

AEON delight  
Report  
2021





# Making better cities through facility management

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. We continue to create "environmental value" for our customers and local communities through our diverse range of services, wealth of specialist talent, cutting-edge offerings powered by digital transformation, as well as skills and expertise cultivated over half a century of experience in building management.

## AEON delight's business fields



### Office Buildings and Public Facilities

We propose unique solutions to address various issues faced by companies, from large-scale disasters and labor shortages to reducing environmental impacts and controlling infectious diseases. We provide sustainable business models and services that enable further business growth.



### Commercial Facilities

We assist in the building of facilities and systems that enable customers to enjoy shopping safely, securely, and comfortably. By also providing support in the areas of BCP, labor shortages, and environmental impact reduction, we also contribute to the creation of commercial facilities linked closely with local communities.



### Hospitals and Research Facilities

Here, safety and convenience are required in a way that is different from other facilities. We provide optimal solutions that meet the specific needs of individual facilities, including strict hygiene via infection controls and robust security environments with advanced disaster prevention equipment.



### Factories and Warehouses

Facilities such as factories face more serious labor shortages and energy issues. We not only respond to these needs, but also propose preparations that enable facilities to fulfill their production and supply roles in the event of a large-scale disaster by ensuring continued operation and rapid recovery.



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."



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.





# AEON delight Services

We provide services related to the management and operation of facilities and surrounding environments. Our operation services include building maintenance, store materials supply, and management of vending machines, while our Management Services range from energy management to workplace concept design and implementation. By offering optimal services tailored to the needs of our customers, we provide "safety, security, and comfort" to both customers and local communities.

Service ▶ <https://www.aeondelight.co.jp/english/service/>

## Management Services



### Facility Budget Management

We manage all costs including land, buildings, equipment, security, and cleaning. We also formulate and execute budget plans for our customers.



### Workplaces

We offer both hard and soft solutions that transform not only office spaces, but also 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 offer total management and optimization of facility energy use. We also optimize lifecycle costs by proposing reductions in electricity use through the adoption of energy-saving 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 partner company performance by assisting with the introduction and improvement of systematic management methods.

## Operation Services



### Facilities management

We offer operation, inspection, maintenance, and servicing tailored to individual facilities. We also propose Open Network Systems that lead to lower management and operating costs.



### Security services

We offer a wide range of services, from facility and event security to traffic control. We also propose customized plans incorporating advanced equipment.



### Materials/supplies sourcing services

We provide a range of materials for stores, including packaging and sanitary supplies. We also propose ways to reduce total costs and improve the efficiency of ordering materials.



### Cleaning services

We offer cleaning aimed at extending facility service life, not only maintaining appearance. We also provide sanitation and 'New Standard Cleaning' to control the spread of infectious diseases.



### Construction work

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

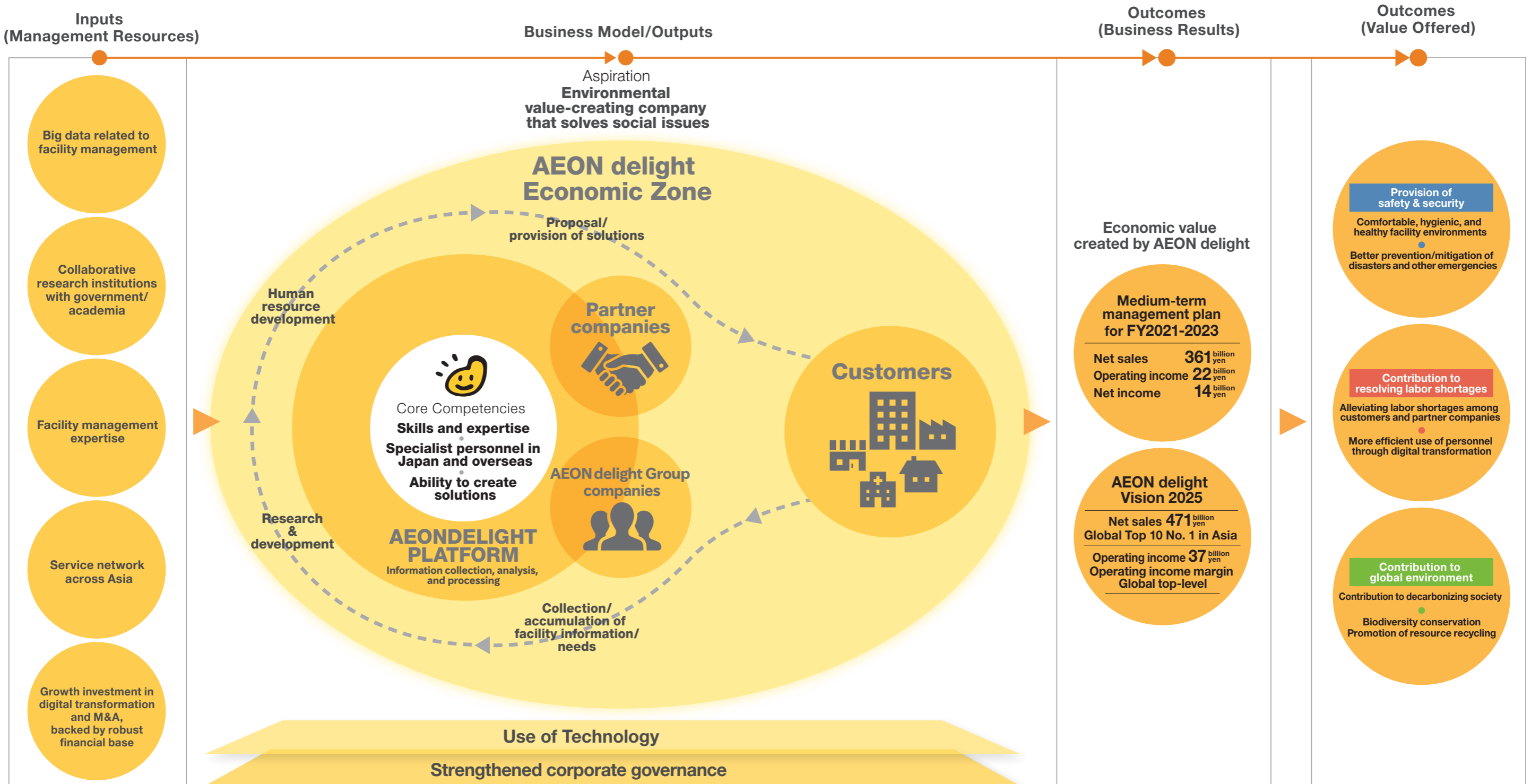


### Vending machine services

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

# 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.





# Identifying Group Materiality

We promote ESG management that enhances corporate value and contributes to solving social issues through our core business.

In particular, we have identified materiality (material issues) in 12 priority items.

We will make group-wide efforts to tackle issues in the three areas outlined in our Management Principle and AEON delight Vision 2025 – “Safety and Security,” “Labor shortage,” and “Environment” – as well as the supporting areas of “Use of Technology” and “Corporate Governance”.

These efforts to address material issues will also contribute to fulfilling the SDGs.

## Materiality identification process

### STEP 1 Examine and identify social issues

Drawing on materials including the SDGs, FTSE, and Global Risks Report, we selected 275 issues from environmental, social and economic challenges based on future megatrends. We then identified 59 issues of particular relevance to our Group.

### STEP 2 Assess issue importance

We conducted materiality analysis on the 59 issues, using 5 dimensions to assess the risks and opportunities for all businesses and group companies through interviews with relevant personnel. Also rated the importance of risks and opportunities to stakeholders on a three-point scale.

### STEP 3 Create materiality matrix

We created a matrix of highly important issues with importance to stakeholders and importance to the Group as the two axes.

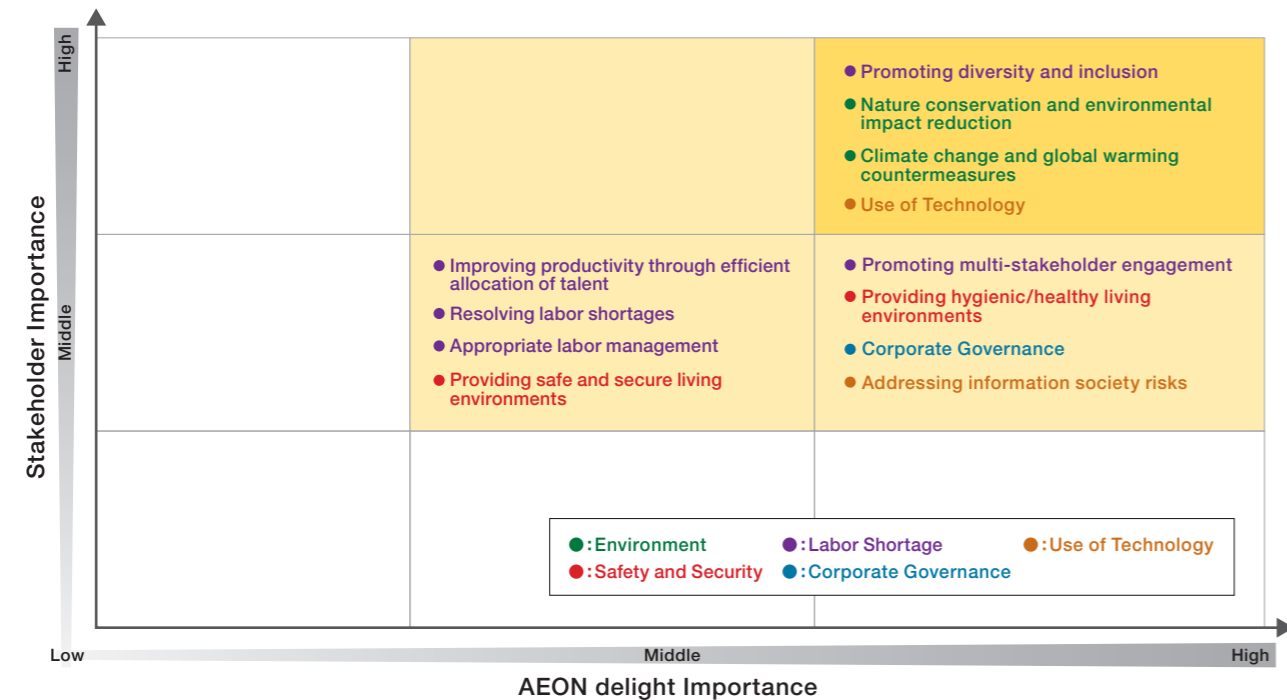
### STEP 4 Discussion and identification by top management

Management deliberated and approved the results within management and ESG/KPI review meetings.

### STEP 5 Develop materiality KPIs

Developed targets for 2030 based the 12 material issues (see p.26)

## Materiality Matrix



## 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 SANITATION
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



# Aiming to be an environmental value-creating company that contributes to the realization of a sustainable society

We would like to express our deepest condolences for those who have lost their lives to the ongoing COVID-19 pandemic, along with our heartfelt sympathies for those who have contracted the disease, their families, and all who have been affected.

We would also like to express our sincerest respect and gratitude for the medical community and all others working to maintain our social infrastructure.

In these difficult times, we have sought to sustain people's lives and livelihoods by maintaining the safety and security of a diverse range of facilities with continued management services. As a company that oversees part of our social infrastructure, we have ensured that we can continue to serve customers by prioritizing the health and safety of our employees, while also focusing the Group's efforts on developing and offering a range of services to assist infection control measures, with the aim of making prevention efforts part of everyday life.

Responding to environmental changes with constant innovation, we will continue to sustain people's lives and livelihoods by practicing ESG management driven by both business and the environment/society.

**Kazumasa Hamada**  
President and CEO, Group CEO

## Value Creation and Strengths Responding to environmental changes with continued evolution

Our value creation originates in our mission to "pursue the Creation of 'Environmental Value' for our Customers and for the Local Communities" through facility management. We have continued to grow by evolving in response to environmental changes, in order to provide safe, secure, and comfortable environments to local communities and the facilities we manage (our customers).

The spread of COVID-19 infections is changing people's standards for safety and security. For example, whereas cleanliness was once assessed by aesthetic factors such as a

neat and sanitary appearance, current needs go beyond aesthetics to maintaining hygienic environments that can prevent infections.

Amid such circumstances, we set out to establish "New Standards in Facility Management" that incorporate infection control measures. As part of these efforts, we developed "New Standard Cleaning," a new evidence-based cleaning standard for creating hygienic environments in the COVID-19 era, which we began offering in September 2020.

We have also made similar efforts in reducing our environmental impact. Amid growing social awareness of environmental impacts following the Great East Japan Earthquake of March 11, 2011, we have contributed to reducing energy use by offering environmentally-friendly products such as LED lighting. We have continued to evolve in response to changing needs,

including the launch of a new electricity supply service in September 2020.

## Commitment to our founding vision and "expertise"

The story of our company's founding originates in the Sennichi Department Store Building fire, regarded as Japan's worst-ever building fire, which occurred in May 1972 and claimed many casualties. With a view to ensuring that such a tragic event did not happen again, the building maintenance division of retailer Nichii Co., Ltd. (now Aeon Retail Co., Ltd.) was spun out to form our predecessor company, which sought to acquire a high level of facility management expertise (skills and knowledge) in its pursuit

of safety and desire to provide environments that offer users peace of mind.

AEON delight was established in 2006 following management integration with several companies. Embracing our founding vision of providing safe and secure facility environments, we adopted the Management Principle to "We pursue the Creation of 'Environmental Value' for our Customers and for the Local Communities".

Over the half-century since our founding, we have passed that strong commitment to safety and security onto our people through the Group's research and training facilities, growing into an employer of around 20,000 qualified individuals. In addition to ensuring that operations are carried out with appropriate processes, we also organize "skill contests" in the areas of equipment management, security, and cleaning, as a way to hone



our employees' ability to handle complex situations and emergencies for which manuals alone do not suffice (see p.29). We are building a structure in which our frontline people improve their skills by learning from each other, and where ideas generated in the workplace become shared Group assets.

Our strength, and the source of our value creation, lies in this expertise, combining our accumulated technical and human capabilities, along with our extensive network for leveraging this expertise to provide services throughout Japan and Asia.

**AEON delight Vision 2025**  
Embracing a vision of solving social issues in Asia

In October 2018, we set forth our 'AEON delight Vision 2025' as a medium-term vision for achieving further sustainable growth.

**AEON delight Vision 2025**

Aiming to be an environmental value-creating company in Asia that resolves social issues based on three pillars of our growth strategy:  
“Safety and Security,” “Labor shortage,”  
and “Environment.”

**Three social issues we seek to solve through our business**

**Safety and Security**

In keeping with our founding vision, we have strived to provide services that help to strengthen our customers' disaster prevention and mitigation systems in ordinary times, while also assisting with crisis management in emergencies so as to minimize the damage caused by disasters.

As frequent natural disasters raise concerns about business continuity within companies, we constantly adopt new

technologies to provide higher levels of safety and security, as we strive to continue fulfilling our founding mission.

**Labor Shortage**

In Japan, China, and other areas where our Group operates, labor shortages are becoming increasingly severe. Amid these circumstances, we are building sustainable FM business models through digital transformation of work processes and services, with a view to solving labor shortages not only within our own company, but also for our customers.

**Environment**

With environmental impact reduction a global issue, the Aeon Group, of which we are a part, has set out the Aeon Decarbonization Vision 2050, which seeks to reduce total greenhouse gas (CO2) emissions from stores to zero through both energy conservation and production, and has begun to work towards realizing a decarbonized society. As an interim goal, we have set a target of switching 50 percent of the electricity used in stores to renewable energy by 2030, with the first step being to achieve 100 percent renewable energy use in all AEON Mall stores by 2025. As the Aeon Group company responsible for the management and operation of AEON Malls and other commercial facilities, including the management of the associated electricity use, we are also involved in the Decarbonization Vision. While developing energy management as a new pillar of our business, we are working with local communities to contribute to the realization of a decarbonized society.

Target figures for FY2025			
Net sales	Net sales	Operating income	Operating income margin
<b>471</b>	<b>Global TOP10 No.1 in Asia</b>	<b>37</b>	<b>Global top-level</b>
billion yen		billion yen	

**Practicing ESG management**

ESG management is essential for building momentum towards solving our three target social issues. Our Group must never forget the past failures serve as lessons for the future.

In the first half of fiscal 2019, the issue of inappropriate accounting was discovered at the former KAJITAKU CO., Ltd., a consolidated subsidiary. Through the incident, we regrettably caused significant trouble for many stakeholders. Since then, we have sincerely acknowledged the serious deficiencies that existed in our Group's governance system, obtained outside expertise to clarify the Group's issues, and worked to strengthen governance as our top priority.

Under the robust Group governance system built upon the lessons of past mistakes, we are building momentum towards solving social issues by concretely identifying the challenges that our business needs to tackle from the other two perspectives, environment and society. This has led us to identify 12 material issues in five areas: the three social issues of Safety and Security, Labor shortage, and Environment, as well as "Use of Technology" and "Corporate Governance," which we regard as essential for achieving sustainable growth. (see p.7-8)

**Formation of the AEON delight Economic Zone**

Working with customers and other stakeholders, we strive to create safe, secure, comfortable and hygienic communities prepared for all eventualities by practicing FM that goes beyond individual facilities to optimize entire areas.

To this end, we are aiming to promptly establish our corporate brand as a team of experts that contributes to the growth of customers and partner companies who rely on or work with AEON delight.

**Pursuing “Customer-Oriented Management,” “Promotion of DX,” and “Group Management” on the way to Vision 2025**

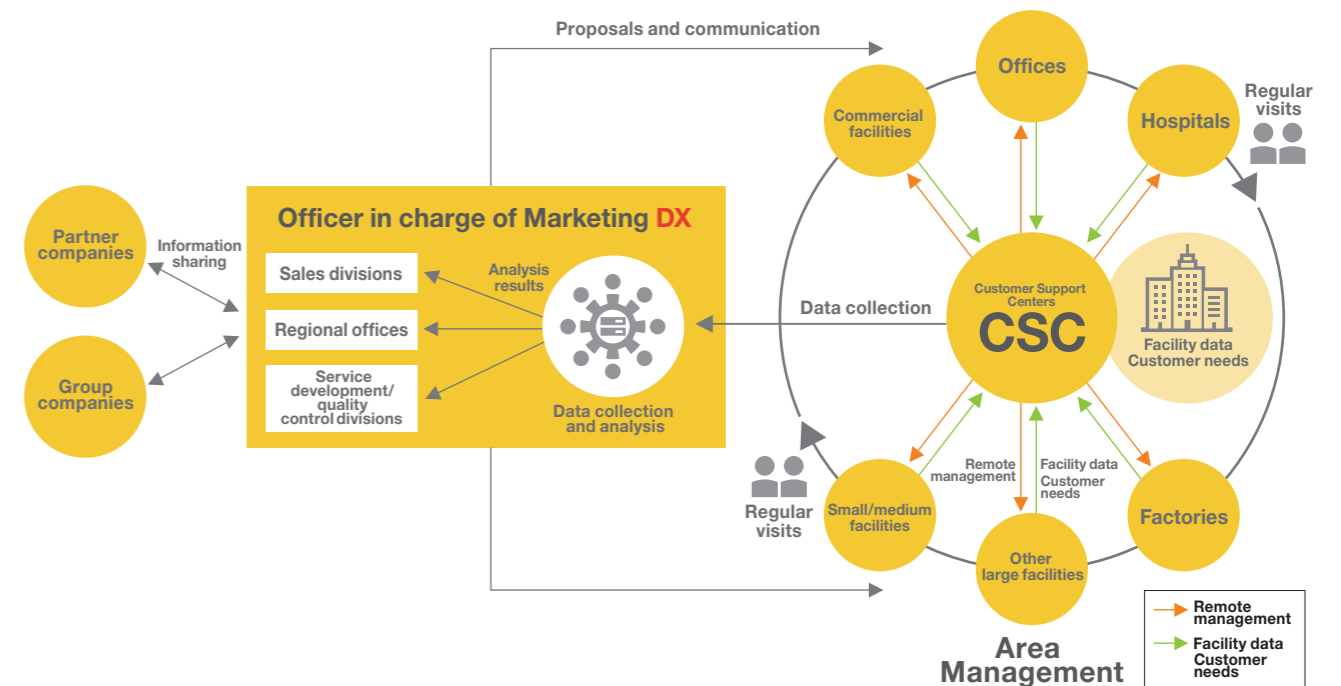
Our Medium-Term Three-Year Management Plan (FY2021-23) began in March 2021. Driven by the three basic policies of “Customer-Oriented Management,” “Promotion of DX (digital transformation),” and “Group Management,” in fiscal 2023 we aim to achieve net sales of 361 billion yen, operating income of 22 billion yen, and 14 billion in net income attributable to parent company shareholders.

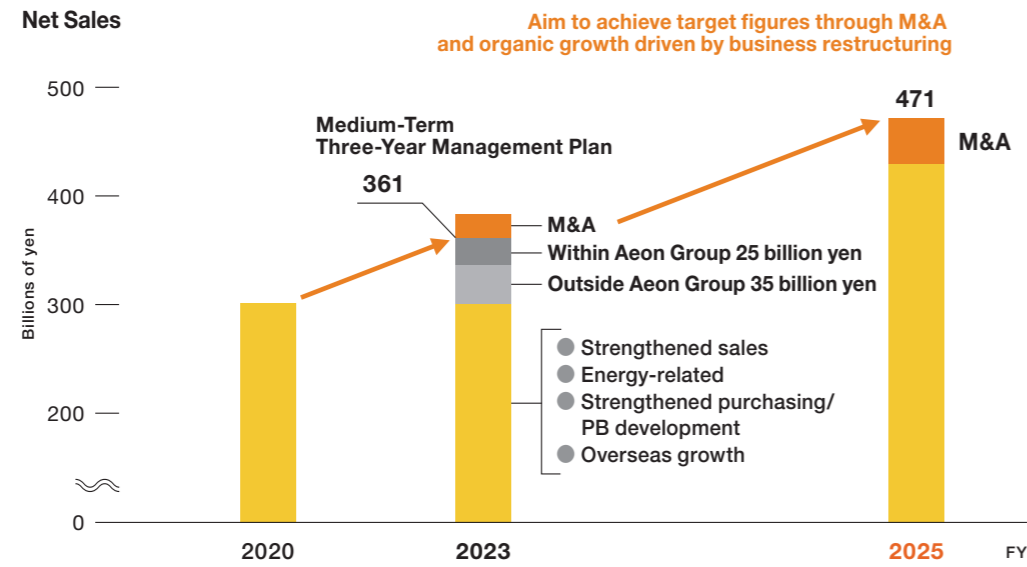
**Customer-Oriented Management**

To continue solving our customers' problems through optimal facility management and operation services, we need a structure that ensures customer needs are reflected in our service offerings. As part of this structure, we appointed a new 'Officer in charge of Marketing DX' to provide services driven by analysis of markets, customers, and our own company, and created an arrangement in which all company divisions engage with feedback from customers.

Under the Officer in charge of Marketing DX, we have established eight Customer Support Centers (CSC) around Japan to consolidate customer facility information and needs. At the same time, we have assigned account managers to each existing customer, responsible for all aspects of the customer's business. This approach gives us a deeper understanding of our customers and allows us to promptly and accurately grasp the issues and trends in each industry.

**AEONDELIGHT PLATFORM**





Percentage of sales outside the Aeon Group	36%	40%	50%
Operating income margin	5.1%	6.0%	8.0%
Overseas sales ratio	6.7%	over 8%	over 15%
Return on Equity (ROE)	14.1%	12%	15%

**Promotion of DX (digital transformation)**

We regard “Customer-Oriented Management” and “Promotion of DX” as being inseparably linked. In order to propose optimum solutions for the specific issues faced by each of our customers, we are using digital transformation of work processes to create a system to collect, consolidate, and analyze various data – including customer information from account managers, facility information from CSCs, and the results of in-house R&D conducted in collaboration with government and academia – and to process this data into valuable information.

In addition, we are continuing to build the AEONDELIGHT PLATFORM as a conduit for efficiently sharing this valuable information across our entire service network, including Group companies and partner companies.

What exactly is valuable information? One specific example lies in predicting equipment failure. Failed equipment may compromise the safety, security, and comfort of facility users, and must be promptly restored to working order. Naturally, it is best to prevent such failures before they occur.

In an area that previously relied heavily on the skills of individual facility managers, predictive maintenance is now made possible by comparing and analyzing information from thousands of past cases, including data on equipment manufacturers, model numbers, installation dates, repair histories, and host facility characteristics.

To establish the AEONDELIGHT PLATFORM, we are currently working on a shift to Area Management, a new CSC-centered facility management model, with the aim of addressing labor shortages while providing services tailored to our customers’ cost and quality needs. In addition to the abovementioned role of consolidating facility information and needs, CSCs will also serve another important function – providing remote support for facility management tasks.

Remote control using various systems and sensors has enabled us to establish a CSC-centered management system for everything from daily operations to emergency responses. As a result, nationwide we are shifting away from conventional management with permanently stationed personnel to an



New headquarters offices

area-based model that involves personnel making regular visits to multiple facilities

In September 2021, we also relocated our headquarters office to Chiyoda-ku, Tokyo. As part of the relocation, our Interior Design Department renovated the new headquarters to create a smart office. In addition, we established a system that keeps the headquarters connected to our CSCs around Japan in order to share customer feedback in real-time, ensuring that we remain as close as possible to our customers and the front line despite the distance.

The new headquarters also features comprehensive connectivity throughout the entire building to facilitate smooth communication with employees working remotely from home or satellite offices. We have raised productivity by streamlining communication between various locations.

Our new headquarters will be widely open to customers and other stakeholders as a showroom for creating cutting-edge facility environments. By serving as a hub of FM information, it will contribute to the branding of not only our Group, but also facility management itself.

**Group Management**

The theme of our Group Management is to strengthen governance in both “offense” and “defense”.

To strengthen governance on our “offensive” side, we are working to further expand our market share in each area by establishing a new group management structure in Japan and overseas. (See p.16)

In Japan, China, and ASEAN countries where we operate, we are also actively exploring M&As to speed up the formation of regional economic zones, expand our business areas, and create footholds for increasing market share.

As for “defensive” governance, we are working to consolidate finance and accounting departments (shared services) in order to improve the trustworthiness of Group company financial statements. We have also established a new Corporate Culture Committee to promote the “Delight Way” (see p. 25), which outlines the values and code of conduct to be shared by all Group employees, and to create a vibrant organizational culture where individuals with diverse values can freely and openly express their opinions.

**Business Performance and Shareholder Returns Towards a 40% dividend payout ratio**

In fiscal 2020, our measures to prevent the spread of COVID-19 infections in various countries (partial or temporary facility closures, requests to avoid events, outings, etc.) had a significant impact on business performance. At the same time, by creating a “New Standard” for FM and pursuing other changes in response to the dramatic shifts in our environment, we achieved a record-high net income attributable to parent company shareholders, despite a slight year-on-year decrease in net sales.

Amid renewed recognition of the importance of essential workers engaged in jobs that sustain social life, we witnessed AEON delight people going about their daily work with a sense of purpose as essential workers who support other essential workers. This not only made me proud as a manager, but also reaffirmed our Group’s mission and the reason for our existence. With our highly specialized personnel as the source of environmental value creation, we will work to realize sustainable growth and fulfill our medium-term management plan and Vision 2025 by continuing to evolve in response to changes in the environment.

By increasing corporate value and achieving growth through our business, we also hope to ensure the stable and sustained return of profits to our shareholders. Our Group has increased dividends for 16 consecutive fiscal years since 2005. This year we will again return profits to our shareholders by raising dividends for the 17th consecutive time. Based on business performance trends in the intermediate three-year period, we will also explore raising the current 35% dividend payout ratio standard for shareholder returns to 40%, while ensuring a balance between growth investment, capital efficiency, and shareholder returns.

Look forward to future growth as we aim to be an environmental value-creating company that solves social issues in Asia through ESG-driven management practices.





# To realize Vision 2025, we're pursuing three policies in the intermediate three-year period

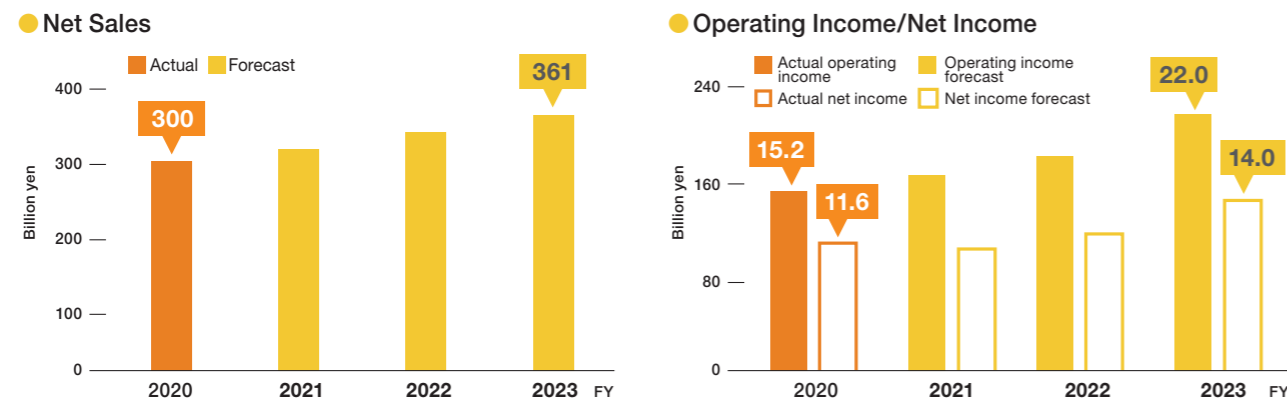
We have formulated a new Medium-Term Management Plan (FY2021-23) that contributes toward the realization of AEON delight Vision 2025 by speeding up growth.

Driven by the three basic policies of "Customer-Oriented Management," "Promotion of DX (Digital Transformation)," and "Group Management," in the final fiscal year we aim to achieve net sales of 361 billion yen, operating income of 22 billion yen, and 14 billion in net income attributable to parent company shareholders.

## Three Basic Policies



## Target figures for FY2023



Basic Policy	FY2023 KPI (Key Performance Indicators)
Customer-Oriented Management (Market share expansion)	Ratio of sales inside/outside Aeon Group 60%:40% (FY2020 64%:36%)
Promotion of DX (Business model reform, profitability improvement)	Operating income margin: 6.0% (FY2020 5.1%), maintain 12% ROE level by improving operating income margin
	Number of facilities under Area Management: 360 facilities
	Number of permanent posts reduced through Area Management: 180
	Reallocate 20% of headquarters staff to direct departments through function consolidation
Group Management (Growth as a Group)	Domestic Group company net sales 65 billion yen (FY2020 52.8 billion yen)
	Overseas sales ratio: over 8% (FY2020 6.7%)
	Shift to shared services for domestic Group finance and accounting departments

## Basic Policy ① Customer-Oriented Management

In order to convert customer feedback into organizational capabilities (service development, quality control, sales, etc.) that contribute to valuable proposals, we are working to:

1. Create a system to collect and analyze data, including customer feedback and facility conditions, and process it into valuable information
2. Establish the AEONDELIGHT PLATFORM to efficiently share collected/analyzed information across our entire service network, including Group and partner companies.

As part of these efforts, in our February 2021 structural reforms we established the new post of 'Officer in charge of Marketing DX', and reorganized the Sales Division into two separate units: one to cultivate new customers and another to expand our share with existing customers.

For each existing customer, we assigned account managers responsible for all aspects of the customer's business, providing a deeper understanding of our customers and enabling us to promptly and accurately grasp industry trends. In addition, the Customer Support Centers (CSC) that began operating in all eight domestic branches in March have facilitated a shift to remote facility management by connecting customer facilities to our network through various systems and sensors. Besides gathering more detailed information on facilities and equipment, they serve to consolidate the needs of our customers.

Analyzing and leveraging this information for service development and quality control allows us to provide optimal solutions tailored to the challenges faced by individual customers.

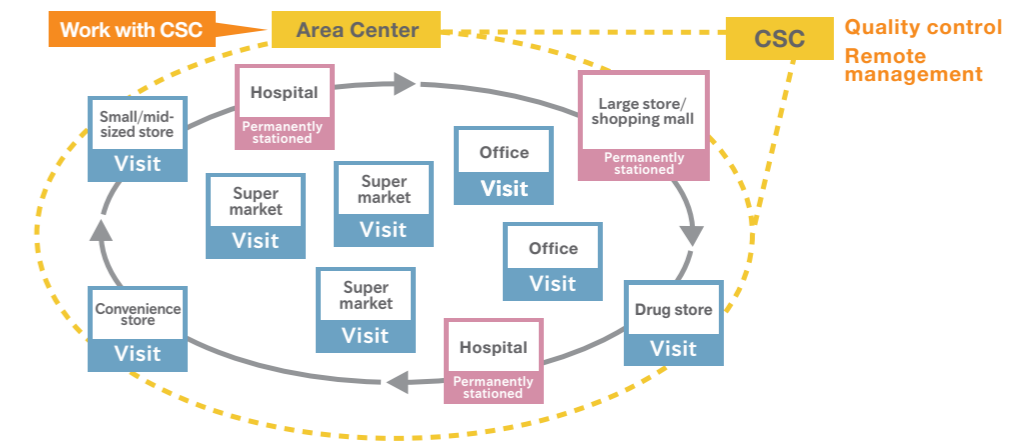
## Basic Policy ② Promotion of DX

Promotion of DX is essential for realizing Customer-Oriented Management. Digital technology enables us to collect more customer feedback and information on various facilities, and to share this information internally and with subsidiaries and partner companies through the AEONDELIGHT PLATFORM. Our basic DX policy is to improve the precision of our Customer-Oriented Management structure.

Our goal with digital transformation is to enable the shift towards Area Management of facilities. The introduction of remote controls will allow us to switch from permanently-stationed to mobile management personnel; by creating a system in which a given number of personnel are shared by the customers in each area, we will be able to address labor shortages while providing services tailored to our customers' cost and quality needs.

In addition, the new Tokyo headquarters into which we relocated in September 2021 comprise smart offices that facilitate teleworking and other new workstyles, with customer information being shared in real-time through constant connection with CSCs. Utilizing these features to create a structure capable of rapid, systematic responses to emergencies, we aim to ensure that our headquarter offices remain as close to customers as possible.

### Area Management structure centered on Customer Support Centers (CSC)



## Basic Policy ③ Group Management

We are working to strengthen Group Management in order to accelerate growth across the Group.

In Japan, we merged two consolidated subsidiaries to establish AEON DELIGHT CONNECT CO., LTD. (AD Connect) in March 2021. With this addition, our Group is able to provide total management services for facilities of all types and sizes. With our company and AD Connect at the core of the Group's management structure, we will seek to expand our service offerings to more customers, including the development of new markets. At the same time, we will speed up the formation of regional economic zones by further strengthening our service network with Group and partner companies, with a focus on regional characteristics and expertise.

Overseas, we established AEON DELIGHT (CHINA) CO., LTD. in the city of Suzhou to oversee our business in China, which we have positioned as our largest growth area in Asia, with the aim of strengthening Group governance, maximizing synergies between operating companies, and establishing our brand in the country. We will strive for greater growth in Asia's largest market by realizing Group Management in China and supporting the growth of all operating companies, with particular focus on the areas of Central and South China.

# Group-wide efforts to prevent the spread of infections

In the early stages of the COVID-19 pandemic, our Group established a Countermeasure Headquarters spanning Japan, China, and the ASEAN region, and since then we have pursued preventative measures with concerted Group-wide efforts. We will continue to implement various infection control measures to ensure that we can keep offering safe and secure environments for those who use our facilities.

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

## Measures to prevent contact and droplet infection in commercial facilities

At commercial facilities where we are responsible for cleaning and managing equipment, we implemented measures to prevent contact and droplet infection, including installing contactless alcohol sprayers and acrylic board partitions at checkout counters. In the vending machines that we manage, we promoted contactless payment options and affixed antiviral film on product buttons and other parts that users might touch. As of August 31, 2021, these measures have been implemented on 30,000 units. By the end of February 2021, we had also applied antibacterial/antiviral coatings to game machines and other equipment at 216 amusement facilities operated by Aeon Group companies.

In order to reduce the risk of droplet infections, we worked to make ventilation more efficient while maintaining comfort, and installed CO<sub>2</sub> concentration meters to quantitatively measure the effects. To enable customers to check ventilation conditions in real-time, we worked with manufacturers to develop a "network-based CO<sub>2</sub> concentration monitoring system" that uses cloud servers to display CO<sub>2</sub> sensor concentration data on distant monitors. As of August 31, 2021, this system has been introduced at 178 locations, including commercial facilities and stadiums.

\*Figures shown are not consolidated



Installed acrylic boards on work counters



Applied antibacterial/antiviral coating to amusement facility change machines



Introduced network-based CO<sub>2</sub> concentration monitoring system

## "Disease Control Protocol" provides guidelines for employee behavior

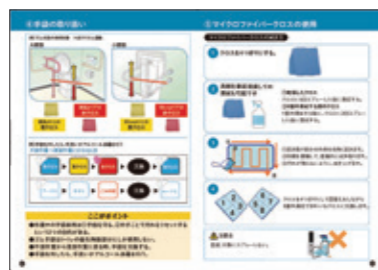
In November 2020, we established the AEON delight Group Infectious Disease Control Protocol as a guideline for infection control measures.

This 80-page manual outlines measures to be observed by employees, beginning with hand washing, masks, avoiding the three C's, and other "Infection Control Basics". It also contains "Common Infection Control Steps", which stipulates steps to be taken when engaging in work, including hand disinfecting, measuring body temperatures when entering or leaving facilities, and check sheets for managing physical condition, along with "Task-specific Measures and Cautions", which summarizes the correct procedures for completing various tasks, such as facility management and cleaning.

We also created an additional A6-size handbook that summarizes the Protocol. In workplaces, employees always carry a pouch containing this handbook and an "Infection Control Kit" consisting of masks, portable alcohol spray, and other essentials. Through these measures, we seek to ensure that all employees and affiliated company staff practice infection control measures.



AEON delight Group Infectious Disease Control Protocol



Portable handbook summarizes key points

## "New Standard Cleaning" that incorporates infection control measures

From September 2020, we began offering New Standard Cleaning, a new service creating hygienic environments through approaches driven by scientific evidence. Drawing on our unique hygienic cleaning methods for hospitals, which include infection control measures, we formulated cleaning procedure manuals under the supervision of infection control experts.

Initially employed mainly in commercial facilities, New Standard Cleaning has also enhanced our offerings for offices; by fiscal 2023, we plan to expand sales of office cleaning services by 1.5 times compared to fiscal 2019. After assessing the extent of dirt accumulation and infection risks specific to offices, we propose efficient, evidence-based cleaning plans tailored specifically to these environments.

### Changing specifications focus from planar to elevational views

We have shifted from cleaning focused on planar surfaces to scientific evidence-based cleaning that includes elevation surfaces. We have strengthened infection control measures for frequently touched areas by using sterilizing cleaning agents with confirmed efficacy against COVID-19, and microfiber cloths that are highly effective in removing bacteria and other contaminants.

### Increasing the visibility of preventive cleaning with Sanitation and cleaning specialists

We have created a unique training program based on hygienic cleaning expertise and the latest trends in infection control research. Sanitation and cleaning specialists, comprising cleaning staff who have completed specialized training, carry out cleaning in compliance with manuals and proper materials management.

### Quantifying quality through monitoring

ATP (Adenosine Triphosphate) tests\*, which numerically express the total amount of organic substances, are used to monitor the degree of invisible contaminants in cleaning areas. Tests are conducted immediately after cleaning, and if the results do not meet a certain standard, improvements are made by reviewing work methods and training.

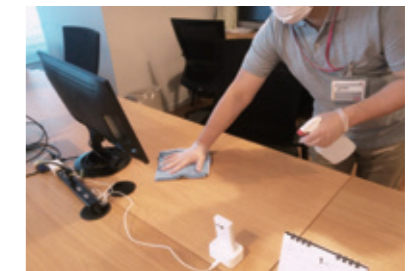
\*ATP (Adenosine Triphosphate) test: Combines ATP contained within the cells of all organisms with enzymes, etc. and measures the amount of light produced (Relative Light Unit: RLU) through the reaction.



Sanitation and cleaning specialists complete our unique training program



ATP (Adenosine Triphosphate) test



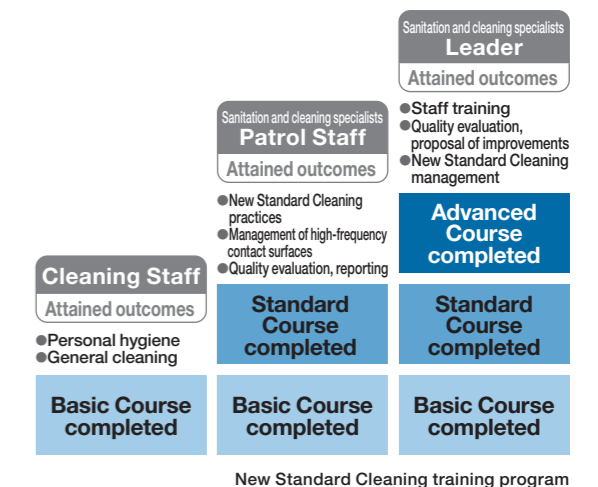
New Standard Cleaning for offices

## Unique training program fosters some 1,200 infection control cleaning specialists

Our Group has established a unique training program aimed at fostering the infection control cleaning specialists who will provide our New Standard Cleaning services.

As of the end of June 2021, approximately 1,200 employees, including partner company staff, had completed the program's Standard Course, acquiring key infection control skills that enable them to evaluate quality and manage surfaces exposed to high-frequency contact.

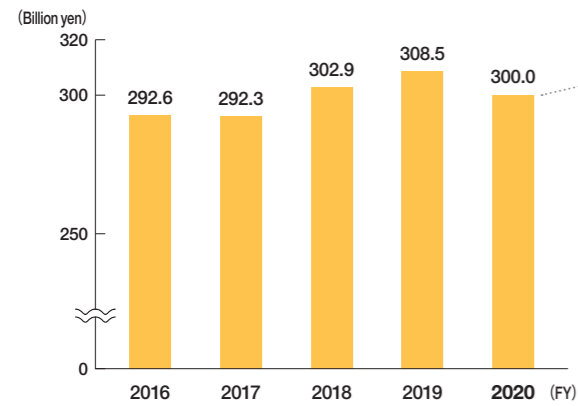
The program is divided into three courses – Basic, Standard, and Advanced – according to the tasks covered. Completing all three equips individuals with the skills to lead an infectious disease control team, including quality evaluation, staff training, and making proposals for improvement.



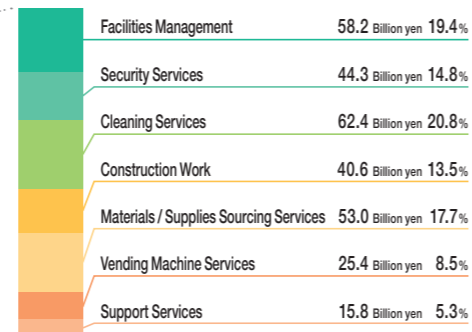
New Standard Cleaning training program

## Financial Data (Consolidated)

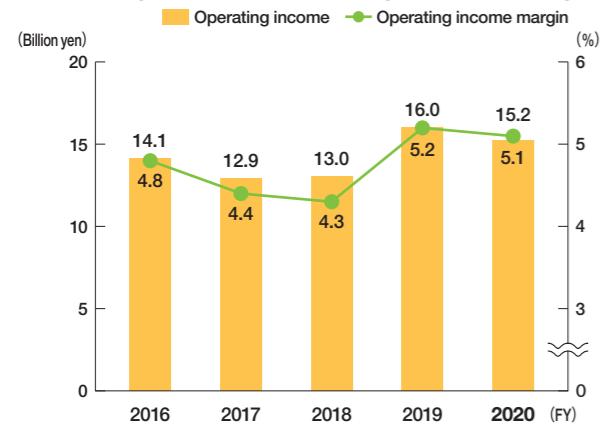
### Net Sales



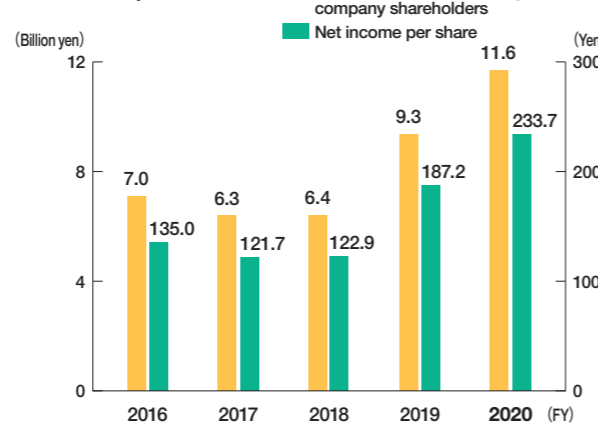
### Net Sales Composition by Segment



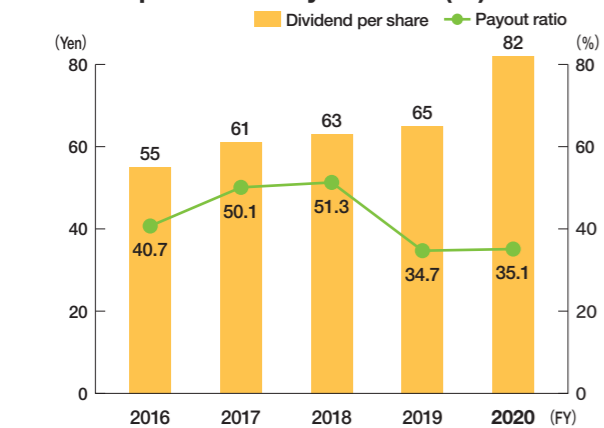
### Operating Income/Operating Income Margin



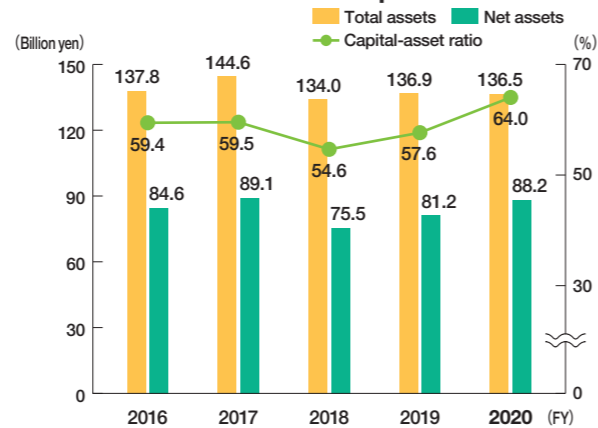
### Net income attributable to parent company shareholders/ Net income per share



### Dividend per Share/Payout Ratio (%)

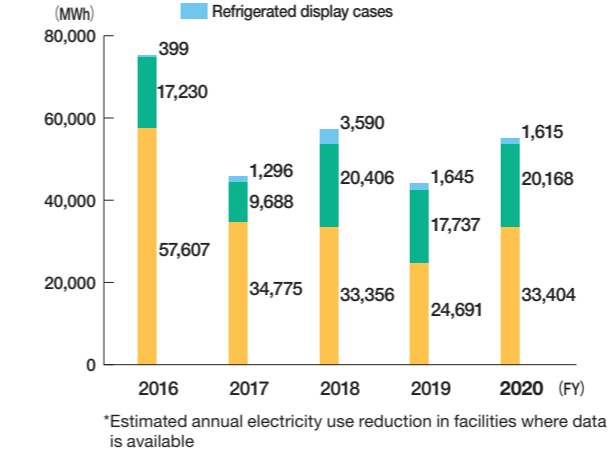


### Total Assets/Net Assets/Capital-Asset Ratio

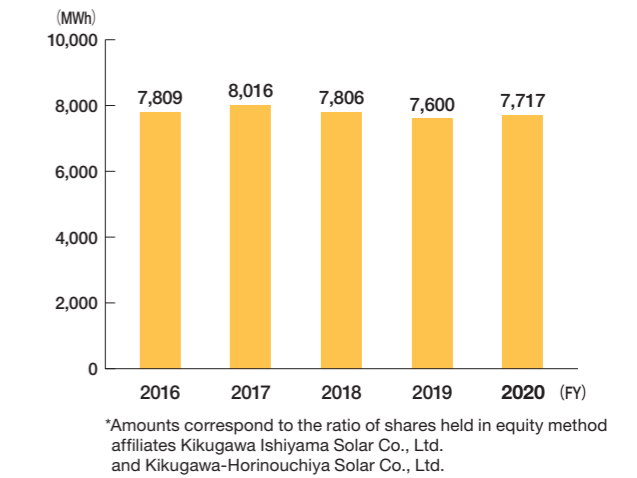


## Non-Financial Data (Non-consolidated)

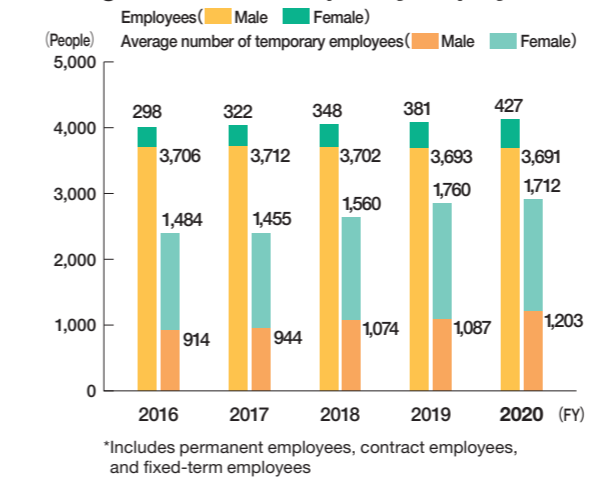
### Reduction in power consumption by installed energy-saving equipment



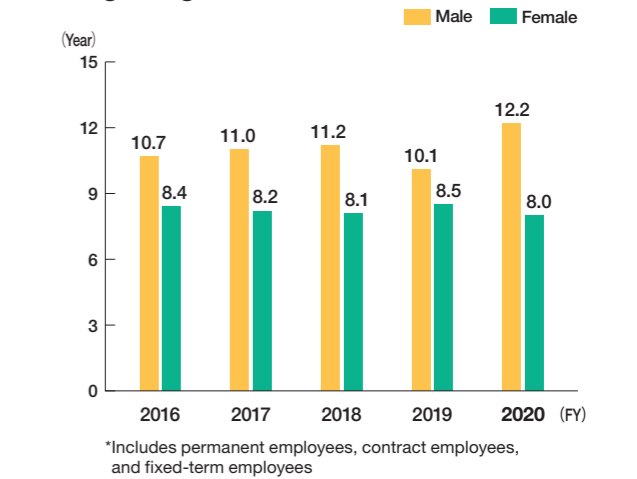
### Amount of solar power generated



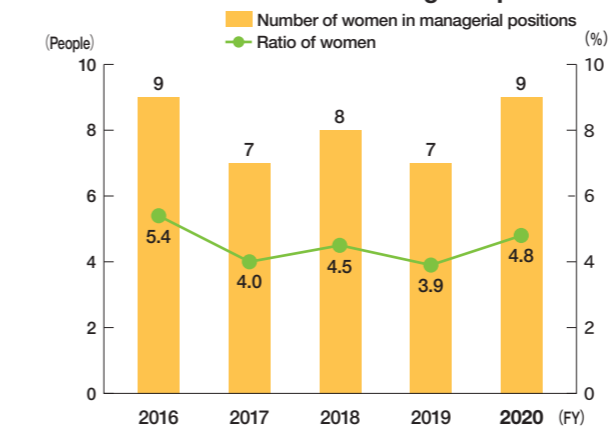
### Number of employees/Average number of temporary employees



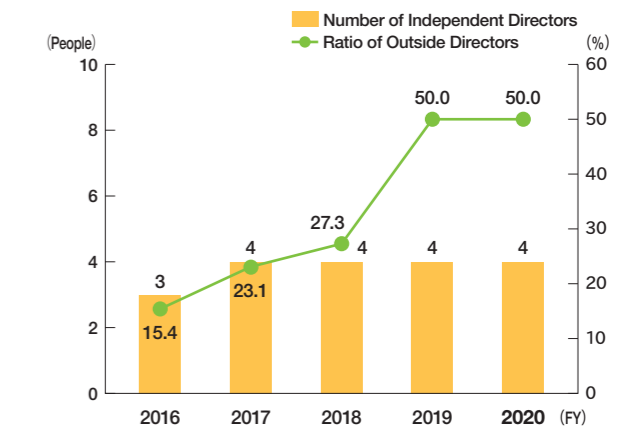
### Average length of service



### Number/Ratio of women in managerial positions



### Number of Independent Directors/ Ratio of Outside Directors



# Basic Philosophy

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

- 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 the company
- 3) Preparedness for unexpected ordinary or extraordinary events
- 4) Rules each enterprise should follow for surviving as a member of society

**WEB** Our Management Principle ▶ <https://www.aeondelight.co.jp/english/corporate/philosophy.html>  
 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, 2021

### Nomination and Compensation Advisory Committee Number of sessions in FY2020: 13

The Nomination and Compensation Advisory Committee was set up voluntarily by the Board of Directors to advise the Board on the nomination and selection of directors and corporate auditors, succession planning of the President and other senior executives, and incentive plans and compensation of directors. Similarly, the Nomination and Compensation Advisory Committee also advises the Board on the nomination and dismissal of the President and directors of each Group company.

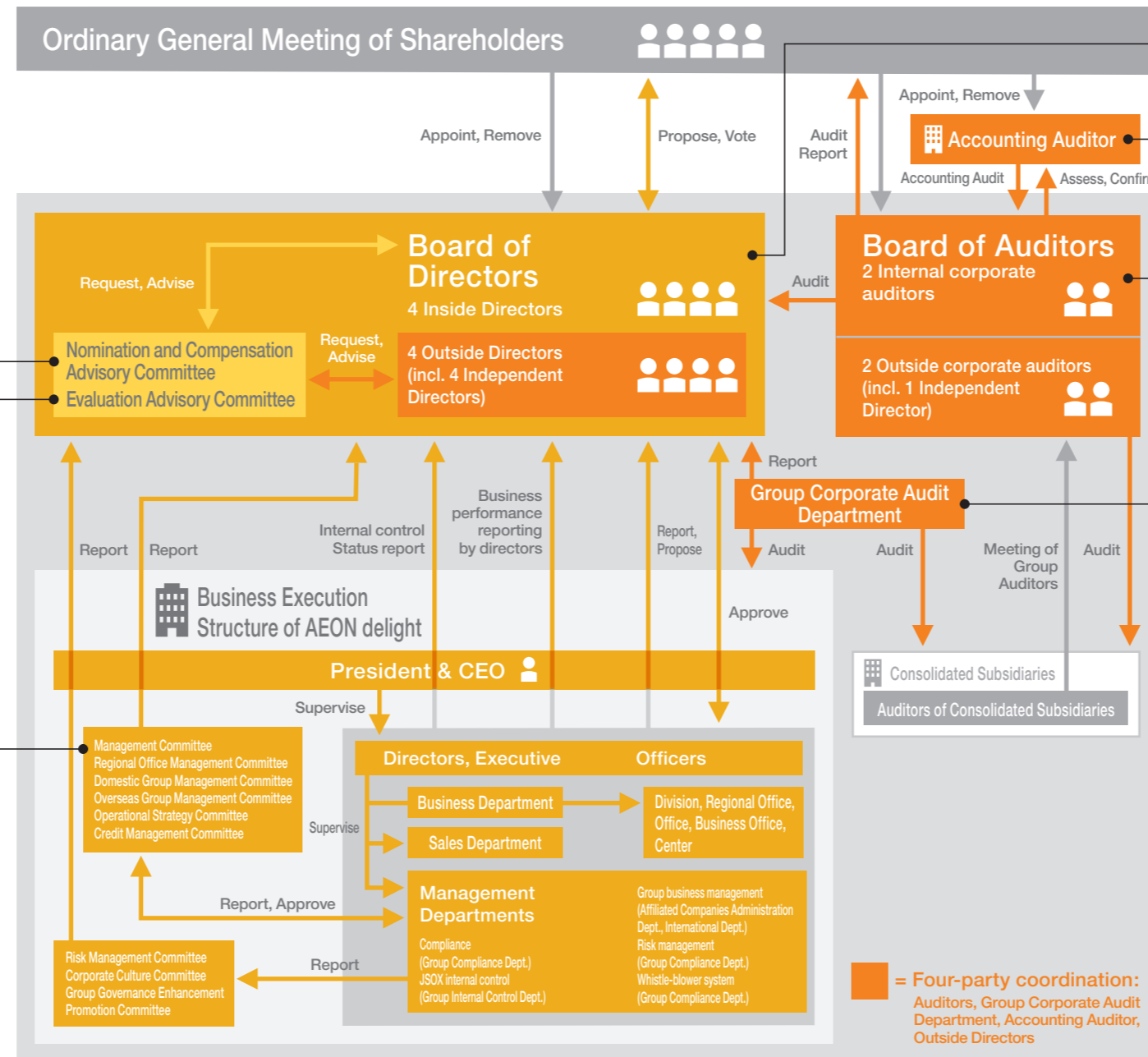
### Evaluation Advisory Committee Number of sessions in FY2020: 2

The Evaluation Advisory Committee was set up voluntarily by the Board of Directors to analyze and assess the effectiveness of the overall performance of the Board and advise the Board based on its findings. The Evaluation Advisory Committee also provides advice on the effectiveness of the Board of Directors of each Group company.

### Management Committee Meets at least once a month

Consists of Managing Officers and above, as well as other members as necessary depending on the nature of the discussion, and discusses management policies, management strategies, and other important management matters. In particular, proposals to be submitted to the Board of Directors are discussed thoroughly in advance at the Management Committee before being submitted to the Board of Directors to ensure enhanced deliberations and appropriate decision-making by the Board of Directors.

\*The Management Meeting was newly established in March 2021.



### Board of Directors Number of sessions in FY2020: 17

In principle, the Board of Directors holds regular meetings once a month, as well as extraordinary meetings as necessary. Since July 2019, half of our directors have been independent outside directors as defined by the Tokyo Stock Exchange, Inc. to ensure transparency in management. In addition, by clearly separating the supervisory functions of the directors from those of the executive officers, the Board of Directors is able to focus on important decisions and supervisory functions, such as setting the management framework.

### Accounting Auditor

AEON delight has elected Deloitte Touche Tohmatsu LLC as its Accounting Auditor and receives accounting audits from the company. There is no special vested interest between AEON delight and Deloitte Touche Tohmatsu LLC or any of the public accountants engaging in the auditing work.

### Corporate Auditors and Board of Auditors Number of sessions in FY2020: 19

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.

### Internal Audit

The Group Corporate Audit Department periodically conducts internal audits, including audits of the company's subsidiaries, reports the audit results to the President and the Board of Directors, and provides appropriate supervision on business management.

**Four-party coordination:**  
Auditors, Group Corporate Audit Department, Accounting Auditor, Outside Directors

# Management Structure

## Directors (As of May 31, 2021)



**Kazumasa Hamada**  
President & CEO  
Group CEO

Mar. 1987 Joined JUSCO Co., Ltd. (currently Aeon Co., Ltd.)  
Nov. 2006 Head of Management Planning Department of Postul Corporation (currently AEON Hokkaido Corporation)  
Mar. 2007 Executive Officer of the company  
Sept. 2008 General Manager of Control Division of Aeon Retail Co., Ltd.  
Mar. 2011 Executive Officer of the company  
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 of the company  
Mar. 2017 Senior Managing Executive Officer of the company  
Mar. 2018 Temporarily transferred to AEON DELIGHT CO., LTD. (Advisor)  
May 2018 President and CEO of the company  
Dec. 2018 Representative of Commissioner of PT Sinar Jernih Sarana (current position)  
July 2019 President and CEO, Group CEO of AEON DELIGHT CO., LTD.  
Dec. 2019 President and CEO, Group CEO and General Manager of Financial and Accounting Division (CFO) of the company  
Apr. 2020 President and CEO, Group CEO of the company (current position)



**Nobuo Yamazato**  
Director and Executive Vice President  
COO of Japan Group  
FM Business

Mar. 1979 Joined JUSCO Co., Ltd. (currently Aeon Co., Ltd.)  
Mar. 2005 Temporary transferred Mycal Corp. (currently Aeon Retail Co., Ltd.)  
Mar. 2009 Temporary transferred AEON DELIGHT CO., LTD.  
May 2011 Director and Manager of Nishi Kinki Regional Office of the company  
May 2015 In charge of overseeing East Japan Regional Office operations of the company  
May 2016 Director and Managing Director of the company  
May 2017 Director and Senior Managing Director of the company  
Regional Offices and East Japan Regional Offices Operations of the company  
May 2018 Director and Executive Vice President, Regional Offices and General Business of the company  
May 2019 Director and Executive Vice President, Regional Offices of the company  
July 2019 Director and Executive Vice President, Regional Offices and COO of Japan Group Business of the company  
Mar. 2020 Director and Executive Vice President, Regional Offices of the company  
Feb. 2021 Director and Executive Vice President, COO of Japan Group FM Business of the company (current position)



New Appointment  
**Hideyuki Mito**  
Director

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



New Appointment  
**Hiroyuki Watanabe**  
Director

Apr. 1982 Joined Isejin Jusco Co., Ltd. (currently Aeon Co., Ltd.)  
Sept. 2003 General Manager of Administration Division of Kanto Company of JUSCO Co., Ltd. (currently Aeon Co., Ltd.)  
May 2006 Representative Director of AEON Financial Project Co., Ltd. (currently AEON Bank, Ltd.)  
Sept. 2006 Director in charge of overseeing Human Resources and General Affairs, and Public Relation of the bank  
Apr. 2008 Director and Managing Executive Officer in charge of Human Resources and General Affairs of the bank  
June 2012 Director, Senior Managing Executive Office, and Head of Corporate Management Division of the bank  
Nov. 2012 Director of AEON CREDIT SERVICE CO., LTD. (currently, AEON Financial Service Co., Ltd.)  
Apr. 2013 Director in charge of Human Resources, General Affairs and Legal & Compliance of the company  
Apr. 2014 Representative Director and Senior Managing Executive Officer, Head of Sales Division of AEON Bank, Ltd.  
Apr. 2015 President and Representative Director of the bank  
June 2017 Director and Executive Vice President of AEON Financial Service Co., Ltd.  
Sept. 2018 Executive Officer in charge of Human Resources and Administration, Administration & Risk Management of Aeon Co., Ltd. (current position)  
Oct. 2018 Director of AEON Financial Service Co., Ltd. (current position)  
May 2021 Director of AEON DELIGHT CO., LTD. (current position)

## Auditors (As of May 31, 2021)



**Hiroshi Mitsui**  
Outside Auditor

Mar. 1981 Joined JUSCO Co., Ltd. (currently Aeon Co., Ltd.)  
May 2005 Director, Food Supply JUSCO Ltd. (currently Aeon Food Supply Ltd.)  
Feb. 2011 General Manager of Tokai Company Personnel Education Department of Aeon Retail Co., Ltd.  
Apr. 2012 Director, General Manager of Human Resources and Corporate Affairs of G-FOOT Co., Ltd.  
May 2014 Managing Director, in charge of Management of the company  
Sep. 2017 Managing Director, in charge of General Planning and Management of the company  
May 2018 Managing Director, in charge of Management of the company  
May 2020 Statutory Non-Executive Auditor of AEON DELIGHT CO., LTD. (current position)  
Auditor of PT Sinar Jernih Sarana (current position)  
Dec. 2020 Auditor of AEON DELIGHT (CHINA) CO., LTD. (current position)



**Masato Nishimatsu**  
Auditor

Mar. 1978 Joined JUSCO Co., Ltd. (currently Aeon Co., Ltd.)  
May 2000 Director of the company  
Dec. 2001 Business Administrator's Representative of Mycal Corp. (currently Aeon Retail Co., Ltd.)  
May 2003 Corporate Auditor of AEON DELIGHT CO., LTD. (currently Aeon Retail Co., Ltd.)  
Oct. 2003 Managing Director of Mycal Corp.  
Mar. 2007 Manager of Group Finance and Accounting of Aeon Co., Ltd.  
May 2007 Managing Executive Officer of the company  
Aug. 2008 Executive Officer, Chief Manager of Group Accounting & Affiliated Companies of the company  
Apr. 2009 Chief Manager of Group Business Management of the company  
Oct. 2012 Director, Senior Managing Executive Officer, in charge of Finance and Accounting / Controls of Aeon Retail Co., Ltd.  
Mar. 2013 Director, Senior Managing Executive Officer, in charge of Business Management of the company  
Feb. 2015 Director, Senior Managing Executive Officer of The Dai-ichi, Inc. Managing Officer of Finance & Accounting / Corporate Planning, Chairperson of Investment Committee of the company  
Mar. 2016 Executive Officer, Chief Officer of Business Management of Aeon Co., Ltd.  
Mar. 2017 President and CEO, Director and Executive Vice President, in charge of management of Aeon Retail Co., Ltd.  
May 2018 Auditor of AEON Hokkaido Corporation (current position)  
Mar. 2020 Auditor of Aeon Co., Ltd. (current position)  
May 2020 Auditor of AEON DELIGHT CO., LTD. (current position)  
Auditor of Aeon Mall Co., Ltd. (current position)



Independent Director  
**Masaaki Fujita**  
Outside Director

Apr. 1978 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)  
Apr. 2003 Chief, PDP TV Business Unit, Imaging Business Group, Panasonic AVC Networks Company of the company  
Apr. 2006 Director of Matsushita Electric Industrial Co., Ltd., and Senior Vice President, Panasonic AVC Networks Company Chief, PDP TV Business Unit, Imaging and Display Device Business Group of the company  
June 2009 Director, Corporate Quality Administration Division, in charge of Corporate FF Customer Support & Management Division of the company  
Mar. 2010 In charge of Global Procurement and Director, Corporate Procurement Division  
In charge of Global Logistics and Director, Corporate Global Logistics Division, in charge of Trading Company of the company  
Apr. 2011 Managing Executive Officer of the company  
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 Hompo**  
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  
July 2001 Deputy Director-General (Maritime Bureau & Ports and Harbours Bureau) of Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism  
Apr. 2003 Senior Vice President (Logistics & International Division) of Japan Post  
July 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 of Tokyo Metropolitan University  
Jan. 2014 Special Adviser of Japan Tourism Agency (current position)  
Nov. 2014 Adjunct Professor of Tokyo Institute of Technology  
Apr. 2015 Research Professor of Tokyo Metropolitan University  
June 2015 Outside Director of THE KEIHIN CO., LTD. (current position)  
June 2016 Chief of UNWTO Regional Support Office for Asia and the Pacific (current position)  
Apr. 2017 Visiting Professor of Tokyo Institute of Technology  
May 2017 Outside Director of AEON DELIGHT CO., LTD. (current position)  
Apr. 2018 Visiting Professor at Tokyo Metropolitan University (current position)



New Appointment  
Independent Director  
**Keiji Yoshikawa**  
Outside Director

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



New Appointment  
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 of Takachiho University  
Apr. 2003 Assistant Professor of Faculty of Business Administration of the university  
Apr. 2008 Associate Professor of Hosei Business School of Innovation Management  
Apr. 2011 Professor of the university (current position)  
Sept. 2015 Director of Global MBA Program of the university (current position)  
May 2021 Outside Director of AEON DELIGHT CO., LTD. (current position)



Independent Director  
**Tsukasa Takahashi**  
Outside Auditor

Apr. 1989 Registered with the Osaka Bar Association  
Joined Katsube Law Office (currently Katsube Takahashi Law Office)  
Apr. 1994 Partner of the office (current position)  
Apr. 2006 Part-time Instructor of Kwansai Gakuin University Law School  
Apr. 2007 Part-time Instructor of Kyoto University Law School  
Apr. 2010 Vice President of Osaka Bar Association  
Apr. 2012 Visiting Professor of Kyoto University Law School  
Apr. 2013 Special Professor of the university  
May 2013 Auditor of AEON DELIGHT CO., LTD. (current position)  
Mar. 2018 Auditor of Nippon Electric Glass Co., Ltd. (current position)  
Apr. 2018 Part-time Instructor of Kyoto University Law School (current position)  
June 2020 Auditor of Nippon Shokubai Co., Ltd. (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)  
Auditor of The Dai-ichi, Inc. (current position)  
May 2017 Auditor of AEON DELIGHT CO., LTD. (current position)  
June 2017 Auditor of Aeon Credit Service Co., Ltd. (current position)

## Executive Officers (As of August 31, 2021)

### Managing Directors

**Goro Miyamae**  
Marketing DX

**Yasuo Miyake**  
China Business

**Yasufumi Horie**  
Materials and Vending  
Machines Business

**Keiji Sagata**  
Group Strategy and ESG

**Tetsuya Akutsu**  
General Manager of Financial  
and Accounting Division (CFO)

### Executive Officers

**Noriaki Ikuta**  
General Manager of Regional  
Offices Division

**Jouji Kitabayashi**  
General Manager of Aeon Group  
Sales Division

**Hiroki Miyamoto**  
General Manager of Customer  
Success Division

**Akira Inada**  
General Manager of  
Corporate Sales Division

**Hiroshi Kato**  
General Manager of  
Construction Work Division

**Hiroaki Ochi**  
COO of ASEAN Business and General Manager  
of Affiliated Companies Division

**Chen Liuhan**  
COO of China business and  
Vice Chairman and  
General Manager  
of Aeon Delight (Jiangsu)  
Comprehensive  
Facility Management  
Service Co., Ltd.

**Guan Zhujuan**  
Vice Chairman and General Manager  
of Wuhan Xiaozhu Comprehensive  
Facility Management Service Co., Ltd.

**Tamotsu Yamamoto**  
General Manager of Quality  
Control Division

**Takayuki Kojio**  
General Manager of Service Development  
Division and Director of Aeon Delight Laboratory

**Ryoji Mamesaya**  
Organizational  
Culture Reform

**Hisayo Takami**  
General Manager of Group  
Compliance Division (CCO)

**Daisuke Ninomiya**  
General Manager of Group Personnel,  
General Affairs and IT Division

# Ensuring compliance through commitment to the Delight Way

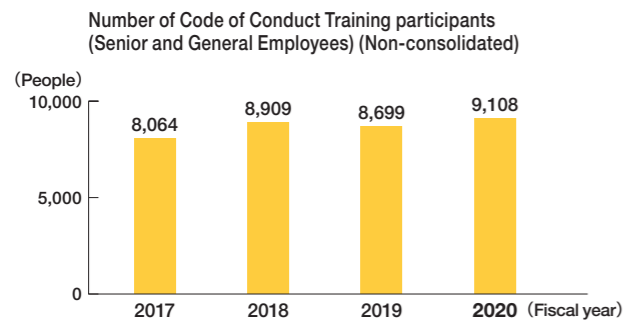
We constantly strive to ensure Group-wide commitment to the Delight Way, which comprises our Management Principle, Code of Conduct, and My Promises, as the basic philosophy for all employees. Of these, My Promises places greatest importance on legal compliance, and sets out the fundamentals of compliance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

## 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.



## 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.

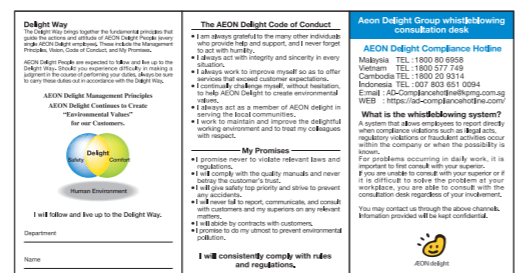
**AEON delight Code of Conduct 110 Business Partner Hotline**

Tel.: (+81)120-10-2322 / FAX: (+81)6-6365-5432  
e-mail: info@kansaichuo.com

Number of whistle-blower cases in FY2020

202 cases

\*Available only in Japanese



Delight Way card

# Establishing “Basic Policies for Sustainability”

In August 2021, we established our first “Basic Policies for Sustainability” and set targets for 2030. Under these policies, we will accelerate our efforts to solve social issues and contribute to the realization of a sustainable society through our business activities.

The Basic Policies for Sustainability clarify our Group’s fundamental approach in promoting ESG management. Based on these policies, we will establish a structure for promoting ESG management and initiatives aimed at solving social issues.

## 【 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.

Established August 2021

12 Material Issues	2030 Targets
<b>Safety and Security</b> 1. Providing safe and secure living environments 2. Providing hygienic/healthy living environments	<b>Expand provision of safe and secure services</b> ● BCP and infection control-related services comprise 20% of sales (1.9% of FY2020 sales)
<b>Labor Shortage</b> 3. Resolving labor shortages 4. Improving productivity through efficient allocation of talent 5. Promoting diversity and inclusion 6. Promoting multi-stakeholder engagement 7. Appropriate labor management	<b>Improve business continuity by solving labor shortages</b> ● 30% female and non-Japanese managers (FY2020 6%) ● Reduce permanent employee turnover by 50% (FY2020 5.6%) ● Reduce overtime hours per person by 50% (FY2020 137 hours/person) ● Zero major work-related accidents per year (FY2020 0 incidents)
<b>Environment</b> 8. Climate change and global warming countermeasures 9. Nature conservation and environmental impact reduction	<b>Expand environmentally-friendly business</b> ● GHG emission reduction-related services comprise 10% of sales (2.1% of FY2020 sales) ● Zero gasoline-powered work vehicles (AD non-consolidated FY2020: 118 gasoline vehicles out of 289 (40%)) ● Environmentally-friendly products comprise 50% of materials business sales (13% of FY2020 sales) ● 50% recycling circulation (bottle to bottle) rate for installed vending machines (FY2020 10%)
<b>Use of Technology</b> 10. Use of Technology 11. Addressing information society risks	<b>Initiatives to support the above activities</b> <b>Leverage the latest technology to research and develop new services</b> ● 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
<b>Corporate Governance</b> 12. Strengthening Group governance	<b>Establish robust Group governance system in Japan and abroad</b> ● Establish a “three lines of defense” structure ● Corporate Culture Committee and Group Governance Enhancement Promotion Committee continue to operate

## Contributing to the prevention of Global Warming

Under the Aeon Decarbonization Vision 2050, the Aeon Group is working to reduce total CO<sub>2</sub> emissions from stores to zero through both energy conservation and production. Our Group is also contributing to the reduction of CO<sub>2</sub> emissions by promoting energy conservation and renewable energy-related services for our customers.

### Energy-saving proposals for facilities

We propose reductions in overall facility power consumption by combining energy-saving equipment, including LED lighting, air conditioning, and refrigerated display cases, with our expertise and systems for conserving energy in facility operations, including Open Network Systems<sup>\*1</sup> and energy-efficient tuning<sup>\*2</sup>. These efforts help our customers reduce CO<sub>2</sub> emissions and energy costs, and contribute to the decarbonization of society. They also play a role in realizing the AEON Group's Aeon Decarbonization Vision 2050.

<sup>\*1</sup> Systems that enable energy-saving effects, efficient facility management, and remote operation by creating a network that links various types of facility equipment to enable centralized management in real-time.  
<sup>\*2</sup> Operation and adjustment of air conditioner outside air intake, airflow, etc. to minimize waste, based on operational characteristics such as the actual number of users present in the building, indoor/outdoor heat, etc.

**Aeon Decarbonization Vision 2050 (excerpt)**

- Stores**  
We will reduce the total GHG emissions from our stores to zero by 2050.
- 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)

### Renewable energy-related business development

Through our power supply services, we provide commercial facilities, office buildings, medical institutions, and other extra-high and high-voltage facilities with electricity at discounted prices while maintaining quality and stability.

At the same time, we are working with our customers to prevent global warming by offering 100% Renewable Energy Plans (solar, wind, and biomass) and CO<sub>2</sub> Emission Reduction Plans combined with non-fossil energy certificates\* as part of our environmental offerings. We are also developing a solar power generation business through our equity method affiliates, Kikugawa Ishiyama Solar Co., Ltd. and Kikugawa-Horinouchiya Solar Co., Ltd. (Kikugawa, Shizuoka Prefecture).

\*Certifies the environmental value of electricity produced without emitting CO<sub>2</sub>, including through renewable energy and nuclear power.

### Our environmental offerings

**CO<sub>2</sub> Emission Reduction Plans**

Plans that enable customers to offset the CO<sub>2</sub> emitted when generating electricity by using non-fossil energy certificates\*.

**100% Renewable Energy Plans**

Plans that eliminate CO<sub>2</sub> emissions during power generation by using 100% renewable energy sources such as solar, wind, and biomass. Customers can also opt for tracking that shows where power is generated.

### Environmentally-friendly product proposals in materials business

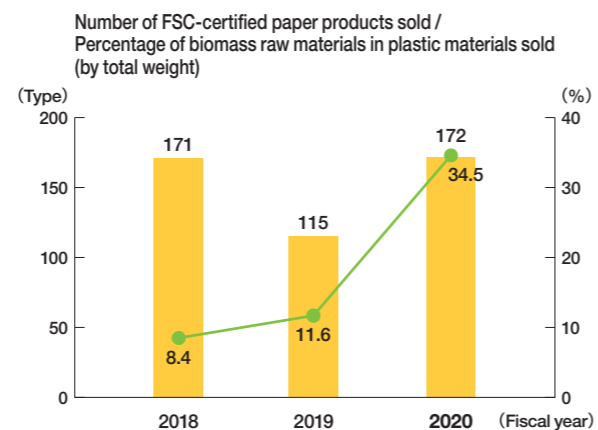
To achieve sustainable resource use, we promote the use of biomass plastic, recycled plastic, and traceable paper in accordance with the Aeon Group's AEON Plastic Usage Policy.

**● AEON Plastic Usage Policy (excerpt)**

- We will review the waste of resources and the use of disposable types in our business activities and aim for zero disposable plastics.
- The necessary plastics will be converted from fossil-derived materials to environmentally and socially friendly materials.
- We will build a resource recycling model that collects, reuses, and recycles used plastics from our stores, and work with our customers on sustainable resource use.

**Goals** Aiming for sustainable use of plastics with zero CO<sub>2</sub> emissions in 2050.

- By 2030, we will halve the amount of disposable plastic used compared to 2018.
- By 2030, all PB products will use environmentally and socially friendly materials.
- By 2030, we will convert PET bottles of PB products to 100% recycled or plant-derived materials.



## Working to provide safe facility environments

In addition to providing facility management services superior in both cost and quality, our Group is working to further improve service quality through digital technology to ensure that facility visitors can enjoy peace of mind in safe environments.

### Quality control through Customer Support Centers (CSC)

By the end of February 2021, we established CSCs in eight branches nationwide to collect, aggregate, and analyze customer information and requests. These centers enable us to provide optimal solutions by accurately grasping the individual issues faced by our customers.

To tackle labor shortages while continuing to provide services that meet the cost and quality needs of our customers, we are also developing a new CSC-driven facility management model that uses digital transformation to reduce the number of permanently stationed facility managers and enable unmanned management.

We are shifting away from conventional facility management models to Area Management, in which our facility managers are shared between the customers in a given area.



Customer Support Center

### AD Solution Centers provide immediate responses round-the-clock

Our two centers in Osaka and Komaki (Aichi) provide primary responses to various inquiries 24 hours a day, 365 days a year, as well as remote monitoring of managed facilities. We also spearhead Group-wide disaster mitigation initiatives, including analyzing incident/accident causes and raising awareness of recurrence prevention, predicting disasters and notifying staff about advance measures, and supervising and guiding emergency drills.

In the event of a disaster or other emergency, these centers serve as information-gathering teams for the response task force, collecting and sharing information on damage sustained by facilities and customers. We use the expertise built up through our disaster-response experience to prepare manuals for various situations, helping to strengthen the organizational response in times of emergency.



AD Solution Center

### Crisis management support efforts

In the event of earthquakes, torrential rains, or other disasters in Japan, we immediately set up a response task force, led by our AD Solution Centers, and mobilize company-wide support for crisis management at customer facilities.

Utilizing our nationwide service locations and internal/external Group networks, to date we have worked to minimize disaster-related damage and promptly restore facilities by restoring damaged equipment, dispatching support personnel, coordinating with relevant government agencies, and procuring disaster response

materials, equipment, and supplies. We continually review and update our crisis management and disaster response systems, and continue to strengthen our emergency response and technical capabilities by adopting IT tools and conducting regular disaster drills.

From September 2021, we strengthened our backup system by setting up our Kanto Regional Office CSC to function as an auxiliary ADSC, establishing a structure that can demonstrate resilience in the event of a large-scale, widespread disaster.



Supporting customers in disaster-stricken areas across Japan



Strengthening disaster response capabilities through regular emergency drills

## Promote personnel development and diversity

Our Group has established diverse education and training programs, including practical courses at our research and training facility, AEON delight ACADEMY Nagahama, as part of efforts to nurture specialist personnel with both technical and human capabilities.

We also work to promote diversity to respect the individuality of each person and make the active participation of diverse personnel a driving force for growth.

### Improving technical skills through practical training

AEON delight ACADEMY Nagahama offers around 30 different practical training courses aimed at nurturing professionals, ranging from skills for managing electrical, air-conditioning, plumbing, and fire-fighting equipment to cleaning, emergency response methods, and energy-saving proposals. Besides providing content tailored to the level of each student, we provide exam preparation programs for 14 work-related public qualifications, and encourage individuals to obtain qualifications by covering examination fees.

We also provide management training according to job position and internal qualifications, as well as programs to nurture candidates for management or overseas postings.

In FY2020, after switching to online formats and adopting other measures, we conducted 200 internal training sessions with a total of 4,865 participants (in FY2019, 237 times with 10,025 participants). The number of qualified personnel, including major qualifications such as building environment and sanitation management technicians, reached 19,257 in FY2020.



AEON delight Academy Nagahama

Number of Personnel with Major Qualifications (As of end February 2021, non-consolidated) (People)	
Building environment and sanitation management technician	1,334
Licensed electrical engineer (Type 1/2/3)	919
Qualified energy manager (heat, electricity)	189
Fluorocarbon refrigerant engineer (Type 1)	462
Eco-tuning engineer	164

Total number of qualified personnel for all managed licenses

### Improving work quality through skill contests

As part of our efforts to become a group of facility management experts possessing both technical and human skills, in FY2019 we began organizing skill contests for domestic and overseas Group companies in the areas of equipment management, security, and cleaning.

In the facility management category, participants compete on teamwork and technical ability ranging from work safety to customer service.

The security category also includes the partner companies that work alongside our employees, with individual workplaces facing off to present their efforts on the ground.

The cleaning category involves participants, includes those from China and ASEAN countries, presenting their various creative cleaning solutions and efforts to ensure the safety and security of facility users.

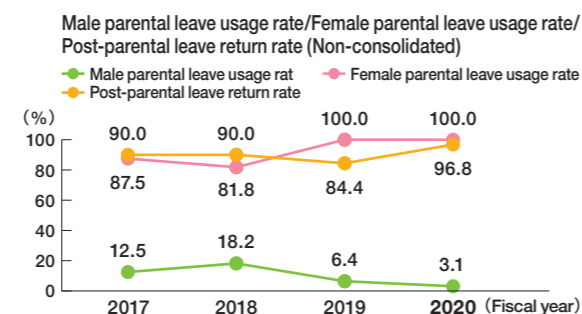
Through these skill contests, we aim to foster a corporate culture in which everyday insights and improvement ideas can be voluntarily shared and incorporated into our operations.



Skill contest

### Promoting diversity and inclusion

Our Group works to promote diversity and inclusion to respect the individuality of every employee and make the active participation of diverse personnel a driving force for growth. Our efforts include increasing the recruitment ratio of full-time female employees and developing female managers, conducting LGBT seminars, joining the IkuBoss Corporate Alliance, and working to correct long working hours by raising productivity. In July 2017, we received the Ministry of Health, Labor and Welfare's Eruboshi certification (Level 3), followed in August by certification as one of the "Leading Companies with Actively Participating Women in Osaka City." In February 2018, we were registered as part of Osaka Prefecture's "Danjo Ikiki Genki Sengen" Program.



## Company Profile

Company Name	● AEON DELIGHT CO., LTD.	Headquarters	● Teitokanda Bldg. 1-1-1 Kandanshiki-cho, Chiyoda-ku, Tokyo 101-0054
Founded	● November 16, 1972	Location	● *Headquarters relocated on September 1, 2021.
Capital	● 3,238 million JPY		● [Osaka Office]
Description of Business	● Facility Management	Main Offices	● Minamisemba Heart Bldg. 2-3-2 Minamisemba, Chuo-ku, Osaka City, Osaka 542-0081
Number of Employees	● 4,118 Group total: 20,117		● [AEON Tower Makuhari Office] 11F AEON Tower, 1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba 261-8515

## Major consolidated subsidiaries

### [Japan]

- AEON DELIGHT ACADEMY CO., LTD.
- AEON DELIGHT SECURITY CO., LTD.
- Kankyousei Co., Ltd.
- AEON DELIGHT CONNECT CO., LTD. \*1
- Aqutia Co., Ltd.
- AEON COMPASS CO., LTD.
- Hakuseisha CO., LTD.
- U-COM Co., Ltd. \*2

### [Overseas]

- AEON DELIGHT (CHINA) CO., LTD. [China]
- Aeon Delight (Jiangsu) Comprehensive Facility Management Service Co., Ltd. [China]
- Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd. [China]
- AEON DELIGHT (SHANGHAI) COMPREHENSIVE FACILITY MANAGEMENT SERVICE CO., LTD. [China]
- AEON DELIGHT(MALAYSIA)SDN. BHD. [Malaysia]
- AEON DELIGHT(VIETNAM)CO., LTD [Vietnam]
- PT Sinar Jernih Sarana [Indonesia]

\*1 In March 2021, we conducted an absorption-type merger involving consolidated subsidiary A to Z Service Co., Ltd. as the surviving company, and another subsidiary, DO SERVICE Co., Ltd. as the absorbed company, changing the corporate name to AEON DELIGHT CONNECT Co.

\*2 In March 2021, we absorbed U-COM Co., Ltd.

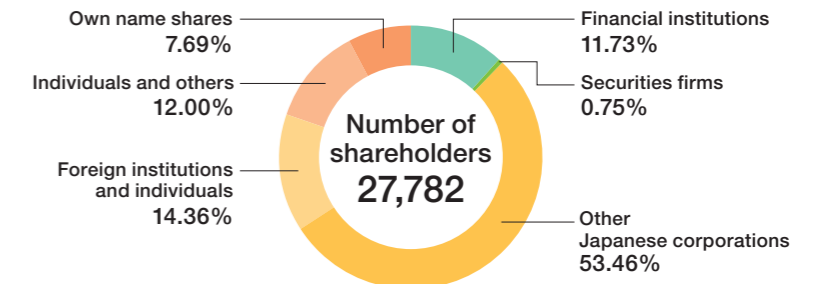
\*[] indicates country

## Stock Information

### Status of Shares

Total number of authorized shares	86,400,000
Total number of issued shares	54,169,633
Number of shareholders	27,782

### Breakdown by Type of Shareholder



## Editorial Policy

### Editorial Policy

The AEON delight Report 2021 is our first integrated report published to inform shareholders, investors, and all other stakeholders of the Group's growth strategies, future outlook, and business activities 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, 2020 – February 28, 2021 \*Some sections include information for March 2021 and beyond.

### Regarding 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/>





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