

Last Update: July 20, 2021

Aeon Mall Co., Ltd.

President & CEO Yasutsugu Iwamura

Contact: Strategy Dept, IR Group

Securities Code: 8905

<https://www.aeonmall.com/en/ir/index.html>

This document describes corporate governance at Aeon Mall Co., Ltd (“Aeon Mall” or “the Company”).

## I. Basic Approach to Corporate Governance, Capital Structure, Corporate Profile and Other Basic Corporate Information

### 1. Basic Approach

Aeon Mall is a *Life Design Developer*, creating the future of community living as we pursue our basic principle that *the customer comes first*.

*Life Design* extends beyond the framework of the shopping mall. *Life Design* addresses functions associated with different life stages of each individual, including not only shopping, but also interaction with other people, cultural development, and other features contributing to future lifestyles. Aeon Mall builds upon our strengths as a retail business developer, at the same time striving to localize our malls to the characteristics of each community we serve. In this way, we contribute to better lifestyles and community growth in terms of economy and culture. We recognize the importance of corporate governance in accomplishing this vision and we work continually improve our corporate governance structure.

#### Basic Stance for Corporate Governance

(1) We provide a consistent and fair environment to support shareholder rights and the execution of said rights. We work in cooperation with shareholders toward the goal of sustainable growth.

(2) Our board of directors and senior management exercise proper leadership in fostering a corporate culture that respects the rights and perspectives of customers and stakeholders, conducts business activities ethically, and engages in a positive approach to ESG and CSR activities.

(3) We have created a Disclosure Policy and Rules for Managing Information Disclosure to address disclosure of financial and nonfinancial information. Guided by these policies, we ensure transparency and fairness through appropriate and clear information disclosure.

(4) Our board of directors consists of individuals well-versed in the retail business, helping Aeon Mall capitalize on our background as a retail developer. We appoint independent outside directors to strengthen our supervisory function and conduct highly transparent business. Our board of directors determines important strategies and measures to achieve our long-term vision and medium-and long-term plans.

(5) We incorporate feedback and input received through constructive dialogue with shareholders to improve our corporate value.

The Aeon Mall corporate website provides more information related to our basic stance for corporate governance. <https://www.aeonmall.com/en/ir/index.html>

### Reasons for Non-Compliance With the Principles of the Corporate Governance Code

Aeon Mall adopts and implements every principle defined under the Corporate Governance Code.

## [Disclosure Based on the Principles of the Corporate Governance Code]

### [Principle 1-4. Cross-Shareholdings]

The Aeon Mall policy on cross-shareholding is to hold shares for the purpose of contributing to improved Aeon Mall Group corporate value over the medium and long term. This policy considers a number of factors including business strategy and business relationships.

Our board of directors meets to review individual cross shareholdings on an annual basis, considering the purpose for holding shares, risks involved in holding shares, the cost of capital, and other economic rationale on a comprehensive basis, determining the reasonableness for cross-shareholdings. We consider selling shareholdings when deemed as having little significance, considering the impact of such sales on the markets. We disclose the results of such sales publicly. When exercising voting rights of cross-held shares, we verify whether each proposal contributes to the medium- and long-term improvement in Aeon Mall corporate value and whether said proposal holds the potential to damage our corporate value. As necessary, we hold discussions with the issuing company as part of our overall decision-making process.

### [Principle 1-7. Related-Party Transactions]

Aeon Mall has established a system to ensure transactions with officers or major shareholders (related-party transactions) do not infringe on the interests of the Company or our shareholders.

1. We carefully investigate in board of director deliberations whether competitive transactions by directors and transactions involving conflicts of interest with directors and Aeon Mall infringe on the interests of the Company and our shareholders. Our investigations include consulting with experts regarding the reasonable nature of the transactions in question. The Company ensures fairness in this process through a number of means, including recusing directors having special interests in transactions with the Company from voting in the resolution.

2. When the company enters into transactions with related parties, we clarify the identity of such parties in our Related Party List according to the provisions of our Rules for Managing Related-Party Transactions. We ensure objectivity in transaction terms through rules that include providing comparison tables in period-end financial reports that show examples of transactions with non-related parties. According to the importance and nature of the transaction in question, we comply with our Authority Rules in soliciting opinions from outside directors and members of the Audit & Supervisory Board during board of director meetings regarding the rationality (business purpose) and reasonable nature of the transaction terms. On an annual basis, we investigate the rationality and reasonableness of transactions, issuing a report on the annual increase or decrease in transactions with related-party companies.

### [Principle 2-6. Functions as a Corporate Pension Asset Owner]

Aeon Mall is a member of the Aeon Corporate Pension Fund. This fund is managed to ensure the total income required over the long-term, within the scope of acceptable risks, to provide pension benefits and lump-sum payments to beneficiaries over the future. Policy asset allocation structures are created in regulator reviewed in consideration of the financial status of the plan and opinions of outside experts. An Asset Management Committee has been established for this fund, which selects investment products and provides quarterly monitoring of performance. Decisions are made by a committee of delegates to maximize beneficiary returns and manage conflicts of interests in an appropriate manner. This committee of delegates includes one delegate from Aeon Mall. This Asset Management Committee includes individuals responsible for corporate finance and outside experts knowledgeable in related matters.

### [Principle 3-1. Full Disclosure]

(i) Aeon Mall has created a new medium-term management plan beginning with the fiscal year ending February 2021 (fiscal 2020) and running through the fiscal year ending February 2023 (fiscal 2022). Our plan consists of four growth policies: (1) Achieve high profit growth overseas; (2) Achieve stable growth in Japan; (3) Build a financing mix and governance structures supporting growth; and (4) Pursue ESG-based management. By engaging in management from an ESG perspective, we will create both social value and economic value through which we will produce sustainable growth in partnership with our communities. See our corporate website for more about our management philosophy, management vision, and medium-term management plan:

<https://www.aeonmall.com/en/ir/index.html>

(ii) For our basic views on corporate governance, see *1. Basic Approach* in this report.

The Aeon Co., Ltd. Corporate Governance Basic Policy defines the basic stance of Aeon Mall and the rest of the Aeon Group related to corporate management and control.

(iii) Aeon Mall director compensation is determined by resolution of the Board of Directors in consideration of job responsibilities, company performance, and other factors. Compensation is paid within the scope determined by resolution at the annual general shareholders' meeting. Compensation for members of the Audit & Supervisory Board is determined according to negotiation with said members, subject to the scope determined by resolution at the annual general shareholders' meeting.

We have established a Nomination and Compensation Committee consisting mainly of outside directors. This committee evaluates director performance and discusses the propriety of payment levels with respect to compensation decisions. The committee will continue to consider whether our system of compensation functions consistently as a healthy incentive.

(iv) The representative director and president suggest director candidates for nomination. The Nomination and Compensation Committee then discusses the candidates, subsequent to which our board of directors resolves to submit said candidate for approval by the annual general shareholders' meeting.

- Individual possesses a character and sense of ethics appropriate for a director
- Individual possesses a deep knowledge of business management and ability to make objective judgments, as well as superior foresight and insight
- Individual has no interests or business relationships that may affect their execution of duties as a director
- Individual possesses a global perspective and philosophy necessary for international business expansion
- In addition, individual must possess those qualities demanded of a director from an aspect of corporate governance designed to ensure sound management and improved transparency for a publicly traded company

Nominations of candidates for member of the Audit & Supervisory Board are proposed by the president and chief executive officer according to the standards as provided below. Nominations are determined by Board resolution after discussion with the Audit & Supervisory Board, and are presented to the annual general shareholders' meeting for approval.

Audit & Supervisory Board Member Candidate Nomination Standards

- Individual possesses an unbiased and fair attitude, conducting themselves according to their own beliefs
- Individual possesses a knowledge of business management and ability to make objective judgments
- Individual is aware of business issues from experience in general business management
- Individual has no interests or business relationships that may affect their execution of duties as a member of the Audit & Supervisory Board
- Individual has considerable knowledge of finance and accounting, or has skills, expertise, and experience in a specialized field

Individuals judged objectively and rationally as not meeting the nomination standards above, and for whom executing duties as a candidate for director is deemed to be difficult, shall be dismissed.

In addition, we have established the Nomination and Compensation Committee, consisting mainly of outside directors, which studies training plans, etc. to provide managers (including manager candidates) with the necessary standards, career development, and training content, which are then submitted for deliberation to the board of directors to ensure highly transparent and fair procedures.

(V) Aeon Mall provides the reasoning behind appointment of each candidate for outside director and outside member of the Audit & Supervisory Board in *Directors, Outside Director Relationship with the Company (2) and Audit & Supervisory Board Members, Outside Director Relationship with the Company (2)*. We provide the reasoning behind the appointment of each internal candidate for director and member of the Audit & Supervisory Board in reference materials provided to the annual general shareholders' meeting.

#### [Supplementary Principal 4-1-1. Board Member Roles and Responsibilities]

The Company clearly defines matters to be discussed at meetings of the Board of Directors based on Board of Director Rules and in accordance with relevant laws and regulations. Aeon Mall defines detailed responsibilities and procedures for directors, clearly assigning management responsibilities and granting the necessary authority for directors to execute their respective duties, according to *Rules for Organization Management, Rules for Segregation of Duties, Rules of Jurisdiction, and Rules for Approval Requests*.

#### [Principle 4-9. Independence Standards and Qualification for Independent Outside Directors]

The Company complies with the independence standards set by the Tokyo Stock Exchange for the election of independent outside directors. We have designated five independent directors from outside directors who qualify as independent directors, providing notification to the Tokyo Stock Exchange.

[Independence Standards for Outside Directors]

- 1) Individuals who are not executive directors, executive officers, managers, or other employees of the Company or Company subsidiaries (Aeon Mall Group Executives) and we have not served as Aeon Mall Group Executives within 10 years prior to his or her appointment.
- 2) Individuals who, at any time within 10 years prior to his or her appointment, have served as a Company or Company subsidiary director, accounting advisor, or member of the Audit & Supervisory Board (excluding individuals having served as an Aeon Mall Group Executive), but have not served as an Aeon Mall Group Executive within 10 years prior to his or her appointment as director, accounting advisor, or member of the Audit & Supervisor Board.
- 3) Individuals not subject to any of the following conditions:
  - (1) Individuals who serve as directors, executive officers, managers, or other employee of the Aeon Mall parent company or subsidiary of the Aeon Mall parent company (excluding Aeon Mall or Aeon Mall subsidiaries)
  - (2) Individuals who are spouses or relatives within the second degree of kinship of an Aeon Mall Group Executive
4. Individuals not subject to any of the following conditions:
  - (1) An entity regarded as a major customer or executive officer of a major customer of the Company or Company subsidiaries (a customer representing one percent or more of the Companies consolidated sales for the most recent fiscal year)
  - (2) A major customer or executive officer of a major customer of the Company or Company subsidiaries
  - (3) A consultant, accounting expert, or legal expert receiving from the Company or Company subsidiaries a sum, other than corporate officer remuneration, of ¥10 million or more in monetary or other property
5. Individuals not subject to any of the following conditions within three years prior to his or her appointment:
  - (1) Any conditions provided under 4.(1) to (3)
  - (2) Executives or non-executive directors of the Aeon Mall parent company
  - (3) Executives of a subsidiary of the Aeon Mall parent company (excluding Aeon Mall or Aeon Mall subsidiaries)
6. Spouses or relatives within the second degree of kinship of individuals not subject to any of the following conditions:
  - (1) Any conditions provided under 5.(1) to (3)
  - (2) Aeon Mall Group Executives
  - (3) Executives or non-executive directors of the Aeon Mall parent company
  - (4) Executives of a subsidiary of the Aeon Mall parent company (excluding Aeon Mall or Aeon Mall subsidiaries)
  - (5) Individual who has served as an Aeon Mall Group Executive with in three years prior to his or her appointment

[Supplementary Principal 4-11-1. Approach to Overall Balance, Diversity, and Scale of the Board of Directors]

To ensure active deliberations and rapid decision-making, the Aeon Mall board of directors consists of not more than 20 members according to the Company's corporate charter. At present, five board members are highly independent outside directors. Internal directors have an understanding of our overall business operations, a sense of balance, a history of achievements, and decision-making skills, contributing to the diversity of expertise among board members. Outside directors consist of independent individuals with management experience and expertise in a variety of industries, contributing a diversity of viewpoints, a wealth of experience, a depth of knowledge, and expert opinions. As a developer, manager, and operator of shopping malls, Aeon Mall seeks the values and conceptual ideas of women. Accordingly, we pursue diversity in management, including appointing women as constituent members of our board of directors. The Company employs a diverse workforce without regard to nationality, race, gender, age, educational background, religion, etc.

Nominations of director candidates are proposed by the president and chief executive officer. Nominations are determined by board resolution, having considered the opinions of outside directors, and are presented to the annual general shareholders' meeting for approval.

[Supplementary Principal 4-11-2. Concurrent Service by Board Directors]

Under the provisions of our corporate charter, the Company determines the necessary number of directors and members of the Audit & Supervisory Board, including outside directors and outside members, to ensure

sufficient time and effort required for accomplishing assigned roles and responsibilities in an appropriate manner.

When appointing directors and members of the Audit & Supervisory Board, we determine whether the individual serves concurrently as an officer at another publicly traded company or equivalent company/organization. Individuals are discussed in board of director meetings and nominated as candidates for director or member of the Audit & Supervisory Board after verifying that the individual(s) in question is reasonably capable of attending meetings of the board of directors or meetings of the Audit & Supervisory Board. The Company subsequently verifies that the officer in question contributes actively to board deliberations and facilitates rapid decision-making. Positions concurrently held by directors and members of the Audit & Supervisory Board are disclosed in our annual convocation notice of general shareholders' meeting and our annual securities report.

[Supplementary Principal 4-11-3. Analysis and Evaluations of the Effectiveness of the Board of Directors]

The Company evaluates the effectiveness of the board of directors through self-assessments based on questionnaires. A third-party organization conducts analysis of questionnaire answers, while outside directors and others provide further opinions and feedback. The results of this investigation and analysis are examined and discussed at a meeting of the Company's board of directors.

At the board of director meeting in question, sufficient time was set aside for discussing board effectiveness. After a lively exchange of varied opinions and experiences from directors and members of the Audit & Supervisory Board, the board of directors determined that the board appropriately functioned.

In particular, the board recognized improvements in monitoring the Company's medium- and long-term vision and in providing regular opportunities for outside directors and managers to exchange opinions. On the other hand, the board identified matters for future investigation. These matters included ensuring greater objectivity and transparency in processes related to nominating director candidates and director remuneration, as well as the need to improve risk management in support of taking appropriate risks associated with global expansion.

The Company will continue to implement policies to improve board of director functions, striving for more robust board meeting deliberations and greater board effectiveness.

[Supplementary Principal 4-14-2. Policies Regarding Director Training]

- The Company provides senior manager training and other opportunities for directors and members of the Audit & Supervisory Board to cultivate stronger leadership skills and strategic business thinking, as well as to gain a stronger understanding of compliance and governance. These trainings include seminars for newly appointed officers and top Company management.

- Newly appointed outside directors and outside members of the Audit & Supervisory Board are provided with store tours and training to develop an understanding of the industry, history, businesses, financial situation, strategies, and organization of the Aeon Mall Group and the Aeon Group. The Company provides overseas tours of business operations and online opportunities for information exchange at least once per year to outside directors and outside members of the Audit & Supervisory Board. The purpose of these tours is to deepen an understanding of our overseas strategy, which is a foundational part of our corporate policy.

[Principle 5-1. Policy for Constructive Dialogue With Shareholders]

- Aeon Mall assigns the director in charge of administration to be in charge of investor relations activities. Our Strategy Department serves as a contact point for dialogue with shareholders. These entities work together closely to conduct investor relations activities for the Company.

- The Company values constructive dialogue with our shareholders and investors, using these opportunities to provide a greater understanding of our business strategy. At the same time, these opportunities help us engage with shareholders and investors with a better understanding of their viewpoints.

- We hold quarterly financial results briefings for institutional investors, as well as individual interviews and conference calls with institutional investors in Japan and overseas. We also participate actively in investor conferences and sponsor regular tours of our malls located in Japan and around the world. In addition, we conduct visits to institutional investors located in the United States, Europe, and Asia.

- For individual investors, we publish relevant information on our corporate IR website and conduct individual investor briefings through securities companies. We strive to respond to feedback and questions received online and over the telephone as quickly as possible.

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
AEON Co., Ltd.	132,351,781	58.16%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,031,800	2.65%
Custody Bank of Japan, Ltd. (Trust Account)	4,720,600	2.07%
SMBC Nikko Securities Inc.	2,953,000	1.29%
SSBTC CLIENT OMNIBUS ACCOUNT	2,350,869	1.03%
State Street Bank West Client - Treaty 505234	1,830,985	0.80%
JP Morgan Chase Bank 385781	1,599,490	0.70%
Custody Bank of Japan, Ltd. (Trust Account 5)	1,569,100	0.68%
Custody Bank of Japan, Ltd. (Trust Account 6)	1,382,400	0.60%
Aeon Mall Client Stock Ownership Association	1,334,550	0.58%

Controlling Shareholder (Except for Parent Company)	-
Parent Company	Aeon Co., Ltd. (Listing: TSE, Code: 8267)

### Supplementary Explanation

1. The major shareholder data above is current as of February 28, 2021. AEON Co., Ltd. is the parent company of Aeon Mall, owning 58.16 percent of Aeon Mall shares.
2. Share ownership ratios are truncated to the nearest hundredth.

## 3. Corporate Overview

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year End	February
Type of Business	Real Estate
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (Consolidated) as of the End of the Previous Fiscal Year	Between ¥100 billion and ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Between 10 and 50

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions With a Controlling Shareholder

Aeon Co., Ltd. is the parent company of the Company, holding 58.22% of the Company's voting rights (as of February 28, 2021).

When the Company conducts transactions with Aeon Co., Ltd. or Aeon group companies, we obtain approvals at a meeting of the board of directors attended by independent outside directors to ensure the fairness and rationality of the transaction from the perspective of enhancing Company corporate value. In this way, we ensure appropriate supervision of transactions according to importance. AEON MALL works with Aeon Co., Ltd. and its subsidiary, general retail operator AEON Retail Co., Ltd., as well as other group companies, conducting shopping mall management and operations in various regions. While AEON MALL signs building lease agreements with AEON Retail Co., Ltd., we enter into agreements with transaction terms similar to general agreements of the type in question. Therefore, we recognize that we have secured a certain degree of independence from Aeon Co., Ltd. and group companies.

## **5. Other Special Circumstances which may have Material Impact on Corporate Governance**

Aeon Mall belongs to corporate group consisting of AEON Co., Ltd. (pure holding company; “AEON Co.”) and AEON Co., Ltd. consolidated subsidiaries and equity-method affiliates. Aeon Co., Ltd. is responsible for planning group strategies, allocating group management resources in an optimal manner, instilling and controlling management philosophies and basic principles, and providing common services to maximize group synergies. Group companies, including AEON MALL, strive to raise their respective levels of expertise and engage in community-based business to improve customer satisfaction further. Aeon Mall leverages the more than ¥8 trillion in group revenues to increase customer drawing power, using the Aeon Group infrastructure, including the Aeon Card and the WAON electronic money service, to execute marketing promotions. The Company makes our own independent management decisions related to daily business operations. We confer with or report to AEON Co. concerning key management issues. Aeon Co., Ltd. and Aeon Group companies strive to achieve sustainable growth, development, and improved financial results, while maintaining close cooperation and respecting mutual independence and unique approaches.

## II. Business Management Organization and Other Corporate Governance Systems Related to Decision-Making, Business Execution, and Management Oversight

### 1. Organizational Structure and Operation

Organization Form	Company with Audit & Supervisory Board Members
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 Year
Chairperson of the Board	President & CEO
Number of Directors	13
Number of Outside Directors	Appointed
Number of Independent Directors	5
Number of Outside Directors Designated as Independent Officers	5

#### Outside Director Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Kunihiro Koshizuka	From another company												
Yasuko Yamashita	CPA												
Hironobu Kurosaki	From another company												
Junko Owada	From another company												
Chisa Enomoto	From another company												

\* Categories for Relationship with the Company

\* "○" when applicable currently or in the past

"△" when applicable in the past

\* "●" when applicable to a close relative of the director currently or in the recent past

"▲" when applicable to a close relative of the director in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of the parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/ Audit & Supervisory Board members are mutually appointed (the director himself/herself only)



- j. Executive of a company or organization that receives donations from the Company (the director himself/herself only)  
k. Others

Outside Director Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kunihiro Koshizuka	○	Mr. Koshizuka serves concurrently as an outside director of Founder International, Inc.	In addition to serving in posts related to technology strategies, new business creation, and large-scale acquisition projects, he also possesses expertise, knowledge, and experience in digital science and technology cultivated as an engineering professional. Our expectation is that he is capable of offering appropriate advice and supervision regarding management issues, businesses that produce future ways of living for a new era, and promotion of digital transformation. Therefore, we have appointed him as a director. We believe Mr. Koshizuka qualifies as an independent officer having no relationships that may result in a conflict of interest. He is not a shareholder of Aeon Mall, nor does he have any personal relationships with major Aeon Mall transaction partners.
Yasuko Yamashita	○	Ms. Yamashita serves concurrently as partner at Yamashita Yasuko Judicial Scrivener Office, director of the Japan Legal Support Center, and outside director at R.C. Core Co., Ltd. (Audit Committee member).	Ms. Yamashita possesses expertise in accounting developed through experience as certified public accountant and judicial scrivener and work experience in an audit corporation, as well as experience in director and Audit & Supervisory Board member roles at other companies, being capable of offering advice and management supervision. Therefore, we have appointed her as a new director. We believe Ms. Yamashita qualifies as an independent officer having no relationships that may result in a conflict of interest. He is not a shareholder of Aeon Mall, nor does he have any personal relationships with major Aeon Mall transaction partners.
Hironobu Kurosaki	○	—	As the chief responsible party (President) of overseas local subsidiaries and in activities there, he has built up experience and expertise in his involvement with management, e.g. building structures and expanding business, and has developed knowledge about risk management overseas in his experience while assigned abroad in developing nations. Our expectation is that he will be able to

			leverage these to offer appropriate advice and supervision regarding the achievement of high profit growth in overseas businesses, a management issue for the company. Therefore, we have appointed him as a director. We believe Mr. Kurosaki qualifies as an independent officer having no relationships that may result in a conflict of interest. He is not a shareholder of Aeon Mall, nor does he have any personal relationships with major Aeon Mall transaction partners.
Junko Owada	○	She serves concurrently as an advisor to Tokyo Ichiban Foods Co., Ltd., as outside director of Arbeit-Times Co., Ltd., and has a professional contract in the personnel field with Hitachi, Ltd.	She has deep knowledge in a number of personnel recruitment education-related areas, such as human resources utilization, personnel solutions, diversity, and work-style reform. Our expectation is that she will be fully able to leverage her experience and achievements as an advisor and consultant aiding problem-solving in the IT and personnel fields to offer recommendations on the promotion of diversity and work-style reform, which are important issues for the company. Therefore, we have appointed her as a director. We believe Ms. Owada qualifies as an independent officer having no relationships that may result in a conflict of interest. She is not a shareholder of Aeon Mall, nor does she have any personal relationships with major Aeon Mall transaction partners.
Chisa Enomoto	○	She serves concurrently as an outside director (Audit & Supervisory Committee member) of Persol Holdings Co., Ltd. and as member of the Public Relations Section of Meiji University.	She has abundant experience and achievements as a leader at multiple companies, including multinational firms, and possesses a broad network and scope of activities, including initiatives at universities and serving as an outside director to other companies. Our expectation is that she will be fully able to offer recommendations from a multifaceted point of view and with her broad knowledge with regard to information disclosure and brand strategy promotion, which are important issues for the company. Therefore, we have appointed her as a director. We believe Ms. Enomoto qualifies as an independent officer having no relationships that may result in a conflict of interest. She is not a shareholder of Aeon Mall, nor does she have any personal relationships with major Aeon Mall transaction partners.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Establishment of an optional committee, members of the committee, and attributes of the chairperson of the committee

	Committee Name	Total Number of Members	Number of Full-time Members	Number of Inside Members of the Board of Directors	Number of Outside Members of the Board of Directors	Number of Outside Experts	Other	Committee Chairperson
Optional Committee Corresponding to the Nominating Committee	Nomination and Compensation Committee	9	0	2	5	0	2	Outside Director
Optional Committee Corresponding to the Compensation Committee	Nomination and Compensation Committee	9	0	2	5	0	2	Outside Director

#### Supplementary Explanation

The Nomination and Compensation Committee provides advice and reports to the president/CEO on matters related to nominations for board of director and Audit & Supervisory Board candidates to ensure transparency and objectivity in these processes. The two individuals under *Other* are outside members of the Audit & Supervisory board.

Note: With the resignation of the outside director who served as chair of the committee, we plan to select a new chair for the Nomination and Compensation Committee, the next meeting of which will be in July 2021. This new chair will be selected from among independent outside directors.

#### [Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

#### Cooperation among Audit & Supervisory Board Member, Accounting Auditors and Internal Audit Departments

##### Audits Conducted by Members of the Audit & Supervisory Board

###### a. Organization, Personnel and Procedures

The company has a total of four members of the Audit & Supervisory Board, of which three are outside members.

The status of each Audit & Supervisory Board member is as follows.

- Full-time Audit & Supervisory Board Member (Outside Member)

Maki Watanabe

Ms. Maki Watanabe possesses extensive practical experience and considerable knowledge in accounting, and has experience as an Audit & Supervisory Board member at other companies.

- Independent Outside Audit & Supervisory Board Member  
Takao Muramatsu  
Mr. Takao Muramatsu has experience at the Regional Taxation Bureau, extensive specialized knowledge in taxation, and experience as a director and Audit & Supervisory Board member at other companies.
- Independent Outside Audit & Supervisory Board Member  
Emi Torii  
Ms. Emi Torii possesses specialized knowledge and experience as an attorney in matters of corporate legal affairs.
- Audit & Supervisory Board Member  
Masato Nishimatsu  
Mr. Masato Nishimatsu possesses broad expertise and and specialized knowledge cultivated at several AEON Group companies, and has knowledge in general business management.

\*The Audit & Supervisory Board is chaired by the full-time Audit & Supervisory Board member and, in principle, is held every month. In addition, we have assigned one person as dedicated staff for assisting the performance of duties by Audit & Supervisory Board members.

#### b. Activity Status

- i. The attendance status of each Audit & Supervisory Board member at the Audit & Supervisory Board and board of directors meetings held during the fiscal year is as follows.

Maki Watanabe:

14/14 Audit & Supervisory Board meetings (100%), 16/16 board of directors meetings (100%)

Takao Muramatsu:

13/14 Audit & Supervisory Board meetings (93%), 15/16 board of directors meetings (94%)

Emi Torii:

14/14 Audit & Supervisory Board meetings (100%), 16/16 board of directors meetings (100%)

Masato Nishimatsu:

11/11 Audit & Supervisory Board meetings (100%), 12/12 board of directors meetings (100%)(Note)

(Note) Mr. Nishimatsu was elected as an Audit & Supervisory Board member of the company at the 109th regular meeting of shareholders, held on May 19, 2020, the date he took office. Attendance and meeting figures presented are for those held on or after this day.

- ii. Major Matters for Consideration at the Audit & Supervisory Board  
(Matters for resolution)

- Audit policy for Audit & Supervisory Board members, audit plans including priority audit items, and division of duties
- Appointment or reappointment / non-reappointment of financial statement auditors
- Agreement to audit remuneration for the financial statement auditors  
(Matters for information sharing and reporting)
- Information exchange with the President and CEO
- Information exchange with the financial statement auditors regarding audit policies, audit plans, and audit status
- Information exchange with the Management Auditing Department regarding audit policies, audit plans, and audit status
- Reports from executive directors and others on priority audit items and topics arising during the period
- Monthly audit activity report from the full-time Audit & Supervisory Board member

- iii. Audit Activities

Members of the Audit & Supervisory Committee attend board of director and Management Council meetings, including by way of methods using the Internet and other channels, according to Audit & Supervisory Board standards, audit policies, and audit plans, etc. determined by the Audit & Supervisory

Committee. Members audit the execution of duties by directors through the inspection of important documents and observations of operating departments, etc.

The full-time Audit & Supervisory Board member, in addition to attending all Management Council meetings held within the fiscal year, also attends major meetings such as those of the Risk Management Committee, Compliance Committee, CSR Committee, and the Disclosure Committee, checking the status of execution of director duties and providing opinions as necessary. The non-full-time Audit & Supervisory Board members (including independent outside members) also attend major meetings such as those of the Management Policy Committee. In addition, the full-time Audit & Supervisory Board member attends major meetings at subsidiaries and exchanges opinions with the subsidiaries' directors and other parties. The member also inspects and confirms the content of approval documents, minutes, major contracts, and other materials for executive directors.

Independent outside directors and Audit & Supervisory Board members collaborate to hold monthly information exchange meetings with executive directors, executive employees, and directors of subsidiaries, where one to two of these officers will attend. At these meetings, information is exchanged regarding progress, issues, and other matters for the fiscal year's policy at each business unit or subsidiary.

Furthermore, the full-time Audit & Supervisory Board Member requests reports on the status of execution of duties from executive directors, employees, and others as necessary. The independent outside Audit & Supervisory Board members have been appointed as members of the Nomination and Compensation Committee, where they provide advice and reports to the President and CEO.

The Audit & Supervisory Board receives reports from financial statement auditors about financial statement audit systems, audit plans including priority audit areas, audit execution status and audit results and exchanges opinions regarding these. Furthermore, the full-time Audit & Supervisory Board member conducts information exchanges at the appropriate timings with financial statement auditors, interacting actively with these auditors. The Audit & Supervisory Board also receives reports from the Management Auditing Department about internal audit systems, plans, execution status, and results and exchanges opinions regarding these. Furthermore, the full-time Audit & Supervisory Board member holds regular meetings with the Management Auditing Department, building a system of cooperation. In addition to these efforts to strengthen cooperation in three-party audits, we are working toward more efficient and effective Audit & Supervisory Board audits with the cooperation of internal controls departments.

#### Internal Audits

The Management Auditing Department is independent of other executive departments reporting directly to the president. As of February 28, 2021, 13 employees have been assigned to conduct internal audits. The Management Auditing Department conducts internal audits to confirm whether the execution of operations is conducted in accordance with various laws and regulations, company regulations, business plans, etc. The department also confirms whether operations are conducted effectively and efficiently, providing guidance and advice for improvement.

The Management Auditing Department coordinates and exchanges opinions with members of the Audit & Supervisory Board and financial statement auditors on a regular and ad hoc basis to exchange opinions on internal audit implementation plans and results.

#### Financial Statement Auditor

##### a. Name

Deloitte Touche Tohmatsu LLC

##### b. Continuous Audit Period

30 Years

(Note) This period is within the possible scope of investigation by the company; the actual continuous audit period may exceed the above.

##### c. Certified public accountants assisting in financial statement audits

Tomoyasu Maruyama

Kentaro Sugimoto

Jun Miyashita

##### d. Individuals assisting in financial statement audits

Ten certified public accountants and 13 others assist in financial statement audit procedures.

e. Policies and reasons for financial statement auditor selection

In selecting a financial statement auditor, we take into account the overall organization, quality management systems, independence, audit implementation structure, and ability to centrally manage overseas subsidiary firms. We also consider audit fees and other factors.

We received a presentation from Deloitte Touche Tohmatsu LLC explaining the firm’s corporate structure and policies regarding audits of our company. Subsequently, members of the Audit & Supervisory Board conducted a careful review and determined that Deloitte Touche Tohmatsu LLC was an appropriate selection as our financial statement auditor.

Policies Regarding the Dismissal or Non-Reappointment of Financial Statement Auditors

If the Audit & Supervisory Board determines that the financial statement auditor is subject to the provisions of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the accounting auditor, subject to the consent of all members of the Audit & Supervisory Board.

In addition, if the Audit & Supervisory Board determines issues have arisen related to the audit quality, quality management, independence, etc., of the financial statement auditor, and that such issues represent a significant hindrance to the execution of audit procedures, the Audit & Supervisory Board shall submit a resolution at the general shareholders’ meeting for the dismissal non-reappointment of the proposed financial statement auditor.

f. Evaluation of Financial Statement Auditor by the Members of the Audit & Supervisory Board and the Audit & Supervisory Board

Based on financial statement auditor selection standards and evaluation standards established by the Audit & Supervisory Board, the Audit & Supervisory Board shall evaluate the quality management structure of the financial statement auditor, as well as the financial statement auditor’s independence, expertise, understanding of AEON MALL business operations, audit fees, communication with company management and members of the Audit & Supervisory Board, coordination with global network member firms, audit plans reflecting considerations of the risk of fraud, etc. Further, the Audit & Supervisory Board shall seek the opinions of the Finance and Accounting Division and Management Auditing Department (executive divisions participating in financial statement audits) in said evaluation.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members Designated Independent Officers	2

Outside Audit & Supervisory Board Member Relationships with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Maki Watanabe	From another company			△										
Takao Muramatsu	Tax accountant													
Emi Torii	Lawyer													

\* Categories for “Relationship with the Company”

\* ”○” when applicable currently or in the recent past

“△” when applicable in the past

\* “●” when applicable to a close relative of the director currently or in the recent past

“▲” when applicable to a close relative of the director in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of the parent company of the Company

- d. Audit & Supervisory Board Member of the parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant, or legal professional who receives a large sum of monetary consideration or other assets from the Company in addition to compensation as an Audit & Supervisory Board member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (not corresponding to any of f, g, or h; applies only to the Audit & Supervisory Board member himself/herself)
- k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (applies only to the Audit & Supervisory Board member himself/herself)
- l. Executive of a company or organization that receives a donation from the Company (applies only to the Audit & Supervisory Board member himself/herself)
- m. Other

Outside Audit & Supervisory Board Member Relationships with the Company (2)

Name	Designation as Independent Officers	Supplementary Explanation of the Relationship	Reasons for Appointment
Maki Watanabe			Ms. Watanabe has extensive expertise and experience in accounting at AEON Co. and has served as an Audit & Supervisory Board member at various Aeon Group companies. We believe she will continue to contribute her expertise and experience to Aeon Mall management.
Takao Muramatsu	○	Mr. Muramatsu is president of Muramatsu Tax Accountants. He also serves as an outside director (member of the Audit & Supervisory Board, etc.) at Globberide, Inc. as well as an outside Audit & Supervisory Board member at Besterra Co., Ltd. and Serendip Consulting Co., Ltd.	Mr. Muramatsu contribute advice and oversight based on his extensive knowledge in tax matters stemming from his experience at the Regional Taxation Bureau, as well as his experience as a director and member of the Audit & Supervisory Board at other companies. He will continue to contribute his expertise and experience to Aeon Mall management. We believe Mr. Muramatsu qualifies as an independent officer having no relationships that may result in a conflict of interest. He is not a shareholder of Aeon Mall, nor does he have any personal relationships with major Aeon Mall transaction partners.
Emi Torii	○	Ms. Torii is a partner Nozomi Sogo Attorneys at Law. She also serves as a Member of the Ministry of Health, Labor and Welfare Kanto, Shin-etsu Local Pension Record Correction Council	Ms. Torii possesses experience and expertise as an attorney related to corporate law. We have selected her to contribute opinions and viewpoints to Aeon Mall management from the standpoint of legal matters. We believe Ms. Torii qualifies as an independent officer having no relationships that may result in a conflict of interest. He is not a shareholder of Aeon Mall, nor does he have any personal relationships with major Aeon Mall transaction partners.

**[Independent Officers]**

Number of Independent Officers

7

Matters Relating to Independent Officers

The Company complies with standards of independence as provided by the Tokyo Stock Exchange when appointing independent officers. We have designated seven independent officers who have met said standards of independence, filing this information with the Tokyo Stock Exchange.

We presume that our outside directors maintain their independence by meeting certain conditions as follows:



1. These individuals are not executive directors, executive officers, managers, or otherwise employees of the Company and/or subsidiaries (“Aeon Mall Group Executives”). Further, these individuals have not served as an executive officer of any of the Company’s group companies in the 10 years prior to appointment as an outside director.
2. Any individuals who have served as a director, accounting specialist, or as an Audit & Supervisory Board member of the Company and/or its subsidiaries at any time in the 10 years prior to appointment (excluding those who have served as Aeon Mall Group Executives) have not served as an executive officer of the Company and/or its subsidiaries for a period of 10 years prior to appointment as director, accounting specialist, and/or Audit & Supervisory Board member.
3. Individuals not falling under either of the following conditions:
  - (1) Directors, executive officers, managers, or other employee (“Executive”) of the parent company of Aeon Mall or any subsidiary of the parent company of Aeon Mall
  - (2) Spouse or relative within the second degree of kinship of an Aeon Mall Group Executive
4. Individuals not falling under any of the following conditions:
  - (1) Individual who considers Aeon Mall or an Aeon Mall subsidiary to be a major customer (representing one percent or more of revenues in the most-recent fiscal year); individual serving as an executive officer of said entity
  - (2) Individual is a major vendor of Aeon Mall or an Aeon Mall subsidiary; individual serving as an executive officer of said entity
  - (3) Individual who serves as a consultant or specialist related to accounting or law and receives monetary compensation or other assets in excess of ¥10 million annually separate and distinct from director compensation paid by Aeon Mall or an Aeon Mall subsidiary
5. Individuals not falling under any of the following conditions for three years prior to appointment:
  - (1) Individual falling under 4.(1)-(3) above
  - (2) Individual is an executive or non-executive director serving at the parent company of Aeon Mall
  - (3) Individual is an executive serving at the Aeon Mall parent company or parent company subsidiary (excluding Aeon Mall and Aeon Mall subsidiaries)
6. Spouse or relative within the second degree of kinship of an individual falling under any of the following conditions:
  - (1) Individual falling under 5.(1)-(3) above
  - (2) Individual is an executive serving in the Aeon Mall Group
  - (3) Individual is an executive or non-executive director serving at the parent company of Aeon Mall
  - (4) Individual is an executive serving at the Aeon Mall parent company or parent company subsidiary (excluding Aeon Mall and Aeon Mall subsidiaries)
  - (5) An individual having served as an executive of the Aeon Mall Group within three years prior to appointment

**[Incentives]**

Incentive Policies for Directors	Performance-Linked Remuneration / Stock Options
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Supplementary Explanation
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Aeon Mall has expanded the weight of the monetary component of performance-linked compensation (including traditional director bonuses) for directors. We eliminated our director retirement benefit program and adopted a remuneration-type stock option plan as approved at the 96th regular meeting of general shareholders, held May 17, 2007. Director compensation is limited to a maximum of ¥700 million per fiscal year. The monetary component of this amount is limited to a maximum ¥600 million per year, including traditional director bonuses. Remuneration-type stock options are limited to a maximum ¥100 million based on the fair value of the stock options in question.

Recipients of Stock Options	Inside Directors
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Supplementary Explanation
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Our aim is to increase the motivation and morale toward sustained earnings and corporate value improvement through the allocation of stock acquisition rights as stock options reflecting corporate earnings. We accomplish this by strengthening the relationship between share prices, earnings, and compensation, ensuring directors share the same benefits of share price increases and risk of share price decreases with shareholders. The number of stock acquisition rights allocated is determined based on the performance of the relevant year and a numerical factor based on title. If ordinary income for the grant year is less than 80% of budget, half of planned options will be granted. If the company records a net ordinary loss for the grant year, no options will be granted.

**[Director Remuneration]**

Disclosure of Individual Director Remuneration	No Individual Disclosure
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Supplementary Explanation
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The Company discloses total director compensation and the number of directors and members of the Audit & Supervisory Board to whom payments were made in our annual securities report and business reports. The following provides the disclosure status of director compensation for the fiscal year ended February 2021.

Compensation paid to directors	¥235 million (includes ¥188 million in basic compensation, ¥22 million in performance-linked compensation, and ¥24 million in stock options)
Concession paid to Audit & Supervisory Board members	¥23 million (basic compensation only)
Total	¥259 million

Note:

- Figures above do not include one non-compensated director and two non-compensated Audit & Supervisory Board member.
- Basic remuneration for directors is for 16 directors who held the position as of February 28, 2021 and including those resigning at the 109th regular meeting of shareholders held on May 19, 2020.
- Performance-linked compensation is the amount paid to 10 directors holding the position as of February 28, 2021.
- Stock options are the amount granted during the current fiscal year to 11 directors, including those resigning at the 109th regular meeting of shareholders held on May 19, 2020.

Resolved at the general meeting of shareholders:

Directors:	
Monetary compensation ceiling	¥600 million annually (resolved May 17, 2007)
Stock option compensation ceiling	¥100 million annually (resolved May 17, 2007)
Audit & Supervisory Board members:	
Compensation ceiling	¥50 million annually (resolved May 8, 2002)

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
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The company has established a policy regarding determinations and calculation methods of remuneration amounts, etc., for directors, the details of which are as follows.

a. Director remuneration provides strong motivation to carry out management policies, is linked to business performance, and is designed to ensure objectivity and transparency.

b. Director remuneration consists of basic compensation, performance-linked compensation, and stock options.

i. Basic Compensation

Basic compensation is paid on a monthly basis, as determined by individual evaluation and within the standard amount established for each title.

ii. Performance-Linked Compensation

Performance-linked compensation is weighted at approximately 30% of total cash compensation (basic compensation plus performance-linked compensation), weighted according to individual responsibility. Performance-linked compensation paid to each director (individual basis) is calculated according to performance-linked amount and performance-linked payout ratio, reflecting a payout ratio based on corporate earnings (0% to 170%) and an evaluation of individual performance. We have selected budget-to-actual for the beginning of ordinary income as the most appropriate indicator of normal business performance for the company. The budget-to-actual indicator for ordinary income for the current fiscal year was 51.2%.

Evaluations of individual director performance are conducted by independent outside directors serving as members of the Nomination and Compensation Committee, based on an annual performance report of the individual director in question. These evaluations finalized after an additional evaluation by the president of the company. The president of the company provides the final results of director evaluations and performance-linked payout ratios to the independent outside directors. Performance-linked compensation is paid once a year within three months after the end of the fiscal year.

iii. Stock Options

Our aim is to increase the motivation and morale toward medium- and long-term sustained earnings and corporate value improvement through the allocation of stock acquisition rights as stock options reflecting corporate earnings. We accomplish this by strengthening the relationship between share prices, earnings, and compensation, ensuring directors share the same benefits of share price increases and risk of share price decreases with shareholders.

Allocation amounts are determined based on performance for the fiscal year in question with respect to standard allocation amounts determined by position. The fair value of Performance-Linked Stock Options was limited to a maximum ¥100 million per fiscal year as approved at the meeting of general shareholders (resolution of the 96th regular meeting of shareholders held on May 17, 2007). If ordinary income for the grant year is less than 80% of budget, half of planned options will be granted. Allocation timing is determined at the board of directors meeting held yearly in April.

c. Outside directors are paid a fixed compensation only. Company earnings and individual performance evaluations are not considered as part of this compensation.

d. The remuneration limit for directors as the combined monetary total of basic compensation and performance-linked remuneration was limited to a maximum ¥600 million per fiscal year as approved at the 96th regular meeting of shareholders, held May 17, 2007. The company had a total of 20 directors serving at the time of the resolution.

e. The company's president and Chief Executive Officer is the individual with the authority to determine policies related to director remuneration amounts and calculation methods. The particulars of this authority and scope of discretion relates to individual remuneration amounts (cash portion) for each director. At a meeting held in November 2018, the board of directors resolved to establish the Nomination and Compensation Committee, which began operating in January 2019. The Nomination and Compensation Committee consists of five independent outside directors (as of February 28, 2021) who conduct deliberations, and advising and reporting to the president and chief executive officer of the company. After committee consultations and reporting, the president and chief executive officer determines performance-linked compensation based on corporate earnings and individual director performance, subject to the scope set in place.

f. Given their independent position in supervising the execution of duties by directors, members of the Audit & Supervisory Committee are paid only fixed compensation. This level of remuneration is necessary to

ensure the appropriate people play a central role in establishing and operating high-quality corporate governance. The remuneration limit for directors was limited to a maximum ¥50 million per fiscal year as approved at the 91st regular meeting of general shareholders, held May 8, 2020, finalized subsequent to negotiations with the members of the Audit & Supervisory Board. The company had a total of four members of the Audit & Supervisory Board serving at the time of the resolution.

The following outlines policies related to remuneration of members of the Audit & Supervisory Board:

i. Basic Compensation

The company pays a fixed amount according to the experience, insight, and title of each member of the Audit & Supervisory Board.

ii. Performance-Linked Compensation

The company does not offer performance-linked compensation to members of the Audit & Supervisory Board.

iii. Stock Options

The company does not offer stock options to members of the Audit & Supervisory Board.

Ratio of Remuneration by Type for Directors According to Title

Executive Directors

Basic compensation	61% to 69%
Performance-linked compensation	22% to 30%
Medium- and long-term incentive stock options	9%
Total	100%

Directors

Basic compensation	68% to 72%
Performance-linked compensation	22% to 25%
Medium- and long-term incentive stock options	6% to 7%
Total	100%

Outside Directors

Basic compensation	100%
Performance-linked compensation	0%
Medium- and long-term incentive stock options	0%
Total	100%

(Note)

1. This model represents 100% achievement of targets related to performance-linked compensation. The ratios above will change according to changes in company earnings performance, share price fluctuations, etc.
2. Different compensation tables are applied depending on director role and grade. Therefore, ratio of compensation by type may differ for individuals, even those who have the same title.

Board of Director Activities

The AEON MALL board of directors made the following deliberations and decisions related to director remuneration during the current fiscal year:

- April 13, 2020: Decision regarding performance-linked remuneration for directors
- April 13, 2020: Issuance of stock acquisition rights as 13th Performance-Linked Stock Options
- April 13, 2020: Allocation of stock acquisition rights as 13th Performance-Linked Stock Options
- May 19, 2020: Decision regarding basic compensation for directors for fiscal 2020

Role and Activities of the Nomination and Compensation Committee

The Nomination and Compensation Committee serves as an advisory organ to the president and chief executive officer. The committee deliberates, exchanges opinions, and provides advice and reports to the president of the company regarding the propriety of basic compensation and performance-linked compensation paid to directors, as well as the validity of performance evaluations of said directors.

- March 3, 2020: Matters related to the evaluation of individual executive director performance

- April 9, 2020: Report on matters related to individual director performance evaluation results and performance-linked compensation payout ratios
- July 21, 2020: Selection of a chairperson, matters related to the scope and composition of directors, and matters related to effectiveness evaluations of the board of directors
- September 23, 2020: Matters related to the scope and composition of directors
- November 19, 2020: Matters related to the scope and composition of directors, and matters related to effectiveness evaluations of the board of directors
- December 22, 2020: Matters related to effectiveness evaluations of the board of directors
- January 20, 2021: Matters related to effectiveness evaluations of the board of directors, candidates for outside directors, and director structure for the next fiscal year

### [Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

The General Affairs department provides support to outside directors and outside members of the Audit & Supervisory Board. In addition, the department assigns one staff member responsible for assisting members of the Audit & Supervisory Board (including outside members). To ensure effective discussions within the limited time of board of director meetings, directors are provided agenda materials and explanations prior to meetings, as well as other appropriate information when deemed necessary.

### [Retired presidents/CEOs holding advisory positions (*sodanyaku, komon, etc.*)]

Information on retired presidents/CEOs holding advisory positions (*sodanyaku, komon, etc.*)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of retired presidents/CEOs holding advisory positions (*sodanyaku, komon, etc.*)

0

Other

The Company may appoint advisors experienced in business management for the purpose of soliciting advice related to management issues or participating in public activities as a Company representative.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration

### Decisions (Overview of Current Corporate Governance System)

The company has adopted an Audit & Supervisory Board system. As of the date of submission of our annual securities report (May 20, 2021), the company had 13 directors (five of whom are outside directors) and four members of the Audit & Supervisory Board (three of whom are outside members). By including outside directors who are well versed in a variety of areas in the board of directors, we conduct highly effective supervision and strengthen our management structure. We are also working to bolster the functions of the Audit & Supervisory Board, thereby maintaining and strengthening sound management. As a general rule, the board of directors and the Audit & Supervisory Board meet once a month.

The Nomination and Compensation Committee, established in fiscal 2018, provides advice and reports to the president and chief executive officer on matters related to nominations for board of director and Audit & Supervisory Board candidates. Discussions are led by outside directors to ensure transparency and objectivity in these processes.

As an advisory body for the president, we have established a management committee centered on directors, full-time auditors, and those nominated by the president, to strengthen management strategy functions and improve the efficiency of the decision-making process. In addition to these mechanisms, the Company strives to disseminate information through committees led by general managers or other managers below the rank of a representative director. The purpose of these committees is to ensure efficient business activities.

### **3. Reasons for the Adoption of the Current Corporate Governance System**

The company believes that a strong corporate governance function and improved competitiveness through expeditious decision-making are indispensable to achieving sustainable growth.

We operate an audit system under which the Audit & Supervisory Board, our outside financial statement auditors, and the Management Auditing Department maintain a close working relationship, exchanging information and opinions as necessary. This system is designed to ensure improvements in the practicability and efficiency of our audits.

Each member of the Audit & Supervisory Board attend board of director meetings, while full-time members of the Audit & Supervisory Board are always present at meetings of the Management Council and other important meetings.

In fiscal 2018, Aeon Mall established the Nomination and Compensation Committee, consisting mainly of outside directors, to provide advice and report to the representative director and president on details related to board of director and Audit & Supervisory Board nominations and selections, as well as details related to director compensation, for the purpose of ensuring transparency and objectivity.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Ensure Active General Shareholder Meetings and the Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meetings	As a result of our efforts to send convocation notices as early as feasible, we now have a system in place to send notices three weeks in advance. During 2021, we sent convocation notices on April 28, 22 days prior to our general meeting of shareholders. In addition, we published the convocation notice on our corporate website on April 26, 24 days prior to the meeting.
Scheduling Meetings to Avoid Peak Meeting Day	We held our 110th annual general meeting of shareholders on May 20, 2021.
Allowing Electronic Exercise of Voting Rights	The Company allows the exercise of voting rights via the internet.
Participation in Electronic Voting Platform	Since the May 2016 regular general meeting of shareholders, we have participated in the ICJ, Inc. electronic voting platform for institutional investors.
Providing Convocation Notice in English	The Company prepares an English version of our convocation notice.
Other	The Company utilizes visual media to ensure clearer communication of business results during general meetings of shareholders. After the conclusion of each general meeting of shareholders, we conduct an internal briefing session of management policies from the perspective of investor relations.

#### 2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	Aeon Mall has created a disclosure policy and publicly announces information related to our basic policies, information disclosure standards, disclosure methods, and investor relations quiet periods.	
Regular Investor Briefings for Individual Investors	The Company conducts information meetings for individual investors.	None
Regular Investor Briefings for Analysts and Institutional Investors	The Company conducts information meetings, presided over by the CEO and IR directors, on a quarterly basis.	Provided
Regular Investor Briefings for Overseas Investors	Besides an English version integrated report, the Company has an English website where we publish translations of original Japanese documents concurrently. The company also conducts periodic overseas roadshows. We conduct quarterly conference calls for overseas investors and participate in investor conferences held in Japan for investors from overseas.	Provided
Posting of IR Materials on Website	Aeon Mall publishes financial data, timely disclosure documents, securities reports, quarterly financial results, communications to shareholders, and audio broadcasts of financial results briefings via our corporate website.	
Establishment of Department and/or Manager in Charge of IR	The Aeon Mall IR Group is positioned under the Strategy Department, responsible for company disclosures. Tel. +81-43-212-6733	
Other	The Company conducts individual meetings with domestic and overseas investors and securities analysts. We also offer mall tours in Japan and overseas on a regular basis.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Aeon Code of Conduct serves as a guide to ensure good relations with customers and other stakeholders. The code of conduct includes basic approaches to daily conduct by group companies and employees, as well as decision-making standards.
Implementation of Environmental Activities, CSR Activities etc.	Every year, Aeon Mall publishes a sustainability report (ESG Report). This report can be found on our corporate website, along with other information on environmental performance and CSR activities at our malls.
Development of Policies on Information Provision to Stakeholders	Our code of conduct, environmental policies, disclosure rules, and rules for internal controls provide the Aeon Mall policies related to sharing information with stakeholders.
Other	<p>[Policies and Initiatives on Women in the Workforce]</p> <p>Aeon Mall provides career paths and a workplace environment supporting the dual challenges of work and child-rearing as measures to champion women in our workforce.</p> <p>Given our business model in particular, we believe women provide valuable opinions and insight. Accordingly, we seek to promote women to serve as directors within our organization. During fiscal 2021, the company appointed four directors (three of whom is an outside director). The company has a total of six female directors, including two female outside members of the Supervisory Board. Of our 912 employees serving in management roles, 165 are women (18.0 percent).</p> <p>Our aim is to create a positive workplace for women, exceeding legally mandated requirements related to child-rearing leave, maternity leave, etc. In 2017, we were awarded the <i>Kurumin</i> award by the Ministry of Health, Labour and Welfare for a second time, our first such award being in 2007.</p> <p>We strive to remove work restrictions affected by day care operating hours that prevent ongoing service by employees raising children. One such measure is the <i>Aeon Yume-Mirai Nurseries</i>, which aim to help employees select their own work styles. As of February 2021, the Company has 31 such nurseries in operation, including 10 Yume-Mirai facilities at other Aeon group companies. We will continue to support our employees as they balance work and child-rearing duties, helping them return to work quickly after maternity/child-care leave and take an active role in their jobs as they raise their children.</p> <p>Aeon Mall promotes diversity management, fostering an environment in which employees may exercise work styles matched to their various life stages. As one case in point, we established the Diversity Promotion Group as an internal steering committee responsible for advancing women in our organization.</p> <p>Aeon Mall was awarded the <i>Eruboshi</i> mark, certifying the company under the Act on Promotion of Women's Participation and Advancement in the Workplace, promulgated on April 1, 2016. We met the standards in all five categories under this program, including hiring, continuity, employment, work hours and other work styles, ratio of female managers, and career path diversity. As a result, we earned the highest of the three ranks awarded under the Eruboshi program.</p> <p>For the fifth consecutive year, Aeon Mall was selected as a Nadeshiko Brand, a recognition jointly sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. This program highlights companies listed in the First Section of the Tokyo Stock Exchange from each industry that promotes the participation of female employees and creates a supportive working environment. We will continue to promote women in the workplace, aiming to become the No. 1 company in Japan supporting women in the workplace and to become the No.1 company in Japan where women want to work.</p>



## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

#### 1. System for retention and management of information on the execution of duties by Directors of the Company

The Company prepares approval documents, meeting minutes, and other documents necessary for the execution of the duties by the executive director or employee, in accordance with the internal rules of the Company.

Documents that have been prepared are stored and managed in a secure, fully searchable format appropriate for each storage medium, and are maintained in a viewable form as necessary.

The management division specified in the Document Management Rules takes charge of the management of such records and prevents leakage to external parties.

#### 2. Rules for controlling the risk of operating loss incurred by the Company and its subsidiaries (“the Group”) and other systems

The Company designates its President and CEO as the executive director of risk management and business division heads as directors in charge of risk management.

These individuals are tasked with developing a system and environment to ensure business continuity and the safety of human lives.

The Group has established Risk Management Rules to prevent crises or minimize damages in the event of a crisis, striving to reduce risk and mitigate any damages. We have designated management divisions to address risk management by category, and we strive to prevent damage to our brand value and improve overall corporate value by managing risks of loss for the group as a whole.

In addition, for the Company to be able to protect and manage information assets from organizational, human, physical, and technical perspectives, the Company has established the Information Security Management Rules to clarify the responsibility hierarchies structures for information security, and strive to maintain and improve the information security level, as well as information systems of the Company.

The Company shall establish the Risk Management Committee chaired by the General Manager of the Administration Division to discuss issues and countermeasures related to the promotion of risk management for the entire Group, and report the proceedings to the Management Meeting. Also, we will report significant matters to the Board of Directors and notify them annually.

In order to enhance the effectiveness of risk management, the Department in charge of internal audits formulates an annual audit plan and conducts internal audits in accordance with the Internal Auditing Rules. The annual audit plan will be reported to the Board of Directors.

#### 3. System to ensure the efficiency of duties executed by Directors of the Company, and directors, executive officers, employees who execute business operations, personnel who execute duties as specified in Article 598, Paragraph 1 of the Companies Act, and other persons equivalent to such personnel of the Company’s subsidiaries (“subsidiaries’ directors, etc.”)

In addition to holding regular Board of Directors meetings once a month, AEON MALL convenes extraordinary meetings of the Board of Directors as deemed necessary.

Decisions encompassing substantial risk threatening far-reaching impact on the Group are brought to the Management Meeting for discussion. These decisions are then approved by the President and/or by resolution of the Board of Directors.

In the execution of duties, management responsibilities are clarified by granting the authority required for the performance of duties according to the predetermined *Rules for Organization Management, Rules for Segregation of Duties, Rules of Jurisdiction, Rules for Approval Requests, and Rules for Management of Affiliates*.

As a system to ensure the efficiency of the performance of duties of the subsidiaries’ directors, etc., the Company approves a Group Medium-term Management Plan, annual management goals, budget distribution, etc. that include subsidiaries at the meetings of the Board of Directors, inspects the progress of business strategies and measures in line with such plan and goals on a quarterly basis, and receives reports on other important information.

#### 4. System to ensure compliance in the performance of duties by Directors and employees the Company, and directors, etc. and employees of its subsidiaries with laws and regulations and the Articles of Incorporation

We emphasize compliance management and complies with AEON Code of Conduct, the code of conduct of the AEON Group, fostering improving relations with local communities and meeting our social responsibilities. In addition, in order to prevent bribery, we are improving our internal structures within the Group and conducting education based on the Basic Rules for the Prevention of Bribery.

AEON MALL has established a Compliance Committee, which is chaired by the general manager of Administration Division. The role of this committee is to ensures the Group compliance with laws, regulations, the Articles of Incorporation, and internal rules. The committee is also responsible for identifying problems and advancing discussions to resolve said problems. Compliance matters deemed highly important by the Compliance Committee are escalated to the board of directors and included in annual reporting.

The company has established a help line (*Aeon Mall Hotline*) for internal reporting. The company's labor union has likewise established its own *Kumiai 110* help line. Subsidiaries are to also establish help lines equivalent to the company's. We ensure privacy protection for users of this help line and that they are not penalized. Additionally, we investigate any problems reported to the company through this help line. If wrongdoing is confirmed, we take necessary actions in line with our internal rules. The issue in question is reported to the Compliance Committee and the company implements Group-wide measures to prevent recurrence in the future.

#### 5. System to ensure the appropriate operations of the corporate group, comprising the Company, its parent, and subsidiaries

At the Management Council, discussions are initiated for any business transactions conducted by a director where conflicts of interest may occur between the director or any third party (e.g. the parent company, a subsidiary, or other AEON Group company) and the company, or in those instances where there is, in essence, competition with the same. Such transactions are only allowed to proceed upon approval by the board of directors.

For any business transactions conducted with the parent company, a subsidiary, or other AEON Group companies, the business unit engaged in the transaction shall conduct the transaction under fair conditions based on market prices that do not cause economic loss to the company in accordance with the provisions of our Rules for Managing Related-Party Transactions, and they shall receive approval as per the Authority Table provided by the company. In addition, once a year, we report the rate of increase/decrease in annual transaction amounts with each affiliated business partners, and scrutinize the rationality and appropriateness of transactions. When the board of directors makes a resolution regarding a transaction, procedural fairness is ensured through excluding directors with a conflict of interest in the transaction (persons with special interest) from resolution.

As a system of reporting matters concerning the performance of duties by the subsidiaries' directors, etc. to the Company, the Company requires the subsidiaries to report their monthly business performance, financial results, and other details required by the Company to the Management Meeting based on the Rules for Management of Affiliates established by the Company.

The department in charge of internal auditing performs audits of the Company and its subsidiaries according to the Internal Auditing Rules to ensure the appropriate operations of the Company and its subsidiaries and reports to the President and the full-time Audit & Supervisory Board Members by means of a written internal audit report.

#### 6. Matters concerning employees who provide assistance with the duties of Audit & Supervisory Board Members of the Company ("Assistants") when the Audit & Supervisory Board Members decide to hire such Assistants, matters concerning the independence of the Assistants from Directors of the Company, and matters related to ensuring the effectiveness of the instructions provided to the Assistants

The Company selects and appoints Assistants for the Audit & Supervisory Board Members upon consultation with the Audit & Supervisory Board.

The Assistants will not receive orders or instructions from the Directors or any other employees. The personnel appraisal of Assistants is performed through consultation with the Audit & Supervisory Board Members, and personnel changes and reprimanding of Assistants require the advance agreement of the Audit and Supervisory Board.

#### 7. System of reporting to Audit & Supervisory Board Members of the Company

As a system for Directors and employees of the Company, and directors, etc. and employees of its subsidiaries to make reports to Audit & Supervisory Board Members of the Company, the Directors and

employees report on the management situation, business operation, financial position, progress of internal audits, status of risk management and compliance, and other matters at a meeting of the Board of Directors or the Management

Meeting attended by the Audit & Supervisory Board Members.

If Directors or employees of the Company, or directors, etc. or employees of its subsidiaries discover matters that affect the operations or business performance of the Company or its subsidiaries, violations of laws and regulations, or other issues concerning legal compliance, which may cause serious damage to the Company or its subsidiaries, or these have been reported by any of such persons, they shall immediately report to Audit & Supervisory Board of the Company.

The Company and its subsidiaries prohibit treating the persons who have made such a report in an unfair manner because they have made the report, and will ensure that this rule is clearly communicated to Directors and employees of the Company, and directors, etc., Audit & Supervisory Board Members, and employees of its subsidiaries.

8. Matters concerning policies for the advance payment of expenses required for the performance of duties by Audit & Supervisory Board Members of the Company and reimbursement and other procedures for the treatment of expenses or obligations associated with the performance of such duties

When the Company receives a request for the advance payment, etc. of expenses from Audit & Supervisory Board Members based on Article 388 of the Companies Act, the Company shall pay such expenses without delay based on the internal rules. The responsible department takes measures regarding the budget required for such payment in every fiscal period.

9. Other systems to ensure the effective auditing by Audit & Supervisory Board Members of the Company

The department in charge of internal auditing works closely with the Audit & Supervisory Board by, for instance, discussing the details of internal audits with the Audit & Supervisory Board Members as appropriate, and performs audit operations in cooperation to contribute to effective auditing by the Audit & Supervisory Board Members.

## **2. Basic Approach to Eliminating Anti-Social Forces**

1. Basic Approach

The Company does not engage in relationships with anti-social forces, reflecting our total commitment to compliance and defense of our corporate entity. We respond resolutely in the face of unreasonable demands and recognize our social responsibility as a company to reject anti-social forces in any form.

2. Status of Efforts to Reject Anti-Social Forces

- 1) Unreasonable demands by anti-social forces are not dealt with as an individual, but rather as an organization working in close coordination with third-party specialists and investigative organizations, including civil and criminal proceedings.
- 2) The Company is a member of the Foundation for Chiba Prefecture's Assembly for Expulsion of Anti-social Forces. We maintain close coordination with the police and anti-crime associations, participating in efforts to collect information on anti-social forces through the reach of our various business units. We use information gathered for educational purposes internally.
- 3) In accordance with the Rules on Managing Transactions, the Company conducts background checks to ensure business partners are not involved with anti-social forces. This is one more way in which we work toward the rejection of anti-social forces.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
-	

### 2. Other Matters Concerning to Corporate Governance System

The following describes the Company's internal structure related to timely disclosure of information.

#### 1. Basic Policy on Disclosure

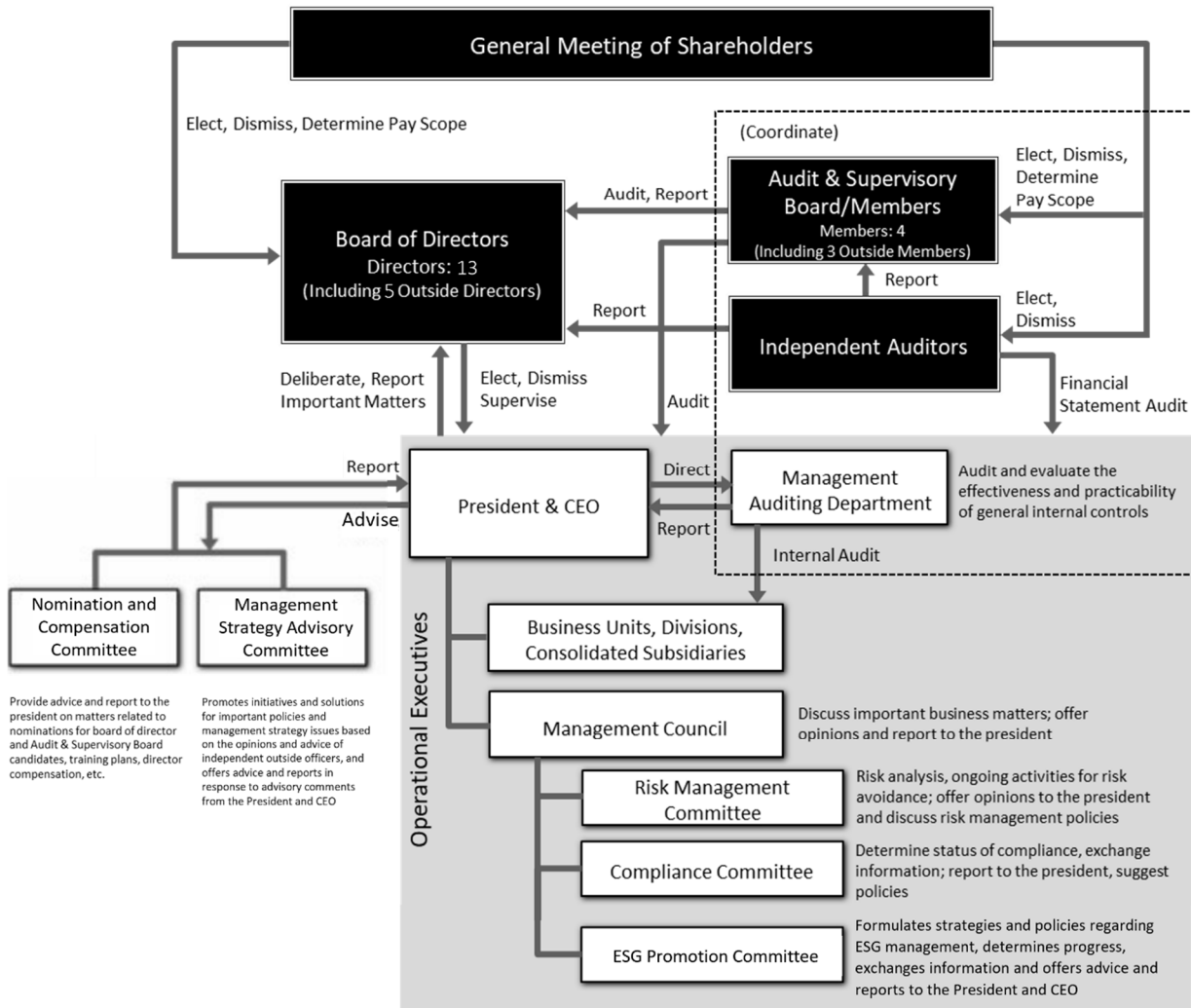
The Company has established the ESG Promotion Committee, which is chaired by the CEO and whose members consists primarily of directors and heads of business divisions. Through this committee, the Company decides codes of conduct and standards of regulatory compliance. Other decisions include matters related to corporate principles, environmental preservation, and social contribution. We strive to create and operate systems for compliance and disclosure. As a company that issues equity, we understand that responsible disclosure represents an important means for securing the trust of equity markets. Accordingly, we endeavor to provide disclosures that are appropriate, fair, and timely.

#### 2. Overview of Timely Disclosure Structure

Aeon Mall has created the Rules on Managing Internal Information and Internal Transactions. These rules provide standards for managing inside information and related disclosures. The Management Council discusses important matters related to the timing of information disclosure, presenting these matters formally to the board of directors. The chief executive officer makes final decisions in cases of emergency. The Company has also established the Rules for Managing Disclosure Information, under which information and other important matters are presented formally to the board of directors. Only after presentation to the board are disclosures made, under the guidance of a director charged with responsibility for information management. To ensure accuracy in information related to financial results, the Company has established the Disclosure Committee, which reviews materials prior to disclosure. Once reviewed, this information is presented formally to the board of directors before being released to the public. These and other measures ensure the Company follows a robust process for disclosure. Aeon Mall has also established Rules for Crises, which provide for disclosures related to significant natural disasters, criminal activity, or accidents to be made under the direction of an emergency response office.

The company uses the internal disclosure structure described above to provide timely disclosure of company information to relevant stock exchanges through our Public Relations Group within the President's Office, and through our IR Group within the Strategy Department. We also follow disclosure procedures as dictated by various laws and regulations. Aeon Mall ensures that information submitted to the stock exchanges are also provided to the mass media and published on our corporate website concurrently. The Company strives to be as fair as possible within the spirit of timely disclosure when dealing with information not subject to timely disclosure rules, providing such information to the mass media and publishing information on our corporate website.

**Corporate Governance Organization Chart**



**Board of directors:**

Meetings are held once a month, chaired by the President and CEO, to strengthen management supervision functions. Audit & Supervisory Board members also attend. (Five out of 13 directors are independent officers)

**Audit & Supervisory Board:**

Exchanges information and opinions with the financial statement auditors and Management Auditing Department (the internal audit division) for greater effectiveness and efficiency of audits. (Two out of four Audit & Supervisory Board members are independent officers)

**Management council:**

Meetings are held in principle once a week, with full-time and higher-ranked directors, the full-time Audit & Supervisory Board member, and those nominated by the President as core members. Serves as an advisory body for the President for stronger management strategy functions and more efficient decision-making processes.

**Management auditing department:**

15 dedicated personnel work with various department heads for streamlined management and controls, investigating and assessing the effectiveness and practicability of internal controls across general business operations. Is an independent body from on-site executive departments.

[Timely Disclosure System Diagram]

