ul style="list-style-type: none"> ● Dispatched a total of 577 support personnel* ● Arranged disaster response equipment (fire extinguishers, generators, temporary toilets, fuel, etc.) ● Provided relief supplies (water, food, daily necessities) ● Fixed leaks in sprinklers, boilers, and water supply and drainage pipes ● Supplied water in response to water outage ● Responded to partial power outages and power leaks ● Restored escalators and elevators ● Closed compartments and conducted restoration work for falling ceilings and walls, cracks, and floor cracks
Earthquake off the coast of Fukushima Prefecture (February 13, 2021)	
Disaster outline	AEON delight Group's main support activities
<ul style="list-style-type: none"> ● A magnitude 7.3 earthquake occurred off the coast of Fukushima Prefecture, with a maximum intensity of 6 Upper on the Japanese seismic scale. ● Many customer facilities were damaged over a wide area in the Tohoku region. 	<ul style="list-style-type: none"> ● Dispatched a total of 519 support personnel* ● Arranged disaster response equipment (fire extinguishers, generators, temporary toilets, fuel, etc.) ● Provided relief supplies (water, food, daily necessities) ● Removed fallen objects and arranged collection and disposal of damaged items ● Restored damaged sprinklers ● Drained and cleaned flooding associated with broken sprinklers and water supply and drainage pipes ● Checked for people confined within elevators due to stoppage ● Supported restoration work for damaged facilities, etc.
Hokkaido Eastern Iburu Earthquake (September 6, 2018)	
Disaster outline	AEON delight Group's main support activities
<ul style="list-style-type: none"> ● A magnitude 6.7 earthquake occurred in the central-eastern part of the Iburu region of Hokkaido, with a maximum intensity of 7 on the Japanese seismic scale. A series of power plant shutdowns caused by the earthquake resulted in large-scale power outages. ● Many customer facilities were damaged due to power outages throughout Hokkaido. 	<ul style="list-style-type: none"> ● Dispatched a total of 171 support personnel* ● Arranged disaster response equipment (fire extinguishers, generators, temporary toilets, fuel, etc.) ● Provided relief supplies (water, food, daily necessities) ● Activated permanent generators and emergency generators ● Inspected and restored facilities and equipment associated with the restoration of power
July 2018 Torrential Rain (June 28 to July 8, 2018)	
Disaster outline	AEON delight Group's main support activities
<ul style="list-style-type: none"> ● The torrential rains triggered by Typhoon No. 7 and the seasonal rain front caused record-breaking damage across a wide area of the country, especially in western Japan. ● Many of AEON delight's customer facilities were flooded or inundated. 	<ul style="list-style-type: none"> ● Dispatched a total of 328 support personnel* ● Arranged disaster response equipment (fire extinguishers, generators, temporary toilets, fuel, etc.) ● Provided relief supplies (water, food, daily necessities) ● Cleaned and disinfected the inside/outside of facilities after they were flooded ● Conducted temporary water supply work, such as arranging for a water truck to transport water from the water treatment plant to affected areas. ● Checked the water quality during the restoration of water supply ● Installed temporary power sources ● Investigated the leakage of electricity due to the flooding and restored the malfunction of equipment, etc.

* We calculated the number of support personnel by converting every 8 hours of their work per day as 1 person (for approximately one month after the earthquake).

 We deployed alternative functions for the Crisis Management Center at our new Headquarters
▶ https://www.aeondelight.co.jp/english/news/2021083_new-headquarters-is-assigned-the-backup-function-of-a-crisis-management-center.pdf

We deployed alternative functions for the Crisis Management Center at our new Headquarters (Japanese)
▶ www.aeondelight.co.jp/news/20210309

Support activities following the Great East Japan Earthquake: AEON delight's Contributions (Japanese)
▶ <https://www.aeondelight.co.jp/csr/society/pdf>

Operational Impact

The AEON delight Group has distribution centers located across Japan. Although the risk of river flooding may increase due to more severe extreme weather events in the future, which may cause flooding risk to some distribution centers, we estimate that the amount of damage, such as inventory losses, will be minor. In addition, measures are in place to deliver replacement goods from other distribution centers in the event that a distribution center is shut down due to a power outage or disaster.

Advancement of scenario analysis going forward

Through scenario analysis, we have reaffirmed the magnitude of the risks and opportunities that climate change presents to our business. The risks are not necessarily enormous, and we confirmed that we have already taken measures to address certain key risks.

At the same time, we have confirmed that the AEON delight Group's climate change countermeasures and crisis management contribute to risk avoidance and to improving climate change risk resilience not only for ourselves but for our customers as well. We will continue to strengthen our decarbonization services and crisis management to help reduce climate change risks in society.

Risk management

AEON delight Group has established the AEON delight Group Basic Regulations for Risk Management and has a risk management system in place to make necessary judgments and take actions against various risks foreseeable in our business activities (see page 39).

The Risk Management Committee is responsible for overseeing the risk assessment, analysis, and proposed countermeasures conducted by each Risk Management Department, and for verifying each risk scenario. In the future, we plan to integrate climate change risk into our company-wide risk management process.

Indicators and targets

AEON Decarbonization Vision

Based on the AEON Decarbonization Vision, the AEON Group is promoting initiatives to reduce the total amount of greenhouse gas emissions from its stores to zero by conserving and creating energy, using a three-pronged approach from the perspective of "stores", "products and logistics," and "hand in hand with customers". The AEON delight Group will also contribute to the decarbonization of society by promoting energy conservation at customer facilities and other measures to combat global warming, as well as through selling environmentally friendly products(see p.26).

Materiality-based targets

In FY2021, AEON delight Group identified 12 materialities as priority issues to be addressed, and set our 2030 targets for each of them. We also set targets for environmental materialities of "climate change/global warming countermeasures and nature conservation and environmental impact reduction" (see pages 23-24).

Outside Director Message

DX is the way forward, and the future issue is management talent development

Keiji Yoshikawa Outside Director

From 2012 to 2015, Mr. Yoshikawa served as Director, Representative Director, President and CEO of Nippon Sheet Glass Co., Ltd. He then took the helm of a global company where approximately 80% of the employees were non-Japanese as a result of a large M&A with a foreign company, and helped to improve productivity at the manufacturing site. He currently serves as an Outside Director for AEON delight and several other listed companies, and is also active as a management consultant.



— **How do you evaluate AEON delight Group's governance?** AEON delight is a listed subsidiary, but the corporate governance structure itself is comparable to other listed companies I have seen. In addition, the Executive Division is highly motivated to grow in markets outside the Aeon Group, and the Board of Directors has had many discussions on this issue.

It has been a year since I became an Outside Director and what has impressed me the most is AEON delight's strong will to transform its business model through digital transformation (DX) and that these efforts are moving in the right direction.

AEON delight is engaged in a wide range of businesses and uses a variety of systems in its operations. In promoting DX, the Group first promoted the integration of these systems, but this is not simply a matter of connecting systems via a network; rather, it is taking stock of each business process, streamlining those processes, and then integrating the systems. I feel that AEON delight is taking an approach that understands the essence of DX, rather than just digitalization. As a result of thZese efforts, necessary data is being shared within the Group, and a system is now being established to make effective use of this data.

— **Conversely, what do you think are the Group's issues?** What I believe is an issue is the development of management personnel who are well-versed in business. More than ever, we need managers who have the DNA of AEON Delight to grasp issues that arise in the field. AEON delight has many employees who are well-proficient in business operations, but I believe we lack sufficient management personnel. Management and administration are fundamentally different. Administration entails allocating people and budgets in order to increase profits, whereas management requires making major decisions in uncharted territory. In

Japan, personnel who have done administrative work often become managers, and most companies do not have a system for developing specialized management personnel. AEON delight is no exception.

Under these circumstances, I believe AEON delight's future challenge is how to develop management personnel. One possible solution is the use of subsidiaries. AEON delight has many subsidiaries in Japan and abroad with different business structures.

I believe that by selecting people from all AEON delight as candidates for future management and giving them hands-on experience in a completely different career path at a subsidiary, they will grow into management personnel.

— **Is there anything you would like to advise management on in the future?**

My expectation of the Group management team is to draw up a business portfolio based on the future vision we are aiming for, and to disseminate that vision throughout the Group. To achieve this, they need to establish a medium-term management plan. They need to think about what the business structure should look like in five years. In some cases, the suspension of certain businesses will be an option. Management resources are limited, and it is management's job to optimize their allocation. As a result of DX, there is now a network of information throughout the Group, which will be useful in such decision-making.

In addition, management personnel need to improve their communication skills. Considering AEON delight's future expansion overseas, management personnel need to be able to work together with people from different languages and cultures to achieve results. I believe that the information network introduced by DX will be useful in utilizing such human resources.

Outside Director Message

Becoming a rewarding and open group company

Asako Takada Outside Director

After working at Morgan Stanley Japan Securities Co., Ltd. and other firms, Ms. Takada moved into academia, where she is currently a professor at the HOSEI Business School of Innovation Management Global MBA Program. She specializes in organizational behavior, leadership, management organization, and family business, and has authored several books for businesspeople.



— **How do you evaluate AEON delight Group's governance?** Prior to my appointment as an Outside Director, I had imagined AEON delight to be a company with strong Aeon Group colors, given that it is a subsidiary of the distribution giant. However, after observing this company for a year, I realized that this was not the case. My impression is that the company has a strong desire to create new businesses on its own, and while inheriting the enterprise values that the Aeon Group holds dear, it is a company with its own unique color that differs from that of its parent company.

In terms of management, AEON delight Group is commendable for taking the orthodox path of emphasizing human resource development while also focusing on its core business. In particular, the Group is investing in human resource development by further increasing its training budget from FY2022, and is implementing initiatives in line with the basic principle that "what makes a company great is its people." It may take time until these initiatives lead to results, but that also means that it has a bright future ahead. I will cooperate with the Group to the best of my ability.

— **Conversely, what do you think are the Group's issues?**

I feel that one of the issues is diversity. As common in Japanese companies, the decision-making bodies of AEON delight are currently almost entirely composed of men, and the Board of Directors has discussed increasing the number of female managers in order to achieve gender diversity. However, since the number of female employees is small to begin with, this will not happen overnight. AEON delight positions office managers as "regional managers" who play an important role in the company's growth, and in April of this year, it held a training program for them, in which I served as a lecturer. In that training, I stressed the need for women to advance in the workforce. However, even at the

office manager level, only about half of the participants understood exactly what I was saying and agreed with me. It takes time to change people's mindset. I believe it is necessary for those in the management level to keep repeatedly communicating the importance of achieving diversity.

In some cases, a quota system, in which a certain percentage of positions are allocated to women, is introduced to correct the gender gap. However, I believe that AEON delight is not yet ready for that stage. The prerequisite for a successful quota system is the existence of a certain number of capable female candidates, but the company has an overwhelmingly small number of female employees. I believe it is important to first increase the number of female employees and create an environment that encourages them to work for a long time.

— **Going forward, is there anything you would like to work on as an Outside Director?**

I would like to have more opportunities to communicate with Group employees and hear many real voices. AEON delight Group has a diverse workforce, including women, LGBTQ people, young people, and non-regular employees. Since the Group has gone through several mergers, there are also many employees whose corporate culture they have grown up with is different from that of AEON delight. I would like to listen to their frank opinions and reflect them in management. By doing so, I hope to foster an open corporate culture in which a diverse range of people can work together in a rewarding and open environment.

Management Structure

Directors (As of May 18, 2022)



Kazumasa Hamada
President & CEO
Group CEO

Mar. 1987 Joined JUSCO Co., Ltd. (currently AEON Co., Ltd.)
Nov. 2006 Head of Management Planning Department of Postful Corporation (currently AEON Hokkaido Corporation)
Mar. 2007 Executive Officer, Postful Corporation (currently AEON Hokkaido Corporation)
Sep. 2008 General Manager of Control Division of AEON Retail Co., Ltd.
Mar. 2011 Executive Officer, AEON Retail Co., Ltd.
Mar. 2013 Director and Control and Accounting Officer of Aeon Co., Ltd.
Feb. 2015 Regional Office Manager of Kitakanto and Niigata Company of AEON Retail Co., Ltd.
Director and Senior Managing Officer, AEON Retail Co., Ltd.
Mar. 2017 Senior Managing Executive Officer, AEON Retail Co., Ltd.
Mar. 2018 Temporarily transferred to AEON delight Co., Ltd. (Advisor)
May 2018 President and CEO, AEON delight Co., Ltd.
Dec. 2018 Representative of Commissioner, PT Sinar Jernih Sarana (current position)
Jul. 2019 Group CEO, AEON delight Co., Ltd.
Dec. 2019 General Manager of Financial and Accounting Division (CFO), AEON Delight Co., Ltd.
Apr. 2020 Representative Director, President and CEO, AEON delight Co., Ltd. (current position)
Jul. 2021 Director of AEON delight (China) Co., Ltd. (current position)



New Appointment
Goro Miyamae
Director and Managing Director
Marketing DX

Jan. 1999 Joined Japan Maintenance Co., Ltd. (currently AEON delight Co., Ltd.)
Jun. 2007 Manager, QMS Department, Crisis Management & QMS Division
Mar. 2008 Manager, Cleaning Business Department, Cleaning Business Division
Mar. 2010 General Manager, Cleaning Business Division
May 2016 Executive Officer and General Manager of Cleaning Business Division
Nov. 2018 Executive Officer and General Manager of Service Network Promotion Division
Jul. 2019 Executive Officer and Manager of Kanto Regional Office
Mar. 2020 Executive Officer in charge of overseeing East Japan operations
Feb. 2021 Executive Officer in charge of overseeing Marketing DX
Mar. 2021 Managing Director in charge of overseeing Marketing DX
May 2022 Director and Managing Director in charge of overseeing Marketing DX (current position)



Hideyuki Mito
Director and Managing Director
COO of Japan Group
Companies

Apr. 1980 Joined Japan Maintenance Co., Ltd. (currently AEON delight Co., Ltd.)
Sep. 2006 Manager of Sales Department IV
Mar. 2011 General Manager of Sales Promotion Division
Mar. 2012 Manager of Minamikanto Regional Office
Mar. 2013 Executive Officer in charge of overseeing East Japan Regional Office operations
May 2015 In charge of overseeing West Japan Regional Office operations
May 2017 Managing Director in charge of operations
May 2018 Director and Managing Director in charge of operations
Mar. 2019 Director and Managing Director in charge of overseeing business
Jul. 2019 Managing Director in charge of overseeing business
Mar. 2020 Managing Director in charge of overseeing business, and COO of Japan Group Business
Oct. 2020 Managing Director and COO of Japan Group Business President, A to Z Service Co., Ltd. (currently AEON DELIGHT CONNECT CO., LTD.)
Feb. 2021 President, DO SERVICE Co., Ltd. (currently AEON DELIGHT CONNECT CO., LTD.)
May 2021 Director, AEON delight Co., Ltd.
Mar. 2022 Director and Managing Director
Apr. 2022 Director and Managing Director, and COO of Japan Group Business (current position)



Hiroyuki Watanabe
Director

Apr. 1982 Joined Isejin Jusco Co., Ltd. (currently Aeon Co., Ltd.)
Sep. 2003 General Manager of Administration Division of Kanto Company of JUSCO Co., Ltd.
May 2006 Representative Director of AEON Financial Project Co., Ltd. (currently, AEON Bank, Ltd.)
Sep. 2006 Director in charge of overseeing Human Resources and General Affairs, and Public Relation
Apr. 2008 Director and Managing Executive Officer in charge of Human Resources and General Affairs
Jun. 2012 Director, Senior Managing Executive Office, and Head of Corporate Management Division
Nov. 2012 Director of AEON CREDIT SERVICE CO., LTD. (currently, AEON Financial Service Co., Ltd.)
Apr. 2014 Representative Director and Senior Managing Executive Officer, Head of Sales Division of AEON Bank, Ltd.
Apr. 2015 President and Representative Director
Jun. 2017 Director and Executive Vice President of AEON Financial Service Co., Ltd.
Sep. 2018 Executive Officer in charge of Human Resources and Administration, Administration & Risk Management of Aeon Co., Ltd.
Oct. 2018 Director of AEON Financial Service Co., Ltd. (current position)
May 2021 Director, AEON delight Co., Ltd. (current position)
Mar. 2022 Executive Vice President and Executive Officer in charge of Human Resources and Administration, Administration & Risk Management of Aeon Co., Ltd. (current position)

Auditors (As of May 18, 2022)



New Appointment
Takashi Kuroda
Outside Auditor

Apr. 1987 Joined The Chuo Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)
Nov. 2000 Director and General Manager of Administration Division of DBMG Inc.
Dec. 2006 Affiliates Department of AEON Co., Ltd.
Sep. 2008 Temporarily transferred to The Daiiei, Inc.
Apr. 2014 Project Team Leader, AEON Financial Service Co., Ltd.
Apr. 2015 Manager of Strategy Department
Apr. 2016 Executing Officer in charge of overseeing strategy of AEON Bank, Ltd.
Jun. 2018 Director and Executive Officer in charge of Business Planning
Apr. 2019 Director, Executive Officer and General Manager of Business Planning Division
Apr. 2019 Director in charge of Business Planning of AFS Corporation Co., Ltd.
Jun. 2019 Director and Executive Officer, Head of Business Planning Division of AEON Bank, Ltd.
Apr. 2021 Director, Managing Executive Officer, and Head of Corporate Management Division
May 2022 Outside Auditor, AEON delight Co., Ltd. (current position)



Independent Auditor
Tsukasa Takahashi
Outside Auditor

Apr. 1989 Registered with the Osaka Bar Association and Joined Katsube Law Office (currently Katsube Takahashi Law Office)
Apr. 1994 Partner, Katsube Takahashi Law Office (current position)
Apr. 2006 Part-time Instructor, Kwansai Gakuin University Law School
Apr. 2007 Part-time Instructor, Kyoto University Law School
Apr. 2010 Vice President, Osaka Bar Association
Apr. 2012 Visiting Professor, Kyoto University Law School
Apr. 2013 Special Professor, AEON delight Co., Ltd. (current position)
May 2013 Outside Auditor, AEON delight Co., Ltd. (current position)
Mar. 2019 Outside Auditor, NIPPON Electric Glass Co., Ltd. (current position)
Jun. 2020 Outside Auditor, NIPPON SHOKUBAI CO., LTD. (current position)



Independent Director
Masaaki Fujita
Outside Director

Apr. 1978 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)
Apr. 2003 Chief of PDP TV Business Unit, Imaging Business Group of Panasonic AVC Network Company
Apr. 2006 Senior Vice President, Chief of PDP TV Business Unit, Visual Products and Display Devices Business Group of Panasonic AVC Network Company
Jun. 2009 Director, Corporate Quality Administration Division, in charge of Corporate FF Customer Support & Management Division, Panasonic Corporation
Mar. 2010 Division Manager of Technology & Quality Division in charge of FF Market Response Division; in charge of Global Procurement and Director of Procurement Division; in charge of Global Logistics and Director of Corporate Global Logistics Division; in charge of Trading Company, Panasonic Corporation
Apr. 2011 Managing Executive Officer, Panasonic Corporation
Apr. 2014 Specially Appointed Professor of Industry-University Cooperative Center for Advanced Education Research Organization for the 21st Century, Osaka Prefecture University
May 2015 Outside Director, AEON delight Co., Ltd. (current position)



Independent Director
Yoshiaki Hongo
Outside Director

Apr. 1974 Joined the Ministry of Transport (General Affairs Division of Civil Aviation Bureau)
Apr. 1983 Seconded to Geneva Office of Japan National Tourism Organization (JNTO)
May 1988 First Secretary of Permanent Delegation of Japan to the Organisation for Economic Cooperation and Development (OECD)
Jan. 1991 Deputy Assistant Vice-Minister
Jul. 2001 Deputy Director-General (Maritime Bureau & Ports and Harbours Bureau) of Minister's Secretariat of Ministry of Land, Infrastructure, Transport and Tourism
Apr. 2003 Senior Vice President (Logistics & International Division), Japan Post
Jul. 2007 Deputy Vice Minister for Tourism Policy, Minister's Secretariat of Ministry of Land, Infrastructure, Transport and Tourism
Oct. 2008 Commissioner of Japan Tourism Agency
Apr. 2010 Professor at Tokyo Metropolitan University
Jan. 2014 Special Adviser of Japan Tourism Agency
Nov. 2014 Adjunct Professor of Tokyo Institute of Technology
Apr. 2015 Research Professor of Faculty of Urban Environment, Tokyo Metropolitan University
Jun. 2015 Outside Director, THE KEIHIN CO., LTD. (current position)
Jun. 2016 Chief, UNWTO Regional Support Office for Asia and the Pacific (current position)
Apr. 2017 Visiting Professor of Tokyo University of Engineering
May 2017 Outside Director, AEON delight Co., Ltd. (current position)
Apr. 2018 Visiting Professor at Tokyo Metropolitan University (current position)
Aug 2021 Director and Chairman of Tobu Top Tours Co., Ltd.



Independent Director
Keiji Yoshikawa
Outside Director

Apr. 1973 Joined Nippon Sheet Glass Co., Ltd.
Jun. 2004 Corporate Officer, General Manager of Information & Telecommunication Device Division, and Plant Manager of Sagamihara Plant
Jan. 2008 Corporate Officer and General Manager of IT Business Unit
Jun. 2008 Director, Executive Officer, and Head of Specialty Glass Worldwide
Feb. 2012 Director, Representative Executive Officer, and Executive Vice President and CPMO (Chief Project Management Officer)
Apr. 2012 Director, Representative Executive Officer, and President and CEO
Jun. 2015 Advisor
Jun. 2018 Outside Director of Kansai Paint Co., Ltd. (current position)
May 2021 Outside Director, AEON delight Co., Ltd. (current position)
Jun. 2021 Outside Director and Member of the Audit and Supervisory Committee of Fujikura Ltd. (current position)



Independent Director
Asako Takada
Outside Director

Apr. 1987 Joined E.F. Hutton & CO., Inc.
Jan. 1988 Joined Morgan Stanley Japan Limited
Apr. 2002 Lecturer of Faculty of Business Administration, Takachiho University
Apr. 2003 Assistant Professor of Faculty of Business Administration
Apr. 2008 Associate Professor of Hosei Business School of Innovation Management
Apr. 2011 Professor of Hosei Business School of Innovation Management (current position)
Sep. 2015 Director of Global MBA Program, Hosei Business School of Innovation Management (current position)
Apr. 2021 General Manager of Recurrent Education Office of Hosei University (current position)
May 2021 Outside Director of AEON delight Co., Ltd. (current position)
Apr. 2022 Advisor on regrowth of The Asahi Shimbun Company (current position)



Yuji Kawabe
Auditor

Apr. 1981 Joined Personnel Division, Police Affairs Bureau of National Police Agency
Aug. 2002 Director of Police Administration Department of Chiba Prefectural Police Headquarters
Aug. 2004 Chief of Tochigi Prefectural Police
Jan. 2006 Counsellor of Cabinet Secretariat (Cabinet Intelligence and Research Office)
Jan. 2010 Chief of Aichi Prefectural Police
Aug. 2012 Deputy Director-General to Commissioner-General's Secretariat (Security Bureau) of National Police Agency
Aug. 2013 Deputy Director-General of Cabinet Satellite Intelligence Center of Cabinet Secretariat
Nov. 2015 Advisor of Aeon Co., Ltd. (current position)
May 2016 Auditor of AEON Retail Co., Ltd. (current position)
May 2016 Auditor of The Daiiei, Inc. (current position)
May 2017 Auditor, AEON delight Co., Ltd. (current position)
Jun. 2017 Auditor, AEON Credit Service Co., Ltd. (current position)
May 2022 Advisor of Aoi Nissay Dowa Insurance Co., Ltd. (current position)



New Appointment
Independent Auditor
Mari Ebisui
Outside Auditor

Apr. 1985 Joined Ajinomoto General Foods, Inc. (currently Ajinomoto AGF, Inc.)
Nov. 1997 Certified as certified public tax accountant in the United States
Mar. 1998 Joined KPMG Peat Marwick Tokyo (currently KPMG Tax Corporation)
Jul. 2001 Representative Director, Ebisui Accounting & Consulting (current position)
Apr. 2008 Registered as a United States certified public accountant (USCPA)
Jun. 2016 Registered as a Certified Fraud Examiner (CFE)
Jun. 2020 Director of JAPAN Society of U.S. CPAs
Apr. 2021 Outside Director of Ricoh Leasing Company, Ltd. (current position)
May 2022 Advisory Board Member of Japan Corporate Governance Research Institute (current position)
Outside Auditor, AEON delight Co., Ltd. (current position)

Executive Officers (As of May 18, 2022)

Managing Directors		Executive Officers				Executive Officers		Executive Officers		Executive Officers	
Yasuo Miyake China Business	Keiji Sagata Group Strategy and ESG	Noriaki Ikuta General Manager of Regional Offices Division	Hiroki Miyamoto General Manager of Sales Division	Akira Inada General Manager of Corporate Sales Division of Sales Division	Kiichi Goto Materials and Vending Machines Business	Chen Lihang COO of China business	Guan Zhujuan Chairman and General Manager of Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd.	Tsutomu Taniguchi COO of ASEAN Business	Takayuki Kojio General Manager of Service Development Division and Director of Aeon delight Laboratory		
Tetsuya Akutsu General Manager of Financial and Accounting Division (CFO)		Jouji Kitabayashi General Manager of Quality Control Division	Hiroshi Kato General Manager of Construction Work Division	Souichi Yamaguchi General Manager of Group Control Division	Hiroaki Ochi General Manager of Group Governance Division, Organizational Culture Reform	Daisuke Ninomiya General Manager of Group Personnel, General Affairs and IT Division					

Basic Philosophy

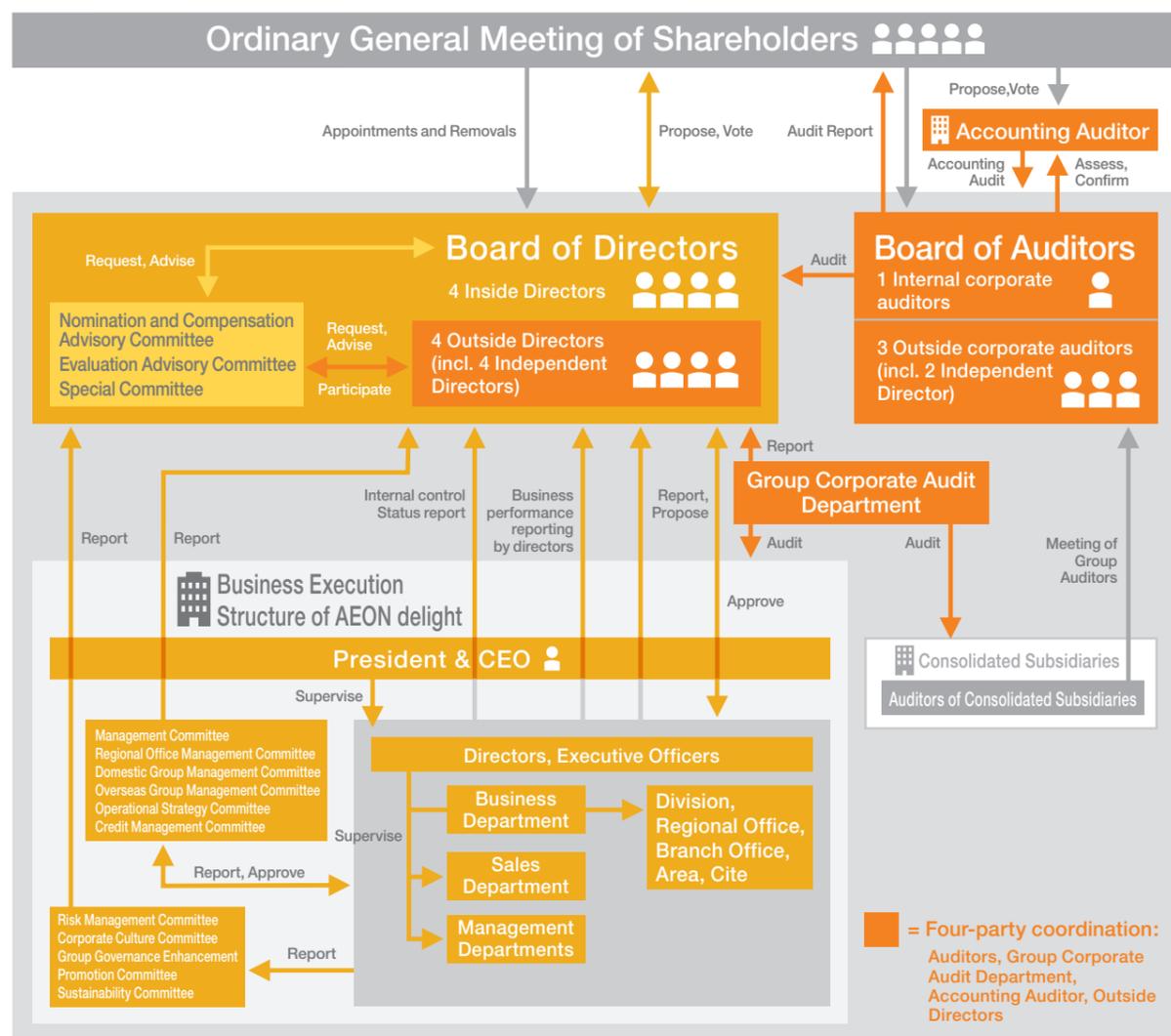
Based on our Management Principle, "We pursue the creation of 'environmental value' for the customers and for the local communities," we fulfill our responsibilities to our stakeholders through sustainable growth of our company and by increasing the value of our company, and implement an optimal corporate governance system designed to best meet the needs of society and the business environment.

In AEON delight Corporate Governance Guidelines, we have defined our corporate governance system as "a mechanism that helps to bring about sustainable growth of our company by maintaining balance between 'offense' and 'defense' in the four areas as follows":

- 1 Means for integrating the business activities of the members (executives and employees) of our enterprise under one policy or vector and then utilizing managerial resources to the maximum degree
- 2 Basic promises that underpin the trusting relationships with stakeholders who support our enterprise
- 3 Preparedness for unexpected ordinary or extraordinary events
- 4 Rules each enterprise should follow for surviving as a member of society

 AEON delight Corporate Governance Guidelines, Corporate Governance Report, System for Timely Disclosure
<https://www.aeondelight.co.jp/english/ir/management/disclosure.html>

Corporate Governance System (As of May 20, 2022)



Board of Directors

No. of meetings held in FY2021: 18

The Board of Directors plays the second most important role in AEON delight's corporate governance system after the General Meeting of Shareholders. The Board of Directors makes important management decisions and provides highly effective supervision of Directors, Executive Officers, and other senior management. In principle, Regular Board of Directors Meetings are held once a month, and Extraordinary Board of Directors Meetings are held as necessary.

Corporate Auditors and Board of Auditors

No. of meetings held in FY2021: 16

Corporate Auditors attend the meetings of the Board of Directors and Board of Executive Officers as well as other important meetings, and serve a key supervisory function with regard to decisions made and duties executed by the Directors and Board of Directors.

Management Committee

No. of meetings held in FY2021: 20

The Management Committee consists of Managing Officers and above and other members as necessary depending on the content of the discussions, and discusses important management matters such as management policies and strategies. In particular, proposals to be submitted to the Board of Directors are submitted after thorough deliberation by the Management Committee to ensure that the Board of Directors can deliberate on matters fully and make appropriate decisions.

Special Committee

The purpose of the Special Committee is to ensure that the opinions of minority shareholders and other stakeholders are appropriately reflected in the Board of Directors from a standpoint independent of management and controlling shareholders. The Committee's chair and all members are independent Outside Directors, and meetings are held when there is a concern about a conflict of interest between controlling shareholders and minority shareholders.

Strengthening the system to enhance Group governance

We are building the following three pillars of Group governance to accelerate the growth strategy of the entire AEON delight Group and to strengthen the Group governance system: (1) growth strategy by individual company; (2) budget and performance management; and (3) internal control system.

We established a monitoring and auditing system to ensure that these three pillars of Group governance are functioning systematically. Specifically, our Board of Directors, the Domestic Group Management Meeting and the Overseas Group Corporate Audit Department, which have been delegated authority by our Board of Directors, conduct monitoring, and Corporate Auditors and the Corporate Audit Department audit the overall effectiveness of the system.

Other Voluntary Committees

Since March 2021, we established two committees (see p. 42). One is the Group Governance Enhancement Promotion Committee, which, in addition to strengthening the existing Risk Management Committee, is responsible for monitoring the maintenance and continuation of measures to prevent the recurrence of accounting irregularities that occurred at AEON delight's consolidated subsidiary in the past. The second is the Corporate Culture Committee, which is responsible for disseminating the Group's common philosophy and the Delight Way as a mindset for all Group employees, as well as for promoting diverse work styles and environments based on diversity.

In FY2021, two meetings of the Risk Management Committee were held, and 12 meetings of the Group Governance Enhancement Promotion Committee were held. The Corporate Culture Committee conducted a Questionnaire Survey on Organizational Culture to employees, including Group company employees, and reported the results of the survey at a Board of Directors meeting.

These three committees have put in place a system to resolve issues throughout the organization, such as by working together according to their responsibilities, and compiling identified issues under the supervision of the Executive Officer in charge of organizational climate reform, which are then reported to the AEON delight Board of Directors. In this way, these committees have strengthened the Group's structures, including Group governance.

In April 2022, we established the Sustainability Committee as a company-wide promotion body for ESG management, in which we seek to resolve social issues through our business activities. The Sustainability Committee is scheduled to meet twice a year to make decisions on top-priority issues and initiatives based on the Basic Sustainability Policy and Materiality (see page 25).

Voluntary advisory groups to the board of directors

Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee was established to enhance the transparency and objectivity of the Board of Directors. To this end, it advises and reports to the Board of Directors on the selection and nomination of candidates for Director and Representative Director, succession planning for the President and Representative Director, and incentive plans and compensation for Directors. The Committee likewise advises and reports on the election and dismissal of Representative Directors and Directors of Group companies. After the 2022 Annual Meeting of Shareholders, we have made the majority of the members of the Nomination and Compensation Advisory Committee independent Outside Directors.

Evaluation Advisory Committee

The Evaluation Advisory Committee was established to strengthen the independence and objectivity of the Board of Directors. The Committee analyzes and evaluates the effectiveness of the Board of Directors as a whole and provides advice and recommendations to the Board of Directors.

Implementation status of each committee meeting (FY2021)

Committee	Number of sessions	Committee Members
Nomination and Compensation Advisory Committee	10	Masaaki Fujita, Independent Outside Director(Committee Chairman) Kazumasa Hamada, President; Keiji Yoshikawa, Independent Outside Director; Asako Takada, Independent Outside Director; Goro Miyamae, Director**1
Evaluation Advisory Committee	1	Yoshiaki Hongo, Independent Outside Director(Committee Chairman) Kazumasa Hamada, President; Keiji Yoshikawa, Independent Outside Director; Tsukasa Takahashi, Independent Outside Auditor
Special Committee	—*2	Yoshiaki Hongo(Committee Chairman), Masaaki Fujita, Keiji Yoshikawa, Asako Takada**3

*1 Mr. Yoshikawa and Mr. Miyamae were newly appointed as committee members from May 18, 2022 *2 Established from May 2022
 *3 All committee members consist of Independent Outside Directors

Corporate Governance

Effectiveness assessment of the board of directors

Evaluation process

The Evaluation Advisory Committee, a voluntary advisory body to the Board of Directors, administered a self-evaluation based on a questionnaire* in February 2022, and analyzed and evaluated the results. Based on the results of the analysis and evaluation by the Evaluation Advisory Committee and an opinion from the Company's legal counsel, the Board of Directors assessed the effectiveness of the Board of Directors at a meeting held on April 26, 2022.

* Self-evaluation based on a questionnaire: All directors and corporate auditors responded to a questionnaire regarding the effectiveness of the Board of Directors.

Evaluation items

- ① Composition of the Board of Directors
- ② Operation of the Board of Directors
- ③ Agenda of the Board of Directors
- ④ Structure to support the Board of Directors
- ⑤ Roles and responsibilities of the Board of Directors
- ⑥ Others

Overview of evaluation results

We evaluated that the effectiveness of decision-making and supervision of business execution by the Board of Directors is being maintained in line with the Company's basic approach to corporate governance.

We evaluated that some improvements were made, including the fact that half of the Board of Directors consists of outside directors, that the diversity of Board members has increased with the appointment of female directors, and that the agenda for Board meetings is managed based on an annual plan and is organized in advance of the meetings. On the other hand, there are clear areas for improvement, including ongoing issues such as medium- to long-term management strategies, discussion from the perspective of managerial supervision and reporting on the status of business execution, and succession planning.

Director and corporate auditor compensation, etc.

AEON delight's Board of Directors, at its meeting held on February 26, 2021, approved a policy for determining the method of calculating compensation, etc. for each individual Director.

The following two points are set forth as the basic principles of the calculation method: (1) The compensation system should strongly motivate Directors to implement AEON delight's management philosophy, as well as to actively address environmental issues and make social contributions, and to execute management strategies that contribute to improving AEON delight's business performance; (2) The compensation system should be highly transparent and fair, and should be supported and understood by stakeholders.

The policy also stipulates that Corporate Auditor compensation should be paid as prescribed, regardless of AEON delight's business performance.

Executive compensation for FY2021

Classification of Officers	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation by type (Millions of yen)				Number of eligible directors
		Basic remuneration	Stock options	Bonuses	Of those listed on the left, non-monetary compensation, etc.	
Directors (excluding Outside Directors)	67	42	15	9	15	5
Corporate Auditor (excluding Outside Corporate Auditors)	1	1	—	—	—	2
Outside Directors and Outside Corporate Auditors	54	54	—	—	—	7

* The total amount of non-monetary compensation to Directors (excluding Outside Directors) consisted of stock options totaling 15 million yen.

Policy and process for determining remuneration, etc. of directors and corporate auditors

Remuneration for directors is determined by the Board of Directors within the range of the total amount of remuneration resolved at the Ordinary General Meeting of Shareholders, based on recommendations from the Nomination and Compensation Advisory Committee and other factors. In addition, the President, who is delegated by the Board of Directors to determine the individual remuneration of each director, prepares the amount of basic compensation for each director and an evaluation and allocation plan for performance-linked compensation based on the performance of the business for which each director is responsible, and makes decisions based on the report of the Nomination and Compensation Advisory Committee and other factors. Remuneration for corporate auditors is determined through discussions among the corporate auditors within the range of the total amount of remuneration resolved at the Ordinary General Meeting of Shareholders. Remuneration for outside directors and corporate auditors is limited to basic compensation that is not linked to business performance due to the nature of their roles. Remuneration for internal directors (directors who are not outside directors, hereinafter the same meaning) consists of basic compensation, performance-linked compensation, and stock options, as follows.

A Basic compensation

Basic compensation shall consist of a fixed monthly compensation paid within the standard amount set for each position, which is determined based on individual evaluations.

B Performance-linked compensation

Performance-linked compensation shall consist of the following Company and individual performance-linked compensation. The percentage of performance-linked compensation shall be 100% of the base amount upon achievement of the target set at the beginning of the fiscal year, and shall vary between 0% and 200% based on the Company's performance and each individual's evaluation during the fiscal year. Performance-linked compensation shall be paid at a specified time each year.

a Company performance-linked compensation

Company performance-linked compensation shall be determined based on the Company's achievement rate in relation to the base amount for each position, taking into consideration the overall performance of the Company.

b Individual performance-linked compensation

Individual performance-linked compensation shall be determined by a coefficient based on individual evaluations of departmental performance and achievement rates of management targets, in relation to the base amount for each position.

C Stock options (non-monetary compensation)

Stock acquisition rights are allocated to directors as stock options, with the aim of increasing their motivation and ambition to continuously boost business performance and enhance corporate value by linking stock price and business performance with compensation and sharing with shareholders not only the benefits of a rise in stock price but also the risks associated with a decline in stock price. The number of stock acquisition rights to be granted shall be determined by the Board of Directors based on the average stock price over a certain period of time and the performance of the relevant fiscal year against the base amount for each position, following a recommendation by the Nomination and Compensation Advisory Committee. Stock acquisition rights are granted at a specified time in each fiscal year in accordance with the terms and conditions stipulated in the Regulations for Director and Corporate Auditor Remuneration.

Target indicators and results related to performance-linked compensation

As an indicator of overall profitability, the Company uses the level of achievement of consolidated ordinary income as the main indicator for the payment of performance-linked compensation and stock options, and considers the percentage of achievement of the budget for consolidated net income and consolidated operating income, as well as the year-on-year change in each income item and the nature of the change. For the current fiscal year, the forecasted consolidated operating income was ¥16.5 billion and the actual consolidated operating income was ¥15.7 billion.

Reasons the Board of Directors has determined that the individual director remuneration for this fiscal year is in line with the relevant policy.

Kazumasa Hamada, President, who was delegated this task by the Board of Directors, has prepared an evaluation and allocation plan for performance-linked compensation based on the amount of base compensation for each director and the performance of the business for which each director is responsible, and based on recommendations from the Nomination and Compensation Advisory Committee and other factors, we believe that the individual director compensation for the current business year is in line with the relevant policy.

Compliance

Ensuring compliance through commitment to the Delight Way

We constantly strive to ensure Group-wide commitment to the Delight Way, which comprises our Management Principle, Code of Conduct, and My Promises, as the basic philosophy for all employees. Of these, My Promises places greatest importance on legal compliance, and sets out the fundamentals of compliance for executives and employees.

Code of Conduct

- 1 I am always grateful to the many other individuals who provide help and support, and I never forget to act with humility.
- 1 I always act with integrity and sincerity in every situation.
- 1 I always work to improve myself so as to offer services that exceed customer expectations.
- 1 I continually challenge myself, without hesitation, to help AEON delight to create environmental values.
- 1 I always act as a good corporate citizen in serving local communities.
- 1 I always seek to improve and maintain a delightful workplace and to respect my fellow employees.

My Promises

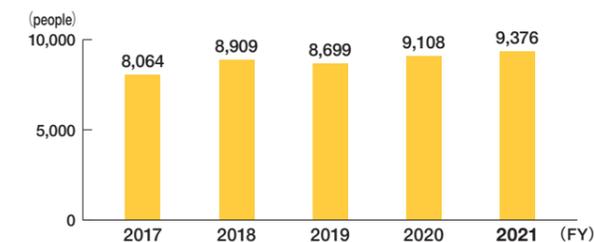
- 1 I promise never to violate relevant laws and regulations.
- 1 I will comply with the quality manuals and never betray the customer's trust.
- 1 I will give safety top priority and strive to prevent any accidents.
- 1 I will never fail to report, communicate, and consult with customers and my superiors on any relevant matters.
- 1 I will abide by contracts with customers.
- 1 I promise to do my utmost to prevent environmental pollution.

I will consistently comply with rules and regulations.

Compliance training

We conduct annual Code of Conduct and human rights training for executives and all employees of the company. We strive to ensure thorough compliance through "Executive Compliance Training" for Group company CEOs and executives, "AEON Code of Conduct Senior Employee Training" for department and store managers, and "Aeon Code of Conduct General Employee Training" for general employees.

Number of Code of Conduct Training participants (Senior and General Employees) (Non-consolidated)



Distribution of Delight Way cards

To spread the Delight Way and promote greater awareness of our whistle-blowing system, we produced Delight Way cards that briefly summarize what the philosophy entails, and distributed these to all employees.

In addition to the Group's most fundamental ideas, as encompassed in our Management Principle, Code of Conduct, and My Promises, these compact letter-fold cards contain information on how and where to make internal reports via the AEON delight Code of Conduct 110 hotline. Employees are required to carry these cards at all times and refer to the Delight Way when unsure how to proceed in their tasks.

Employee and business partner reporting systems

We have established the AEON delight Code of Conduct 110 whistle-blowing hotline to handle consultations brought by employees regarding issues that arise in their daily work.

Operation of the hotline has been entrusted to impartial legal professionals, ensuring that employees can, regardless of personal involvement, raise issues related to corporate ethics violations that they are unable to discuss with superiors. On April 1, 2021, we also established a "Business Partner Hotline" to ensure that transactions are carried out fairly. In dealing with our Group companies, partners can report by telephone, fax, or e-mail any legal violations, actions that harm the rights of individuals or companies, or abuse of a dominant position. Whistle-blower information is kept confidential and will not adversely affect transactions.

In April 2022, we revised the AEON delight Group Regulations for Handling Whistleblowing. In addition to specifying the provisions for internal leniency*, we also specified internal and external contact points for whistleblowing not only in Japan but also in China and ASEAN countries.

Japan AEON delight Code of Conduct 110 (lawyer's office) and Aeon Code of Conduct 110 (three points of contact: internal representative, external representative, and lawyer's office)

China AEON delight Code of Conduct 110 (external representative), Aeon Code of Conduct 110 (two points of contact: internal representative and lawyer's office)

ASEAN AEON delight Code of Conduct 110 (external representative), Aeon Code of Conduct 110 (two points of contact: internal representative and lawyer's office). *Supports Malay, Vietnamese, Khmer, and Indonesian languages

* Internal Leniency: A system designed to promote whistleblowing. If an employee voluntarily reports a violation of laws or company regulations, the employee's liability within the company will be reduced or exempted.

AEON delight Code of Conduct 110 Business Partner Hotline Tel.: (+81)120-10-2322 / FAX: (+81)6-6365-5432 e-mail: info@kansaichuo.com	Number of whistle-blower cases in FY2021 160 cases
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Implementation of risk management to address major risks

AEON delight Group views major risks as concerns that, once materialized, could have a very serious impact on AEON delight and its stakeholders, not only by damaging AEON delight's business resources but also leading to a loss of AEON delight's public credibility.

In light of this, we have established the AEON delight Group Risk Management Basic Regulations and have established a Risk Management Committee under the direct control of the Board of Directors in order to conduct risk management. Furthermore, since FY2021, we have been enhancing the effectiveness of the Risk Management Committee by holding theme-specific working-level meetings to reduce major risks and minimize losses if those risks were to materialize.

■ Basic Policy

AEON delight Group has adopted the following approach and measures to risk management.

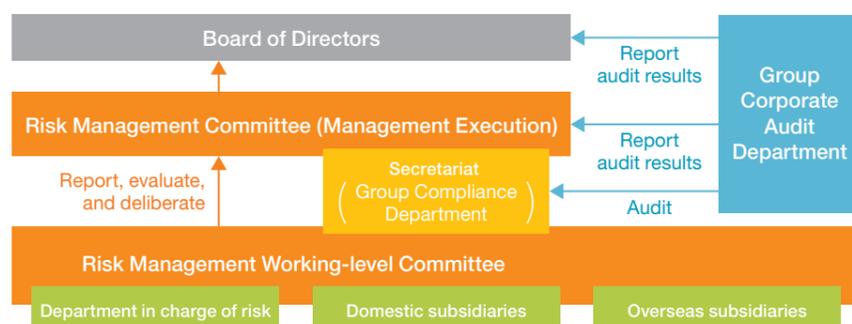
- We manage various risks that may have a serious impact and cause losses in a centralized and continuous manner.
- We identify and analyze risks, specify major risks, consider risk countermeasures (avoidance, mitigation, transfer, retention), and develop measures to reduce losses accompanying the materialization of major risks. If a risk materializes, we take appropriate and speedy action as an organization to minimize damage to customers and other persons concerned, and to restore operations as quickly as possible.
- In the event of a disaster, we ensure the safety of our customers and employees and work with the local community and our business partners to ensure business continuity and to fulfill our social mission.
- The entire AEON delight Group implements PDCA activities to promote risk management.

■ Risk Management System

AEON delight Group has established the following systems to make necessary decisions and take actions against various foreseeable risks in the course of its business activities.

- 1 For risk management under normal circumstances, the department in charge of risk, which is designated by risk category*, will manage risks to prevent the occurrence of risk events and reduce losses.
* Established 83 risk items in 13 areas.
- 2 The Risk Management Committee, with the Group Compliance Department serving as its secretariat, shall oversee the evaluation and analysis of risks and proposed countermeasures implemented by each department in charge of risk, examine risk scenarios for each Group company, and periodically report the results of these examinations to the Board of Directors. In the event that a risk materializes and serious damage is anticipated, the executive officer in charge shall promptly report the risk to the President & CEO, and the President & CEO shall promptly report the risk to the Full-Time Auditor.
- 3 In the event of a major crisis, a disaster response headquarters headed by the President & CEO will be established to enable more rapid decision-making and execution than under normal circumstances. In addition, we will develop rules and manuals, including basic rules for business continuity in times of crisis (Basic Rules for BCP), detailed rules for basic rules for BCP, and a handbook for disaster recovery response, and periodically revise the rules and manuals, as well as systematically conduct disaster prevention drills.
- 4 The department in charge of risk management shall prepare risk scenarios for each of the business risks set by the Risk Management Managers' Meeting, and the Group Corporate Audit Department shall evaluate the effectiveness of risk management through audits and other measures.

Risk Management Structure



Human Resource Development

AEON delight Group, as a group of facility management experts, focuses on the development of professionals with both technical capabilities and human capabilities in order to continue contributing to the resolution of issues faced by our customers and local communities.

AEON delight recognizes that the shortage of labor and the aging of qualified personnel in the facility management industry is a critical issue that must be addressed. In addition to transforming our business model through digital transformation, we will work to secure human resources through a combination of external recruitment and internal training, such as internal training for technology, management, and qualifications, internal and Group recruitment, and early development of young talent.

■ Human Resource Development Policy

- 1 We will care for the safety and health of our employees and will not neglect to invest in our human resources.
- 2 We will respect the knowledge, skills, and experience of our employees as assets and continue to invest effectively in education to enhance their value.
- 3 We will support our employees in their professional development and acquisition of qualifications so that they can work with professionalism and pride in their respective fields.
- 4 We will provide training programs linked to company policies to motivate and inspire employees to contribute to management and the improvement of business performance.

■ Efforts to Improve Technical Capabilities

There are several qualifications required to perform duties in facility management. AEON delight Group has introduced a system to help individual employees improve their skills and knowledge and acquire qualifications. For new graduates, we require them to acquire the qualification of a 2nd-Class Qualified Certified Electrician at the time of their entry-level training. We also aim to have them obtain the 3rd-Class Electric Works Specialist (Type 1/2/3) or Building Sanitation Management Technician certification within three years. Through these efforts, we are fostering a corporate culture in which employees themselves are actively learning and seeking to acquire various qualifications.

We have introduced the Engineer Study 2021 program, which subsidizes the cost of attendance and purchase for correspondence courses, e-learning courses, and textbooks for 16 eligible certifications, as education for employees. In FY2021, we subsidized 3.59 million yen for 254 employees through this program. In addition, we manage 206 types of qualifications held by our employees and provide allowances to our employees for holding qualifications and appointments. In FY2021, we provided 63.17 million yen (basic qualification allowance) as allowances for qualifications held.

AEON delight Group owns a training facility called AEON delight Academy Nagahama, where we offer about 30 different practical training programs. We offer training in preparation for 14 public certifications related to our business, with content tailored to each trainee's level of experience, such as management techniques for electrical, AC, plumbing, and firefighting equipment, emergency response methods, energy-saving proposal knowledge, and cleaning.



AEON delight Academy Nagahama

Outline of Education and Training

Fiscal Year	2019	2020	2021
Number of training courses	237	200	425
Total number of trainees	10,025	4,865	11,840
Training hours per person	20	9	21
Training cost per person (thousands of yen)	75	60	82

Examples of Training Courses

- Technical training**
 - Basic facilities management training (AC, refrigeration, environmental sanitation)
 - Electric Works Specialist training for appointed and newly appointed personnel
 - Low-voltage, high-voltage, and special high-voltage electricity handling training
- Qualification Training**
 - Preparation training for 3rd-Class Electric Works Specialist exam (theory/mechanical)
 - Preparation for written and technical exams for 2nd-Class Qualified Certified Electrician
 - Preparation training for certification exams (Building Sanitation Management Technician, 3rd-Class Refrigeration Equipment Supervisor)
 - Training to prepare for practical skills exam for Level 1 Building Cleaning Skills Test
- Management Training**
 - Training for new Site Managers and Office Managers
 - Appointee training

Number of key qualified employees

(as of February 28, 2022, non-consolidated)

Total number of qualified personnel for all managed licenses		20,153
Examples of qualifications held	Building environment and sanitation management technician	1,363
	Licensed electrical engineer (Type 1/2/3)	949
	Qualified energy manager (heat, electricity)	201
	Fluorocarbon refrigerant engineer (Type 1)	531
	Eco-tuning engineer	160

■ DX Human Resource Development

AEON delight Group views digital transformation (DX) as a means to realize change, and in July 2022, began offering a DX education program for approximately 500 full-time employees in their 20s, with the aim of developing human resources who will lead the facility management industry in the next generation.

This program is designed for employees under the age of 30 who have been with the company for at least two years, and we provide them with a curriculum where they learn the basics of DX through e-learning and study to obtain the IT Passport certification. Those who are not eligible can also view the e-learning videos, and we will distribute textbooks to those who wish to take the certification exam and subsidize the cost of the exam. In the future, we will continue to provide education to those who have obtained the IT Passport certification, and we aim to achieve the business model reform and profitability improvement through DX promotion, which is set forth as our goal in the medium-term management plan.

Diversity

AEON delight Group has formed a diverse corporate culture through M&A in various countries and business fields since its establishment.

Through this experience, we have come to realize that respecting the individuality of each employee and promoting the success of diverse human resources is also the driving force behind our growth. We are promoting diversity by creating an environment where diverse human resources can play an active role based on our Basic Sustainability Policy.

The Company has stated in its Basic Policies for Sustainability (See P25) that it will "create a vibrant organizational culture in which diverse human resources can demonstrate their abilities". In addition, the Company and its group have grown through multiple mergers and consolidations since its establishment, and its employees and managers all come from a diverse range of companies. For AEON delight (non-consolidated), the ratio of mid-career hires in management positions is 47.1% (49 employees; as of Fiscal 2021).

The Company has received the Eruboshi (level 3) certification and the Leading Companies with Actively Participating Women in Osaka City certification based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and is making efforts to create an environment where women can thrive, such as by dispatching employees to Aeon Group's "Daimanzoku" College, an initiative to promote diversity, to develop female management candidates.

The Company also strives to recruit the best possible personnel regardless of nationality, country of origin, or gender. It hires

employees of various nationalities and countries of origin, mainly from China and the ASEAN region where the Company has business operations. Of the Company's (non-consolidated) new graduate hires for fiscal 2022, university and postgraduate hires consisted of 51.0% women and 17.7% non-Japanese.

We will continue to promote personnel utilization that emphasizes skills and results regardless of nationality, country of origin, gender, or employment category.



Action Plan based on the Act on the Promotion of Women's Active Engagement in Professional Life

1 Plan period	April 1, 2022 - March 31, 2024
2 AEON delight's challenges	<ol style="list-style-type: none"> Not enough female full-time employees in order for more women to be promoted Not enough female managers
3 Goals and Initiatives	<p>Goal 1 We were able to increase the number of full-time female employees by 1.7x over the last five years, from FY2017 to FY2021. Our goal is to continue this trend and increase the number of full-time female employees to 2.0x the FY2017 level by FY2023.</p> <p>Initiative 1 Promote recruitment of female full-time employees and curb retirements</p> <ul style="list-style-type: none"> We offer internship programs for regular recruits to provide female employees with an opportunity to become interested in AEON delight's business. We inform employees through our website and other means of the extensive systems we have in place to achieve a better work-life balance, including childcare and nursing care leave systems that are more extensive than legally required. We are also working to increase the number of employees using these systems.
	<p>Goal 2 We were able to increase the number of female managers by 1.9x over the last five years, from FY2017 to FY2021. Our goal is to continue this trend and increase the number of female managers to 2.4x the FY2017 level by FY2023.</p> <p>Initiative 1 Support career development to ensure continuity of employment</p> <ul style="list-style-type: none"> We promote interviews with supervisors to make personnel evaluations more satisfactory to employees and to motivate them to continue working with us. (We confirm the effectiveness of the interviews based on statistical analysis of past survey data.) We provide opportunities for female employees who are one rank below management to attend career advancement training for female employees to motivate them to advance their careers and acquire management skills as leaders. We analyze quantitative and qualitative data obtained from the self-reporting system and use the data for employee career development.
	<p>Initiative 2 Promote a system to support the balancing of work and childcare/nursing care</p> <ul style="list-style-type: none"> We work to create a comfortable work environment for employees of child-rearing age by establishing a telework system and reducing the burden of commuting for them. We work to create an easy-to-understand guidebook for employees who are considering taking childcare or nursing care leave to help them understand the systems. We send out internal newsletters to employees on childcare or nursing care leave to keep them informed about the company on a regular basis.
	<p>Initiative 3 Conduct training for managers to broaden their understanding of diversity management</p> <ul style="list-style-type: none"> We work to spread understanding of diversity management by conducting Code of Conduct training for managers on a regular basis.

Respect for Human Rights

In accordance with our Basic Sustainability Policy and Aeon's Human Rights Policy, we adhere to the human rights norms set forth in the International Labor Organization's (ILO) ILO Declaration on Fundamental Principles and Rights at Work, and respect human rights by supporting and practicing the United Nations Guiding Principles on Business and Human Rights.

[Aeon Human Rights Policy]

In accordance with this policy, all of Aeon's executives and employees (Aeon People) will further their understanding of human rights and help realize a society that respects these rights.
We will adopt this policy for all Aeon People and share it with all business partners.

[1. Our Approach to Human Rights]

- For everyone affected by our business activities, we will comply with domestic laws on human rights and labor, the International Bill of Human Rights, and the rules on human rights set forth in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work in accordance with the Aeon Basic Principles, the Aeon Code of Conduct, and the United Nations Global Compact, which we joined in 2004. Further, we will support and follow the United Nations Guiding Principles on Business and Human Rights.

[2. Respect for Human Rights in Business Activities]

- We will respect the privacy of Individuals as well as their diverse values and personalities and never discriminate against anyone for any reasons, including discriminatory treatment based on race, nationality, ethnicity, gender, age, place of birth, religion, educational background, physical or mental disability, sexual orientation, or gender identity. Further, we will remain mindful of the positions of others and respect them as our equals.
- We will treat all customers in a fair and impartial manner and provide them with safe, reliable products and services as well as related information.
- We will actively communicate with local community members to ensure that we are respecting their human rights.
- We will comply with sound corporate ethics and workplace environment-related laws, regulations, and international standards in our business activities by dealing with business partners fairly. Moreover, we will continually improve our performance in this regard.
- We will listen to our coworkers, respect each coworker's human rights, and create workplace environments that are harassment free, safe, and employee friendly. At the same time, we will train and educate all Aeon People to further their knowledge and understanding of

[3. Implementation of Human Rights Due Diligence]

- Regarding the impact of our business activities on human rights, we will contribute to the realization of a society in which human rights are respected through the implementation of human rights due diligence.

Revised October 2018

Raising employee awareness

AEON delight conducts human rights training and awareness programs for its directors and all employees to disseminate its human rights policy widely in the workplace and to put respect for human rights into practice in business operations. In FY2021, we conducted compliance training for a total of 9,376 employees, including prevention of human rights violations, at all levels of management and general employees. In FY2022, we distributed the Human Rights Awareness Guidebook prepared by the Aeon Group to all employees, and also established a human rights awareness training program for 8,494 employees, which was conducted separately from the compliance training.



Reforming our organizational culture.

We believe that reforming our organizational culture is essential to achieving the AEON Delight Vision 2025 and maximizing our enterprise value through this vision. Based on the recognition that a good organizational culture is a powerful driver for implementing measures to achieve these goals and transforming the company, we established a new Corporate Culture Committee in FY2021 and launched a variety of initiatives. In addition to our annual Morale Survey (employee awareness survey), we conducted a questionnaire survey on organizational culture in October 2021. We sent the questionnaire to 6,215 employees of 8 AD Group companies in Japan who were eligible for the web-based survey, and 4,896 responded (78.8% response rate). The questions surveyed the current status of the company as perceived by employees in terms of Delight Way as well as challenge and creation, in addition to job satisfaction at AEON delight.

Based on the survey results, we will conduct further interviews to identify the true issues. At the same time, we will review our personnel evaluation, commendation, internal qualification, and compensation systems, as well as endeavor to promote the Delight Way through employee education.

Promotion of Employee Health

AEON delight Group is committed to maintaining and improving the health of its employees in accordance with the Aeon Commitment to Health & Productivity Management. We will promote the health and productivity of our employees through "promotion of mental and physical health" and "creation of a safe, secure, and energetic workplace."

Aeon's belief is that human resources are our greatest management resource for realizing the health and happiness of employees and customers and for contributing to local communities. Based on this belief, Aeon aims to be a corporate Group whose diverse workforce is healthy, able to demonstrate their abilities, and continues to play an active role. The management issue we want to solve through health and productivity management is to ensure that each employee is healthy both physically and mentally, that they want to continue working for a long time, and that they are motivated to work.

The health of employees is the cornerstone of company activities. Based on the belief that only when employees are healthy can we provide services that bring health and happiness to local customers, Aeon announced the Aeon Commitment to Health & Productivity Management in 2016 and

have been promoting health and productivity management. In accordance with this philosophy and policy, AEON delight's Basic Sustainability Policy, which was established in August 2021, states that we will "strive to create a safe, secure, hygienic, and healthy environment in and around our facilities" and "respect the human rights of each individual and create a vibrant organizational culture in which diverse human resources can demonstrate their abilities."

We will continue to promote health throughout the company by promoting mental and physical health through improvement of the implementation rate of regular health checkups and specific health guidance, and by creating a safe, secure, and energetic workplace through optimization of working hours and support for smoking cessation.

Aeon Commitment to Health & Productivity Management

Aeon will support the health of its employees and their families.
And together with its employees,
Aeon will realize the health and happiness of local communities.

Purpose of health promotion

AEON delight's management philosophy is "We pursue the creation of "environmental value" for the customers and for the local communities," and we strive to be a company that continues to protect the places that are important to people. To realize this objective, it is important to have a healthy and diverse workforce and to allow each individual to continue to fully demonstrate his or her abilities.

To this end, we must become a company in which each and every employee is healthy, both mentally and physically, motivated, and able to play an active role for a long time. Employee health is the cornerstone of company activities. We believe that only when employees are healthy can we continue to protect the usage environment of facilities, which are important places for people.

Ultimate goals of health management

Increase employee satisfaction / Reduce turnover / Increase labor productivity

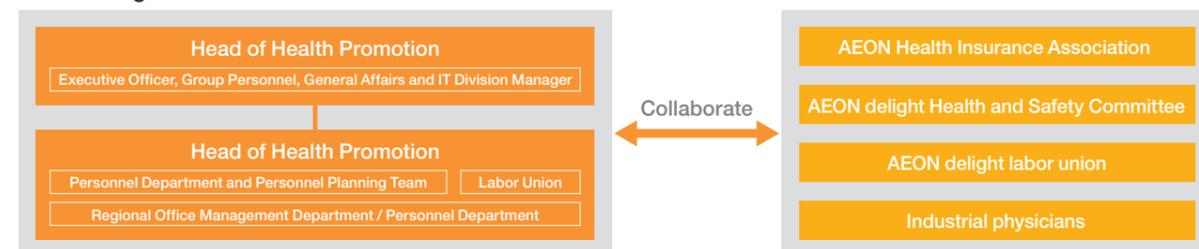
Promotion policy

- 1 Mental and physical health (periodic health checkups, specific health guidance)
- 2 Creation of a safe, secure, and energetic workplace (optimal working hours, support for smoking cessation)
- 3 Company-wide health promotion

Promotion goals

Target for FY2022
100% attendance at regular health checkups
13% reduction in the number of smokers from the previous year

Promotion goals



WEB Promoting Employee Health
▶ https://www.aeondelight.co.jp/english/csr/social/employee_health/

Supply Chain Management

AEON delight Group's Basic Sustainability Policy stipulates that we will "build relationships of mutual trust with our business partners and conduct fair business activities throughout the supply chain." We consider our business partners as our partners in realizing the Aeon Delight Vision 2025, and we will strive to provide higher value together with them.

Our approach to supply chain management

When selecting and registering partner companies, AEON delight Group checks and monitors their quality management and business implementation systems, and their understanding of and compliance with the Delight Way (Management Philosophy, Code of Conduct, and My Promise), which is our basic philosophy. In FY2021, we conducted quality control checks at 158 companies, and we will also check their education system for legal education, training, and compliance in the future.

In addition, we have positioned companies that have particularly high levels of expertise and quality in products and services, that handle many of our operations, and that support our growth policies and measures as key partner companies.

Communication with partner companies

As a measure to improve quality, we conduct training sessions related to the services provided. In the areas of security and cleaning services, which are the two areas of our business where we outsource most of our services to partner companies, we conduct training sessions for all partner companies with whom we have continued contracts. In the first half of FY2021, we did not hold training sessions in consideration of the spread of COVID-19, but in the second half of the fiscal year, we held training sessions at eight locations nationwide for partner companies that provide cleaning and security services, as in previous years, and 238 companies participated in the sessions. The training sessions were based on recent case studies and topics that were covered included accident prevention, maintenance and improvement of work quality, and business manners.

AEON delight Group also holds technical contests, in which partner companies are invited to participate as team members, in order to promote collaborative efforts.

Questionnaires to partner companies

We conduct questionnaires for business partners to foster mutual trust and promote continuous development through fair transactions with partner companies.

In FY2021, we conducted a web-based survey of 2,957 partner companies of eight Group companies. After reporting the results of the survey to the Board of Directors, we identified priority issues that need to be addressed and have implemented measures to resolve these issues. We also provide feedback to the partner companies that responded to the survey, and ask for their cooperation in responding to future surveys.

Declaration of Partnership Building

In March 2022, we announced our endorsement of the Declaration of Partnership Building*. AEON delight views this declaration as a means of coexistence and co-prosperity with our partner companies through sustainable relationship building, as well as a way to add value and promote fair business practices throughout the supply chain. The Declaration sets forth the use of DX to improve operational efficiency and contribute to the realization of a sustainable society, as well as compliance with laws and regulations, fair trade, thorough compliance, and respect for human rights in accordance with our Basic Sustainability Policy.

* Established by the Council for the Promotion of Partnership Building for the Future, whose members include the Chairman of Keidanren, the President of the Japan Chamber of Commerce and Industry, the President of RENGO, and relevant ministers. In order to build a sustainable relationship where large and small companies can grow together, company representatives have declared coexistence and co-prosperity throughout the supply chain, new partnerships that transcend size and affiliation, and adherence to desirable business practices between parent companies and subcontractors.



【 Declaration of Partnership Building 】 (Excerpt)

- We aim for coexistence and co-prosperity by establishing a new mechanism for value-added improvement, in addition to leveraging DX to share and visualize information throughout the supply chain and improve operational efficiency.
- Along with supply chain initiatives, we will contribute to the realization of a sustainable society by promoting efforts to combat climate change and global warming and reduce our environmental footprint.
- In accordance with the Basic Sustainability Policy, we will strive to comply with laws and regulations, conduct fair business, ensure compliance, and respect human rights throughout our supply chain based on a relationship of mutual trust.

WEB AEON delight "Declaration of Partnership Building" (Japanese)
▶ <https://www.biz-partnership.jp/declaration/8306-19-00-tokyo.pdf>

6 year Financial and non-financial summary

		2016	2017		2018	2019	2020	2021
Consolidated financial Indicators								
	Unit							
Net sales	Million yen	292,607	292,396		302,915	308,582	300,085	317,657
Operating income	Million yen	14,139	12,909		13,030	16,001	15,230	15,733
Ordinary income	Million yen	14,263	13,381		13,362	15,949	15,268	15,789
Net income attributable to parent company shareholders	Million yen	7,093	6,397		6,415	9,348	11,680	10,665
Comprehensive income	Million yen	7,862	7,707		6,007	9,039	12,329	11,529
Net assets	Million yen	84,604	89,143		75,539	81,286	88,281	95,421
Total assets	Million yen	137,870	144,678		134,071	136,917	136,565	142,859
Net assets per share	Yen	1,558.51	1,636.89		1,465.94	1,578.77	1,746.88	1,890.76
Net income per share	Yen	134.99	121.68		122.92	187.21	233.69	213.26
Diluted net income per share	Yen	134.62	121.34		122.61	186.94	233.47	213.12
Equity ratio	%	59.4	59.5		54.6	57.6	64.0	66.2
Return on equity (ROE)	%	8.9	7.6		8.1	12.3	14.1	11.7
Price/earnings ratio	times	25.7	30.9		33.7	17.6	13.6	14.0
Cash flows from operating activities	Million yen	11,703	13,568		12,373	7,371	10,403	12,598
Cash flows from investing activities	Million yen	2,233	(2,666)		12,256	13,838	(7,325)	(386)
Cash flows from financing activities	Million yen	(2,400)	(3,264)		(19,686)	(3,392)	(5,324)	(4,572)
Cash and cash equivalents at end of year	Million yen	31,004	38,722		43,437	61,151	58,937	67,520
Non-financial indicators								
Greenhouse gas emissions(Scope1,2)	t-CO ₂	-	-		-	-	-	1,463
Industrial waste emissions	t	14,831	12,328		16,629	15,942	20,474	19,697
Consolidated total number of employees	person	12,558	13,430		20,877	22,062	20,117	20,200
Number of employees	person	4,004	4,034		4,050	4,074	4,118	4,174
Number of female employees	person	298	322		348	381	427	467
Number of managers	person	616	622		618	607	662	609
Number of female managers	person	8	9		8	7	15	16
Annual paid leave acquisition rate	%	50.2	51.3		54.1	64.7	63.5	64.9
Paternal leave acquisition rate	%	0.0	12.5		18.2	6.4	3.1	7.2
Maternal leave acquisition rate	%	100.0	87.5		81.8	100.0	100.0	100.0
Employment rate of persons with disabilities	%	1.45	1.75		2.11	2.25	2.12	2.13
Occupational accident frequency rate	%	-	4.60		4.59	1.77	2.50	3.80
Number of Directors	person	13	13		11	6	6	8
Number of outside directors	person	2	3		3	3	3	4

*Non-financial indicators other than the consolidated number of employees are shown on a non-consolidated basis.

Corporate profile

Company Name	● AEON DELIGHT CO., LTD.	Capital	● 3,238 million JPY
Founded	● November 16, 1972	Description of Business	● Facility Management
		Number of Employees	● 4,174 Group total: 20,200

Offices (As of April 1, 2022)

Headquarters	Teitokanda Bldg. 1-1-1 Kandanishiki-cho, Chiyoda-ku, Tokyo 101-0054
Osaka Office	Minamisemba Heart Bldg. 2-3-2 Minamisemba, Chuo-ku, Osaka City, Osaka 542-0081
AEON Tower Makuhari Office	11F AEON Tower, 1-5-1 Nakase, Mihama-ku, Chiba City, Chiba 261-8515
Hokkaido Regional Office	3F SDC Kita 12-Jyo Building, 23-2-5 Kita 12-Jyo Nishi, Chuo-ku, Sapporo City, Hokkaido 060-0012 ● Offices: Sapporo Office 1 / Sapporo Office 2 / Hokkaido Higashi Office
Tohoku Regional Office	3F Azeria Hills, 3-4-1 Tsutsujigaoka, Miyagino-ku, Sendai City, Miyagi 983-0852 ● Offices: Tohoku Kita Office / Miyagi Office / Minami Tohoku Office
Kanto Regional Office	Teito Kanda Building, 1-1-1 Kanda Nishikicho, Chiyoda-ku, Tokyo 101-0054 ● Offices: Yokohama Office / Yokohama Chuo Office / Sagami Office / Tokyo Higashi Office / Tokyo Chuo Office / Tokyo Nishi Office / Chiba Higashi Office / Chiba Chuo Office / Chiba Nishi Office / Saitama Higashi Office / Saitama Nishi Office / Kita Kanto Office
Hokuriku-shinetsu Regional Office	7F Plaka 2, 1-2 Sasaguchi, Chuo-ku, Niigata City, Niigata 950-0911 ● Offices: Niigata Office / Shinshu Office / Hokuriku Office
Tokai Regional Office	3F Aisan Building, 5-25-1 Meieki, Nakamura-ku, Nagoya City, Aichi 450-0002 ● Offices: Aichi and Gifu Office / Mie Office / Shizuoka Office
Kansai Regional Office	Minamisenba Heart Building, 2-3-2 Minamisenba, Chuo-ku, Osaka City, Osaka 542-0081 ● Offices: Osaka Office / Hannna Office / Hanwa Office / Keiji Office / Hyogo Office
Chugoku and Shikoku Regional Office	3F Hiroshima Danbara Shopping Center, 1-3-52, Danbaraminami, Minami-ku, Hiroshima City, Hiroshima 732-0814 ● Offices: Hiroshima Office / Okayama Office / Shikoku Office
Kyushu Regional Office	3F Hakata Kuramoto Ota Building, 2-1 Narayamachi, Hakata-ku, Fukuoka City, Fukuoka 812-0023 ● Offices: Fukuoka Office / Kyushu Kita Office / Kyushu Naka Office / Minami Kyushu Office / Okinawa Office

Major consolidated subsidiaries

Japan		
● AEON DELIGHT ACADEMY CO., LTD.	● AEON DELIGHT CONNECT CO.,LTD.	● Hakuseisha CO., LTD.
● AEON DELIGHT SECURITY CO., LTD.	● Aqutia Co.,Ltd.	
● Kankyouseibi Co., Ltd.	● AEON COMPASS CO., LTD.	
Overseas		
● AEON DELIGHT (CHINA) CO., LTD. [China]	● Zhejiang Metelan Property Management Co., Ltd. [China]	
● Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd. [China]	● AEON DELIGHT(MALAYSIA)SDN. BHD. [Malaysia]	
● Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd. [China]	● AEON DELIGHT(VIETNAM)CO., LTD [Vietnam]	
● AEON DELIGHT (SHANGHAI) COMPREHENSIVE FACILITY MANAGEMENT SERVICE CO., LTD. [China]	● PT Sinar Jernih Sarana [Indonesia]	

*[] indicates country

Stock information

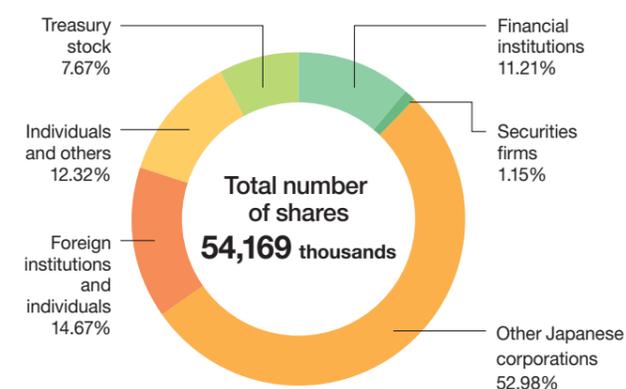
Total number of issued shares	● 54,169,633	Stock code	● 9787
Total number of shareholders	● 29,490	Fiscal year end	● End of February
Stock exchange	● Tokyo Stock Exchange, Prime Market		

Major shareholders

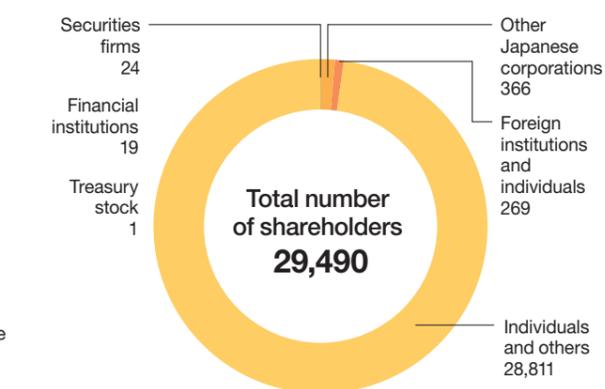
Shareholders	No of shares held(thousands)	% of issued shares
AEON CO., LTD.	27,613	55.20
The Master Trust Bank of Japan, Ltd. (Trust account)	3,439	6.88
AEON delight Business Partner Stock Ownership Association	1,187	2.37
SSBTC CLIENT OMNIBUS ACCOUNT	914	1.83
The Nomura Trust and Banking Co., Ltd. (Trust account)	711	1.42
Custody Bank of Japan, Ltd. (Trust account)	696	1.39
THE BANK OF NEW YORK MELLON 140044	526	1.05
AEON delight Employee Stockholding Association	507	1.01
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY	389	0.78
Custody Bank of Japan, Ltd. (Trust account 4)	367	0.73

* Aside from the number of shares listed above, the Company holds 4,148 thousands treasury shares (7.66% of shares held relative to the total number of shares issued).
* The ratio of stock holding is the ratio relative to the total number of shares issued (excluding the treasury stock).
* Percentages have been rounded off to three decimal place.

Shares by type



Shareholders by type



*Figures are as of February 28, 2022, unless otherwise stated.