

AEON

イオンリート

AEON REIT Investment Corporation

Sustainability Report 2022

☰ Contents

- ▶ Introduction to AEON REIT
- ▶ Sustainability foundations
- ▶ Sustainability activity report
- ▶ Corporate data



Investing in community infrastructure assets

AEON REIT Investment Corporation (AEON REIT or the Investment Corporation) primarily invests in community infrastructure assets that form the backbone of local communities, namely retail and logistics facilities operated by the Aeon Group, thereby supporting people’s everyday lives. Aeon Co., Ltd., one of Japan’s leading retailers, serves as our sponsor company. Based on this mission, we will enter into master lease agreements that leverage the Aeon Group’s network and aim to ensure stable operations and profitability through a fixed rent system and long-term lease agreements.

Note: Community infrastructure assets refer to retail and related properties that form an integral part of the communities in which they are located.

Facilities vital to local citizens that serve as a hub for community building



“Balloon shelters” are used as evacuation locations in a disaster



Various events are held that encourage community participation



Solar panels installed on the rooftop and walls help reduce the environmental burden

Facilities that respond effectively to changing lifestyle needs and the environment will win out over the long term



Food courts, cinemas and other specialty stores cater to diverse needs



EV charging stations



A drive-through service allows shoppers to pick up supermarket items they ordered online

Supporting everyday living with a wide range of tenants



Public services on offer include a post office and nursery

Contents

- Introduction to AEON REIT**
- Overview 2
- Introduction to AEON REIT 3
- Message from management 4
- Strengths and features 1
 - Business synergy with the Aeon Group 6
- Strengths and features 2
 - Unique financial and financing strategies 7
- Sustainability foundations**
- Sustainability system and policy 8
- Materiality 9
- Sustainability activity report**
- Environment 11
- Social 15
- Governance 18
- Sustainability finance 22
- Corporate data**
- ESG Data 23
- Data on sustainability finance 24
- GRI Standards Index 26

Introduction to AEON REIT

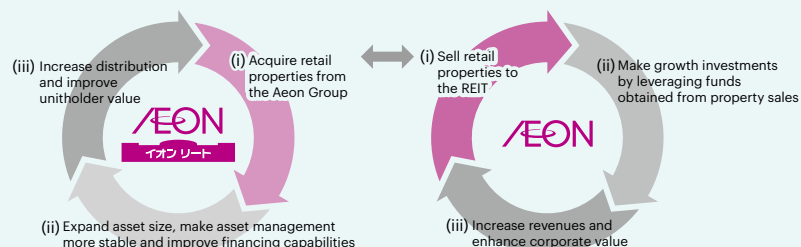
Corporate philosophy

AEON REIT positions retail properties and other real estate as community infrastructure assets and invests in those properties to enrich the lives of people living there.

AEON REIT implements stable asset management from a medium- to long-term perspective with the aim of creating environments that ensure comfortable and fulfilling lifestyles and enhance the local community through our investment activities.

Corporate policy

AEON REIT carries out a growth strategy based on the policy of maintaining a mutually beneficial relationship with the Aeon Group, thereby aiming to maximize value for unitholders.



Corporate overview

Name	AEON REIT Investment Corporation	Securities codes	Securities identification code: 3292 International Securities Identification Number (ISIN): JP3047650001
Representative	Nobuaki Seki, Executive Director	Fiscal period	January and July
Address	1-14-10 Uchikanda, Chiyoda-ku, Tokyo	Contact	AEON Reit Management Co., Ltd. TEL: +81-3-5283-6360
Established	November 30, 2012		
Listed	November 22, 2013		
Listing market	Real Estate Investment Trust Securities Market of Tokyo Stock Exchange		

Third-party certification and international initiatives



Corporate history

Since its listing in 2013, the Investment Corporation has acquired mainly large-scale shopping malls and logistics facilities operated by the Aeon Group and now boasts a portfolio of 47 properties in Japan and overseas with total assets now amounting to ¥447 billion.

In addition, we have acquired third-party certification for over 80% of our owned assets (based on leasable floor area) in line with our objective of managing properties that contribute to the realization of a sustainable society.

November 27, 2012	Notification concerning the establishment of the Investment Corporation based on Article 69 of the Act on Investment Trusts and Investment Corporations of Japan (the Investment Trusts Act) by the organizer (AEON Reit Management Co., Ltd.)
November 30, 2012	Registration of the establishment of the Investment Corporation based on Article 166 of the Investment Trusts Act, and the establishment of the Investment Corporation
December 4, 2012	Application for registration of the Investment Corporation based on Article 188 of the Investment Trusts Act
December 20, 2012	Implementation of the registration of the Investment Corporation by the Prime Minister based on Article 189 of the Investment Trusts Act (Kanto Local Finance Bureau Director-General Registration No. 80)
November 22, 2013	Listed on the Tokyo Stock Exchange
November 22, 2013	Commencement of asset management

Editorial policy

This Report aims to increase understanding of the initiatives being undertaken to realize a sustainable society by AEON REIT and AEON Reit Management Co., Ltd. (the Asset Management Company). It has been positioned as an important tool for facilitating constructive dialogue with our stakeholders and has been edited to ensure ease of understanding. The Report has been prepared with reference to GRI Standards.

Scope of reporting	AEON REIT and AEON Reit Management Co., Ltd. (Includes certain information regarding AEON Co., Ltd., sponsor of the Asset Management Company, and Aeon Group companies (may be referred to as the Aeon Group) such as AEON MALL Co., Ltd.)
Reporting period	Fiscal 2021 (March 1, 2021 to February 28, 2022) Notes: 1. The report includes some information from before and after this period. 2. The report covers the fiscal period of the Asset Management Company, but also includes some information pertaining to the fiscal periods of the Investment Corporation (ending January 31 and July 31). March 2023 (Japanese version: January 2023)
Issued Inquiries	Investor Relation and Planning Group, Finance and Planning Department, AEON Reit Management Co., Ltd. TEL: +81-3-6779-4073

Disclaimer

This Report contains forward-looking statements regarding the plans, forecasts and strategies of the Investment Corporation and the Asset Management Company. These forward-looking statements are based on the current assumptions and beliefs of the Investment Corporation and the Asset Management Company in light of the information currently available to them. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from such statements. Accordingly, we advise against placing undue reliance on such forward-looking statements. The Investment Corporation and the Asset Management Company assume no responsibility for the accuracy, completeness, adequacy or fairness of the information in this Report. Note that the information contained herein may be revised or retracted without prior notice. The Investment Corporation and the Asset Management Company undertake no obligation to publicly update the content of this Report (including forward-looking statements).

Message from management

Investments in community infrastructure assets

Nobuaki Seki

Executive Director, AEON REIT Investment Corporation
Representative Director and President,
AEON Reit Management Co., Ltd.



Emphasize sustainable management and enhance unitholder value

The external environment surrounding asset management has changed significantly. In addition to the lingering impact of the COVID-19 pandemic, there are concerns over increasing utility and other operating costs as well as the increasing cost of financing alongside rising interest rates. We are also witnessing growing demand for corporations to respond to ever-more serious environmental issues and social and economic challenges over the medium to long term. Topics related to the United Nations Sustainable Development Goals (SDGs) and environmental, social and governance (ESG) issues are more prevalent in the news now than ever before. Against this

backdrop, it is becoming increasingly important to build an investment and management framework and practice corporate management with the aim of realizing a sustainable society. We seek to be a corporate group that is vital to customers and society by consistently acting based on the mission of the Aeon Basic Principle of “pursuing peace, respecting humanity, and contributing to local communities, always with the customer’s point of view as its core,” irrespective of circumstances. AEON REIT Investment Corporation (AEON REIT or the Investment Corporation) is positioned as a REIT that invests in community infrastructure assets with these principles firmly in mind.

The basic philosophy of AEON REIT is to contribute to the enrichment of people’s lives and local communities through investment in retail facilities and related properties. We seek to

maximize unitholder value by realizing stable asset management through investment in these community infrastructure assets. To achieve this, it is essential to contribute to the resolution of environmental, social, and economic issues with a view to realizing a sustainable society. We therefore work closely with Aeon Group companies in practicing sustainable management.

Further promote sustainability based on new medium-term targets

AEON REIT announced new medium-term targets when it released its financial results for the 19th period ended July 31, 2022. We aim to enhance stabilized distribution per unit (DPU) and will continue to promote stable management based on

Message from management

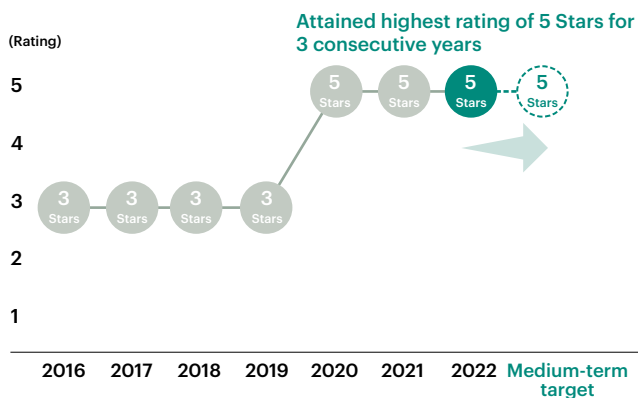
master lease agreements predicated on achieving asset scale and financial targets.

In addition to these goals, we have set and announced medium-term targets in consideration of external assessments and certification with the aim of being ranked among the top J-REITs in the sustainability field.

In terms of external assessments, we are looking to gain an "A" in the MSCI ESG rating and the highest level of 5 Stars in the GRESB Real Estate Assessment. We will regularly disclose the results of ongoing efforts to our stakeholders. We will also take social demands into full consideration and examine potential responses and their feasibility before embarking on new ESG-related initiatives.

Our objective is to have at least 80% of our properties rated as four stars or higher and at least 85% rated as three stars or higher in third-party certification such as the Development Bank of Japan (DBJ) Green Building Certification, Comprehensive Assessment System for Built Environment Efficiency (CASBEE) Certification for Buildings, and Building-Housing Energy-efficiency Labeling System (BELS) Certification. As of

GRESB Real Estate Assessment



July 31, 2022, 80.4% of our properties were certified with at least four stars and 84.9% were certified with at least three stars. It is important that we maintain these high ratios going forward. We will continue to conduct investment, management and sustainability-related initiatives as required based on the premise that evaluation standards and social demands are constantly evolving.

We also announced qualitative targets for the reduction of CO₂ emissions. Aeon has established the Aeon Decarbonization Vision with the aim of reducing total emissions of CO₂ and other greenhouse gases from its stores to zero by 2040. Efforts are being made to reduce energy consumption and switch to renewable energy at stores throughout the Group in promoting decarbonization. AEON REIT will carefully examine how it can make a comprehensive contribution to this initiative within master lease agreements and work closely with Aeon Group companies to achieve our goals.

Contribute to the realization of a sustainable society through investment in community infrastructure assets

Although we recently set medium-term targets for sustainability based around external assessments and certification, we do not merely view improved ratings and numerical indicators and newly gained certifications as the only important factors to consider. In line with the basic principles mentioned earlier, we also recognize the importance of continuing to promote necessary and effective initiatives to properly execute sustainable management.

The investment environment has changed dramatically in the past few years. Nowadays, hardly a day goes by without hearing the terms sustainability, SDGs and ESG in dialogue with investors, Group companies and other stakeholders. Many of the inquiries we receive about the Investment Corporation concern our philosophy on sustainable management. I believe



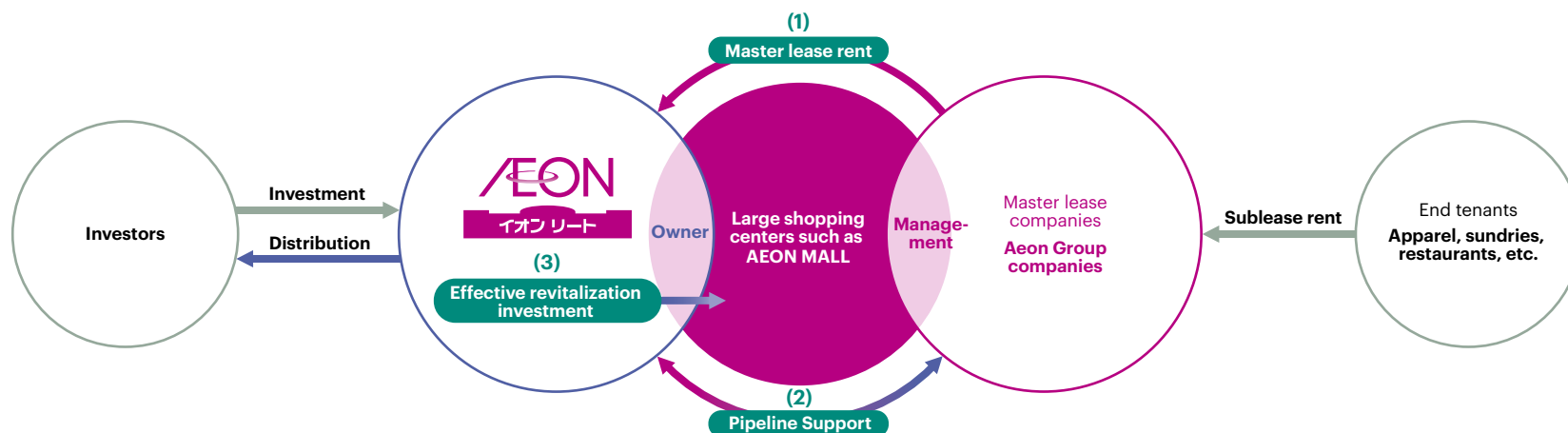
that concrete numerical targets and initiatives for ESG, which include contribution to the SDGs, should form an integral part of management policy. Also, sustainable management ought to be viewed from a medium- to long-term perspective with the understanding that it may take some time to produce tangible results. We will share the goals we expect all employees to aim for and implement a plan-do-check-act (PDCA) cycle for this process.

To achieve sustainability in corporate management, it is important to both produce results from non-financial initiatives and to ensure stability and make consistent improvements from a financial standpoint. AEON REIT will return to the roots of its philosophy and aim to maximize unitholder value while contributing to the betterment of individual lives and local communities by focusing on investment in community infrastructure assets. By doing so, we will look to drive steady corporate growth and support the realization of a sustainable society.

I would like to ask all stakeholders for your continued support and guidance of Aeon and AEON REIT as we forge ahead.

Strengths and features 1 Business synergy with the Aeon Group

AEON REIT aims to acquire excellent new properties and enhance the value of its owned assets by leveraging the network of the Aeon Group, which we view as a key advantage.



(1) Long-term fixed master lease rent that generates stable income

AEON REIT enters into master lease agreements for the entire property with the Aeon Group company (the master lessee) that operates the facility. In principle, agreements are based on long-term, fixed rent and are part of a framework aimed at realizing stable operations. This in turn results in stable income.

Note: Master lessee refers to a single lessee that concludes a master lease agreement for the entire property.

Outline of master lease agreement

$$\text{Fixed rent} \times \begin{matrix} \text{Long terms of} \\ \text{lease agreements} \\ \text{(20 years in Japan \&} \\ \text{10 years outside Japan)} \end{matrix} = \text{Stable income}$$

(2) Selective investments backed by pipeline support

AEON REIT concludes pipeline support agreements with Aeon Group companies. These agreements make it possible to obtain information on Aeon Group's abundance of properties and attain preferential rights to them. This enables us to acquire properties under appropriate conditions while maintaining the quality of the property and has become a source of corporate growth that leverages the strengths of the Aeon Group.

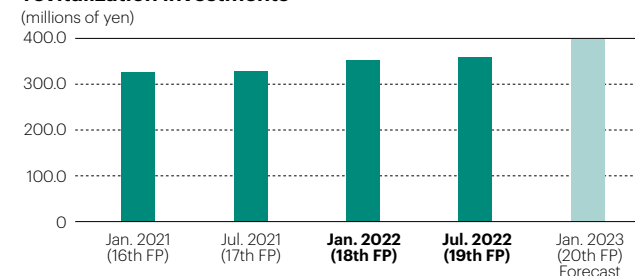
Properties operated by pipeline support companies

Japan	AEON MALL Co., Ltd.	163 shopping centers
	AEON TOWN Co., Ltd.	151 shopping centers
	AEON RETAIL Co., Ltd., AEON RYUKYU Co., Ltd. AEON Hokkaido Co., Ltd., The Daiei, Inc. AEON KYUSHU Co., Ltd. AEON TOHOKU Co., Ltd.	1,133 stores
	AEON GLOBAL SCM CO., LTD. The Daiei, Inc. AEON Food Supply CO., Ltd.	83 facilities
Overseas	AEON MALL Co., Ltd.	34 shopping centers
	AEON CO. (M) BHD. AEON BIG (M) SDN. BHD.	63 stores

(3) Maintain and enhance asset value through revitalization investments

AEON REIT continues to make revitalization investments based on specific objectives. This includes large-scale renovations and floor expansion work to enhance the competitiveness of properties, construction aimed at preventing and mitigating disaster, which serves to maintain and improve functions, and facility upgrades. Through such investments, we seek to increase asset value, allowing us to raise rents and thereby further boost profitability.

Cumulative amount of annual rent increased by revitalization investments



Strengths and features 2 Unique financial and financing strategies

Another of AEON REIT's strengths is its stable financial base, achieved through strategic management. We aim to drive further growth and enhance profitability through stable fund procurement using a variety of means and use of abundant cash on hand.

(4) Ability to secure funds in a stable manner

AEON REIT will implement four strategies to ensure ongoing stable fund procurement in a changing environment: Diversify lenders and sources of funding, stabilize funding costs, control the loan-to-value (LTV) ratio and stagger maturity dates.

Specifically, loans are mainly procured from financial institutions and various methods are used to diversify lenders and sources of funding such as through the issuance of investment corporation bonds.

We aim to reduce funding costs by issuing long-term, low-yield investment corporation bonds while focusing on funding via syndicated loans mainly through arrangers.

In addition, we seek to control the LTV ratio to between 43% and 47% in order to have the agility to acquire properties while maintaining borrowing capacity.

In principle, maturity dates are set based on the two axes of "procuring funds for the long term" and "fixed interest rates" with efforts to reduce market risk during the refinancing period by staggering these maturity dates.

We will continue to take these steps to ensure stable fund procurement going forward.

Note: The loan-to-value (LTV) ratio is defined as the ratio of the balance of interest-bearing debt plus tenant leasehold and security deposits (including those in trust) to total assets held by the Investment Corporation.

The four pillars of our stable fund procurement

Diversification of lenders and sources of funding

15 IPO ▶ 25 As of July 31, 2022

Stabilization of funding costs

0.90% IPO ▶ 0.78% As of July 31, 2022

Target LTV range

43-47%

Staggering of maturity dates

5.3 yrs IPO ▶ 7.9 yrs As of July 31, 2022

(5) Capacity to generate cash-on-hand

We generate abundant cash-on-hand from depreciation expenses for owned assets, which amounted to approximately ¥10 billion for the year as of July 31, 2022. We utilize this cash-on-hand in a flexible manner befitting the environment at the time in line with the three strategies of improving profitability, stabilizing financial base and promoting capital policy.

In 2020, we acquired AEON Ueda Shopping Center solely with cash on hand. In the past, it has also been used to expand AEON MALL Kofu Showa, acquire land for AEON MALL Nogata and expand and upgrade AEON MALL Morioka.

We will remain committed to using cash-on-hand in ways suited to the business climate.

An example of using cash-on-hand: Acquisition of AEON Ueda Shopping Center

Acquisition price
¥5.3 billion

NOI yield after depreciation at the time of acquisition
4.6%



AEON Ueda Shopping Center

Past investments

External growth
Acquisition of building extension
¥7.1 billion



AEON MALL Kofu Showa

Internal growth
Expansion and upgrade
¥790 million



AEON MALL Morioka

(6) Diversified investments and solid risk management

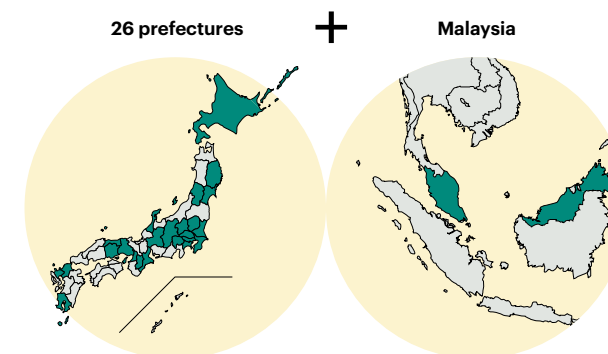
We pay close attention to diversifying investment area and acquisition price per property when investing as part of our preparation for natural disasters and other risks. We own properties in 26 prefectures throughout Japan and in Malaysia.

In addition, we make use of our extensive supply of cash-on-hand and dividend reserves to cover damage from natural disasters and other unexpected events. We also have fire and earthquake insurance as a safeguard in the event of a disaster.

Earthquake insurance is deemed necessary for properties with probable maximum loss (PML) exceeding 15% for the domestic portfolio, in consideration of impact and the effectiveness of the insurance. For properties with PML that does not exceed the above level, insurance will be taken out after careful consideration of cost effectiveness particularly in terms of insurance premiums and deductibles.

Diversification of investment area and acquisition price per property

Investment areas



Sustainability system and policy

AEON REIT established a sustainability policy and a system to promote it in order to realize sustainable management.

Sustainability policy

The Aeon Group has adopted the Aeon Sustainability Principle, a policy for the entire group aiming to achieve further progress in the development of the sustainable society. Based on this principle, the Aeon Group is pursuing a course of sustainable management while addressing its priority agenda, including the realization of a zero-carbon society, conservation of biodiversity, and promotion of resource recycling for the environment. The agenda also includes social issues to be addressed such as the development of products and stores that are capable of meeting people's expectations in society, embedding respect for human rights across business

operations, and collaborations with local communities.

Furthermore, in recent years, the need for care and consideration over environmental, social and governance (ESG) issues has started to gain widespread recognition in the world of asset management. This reflects the idea, based on factors such as the toughening of environmental regulations and the shifting awareness of tenants and customers, that consideration for ESG issues is imperative to sustain and enhance property value over the medium to long term.

With its basic philosophy of contributing to the enrichment of people's lives and local communities through investment in retail facilities and related properties, the Investment Corporation

aims to ensure stable income in the medium to long term by investing in community infrastructure assets. Based on the idea that consideration for ESG in all aspects of work and cooperation with stakeholders to facilitate it is important in order to achieve the realization of these philosophies and goals, AEON Reit Management, the Asset Management Company, has formulated a Sustainability Policy, and is working towards its implementation.

Sustainability Promotion Committee

The Asset Management Company has established a Sustainability Promotion Committee for the promotion of initiatives related to sustainability.

The committee is chaired by the Representative Director and President of the Asset Management Company, who is the final decision-maker as well, and consists of directors, compliance officers, and heads of each department.

The committee examines and deliberates on policies related to sustainability, goals for each fiscal year, and specific measures to achieve these goals, etc. The committee is held at least once quarterly in principle and the activities of the committee are reported to the Board of Directors of AEON REIT Investment Corporation and the Board of Directors of the Asset Management Company at least once every six months.

Sustainability Promotion Secretariat

The Asset Management Company has established a Sustainability Promotion Secretariat centered on the department in charge of sustainability operations. The secretariat manages the progress of sustainability initiatives in cooperation with each department.

Environment

- In order to achieve the realization of a low-carbon society, we will work to continuously improve energy efficiency at the retail facilities and other property assets that we manage, and to reduce emissions of greenhouse gases through the use of renewable sources of energy.
- We will promote peaceful coexistence with the natural environment by paying consideration to the conservation of ecosystems, and through tree planting activities and other real estate management initiatives at the retail facilities and other property assets that we manage.
- In order to achieve sustainable use of resources, we will work towards conservation and recycling of resources through the promotion of water saving and the 3Rs (Reduce, Reuse, Recycle) with regard to the use of resources at the retail facilities and other property assets that we manage.
- We will observe and conform to environmental-related laws and regulations, etc., and endeavor to prevent environmental pollution.

Cooperation with stakeholders

- By carrying out education and training with regard to environmental issues, we will endeavor to raise the environmental awareness of our corporate officers and to pay care and attention to the diversity and work life balance of our employees.
- By utilizing the total, comprehensive power of the Aeon Group, we will endeavor to provide comfortable work environments to the employees of end tenants/associates taking residence at the retail facilities and other property assets that we manage, as well as those

of other partner companies, and work to build a sound and healthy cooperative relationship.

- In order to facilitate the advancement of ESG initiatives across the entire supply chain for our real estate operations, we will endeavor to implement a green procurement¹ strategy.
- We will provide support for volunteer activities and places/opportunities for people from local communities to gather for educational and information exchanges, and endeavor to cooperate with communities as a hub for reconstruction efforts in times of disaster.
- We will proactively disclose information regarding ESG issues to investors and endeavor to communicate openly with them. We will also work continuously towards obtaining Green Building certification² at the retail facilities and other property assets that we manage.

Notes:

1. "Green procurement" is a term for product and service procurement efforts that involve preferentially selecting recycled goods and other environmentally conscious products, and suppliers engaged in initiatives that contribute to reducing the burden placed on the environment, etc.
2. "Green Building certification" is a term for certifications granted by assessment institutions to buildings that meet (or surpass) a certain level of environmental performance (including energy saving, water saving, waste reduction, interior environment and use of site premises, etc.). Some representative Green Building certifications include the CASBEE for Real Estate Certification, DBJ Green Building Certification and certification based on the SMBC Sustainable Building Assessment Loan Program.

Materiality

AEON REIT identified material issues in 2021 based on its corporate philosophy and the Sustainability Policy it formulated. We will implement measures related to these material issues in an effort to resolve environmental and social challenges and realize medium- to long-term corporate growth.

Materiality (material issues)

Together with the Asset Management Company, the Investment Corporation will consider and disclose specific measures and key performance indicators (KPI) for the 8 priorities set among 14 topics listed in the materiality matrix.

Priorities		SDGs
E	Opportunities in green buildings	We will promote reductions in carbon dioxide emissions, water usage, and waste in our properties. At the same time, we will actively promote the acquisition of green building certification for our properties.
	Climate change	We will identify and manage the climate change risk that affect our properties.
	Biodiversity and land use	We will promote biodiversity conservation by working with the Aeon Group.
S	Local community engagement and sustainable development	We will contribute to the sustainable development of local communities by acquisition and owning the properties.
	Safety and security of owned properties	We will act to promote safety and security of owned properties in order to protect our customers' wellness and comfort.
	Human capital development	AEON Reit Management, the Asset Management Company, will continue to develop human resources to ensure the knowledge and abilities required to secure our owned properties.
G	Corporate governance	We will strengthen our corporate governance aiming to increase long-term unitholder value.
	Compliance and risk management	We will comply with compliance and promote appropriate risk management.

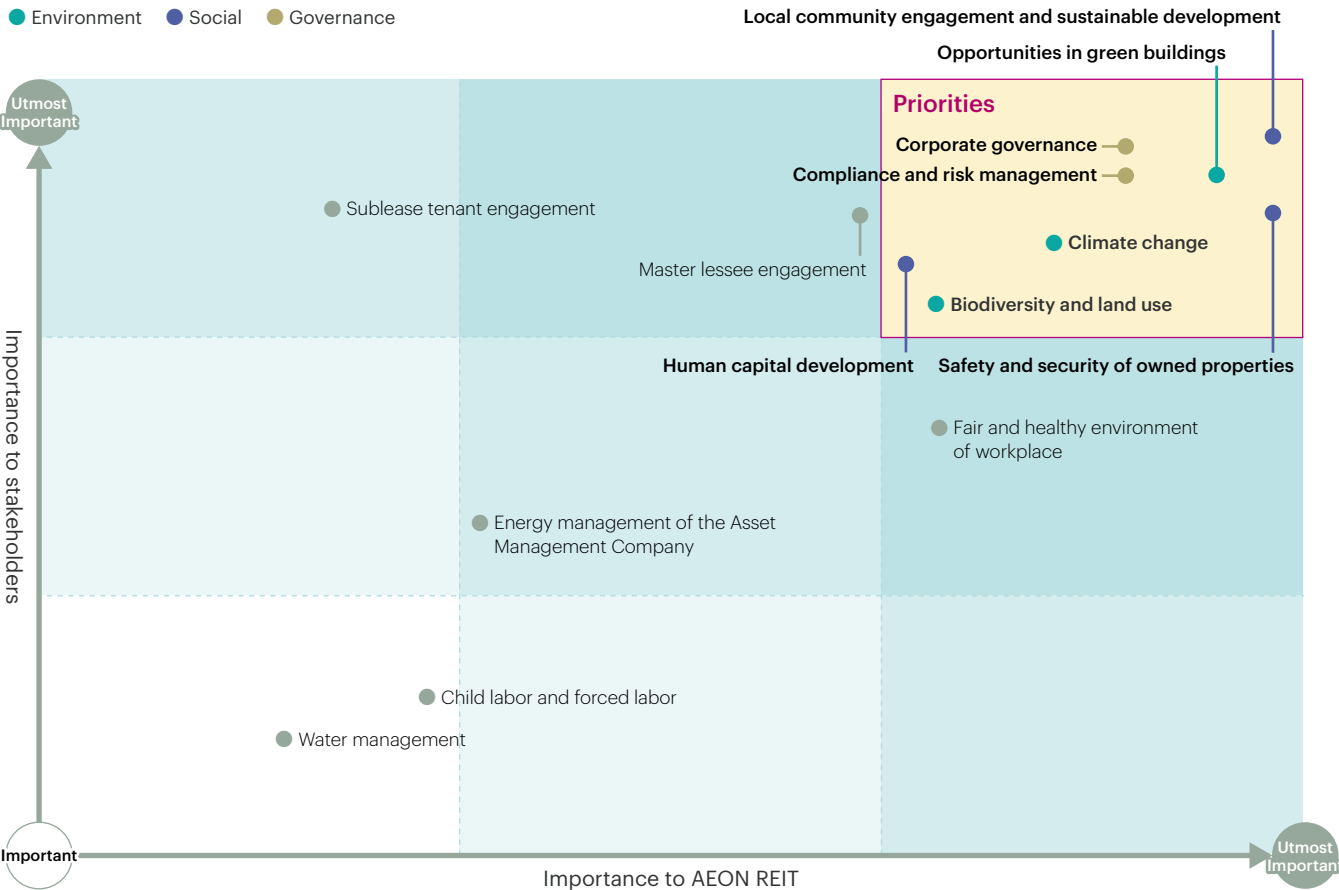
		SDGs
E	Master lessee engagement	We will engage with master lessees for decarbonization.
	Sublease tenant engagement	We will engage with sublease tenants for decarbonization.
	Energy management of the Asset Management Company	AEON Reit Management, the Asset Management company, will act to reduce energy consumption.
	Water management	We will conserve water resources around our properties.
S	Fair and healthy environment of workplace	AEON Reit Management, the Asset Management Company, will promote fair and decent working places for our employees.
	Child labor and forced labor	AEON Reit Management and other related companies will prevent child labor and forced labor in the value chain.

Materiality

Materiality matrix

Reflecting the expectations given by stakeholders, the Investment Corporation and AEON Reit Management, the Asset Management Company, assessed important ESG issues that may cause a significant financial impact in the medium- to long-term period. In addition, the assessment results were mapped on the two axes

of “importance for stakeholders” and “importance for the company,” and priority topics were set among all the material issues. Based on the materiality matrix, the Investment Corporation and the Asset Management Company will proceed with strategy formulation and promotion of specific measures for these priorities.



Materiality assessment process

Step 1 Identification of the issues

Summarized the expectations given by stakeholders outside and inside the company such as the Aeon Group, master lessees, custodians, agents, end tenants, customers, investors and employees of the Asset Management Company.

Identified important issues by referring GRI standards and SASB.

Step 2 Assessment

Created a materiality matrix by assessing the important issues on two axes, the importance to stakeholders and to AEON REIT.

Referred to the Investment Corporation's and also the Aeon Group's company philosophy/policies in the assessment.

Step 3 Discussion and approval by the management

The items evaluated in Step 2 were evaluated by experts and reported at the Sustainability Promotion Committee of the Asset Management Company. The final proposal was resolved by the board of directors of the Asset Management Company and reported to the board of directors of the Investment Corporation.

Environment

Response to climate change

Climate change is recognized as a serious issue facing the international community that has a significant impact on our business activities. In December 2021, we announced our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are working closely with the Aeon Group in implementing activities aimed at realizing a decarbonized society.

Support for TCFD (Task Force on Climate-related Financial Disclosures)

In December 2021, AEON Reit Management Co., Ltd., the Asset Management Company, expressed its support to TCFD (Task Force on Climate-related Financial Disclosures) recommendations published by FSB (Financial Stability Board) in June 2017. TCFD recommends disclosure of the financial impact of risks and opportunities caused by climate change.

AEON REIT Investment Corporation and AEON Reit Management recognize that climate change is an important issue, which may cause a significant impact on business activities. The Investment Corporation and the Asset Management Company will aim to respond and disclose information in line with the TCFD recommendations.

Governance

The Asset Management Company, AEON Reit Management has established a Sustainability Promotion Committee to promote initiatives related to sustainability. The committee positions climate response as a critical issue for the organization and shares information and deliberates on responses related to climate change.

The committee is chaired by the Representative Director and President of the Asset Management Company, with meetings held at least once quarterly in principle to consider and deliberate matters such as targets related to sustainability. The activities of the committee are reported to the Board of Directors of AEON REIT Investment Corporation and the Board of Directors of the Asset Management Company at least once every six months.

Please refer to "[Sustainability system and policy](#)" on page 8 for details on our sustainability promotion system.

Preconditions of scenario analysis

The Asset Management Company aims to make disclosures in line with the TCFD recommendations and conducted analysis of the 1.5°C scenario and 4°C scenario concerning the risks and opportunities climate change presents to the Investment Corporation.

Scope of analysis and duration

Scope of analysis	Properties owned in Japan Note: 96% of overall portfolio (45/47 properties)
Duration	From 2022 until 2050. Timelines for short-term, medium-term and long-term are set as follows. Short-term: Until 2025 Medium-term: Until 2030 Long-term: Until 2050

External scenarios used as references

The main sources of information used as references are as follows.

Transition risks	1.5°C scenario / IEA NZE Scenario ^{1,2}
Physical risks	4°C scenario / IPCC RCP 8.5 Scenario ^{3,4}

Notes:

1. IEA: International Energy Agency
2. NZE Scenario: Net Zero Emissions by 2050 Scenario
3. IPCC: Intergovernmental Panel on Climate Change
4. RCP: Representative Concentration Pathways

Risk classification

Risks are classified into "transition risks" and "physical risks" in accordance with the TCFD recommendations. Furthermore, "physical risks" have also been organized into "acute" and "chronic" classifications. "Opportunities" are also considered separately.

Referred to the guidance recommended by UNEP FI¹ and PRI² for the details of risk classifications.

Based on the above preconditions, scenario analysis was performed using future climate forecasts published by international organizations as the main sources of information.

Transition risks	Risks associated with the transition to a low-carbon society (Policy and Legal, Technology, Market, Reputation)
Physical risks	Risks resulting from disasters, etc. caused by climate change (Acute, Chronic)

Notes:

1. UNEP FI: United Nations Environment Programme Finance Initiative
2. PRI: Principles for Responsible Investment

Environment

Response to climate change

Image of the world anticipated in each scenario

1.5°C scenario

Overview

The 1.5°C scenario is one in which initiatives aimed at the realization of a decarbonized society by 2050 are promoted, and the rise in average global temperature is kept to within 1.5°C compared with pre-industrial levels. It assumes proceeding with the introduction of stringent legal regulations and taxation systems, and while physical risks are relatively contained, transition risks are assumed to be high.

Anticipated events

- Significant reduction of CO₂ emissions:
Approximately 40% reduction by 2030 and realization of net zero by 2050 on a global scale
- Introduction of carbon tax
- Widespread introduction of renewable energy, etc.

4°C scenario

Overview

The 4°C scenario is one in which measures to address climate change do not progress, and emissions of greenhouse gases (GHG) continue to increase, resulting in the average global temperature increasing by approximately 4°C by 2100. It assumes that stringent legal regulations and taxation systems will not be implemented, and while transition risks are relatively low, physical risks are assumed to be high.

Anticipated events

Forecast of impact of climate change on Japan based on RCP8.5 (partial excerpt)

Item	Comparison with the end of the 20th century (or present)
Average annual temperature	Increased by approximately 4.5°C
Number of days with 200mm or more rainfall	Increased by approximately 2.3 times
Maximum daily rainfall	Increased by approximately 27% (33mm)
Average sea level	Increased by approximately 0.71m
Typhoons and storms associated with typhoons	Stronger

Source: Ministry of Education, Culture, Sports, Science and Technology / Japan Meteorological Agency "Climate Change in Japan 2020"

Financial impact of risks and opportunities based on scenario analysis

The Asset Management Company identified risks and opportunities based on the 1.5°C and 4°C scenarios. Timelines were set according to the content of each of the identified risks and opportunities, and future action was considered after examining the financial impact. An overview of the analysis results is shown in the table below.

Please refer to the [Climate Change](#) page on our website for details of the analysis.

Analysis results and future action

In the 1.5°C scenario, it is assumed that stringent regulations and taxation systems will be introduced for the purpose of curbing GHG emissions to realize a decarbonized society. This is expected to increase costs associated with the response including property management, property facility repair, and financing. At the moment, direct impact on AEON REIT is considered small because of the nature of our current master lease agreements, while in the future, the value of properties with poor environmental performance may decline, and decrease in demand by tenants/end tenants may happen due to no longer being considered for selection as properties, which may

ultimately lead to a decline in rents.

In the 4°C scenario, it is assumed that GHG emissions will continue to increase due to the strict regulations and taxation systems not being introduced, and that weather disasters caused by rising temperatures will increase in severity. As a result, repair expenses and insurance premiums for owned properties are expected to increase. At the moment, direct impact on AEON REIT is considered small because of the nature of our current master lease agreements, while in the future, for properties with a high risk of being exposed to weather disasters, the demand by tenants/end tenants may decrease due to no longer being considered for selection as properties, which may ultimately lead to a decline in rents.

The Investment Corporation is promoting an increase of the percentage of green qualified assets within its portfolio to prepare for the transition risk anticipated under the 1.5°C scenario to ensure the properties owned continue to be community infrastructure assets and, at the same time, promoting the understanding of risks and responses to disasters using a hazard map to prepare for the risks anticipated under the 4°C scenario as well. Meanwhile, risks caused by climate change are considered to become more multi-faceted. In addition to the initiatives at present, AEON REIT will further strengthen ties with the Aeon Group companies, and endeavor to reduce risks and create opportunities through steps including appropriate information gathering, establishment of a system for considering responses to risks, and updating the facilities in owned properties.

Risk management

The Investment Corporation includes the perspective of climate change risks and opportunities in its risk management processes implemented by the Asset Management Company, and conducts ongoing risk assessments. Furthermore, an assessment of important risks and opportunities related to climate change is shared and deliberated on by the Sustainability Promotion Sub-committee of the Asset Management Company.

Environment

Promoting a shift to green buildings

AEON REIT is striving to make its owned properties green buildings by such means as reducing environmental burden and improving energy performance. We aim to work closely with Aeon Group companies to realize the Aeon Decarbonization Vision.

CO₂ emissions reduction target

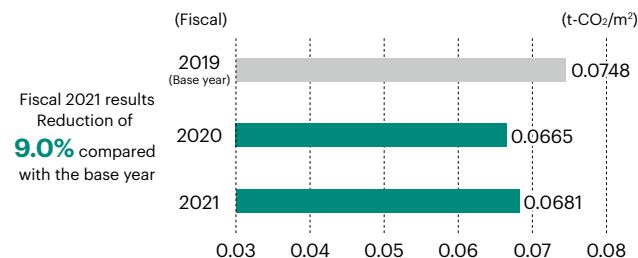
AEON REIT aims to reduce energy consumption intensity and CO₂ emissions intensity by 1% annually on average in its entire portfolio and at individual properties as its medium-term CO₂ reduction target.

Specifically, we have set a target of a 5% reduction over a five-year period from fiscal 2020 to fiscal 2024, using fiscal 2019 as the base year. We reduced CO₂ emissions intensity and energy consumption intensity by 9.0% and 6.3%, respectively, in fiscal 2021 compared with fiscal 2019, although this result included the fact that we had to suspend operations at retail facilities and shorten work hours due to the COVID-19 pandemic.

Aeon aims to reduce the total emissions of CO₂ and other GHGs from its stores to zero by 2040 under the Aeon Decarbonization Vision. Aeon will reduce energy consumption at stores and promote a shift to renewable energy throughout the Aeon Group to achieve this goal.

AEON REIT will continue to engage in dialogue with Aeon Group companies and work closely with them to reduce CO₂ emissions.

CO₂ emissions intensity



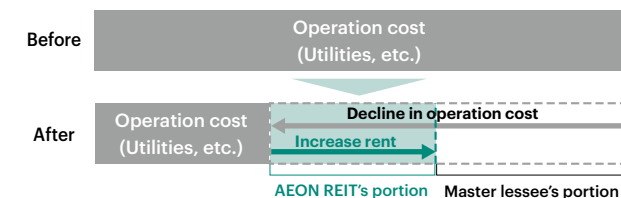
Investing in facilities with exceptional environmental performance (Green leases)

AEON REIT invests in facilities with exceptional environmental performance in collaboration with master lessees with the aim of maintaining and enhancing the comfort and productivity of properties and implementing environmental initiatives at its owned properties.

At the end of 2022, we invested in air conditioning with inverter units at AEON MALL Sapporo-Hiraoka and AEON MALL Tomakomai to improve energy efficiency and reduce utility costs. The investment was made not only in consideration of the environment but also to reduce operating costs for the master lessees and allow us to raise rents, thus providing financial benefits all round.

We are also investing in LED lighting, upgrading to water-saving toilets and asphalt using recycled materials.

Sharing the cost reduction



AEON MALL Sapporo-Hiraoka



AEON MALL Tomakomai

Promoting acquisition of third-party certification

AEON REIT invests in and manages real estate with outstanding environmental performance and that accommodates social demands. We are actively acquiring third-party certification in order to have a solid grasp of objective assessments.

In addition to seeking to enhance the ratio of such real estate in our portfolio, we have set key performance indicators (KPIs) for the ratio of properties that have gained third-party certification with a focus on evaluation results.

Definition of third-party certification

The ratio of properties with third-party certification is calculated by dividing the total leasable area of certified properties by that of all properties owned in Japan. Third-party certification refers to the DBJ Green Building, CASBEE for Real Estate and BELS Certifications, among others.

Targets (Medium-term targets announced in September 2022)	★4 or higher: Over 80% (★3 or higher: Over 85%)
Results (As of July 31, 2022)	★4 or higher: 80.4% (★3 or higher: Over 84.9%)

Note: ★4 or higher refers to "4 or 5 stars in the DBJ Green Building Certification," "Rank A or S in the CASBEE for Real Estate Certification," "4 or 5 stars in BELS Certification." ★3 or higher refers to "3, 4 or 5 stars in the DBJ Green Building Certification," "Rank B+, A or S in the CASBEE for Real Estate Certification," "3, 4 or 5 stars in BELS" (as of July 31, 2022).

Environment

Promoting a shift to green buildings

Collaboration with business partners

AEON REIT collaborates with stakeholders to create malls that have minimal environmental impact. We have established criteria for the selection of property management companies that we entrust to manage our properties and evaluate all property management companies once a year, in principle. We evaluate their ability to manage buildings and build and renovate buildings. We also take into account their environmental consideration, industrial safety and health for employees, and their understanding of and compliance with the Asset Management Company's sustainability policy.

We cooperate with the property management companies in order to make improvements, which includes asking them to make proposals to reduce environmental impact such as initiatives to minimize energy consumption.

Initiatives in our properties

Environmentally friendly facilities

Aeon aims to realize a decarbonized society by reducing the total amount of GHGs emitted by stores to zero through energy conservation and energy creation. The entire Aeon Group is striving to achieve this goal through a three-pronged approach with regard to its stores, products and logistics, and by working hand-in-hand with customers.

We have introduced solar panels, EV charging stations, LED lighting and walls covered with greenery at our owned properties.

Ratio of properties equipped with environmentally friendly facilities

Properties with solar panels	19 out of 45 (42%) (As of July 31, 2022)
Properties with EV charging stations	42 out of 45 (93%) (As of July 31, 2022)



Solar panels



EV charging station

Urban revitalization and redevelopment (community building in harmony with the region)

Aeon seeks to create special Aeon living zones that are rooted in the community by promoting development and initiatives in collaboration with stakeholders.

AEON MALL Tamadaira woods: A core base for redevelopment in harmony with the community

AEON MALL Tamadaira woods, owned by AEON REIT in Tamadaira, Hino City, Tokyo, was developed as a hub for community building as part of a redevelopment project for the Tamadaira-no-Mori Housing Complex being implemented by Hino City and the Urban Renaissance Agency.

The Tamadaira-no-Mori Housing Complex, completed in 1958, was rebuilt in 2007 and has been continuously redeveloped, centered on AEON MALL Tamadaira woods, which opened in 2014. The facility has been developed with a view to regional revitalization, which includes promotion of a residential building renaissance project and development of a core regional medical institution.

AEON MALL Tamadaira woods is a retail facility that is rooted in the local community and serves as a hub for residents. Efforts have also been made toward afforestation on the premises. In March 2022, AEON MALL Co., Ltd., which operates the facility, obtained Association for Business Innovation in harmony with Nature and Community (ABINC) certification, which assesses initiatives to create biodiversity and friendly green areas.

The Aeon Group continues to promote redevelopment projects like this and build communities in harmony with the region.



AEON MALL Tamadaira woods

AEON MALL Nagoya Noritake Garden: New style of AEON MALL as an office complex-type retail facility

AEON MALL Co., Ltd. opened AEON MALL Nagoya Noritake Garden in October 2021 as the first store of a new business format that integrates retail facilities with offices that support the growth of workers and companies. The measure aims to cultivate new demand.

The commercial complex combines retail facilities, offices and a university satellite campus based on a concept of connecting with nature. Since it is directly linked to a condominium building, there are a large number of people working, studying and living in the area. The complex draws on the advantages of integrating shopping and business while leveraging the beauty of the area to provide a sense of serenity.



AEON MALL Nagoya Noritake Garden

Social

Contributing to the sustainable development of local communities

AEON REIT invests in equipment and facilities that match the characteristics of each region, thereby contributing to the sustainable development of local communities. Aeon takes measures that place top priority on ensuring safety, security and comfort as part of its customer-first approach. In the same way, we invest to ensure safety and security in our owned properties.

Investing in community infrastructure assets

AEON REIT's philosophy is to invest in community infrastructure assets. In addition to acquiring properties the Aeon Group operates as such assets, we also continue to make investments that contribute to the revitalization of our owned properties.

One example is the overhaul of AEON MALL Kurashiki, which we started reopening in stages in 2022. Our investment here aimed to revitalize part of the facilities based on a concept of turning the mall into a central hub for local solutions in the growing, future-oriented city of Kurashiki. New stores were introduced while others were relocated or renovated. Also, the design of the exterior walls of the mall were fully renewed, and the food court, courtyard and children's playground were all upgraded.

Diverse perspectives were considered before making the changes. We increased facilities that take advantage of Kurashiki's climate and build connection with the community as well as facilities that parents with small children can enjoy. These efforts have resulted in a mall that contributes to the sustainable development of the local community.



AEON MALL Kurashiki before the makeover



AEON MALL Kurashiki after the makeover

Safety and security of owned properties

Mitigating earthquake risk

At AEON REIT, we aim to keep the probable maximum loss (PML) of our portfolio in Japan under 10%, in principle. If the PML of an individual property exceeds 15%, we take out earthquake insurance following comprehensive deliberation that takes into account the expected impact of an earthquake on the property and the entire portfolio as well as the effectiveness of the insurance.

For assets overseas, we comply with legal standards for earthquake resistance in the countries and regions we own properties and make investment decisions in careful consideration of the viability of calculating PML value in a region, the availability of earthquake insurance and local practices.

Group response to disaster preparedness

Aeon is working toward achieving its goal of establishing 100 disaster-preparation facilities across Japan. At stores designated for this purpose, private power generators have been installed in case of power and water outages in the event of a disaster. Other measures include the introduction of emergency water supply outlets to access valuable water stored in water tanks. Such equipment has been installed at 61 stores as of February 28, 2021.

Disaster preparation agreements have also been concluded with local governments. Approximately 1,000 such agreements have been signed with around 700 local governments and private companies nationwide as of February 28, 2021. In addition to sending relief supplies, Aeon offers up its parking spaces for use as evacuation sites in a disaster.

Aeon also cooperates with local disaster preparation activities such as conducting joint drills, which serve to strengthen community ties as well.

Capital investments to enhance the comfort and safety of owned properties

AEON REIT is actively making capital investments to enhance the comfort, safety and security of our owned properties.

In addition to upgrading toilet facilities to improve comfort, we are making revitalization investment in specific sections of our properties where we can make more effective use of space. At AEON MALL Suzuka in June 2021, aging raw garbage bins were removed, and the raw garbage storage space was shifted to a semi-outdoor area, thereby improving the environment and increasing employee satisfaction. Shifting the raw garbage area enabled us to add more floor space for tenants, and the introduction of popular new tenants has made shopping more enjoyable for customers.

In other efforts to make facilities safer, disaster preparation-related capital investments are focusing on renewing disaster-proof shutters and changing materials in smoke-proof hanging walls to slow down the flow of smoke in a fire, such as shifting from glass to incombustible film.

Group response to boost the comfort and safety of properties

The Aeon Group actively promotes initiatives in consideration of the comfort and safety of its properties. This includes the installation of universal restrooms, vending machines based on universal design and barrier-free facilities such as slopes at many of its properties.

To make the lifestyles of employees more comfortable, the Group operates Aeon Yumemirai (Dreams for the Future) Nursery School in support of people working while raising children and looks to upgrade break rooms.

The Aeon Group has also established Aeon Doyutenkai (store association) for subtenants (lessee when subleasing) in retail facilities, offering multi-faceted support, including sales support, for tenants who are members.

Social

Fair and healthy workplace environment

AEON Reit Management, the Asset Management Company, believes that diverse human resources are essential to contribute to local communities, maximize unitholder value and achieve sustainable corporate activities. Systems and an organizational culture have been established so that each employee can take maximum advantage of their abilities. Efforts are also made to maintain and enhance employee health and safety.

Basic Human Rights Policy

Aeon Basic Human Rights Policy

Aeon established the "Aeon Code of Conduct" in 2003 to realize the management of "Respect for Humanity," which is the basic principle, and in 2008, "[Aeon's Basic Human Rights](#)" to promote this "Aeon Code of Conduct." Policy has been formulated. In 2014, we revised it to specify that we will not discriminate on the grounds of sexual orientation or gender identity. Furthermore, in 2018, we revised the content and "Aeon's Basic Human Rights Policy," which expanded the scope to the human rights of our suppliers, and are continuing to promote it. The revised "Aeon's Basic Human Rights Policy" aims to implement initiatives to respect human rights based on international law and international agreements in addition to domestic law, and to target all stakeholders involved in Aeon's business activities. In addition to clearly stating, it stipulates that we will establish a human rights due-diligence process regarding the shadow of human rights through business activities and aim to realize a society in which human rights are respected.

Initiatives for health, safety and the environment

The Asset Management Company holds bimonthly Safety and Health Committee meetings to ensure the health and safety of employees by sharing information and holding discussions on work style, health management and other matters.

Other initiatives to ensure the health and safety of employees include making follow-up announcements for checkups with industrial physicians and public health nurses based on the results of regular checkups. Training is also given on such topics as nutrition, mental health and women's health depending on the issues each employee is facing. Various walking events and measures to prevent infections

from spreading also aim to enhance health and safety. Since 2020, the Asset Management Company has been certified under the Health & Productivity Management Outstanding Organizations Recognition Program run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, which undertakes advanced initiatives to prevent illness and enhance health nationwide in recognition of these efforts.

Employee welfare

The Asset Management Company is working to establish systems and an organizational culture so that employees can maximize their potential.

Comfortable work environment

Satisfaction surveys

The Asset Management Company utilizes the Aeon Code of Conduct Survey which targets Aeon Group employees regarding their satisfaction on such topics as workplace environment while also covering compliance awareness. The surveys are viewed as an opportunity to listen to the opinions of employees and reflect them in management in order to create a more pleasant work environment.

Welfare programs (Leave and other systems)

Classification	Program	Coverage	Details
Leave	Childcare leave	All employees	Until the child reaches the age of 2 or 3
	Caregiver leave	All employees	Up to one year in total
	Nursing care leave	All employees	Up to five days per year
	Annual paid leave by the hour	All employees	Up to five days per year
Healthcare	Safety and Health Committee	All officers and employees	Held bimonthly
	Employee satisfaction surveys	All employees	Conducted once a year (Started annually in 2019; conducted every other year prior to that)
	Stress checks	All employees	Conducted once a year
	Mental health courses	All officers and employees	Conducted at least once a year
	Checkups with industrial physicians	All officers and employees	Arranged on a regular basis and as needed
	Whistleblower system	All officers and employees	Established for use by all employees
Other	Infectious disease prevention	All officers and employees	Cost of equipment to prevent the spread of infection and flu vaccinations, etc. are subsidized
	Aeon Group's welfare system	All officers and employees	Signed up as a member of the Health Insurance Association and the Aeon Good Life Club
	Periodic evaluations	All employees	Conducted employee evaluations in each period (every six months)
	Personnel interviews	All employees	Conducted with all employees once a year
	Cumulative investment system for investment unites	All officers and employees	Expected to increase employee awareness aimed at boosting business performance and to enhance unitholder value

Social

Human resource development by the Asset Management Company

Aeon is striving to create a corporate environment in which each employee can continue to work with a sense of purpose, play an active role and continue to grow. AEON Reit Management, the Asset Management Company, has also established a basic policy in line with this philosophy in its efforts to develop human resources.

Basic Policy on Human Resource Development

The Asset Management Company considers that it is necessary to gather human resources with various values and high level of expertise in order to realize its corporate philosophy. At the same time, development of company systems and fostering an organizational culture is considered as important actions with the aim of maximizing employees' abilities.

Based on the above idea, the Asset Management Company is continuously and actively investing in human resources to promote the autonomous development of abilities and careers by human resources, which are the most important assets for the company referring to the Code of Conduct. Approximately 1% of the annual operating revenue generated by the Asset Management Company is earmarked for investment in human resources.

Training is provided to both the people conducting personnel evaluations and the people being evaluated. Goal-setting sessions and assessment-related interviews lay the platform for gaining employee understanding and increasing motivation while also providing the opportunity for personal growth.

Approach to recruitment

Aeon's basic policy is to recruit for specific jobs, targeting people who have just graduated college or university and mid-career workers. The aims are to recruit people who can continue to provide high-value-added products and services based on a customer-first approach and create an organization that attracts human resources capable of high productivity and that continues to grow.

Employing senior citizens

The Asset Management Company has introduced a mandatory retirement age of 65 so that every employee can maximize the expertise and capabilities, built up through experience and motivation, for as long as possible.

Training system

The Asset Management Company conducts different kinds of training for all employees as part of efforts to develop human resources with a high degree of expertise. This includes providing year-round training to increase the knowledge and mastery needed for work, constantly reviewing the content of training programs to improve them and conducting other forms of training and examinations both inside and outside the company.

Efforts are also made to develop the skills of employees from a career perspective, provide management training, and create a system of support for employees to take courses and attend seminars that lead to autonomous capacity development.

We aim to create a pleasant work environment in which diverse human resources can play active roles through educational and awareness-raising activities that help resolve various issues related to human rights. Training on human rights and the Aeon Code of Conduct is provided every year for all employees.

Promoting the acquisition of professional qualifications and skills/career development

The Asset Management Company provides support for employees wanting to gain professional qualifications such as the ARES Certified Master, and to develop management skills. The aim is to have a group of specialists who look to develop their own skills and career under their own steam. In addition to providing support to obtain and keep

the professional qualifications, the company also gives financial assistance by covering the cost to attend seminars and the like.

Social contribution activities

Aeon actively engages in social contribution activities as a member of the local community and the international community.

Initiatives to contribute to society and the local community

As part of our social contribution activities, we carry out a community cleanup program once a month with the aim of contributing to the local community and regional revitalization.

In addition to undertaking fundraising activities every year, we started donating to the Aeon 1% Club in 2021. With this, major Aeon Group companies donate 1% of their pre-tax profits to the Aeon 1% Club so that it can engage in projects based on the three themes of "sound development of the next generation," "promotion of friendship with foreign countries" and "sustainable development of regional communities." Specifically, the funds contributed are used to support the construction of schools in countries lacking educational facilities, the transmission of traditional events and culture rooted in local regions, the revival and reconstruction of regions damaged by large-scale natural disasters and the fostering of new talent who will shoulder the responsibility of such activities.

Activity	FY2019	FY2020	FY2021
Number of community cleanup programs implemented	9	-	-
Amount donated to the Aeon 1% Club	-	-	¥10,600,000
Amount donated to fundraising activities (frequency of participation)	¥23,331 (7 times)	¥14,751 (6 times)	¥13,691 (4 times)

Note: Community cleanup activities in 2020 and 2021 were voluntarily suspended due to the COVID-19 pandemic.

Governance

Corporate governance

Based on the recognition that strengthening corporate governance is an important management issue, AEON REIT has established a highly transparent and fair governance system and is promoting initiatives to reinforce this system.

In addition, we aim to maximize sustainable value for unitholders by ensuring legal compliance and solid risk management.

Governance of AEON REIT Investment Corporation

Management structure

The Investment Corporation’s managing bodies are the General Meeting of Unitholders consisting of unitholders, an executive director, three supervisory directors, the Board of Directors consisting of all executive directors and supervisory directors, and the independent auditor.

Certain matters concerning the Investment Corporation, which are stipulated in the Act on Investment Trusts and Investment Corporations (“Investment Trust Act”) or the Articles of Incorporation, are resolved at the General Meeting of Unitholders, which is composed of unitholders. Resolutions at the General Meeting of Unitholders will be passed by a majority vote of the unitholders at the meeting where unitholders holding a majority of the investment units issued and outstanding are present. However, for certain important matters such as amendments to the Articles of Incorporation, resolutions (special resolutions) must be passed by a majority of two thirds or more of the affirmative votes of the unitholders at a meeting where unitholders holding a majority of the investment units issued and outstanding are present. The General Meeting of Unitholders convenes at least once every two years.

The executive director has the authority to execute the business of the Investment Corporation and to represent the Investment Corporation in all judicial or extrajudicial acts related to its business. Supervisory directors have the authority to supervise the execution of duties by the executive director and assessments are based on reports on the status of asset management, compliance and risk management provided by the executive officer at Board of Directors’ meetings.

The Board of Directors has the authority to approve the execution of important duties, the authority stipulated in the Investment Trust Act and the Articles of Incorporation and the authority to supervise

the execution of duties by the executive director.

The independent auditor is selected through resolution of the General Meeting of Unitholders. The Investment Corporation has selected PricewaterhouseCoopers Aarata LLC to act in this capacity. The independent auditor audits the Investment Corporation’s financial statements, reports to the supervisory directors any wrongful act or material fact in violation of the law or the Articles of Incorporation discovered in connection with the execution of duties by the executive director and performs other legally stipulated duties.

Directors

Position	Name	Attendance at Board meetings Period ended January 31, 2022	Attendance at Board meetings Period ended July 31, 2022
Executive Director	Nobuaki Seki	10/10 (100%)	7/7 (100%)
Supervisory Director	Chiyu Abo	10/10 (100%)	7/7 (100%)
Supervisory Director	Yoko Seki	10/10 (100%)	7/7 (100%)
Supervisory Director	Makiko Terahara	4/4 (100%)	7/7 (100%)

One executive director and three supervisory directors (increased from two) were appointed at the fifth General Meeting of Unitholders of the Investment Corporation held on October 21, 2021. Three lawyers (one of whom has practical experience as a certified public accountant) have been appointed as the supervisory directors. These lawyers supervise the execution of duties by the executive director from various perspectives based on their experience and knowledge. Supervisory directors are all external experts who have no special interests with the Investment Corporation. The ratio of female officers is 50%.

Restrictions on trading of investment units and bonds by officers

Insider Trading Management Regulations, established by the Investment Corporation to prevent insider trading, prohibit the officers from trading investment units and investment corporation bonds issued by the Investment Corporation. Neither the executive officer nor supervisory directors own any investment units of the Investment Corporation.

Asset management fee structure

Method of calculation of fees etc. related to asset management

The Asset Management Company receives asset management fees (I and II), acquisition fees and disposal fees. The calculation method specified in the Investment Corporation’s Articles of Incorporation is as shown below.

Management fee structure	Calculation method
Management fee I	Total assets × 0.3% (maximum rate) × {No. of operating days / 365}
Management fee II	DPU before deducting Management fee II × NOI × 0.001% (maximum rate)
Acquisition fee	Acquisition price × 0.5% (maximum rate) [Related party transactions: Acquisition price × 0.25% (maximum rate)]
Disposition fee	Disposition price × 0.5% (maximum rate) [Related party transactions: no disposition fee paid]

Governance

Corporate governance

Remuneration of the executive director and supervisory directors

The monthly remuneration of the executive director and supervisory directors is set with an upper limit of ¥1 million. Remunerations are determined by the Board of Directors and shall be amounts considered reasonable in light of remunerations of directors and supervisory directors who perform similar duties at public companies and other corporations as well as general price and wage trends.

Position	Name	Remuneration for the period ended January 31, 2022 (thousands of yen)	Remuneration for the period ended July 31, 2022 (thousands of yen)
Executive Director	Nobuaki Seki	—	—
Supervisory Director	Chiyu Abo	1,800	1,800
Supervisory Director	Yoko Seki	1,800	1,800
Supervisory Director	Makiko Terahara	900	1,800

Remuneration of the independent auditor

Remuneration of the independent auditor shall be determined by the Board of Directors and have an upper limit of ¥30 million in each period subject to audit.

Name	Remuneration for the period ended January 31, 2022 (thousands of yen)	Remuneration for the period ended July 31, 2022 (thousands of yen)
PricewaterhouseCoopers Aarata LLC	20,700	18,000

Reinforcement of corporate governance

Appropriate management of conflicts of interest

Decision-making process for related party transactions

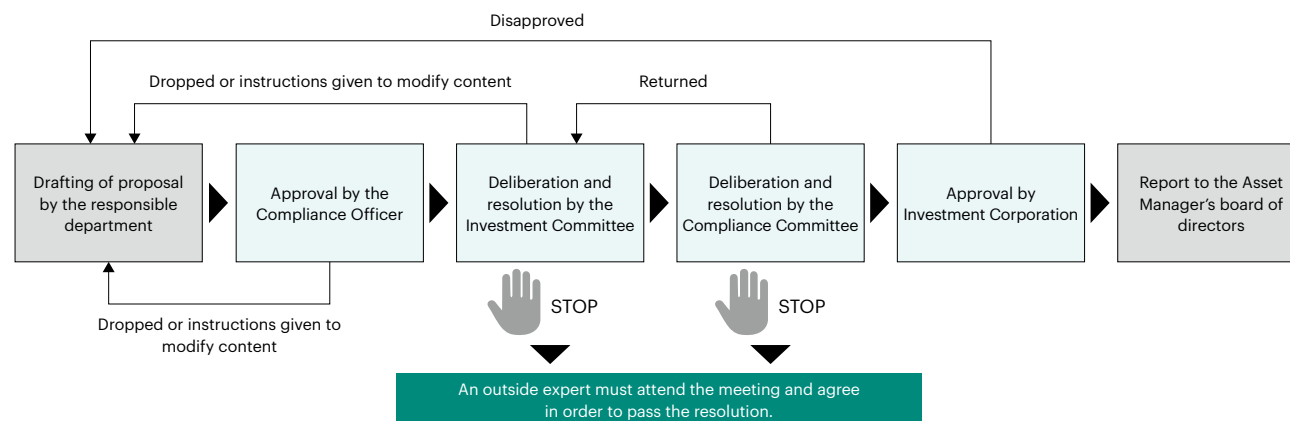
Resolutions concerning related party transactions such as the acquisition of assets from the Aeon Group must be confirmed and approved by the compliance officer in advance to ensure legal compliance. The matter is then discussed by the Investment Committee and Compliance Committee of the Asset Management Company before a resolution is formed. For the final part of the decision-making process, a report is sent to the Board of Directors and the Investment Corporation. Resolutions concerning related party transactions require the attendance and approval of an external member (independent third party), who has no special interests with the Aeon Group, at each of the Investment Committee and Compliance Committee meetings. This forms part of the mechanism for more rigorous decision-making.

Details and roles of external members

An external member with no special interests in either committee is selected by the Board of Directors for each of the Investment Committee and Compliance Committee. Resolutions of each committee require the attendance and approval of these external members to ensure fairness, objectivity and appropriateness in decision-making by the committees.

Position	Name
External member of the Investment Committee	Katsue Okuda
External member of the Compliance Committee	Aya Motomura

Decision-making process in conflict-of-interest transactions



Governance

Corporate governance

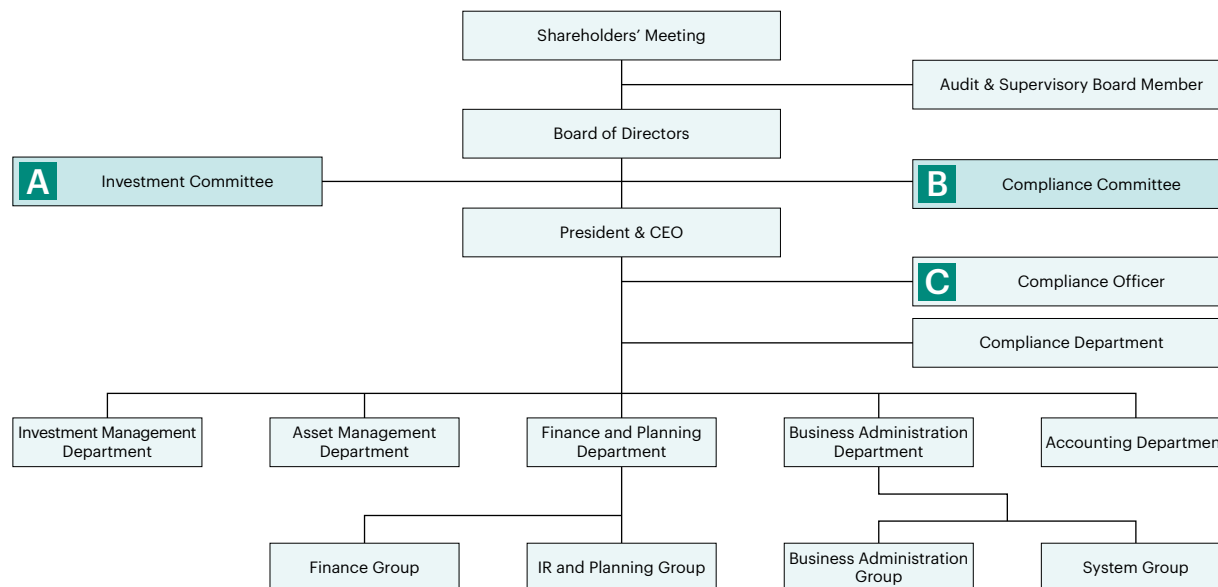
Thorough compliance and risk management

Basic Compliance Policy

AEON REIT Investment Corporation and AEON Reit Management Co., Ltd., which is commissioned to manage the assets of the Investment Corporation, are aware of their social responsibility and mission regarding society, which are derived from the fact that the Investment Corporation's asset management involves the management of its investors' funds. They have built an asset management system that is appropriate for promoting management prioritizing compliance to establish the trust of society by contributing to the development of the economy and society through healthy operations.

The Asset Management Company has established Compliance Regulations, Compliance Committee Regulations and Compliance Manual as well as a Compliance Program, which is a specific execution plan to ensure compliance, as part of efforts to create and implement a robust compliance system. In addition, the Asset Management Company has adopted the Principles for Customer-Oriented Business Conduct issued by the Financial Services Agency and has formulated and announced a policy to carry out business operations for the Investment Corporation, which entrusts the Asset Management Company with business pertaining to asset management, and its unitholders. The Asset Management Company also regularly announces the status of activities under the policy with respect to key performance indicators (KPIs) and these Principles.

Organization chart of the Asset Management Company



A	Investment Committee	Deliberates and makes decisions on matters concerning management policy, owned assets and sources of funding, etc.
		Members: All full-time directors including the representative director as well as general managers of the Investment Management Department, Asset Management Department, Finance and Planning Department, Business Administration Department and Accounting Department, an external member and a compliance officer
B	Compliance Committee	Deliberates and makes decisions on compliance-related issues in matters to be resolved by the Investment Committee
		Members: A compliance officer, all full-time directors including the representative director as well as the general manager of the Compliance Department and an external member
C	Compliance officer	Appointed based on monitoring and supervisory experience to ensure thorough legal compliance in-house; establishes the compliance system for the Investment Corporation and the Asset Management Company and has overall responsibility for compliance-related matters.

Governance

Corporate governance

Initiatives to prevent bribery and corruption

The Asset Management Company prohibits all forms of corruption and misconduct for personal benefit such as money laundering, insider trading and bribery. Preventive measures have been established based on the Insider Trading Management Regulations, Regulations to Ensure Fair Handling at Time of Transaction and Anti-Bribery Regulations as well as the actions to be taken in case bribery or corruption occurs. There were no confirmed reports of such activity during fiscal 2021.

Whistleblowing system

The Asset Management Company has introduced a whistleblowing system based on the Whistleblower Protection Act with the aim of strengthening compliance management through early detection and remediation of misconduct and similar behavior.

The Aeon Group established the Aeon Code of Conduct Hotline as a whistleblowing system for the entire group and formed a corporate ethics team at Aeon Co., Ltd. as internal contacts and a consultation desk at a lawyer's office as external contacts. Reports and consultations are passed on to the Group company concerned as feedback through the corporate ethics team. Within two weeks, an investigation is conducted to ascertain the facts behind each report or consultation and a response is made, with the results, including corrective measures, reported to the corporate ethics team. The system is available to all employees working in the Aeon Group. The compliance officer at the Asset Management Company serves as a point of contact for consultation and takes corrective measures whenever necessary. The content of reports and consultations is kept strictly confidential in accordance with laws and internal regulations. It is clearly stated in rules and regulations that whistleblowers and those seeking consultation shall not be treated disadvantageously in any way, shape or form.

Implementation policy for internal audits

The Asset Management Company has established Internal Audit Regulations stipulating basic matters concerning the planning, implementation and reporting of internal audits to ensure these

activities are promoted smoothly and effectively. An internal audit plan is formulated every year based on these regulations for use when conducting internal audits. In addition to evaluating and confirming the status of legal compliance, identifying issues and making proposals for improvements, internal audits verify that basic actions pertaining to accountability, duty of loyalty and duty of care befitting the risk characteristics of the Asset Management Company have been performed appropriately. Once an audit has been completed, a report is prepared and directives for improvement given as required. A report on the results and the status of these improvements is provided to the representative director and the Board of Directors.

Audits are performed by an outside specialized organization at least once a year to give an assessment from an independent standpoint.

Risk management system

The Asset Management Company has set forth its basic policy and management system concerning risks within its Risk Management Regulations and a Risk Management Manual in order to classify risks according to various factors and understand, analyze, evaluate and manage those risks. Risk assessments are conducted once every six months based on these regulations and manual with the

Risk assessment process



primary objective of ensuring sound management and appropriate business operations.

Compliance training

Compliance training is provided on a regular and ongoing basis to maintain awareness of the need for compliance and understanding of matters covered by regulations among all employees. A total of 11 training sessions were held in fiscal 2021 with a participation rate of 100%.

Content of fiscal 2021 training

Procedure for checking legal requirements
Management of insider trading and handling of corporate information
Duty of care and duty of loyalty
Conflict of interest management
Customer-oriented principles
Whistleblowing system
Response to anti-social forces
Fair Disclosure Rules
Basic requirements on anti-money laundering (AML) and combating the financing of terrorism (CFT) guidelines
Self-inspection
Topics on recent business environment and regulatory trends surrounding J-REIT asset management companies such as ESG investment and AML/CFT

Sustainability finance

AEON REIT actively promotes sustainability finance for the purposes of maximizing value for unitholders and expanding sources of funding.

Overview

With the basic philosophy of contributing to the enhancement of people’s lives and local communities through investment in retail facilities and related properties, AEON REIT Investment Corporation aims to ensure stable income in the medium to long term by investing in community infrastructure assets.

We have formulated a framework for sustainability finance to realize this philosophy and objective. Through this framework, we also aim to expand sources of funding by increasing the base of investors who are active in ESG investment and to develop sustainability finance, which includes efforts in the investment corporation bond and sustainability bond markets.

Use of funds

Funding methods and uses are outlined below.

Procured funds	Green bond Green loan (including green derivatives) Sustainability bond Sustainability loan (including sustainability derivatives)
Use of funds	To acquire eligible green and eligible sustainability assets To repay loans used to acquire eligible green and eligible sustainability assets To redeem issued investment corporation bonds used to acquire eligible green and eligible sustainability assets

Standards for selecting eligible green and sustainability assets

The standards shown in the table at right are used when selecting eligible green and sustainability assets. The process involves a thorough evaluation and review by the Asset Management Company

before selection based on approval by the Representative Director and President of the Asset Management Company.

Management of procured funds

The Asset Management Company calculates the upper limit of funds to be procured for each of sustainability finance and green finance and formulates a plan for allocating the funds in line with these limits. Funds will be allocated the day after they are procured, in principle. In case of an exception, the funds will be strictly tracked.

Reporting

Reporting on allocation of funds

In principle, funds are allocated by the day immediately following the day of procurement, and disclosure is not necessary. However, funds that are not allocated for a long time and uses of funds in the past are disclosed once a year.

Impact reporting

The Investment Corporation will make disclosure to the lenders (or the investors) at least once a year until the repayment date of green loans (or the redemption date of green bonds) or the repayment date of sustainability loans (or the redemption date of sustainability bonds) arrives. (For details, please see the [Sustainability Finance](#) page on our website.)

Green qualification criteria 1 Sustainability qualification criteria 1	Any of the effective certifications listed in a through e below has already been or will be acquired. a. Three, four or five stars (★) in the DBJ Green Building Certification b. B+, A or S ranking in the CASBEE for Real Estate Certification c. Three, four or five stars (★) in the BELS Certification d. Silver, Gold or Platinum in the LEED certification e. Any third-party certification, other than the certifications above, whose ratings are equivalent to such respective ratings
Green qualification criteria 2	Repair work of equipment, etc. that aims for effective environmental improvement in terms of energy efficiency and water consumption, etc. at operated real estate
Sustainability qualification criteria 2	Social Projects that contribute to either (1) or (2) below. In addition, of the projects in (a) through (e) below, those that meet two or more items and can be deemed to contribute to local communities and to fulfilling the lives of people as life infrastructure assets of local communities are considered to be projects that meet the qualified criteria. (1) Socioeconomic improvement and empowerment (a) Facilities that are sufficiently creating local employment (2) Access to essential services (b) Facilities that are able to supply necessary resources and evacuation space at the time of disaster by concluding a disaster prevention agreement with a local government (c) Facilities that contribute to healthy and cultural lives of local people with childcare facilities or medical facilities moving in as a tenant (d) Facilities that will become basic infrastructure for the daily lives of local people by having public tenants such as a post office (e) Facilities where barrier-free or gender-free equipment is provided
<small>Note: All of the projects at right are required to meet the condition of matching the project classification indicated by the Social Bond Principles and being suitable for people to be covered.</small>	

ESG Data

Environment

Theme	Item	Unit	FY2019	FY2020	FY2021
Greenhouse gas (GHG)	CO ₂ emissions	t-CO ₂	248,746	232,470	241,974
	Scope 1	t-CO ₂	0	0	0
	Scope 2	t-CO ₂	21	25	23
	Scope 3	t-CO ₂	248,725	232,445	241,951
	CO ₂ intensity	t-CO ₂ /m ²	0.0748	0.0665	0.0681
	Annual reduction rate on average compared to the base year (FY2019)	%	—	88.9%	91.0%
Energy	Energy consumption	ML	5,627,059,840	5,459,703,235	5,636,237,839
	Energy intensity	ML/m ²	1,692	1,563	1,586
	Annual reduction rate on average compared to the base year (FY2019)	%	—	92.4%	93.7%
Water	Water use	m ³	4,236,959	3,525,599	3,692,029
	Water use intensity	m ³ /m ²	1.274	1.009	1.039
Waste	Amount of waste generated	t	35,868	30,129	31,877
	Waste disposal intensity	t/m ²	0.011	0.009	0.009
	Amount recycled	t	20,991	18,132	18,281
Third-party certification	Ratio of properties with third-party certification	%	52.1%	74.0%	81.6%

Notes:

1. A definition of each scope follows.

Scope 1: Direct greenhouse gas emissions from office operations of the Investment Corporation and the Asset Management Company

Scope 2: Indirect emissions associated with the use of electricity, heat and steam supplied by other companies for office operations of the Investment Corporation and the Asset Management Company

Scope 3: Indirect emissions associated with activities at owned properties and other parties related to the Investment Corporation and the Asset Management Company

2. Intensity of "CO₂ emissions" and "Annual reduction rate on average compared to the base year (2019)" are calculated based only on the CO₂ emissions produced by owned properties that are included in Scope 3.

3. Figures for "Greenhouse gas (GHG)," "Energy," "Water" and "Waste" have not been verified by a third-party organization.

Governance

Theme	Item	FY2019	FY2020	FY2021
Compliance	Number of regular internal audits conducted	9	10	9
	Number of times whistleblowing system used	0	0	0
	Number of compliance training sessions	7	12	11
	Amount of political contributions (yen)	0	0	0
Theme	Item	Fiscal period ended Jul. 31, 2021	Fiscal period ended Jan. 31, 2022	Fiscal period ended Jul. 31, 2022
Compliance	Rent received from leasing to related parties, etc. (millions of yen)	17,408	19,622	19,657
	Rent paid due to leasing from related parties (millions of yen)	2,240	2,591	2,596

Social

Theme	Item	FY2019	FY2020	FY2021
Employees	Number of officers and employees	37	37	40
	Male (ratio)	31 (84%)	32 (86%)	31 (78%)
	Female (ratio)	6 (16%)	5 (14%)	9 (22%)
	Directly hired employees	27	28	34
	Male (ratio)	22 (81%)	24 (86%)	26 (76%)
	Female (ratio)	5 (19%)	4 (14%)	8 (24%)
	Seconded employees	6	5	2
	Male (ratio)	5 (83%)	4 (80%)	1 (50%)
	Female (ratio)	1 (17%)	1 (20%)	1 (50%)
	Management	16	18	19
	Male (ratio)	13 (81%)	15 (83%)	18 (95%)
	Female (ratio)	3 (19%)	3 (17%)	1 (5%)
	New hires	7	3	10
	Male (ratio)	6 (86%)	1 (50%)	5 (50%)
	Female (ratio)	1 (14%)	1 (50%)	5 (50%)
Turnover rate (%)	6	5	8	
Employees aged 60 and over	3	4	1	
Work-life balance	Employees taking childcare leave	0	1	1
	Male	0	0	0
	Female	0	1	1
	Employees taking nursing care leave	0	0	0
	Male	0	0	0
	Female	0	0	0
	Average overtime hours (hours/month)	13.2	11.7	14.3
	Average number of paid holidays taken	11.5	12.4	10.4
	Occupational fatal accidents	0	0	0
	Absence rate (%)	0.24	0.71	2.5
Human resources development	Training hours per employee	32	16	29
	Training costs per employee (Yen)	81,000	46,000	90,500
	Number of employees with real estate qualifications	26	25	32
	Real estate notary	16	13	18
	ARES Certified Master	7	9	11
Certified real estate consulting master	3	3	3	
Social contributions	Number of community cleanup programs implemented	9	—	—
	Support to AEON 1% Club (Yen)	—	—	10,600,000
	Donations (Yen)	23,331	14,751	15,917

Data on sustainability finance

Status of fund procurement

Amount of procured funds and allocation

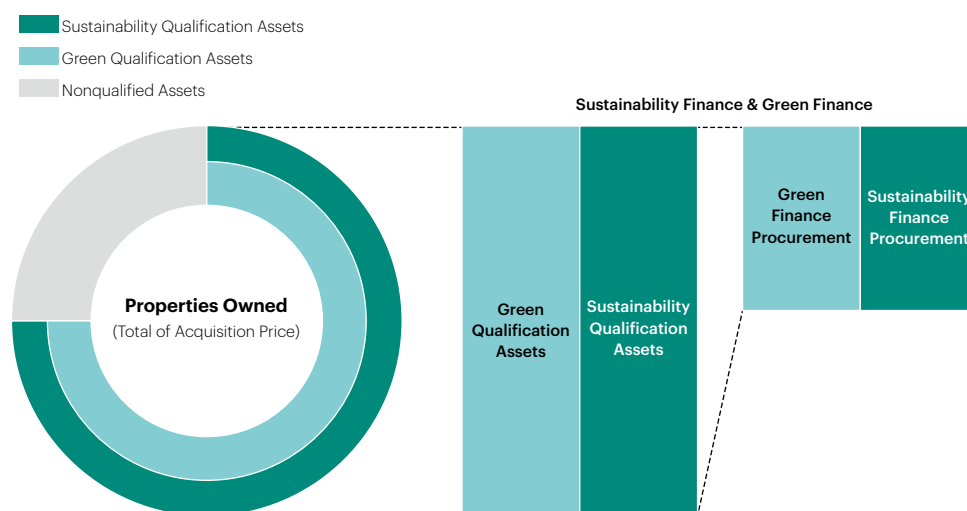
	Funds	Date of procurement	Date of repayment/redemption	Allocation	Use of initial funds	
Green loan	(1)	¥3.3bn	Oct. 21, 2019	Oct. 20, 2022	Allocated	Acquisition of AEON MALL Kofu Showa (existing building) Acquisition of AEON MALL Kagoshima
	Total	¥3.3bn	—	—	—	—
Green bond	(1)	¥12.0bn	Dec. 6, 2019	Dec. 6, 2029	Allocated	Acquisition of AEON MALL Kofu Showa (existing building) Acquisition of AEON MALL Kagoshima
	Total	¥12.0bn	—	—	—	—
Green finance		¥15.3bn	—	—	—	—
Sustainability loan (including sustainability derivatives)	(1)	¥5.1bn	Mar. 22, 2022	Oct. 22, 2039	Allocated	Acquisition of AEON MALL Shinkomatsu
	Total	¥5.1bn	—	—	—	—
Sustainability bond	(1)	¥18.0bn	Dec. 4, 2020	Dec. 4, 2030	Allocated	Acquisition of AEON MALL Mitouchihara Acquisition of AEON MALL Ishinomaki
	Total	¥18.0bn	—	—	—	—
Sustainability finance	Total	¥23.1bn	—	—	—	—
—	Grand total	¥38.4bn	—	—	—	—

Upper limit of procurement

	Number of properties	Amount
Total properties	47	¥447.0bn
Sustainability qualified asset	29	¥326.9bn
Green qualified asset	29	¥326.9bn
DBJ Green Building	24	¥264.0bn
CASBEE	4	¥53.0bn
Building-Housing Energy-efficiency Labelling System (BELS)	1	¥9.8bn
Sustainability finance upper limit of procurement	—	¥146.8bn
Green finance upper limit of procurement	—	¥146.8bn

Notes:

- The Upper limit of the Sustainability Finance Procurement = Total Acquisition Value of Sustainability Qualified Assets × the total asset LTV
- The Upper limit of the Green Finance Procurement = Total Acquisition Value of Green Qualified Assets × the total asset LTV
- Total asset LTV and total properties and amounts are calculated based on figures as of July 31, 2022.



Data on sustainability finance

Impact reporting

1. List of properties certified by a third-party certification organization

For details, please see the [Third-party certification](#) page on our website.

2. Consumption, etc. of the items below

-Energy consumption (electricity, gas) -Greenhouse gas emissions

Qualified assets

			Electricity (kWh and kWh/m ²)	Gas (m ³ and m ³ /m ²)	Greenhouse gas (t-CO ₂ and t-CO ₂ /m ²)	
FY2020	Number of properties	29	Total amount	436,388,911	1,625,302	190,447
	Percentage	74.40%	Intensity	147	0.5	0.0643
FY2021	Number of properties	29	Total amount	447,966,601	1,716,276	189,191
	Percentage	72.50%	Intensity	151	0.6	0.0639

Nonqualified assets

			Electricity (kWh and kWh/m ²)	Gas (m ³ and m ³ /m ²)	Greenhouse gas (t-CO ₂ and t-CO ₂ /m ²)	
FY2020	Number of properties	10	Total amount	94,929,275	2,113,050	47,318
	Percentage	25.60%	Intensity	204	4.5	0.1015
FY2021	Number of properties	11	Total amount	102,520,051	2,363,400	49,346
	Percentage	27.50%	Intensity	194	4.5	0.0936

3. Contents of construction work of projects selected based on the Green Qualification criteria 2 (green projects) and their assumed reduction rate

Not applicable

4. Social projects which properties for the initial use of funds fall into based on the Sustainability Qualification criteria 2

Properties subject for the finance	Social project applicable for the finance
AEON MALL Ishinomaki	(1) (a) Facilities that are sufficiently creating local employment (2) (b) Facilities that are able to supply necessary resources and evacuation space at the time of disaster by concluding a disaster prevention agreement with a local government
AEON MALL Mitouchihara	
AEON MALL Shinkomatsu	

5. Total number of employees in properties subject to finance (in case of (1)(a) of Sustainability Qualification criteria 2)

Applicable properties	Total number of employees
AEON MALL Ishinomaki	Approx. 1,400
AEON MALL Mitouchihara	Approx. 3,490
AEON MALL Shinkomatsu	Approx. 2,300

6. Of properties subject to finance, the percentage of facilities that conclude a disaster prevention agreement with a local government (in case of (2)(b) of Sustainability Qualification criteria 2)

The point in time	Percentage
As of October 31, 2022	100%

7. Of properties subject to finance, the total number of tenants with a childcare facility or medical or public function (in case of (2)(c),(d) of Sustainability Qualification criteria 2)

Not applicable

8. Of properties subject to finance, the percentage of facilities that support barrier-free and gender-free (in case of (2)(e) of Sustainability Qualification criteria 2)

Not applicable

GRI Standards Index

Disclosure	Sustainability report	Website	
102: General-Disclosures 2016			
1. Organizational Profile			
102-1	Name of the organization	➤Corporate overview (p. 3)	☐ About Us
102-2	Activities, brands, products, and services	➤Corporate overview (p. 3)	☐ Key Concept
102-3	Location of headquarters	➤Corporate overview (p. 3)	☐ About Us
102-4	Location of operations	➤Corporate overview (p. 3)	☐ About Us
102-5	Ownership and legal form	➤Corporate overview (p. 3)	☐ Structure and Formation of AEON REIT Investment Corporation
102-6	Markets served	➤Corporate overview (p. 3)	☐ Portfolio
102-7	Scale of the organization	➤Corporate overview (p. 3) ➤ESG Data (p. 23)	☐ Portfolio ☐ Semi-Annual Report
102-8	Information on employees and other workers	➤Governance of AEON REIT Investment Corporation (p. 18) ➤ESG Data (p. 23)	☐ Directors ☐ For Employees
102-9	Supply chain	—	☐ Structure and Formation ☐ Semi-Annual Report
102-10	Significant changes to the organization and its supply chain	—	☐ Notice Concerning Resolutions of the 5th General Unitholders Meeting ☐ Semi-Annual Report
102-11	Precautionary Principle or approach	➤Sustainability policy (p. 8) ➤Thorough compliance and risk management (p. 20)	☐ Sustainability Policy —
102-12	External initiatives	➤Corporate overview (p. 3)	☐ International Initiatives
102-13	Membership of associations	—	☐ Profile of the Asset Manager (Memberships)
2. Strategy			
102-14	Statement from senior decision-maker	➤Message from management (p. 4)	☐ Message from Executive Director ☐ Top Message
102-15	Key impacts, risks, and opportunities	➤Sustainability policy (p. 8) ➤Materiality (p. 9) ➤Environment (p. 11) ➤Social (p. 15) ➤Governance (p. 18)	☐ Sustainability Policy — — — —
3. Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	➤Corporate philosophy (p. 3)	☐ Key Concept
102-17	Mechanisms for advice and concerns about ethics	➤Thorough compliance and risk management (p. 20) ➤ESG Data (p. 23)	☐ Corporate Governance —
4. Governance			
102-18	Governance structure	➤Governance of AEON REIT Investment Corporation (p. 18)	☐ Building Appropriate Corporate Governance Frameworks
102-19	Delegating authority	➤Sustainability system and policy (p. 8)	☐ Sustainability Promotion Committee

Disclosure	Sustainability report	Website	
102-20	Executive-level responsibility for economic, environmental, and social topics	➤Sustainability system and policy (p. 8)	☐ Sustainability Promotion Committee
102-21	Consulting stakeholders on economic, environmental, and social topics	➤Sustainability system and policy (p. 8)	☐ Disclosure
102-22	Composition of the highest governance body and its committees	➤Governance of AEON REIT Investment Corporation (p. 18) ➤Reinforcement of corporate governance (p. 19) ➤Sustainability system and policy (p. 8)	☐ Directors ☐ Management Structure of the Asset Manager ☐ Sustainability Promotion Committee ☐ Corporate Governance
102-23	Chair of the highest governance body	➤Governance of AEON REIT Investment Corporation (p. 18) ➤Sustainability system and policy (p. 8)	☐ Directors ☐ Management Structure of the Asset Manager ☐ Sustainability Promotion Committee ☐ Corporate Governance
102-24	Nominating and selecting the highest governance body	➤Governance of AEON REIT Investment Corporation (p. 18)	☐ Articles of Incorporation
102-25	Conflicts of interest	➤Reinforcement of corporate governance (p. 19)	☐ Appropriate management of Conflicts of Interest
102-26	Role of highest governance body in setting purpose, values, and strategy	➤Sustainability system and policy (p. 8)	☐ Sustainability Promotion Committee
102-27	Collective knowledge of highest governance body	➤Sustainability system and policy (p. 8)	☐ Sustainability Promotion Committee
102-29	Identifying and managing economic, environmental, and social impacts	➤Sustainability policy (p. 8) ➤Materiality (p. 9)	☐ Sustainability Policy ☐ Materiality (Key issues)
102-30	Effectiveness of risk management processes	➤Thorough compliance and risk management (p. 20)	☐ Risk management
102-31	Review of economic, environmental, and social topics	➤Sustainability system and policy (p. 8)	☐ Sustainability Promotion Committee
102-32	Highest governance body's role in sustainability reporting	➤Sustainability system and policy (p. 8)	☐ Sustainability Promotion Committee
102-33	Communicating critical concerns	➤Thorough compliance and risk management (p. 20) ➤Sustainability system and policy (p. 8)	☐ Risk management ☐ Sustainability Promotion Committee
102-34	Nature and total number of critical concerns	No critical concerns were reported during the reporting period.	No critical concerns were reported during the reporting period.
102-35	Remuneration policies	➤Reinforcement of corporate governance (p. 19)	☐ Semi-Annual Report
102-36	Process for determining remuneration	➤Reinforcement of corporate governance (p. 19)	☐ Semi-Annual Report
5. Stakeholder engagement			
102-40	List of stakeholder groups	—	☐ Structure and Formation ☐ Status of transactions with related parties, etc. of the Investment Corporation
102-42	Identifying and selecting stakeholders	—	☐ For Communities

GRI Standards Index

Disclosure	Sustainability report	Website
102-43 Approach to stakeholder engagement	<ul style="list-style-type: none"> ➤ Sustainability policy (p. 8) — — 	<ul style="list-style-type: none"> ☐ For Communities ☐ Disclosure ☐ Status of transactions with related parties, etc. of the Investment Corporation
102-46 Defining report content and topic Boundaries	➤ Materiality (p. 9)	☐ Materiality (Key issues)
102-47 List of material topics	➤ Materiality (p. 9)	☐ Materiality (Key issues)
102-48 Restatements of information	Not applicable.	Not applicable.
102-49 Changes in reporting	Not applicable.	Not applicable.
102-50 Reporting period	➤ Editorial policy (p. 3)	Report every year from March to February next year
102-51 Date of most recent report	April 2022	Not applicable.
102-52 Reporting cycle	Report in annual basis	Report in annual basis
102-53 Contact point for questions regarding the report	➤ Editorial policy (p. 3)	☐ Contact
102-54 Claims of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> ➤ Editorial policy (p. 3) ➤ GRI Standards Index (p. 26) 	☐ GRI Standards Index
102-55 GRI content index	➤ GRI Standards Index (p. 26)	☐ GRI Standards Index
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	☐ Materiality (Key issues) (Corporate governance)
103-2 The management approach and its components	<ul style="list-style-type: none"> ➤ Sustainability system and policy (p. 8) ➤ Governance (p. 18) 	<ul style="list-style-type: none"> ☐ Sustainability Promotion Committee ☐ Governance of AEON REIT Investment Corporation
103-3 Evaluation of the management approach	➤ Sustainability system and policy (p. 8)	☐ Sustainability Promotion Committee
GRI 205: Anti-corruption		
205-1 Operations assessed for risks related to corruption	➤ Thorough compliance and risk management (p. 20)	☐ Structure and Formation
205-2 Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> ➤ Thorough compliance and risk management (p. 20) ➤ ESG Data (p. 23) 	<ul style="list-style-type: none"> ☐ Corporate Governance ☐ Compliance System ☐ Appropriate management of Conflicts of Interest —
205-3 Confirmed incidents of corruption and actions taken	Not applicable.	Not applicable.
GRI 300: Environment		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	☐ Materiality (Key issues) (Opportunities in Green buildings)
103-2 The management approach and its components	<ul style="list-style-type: none"> ➤ Sustainability system and policy (p. 8) ➤ Environment (p. 11) 	<ul style="list-style-type: none"> ☐ Sustainability Promotion Committee ☐ Opportunities in Green buildings

Disclosure	Sustainability report	Website
103-3 Evaluation of the management approach	<ul style="list-style-type: none"> ➤ Sustainability system and policy (p. 8) ➤ Third-party certification and international initiatives (p. 3) 	<ul style="list-style-type: none"> ☐ Sustainability Promotion Committee ☐ GRESB
GRI 302: Energy		
302-1 Energy consumption within the organization	<ul style="list-style-type: none"> ➤ ESG Data (p. 23) ➤ Data on sustainability finance (p. 24) 	<ul style="list-style-type: none"> ☐ Report on reduction targets for Energy consumption and CO₂ emissions ☐ Impact reporting
302-3 Energy intensity	<ul style="list-style-type: none"> ➤ ESG Data (p. 23) ➤ Data on sustainability finance (p. 24) 	<ul style="list-style-type: none"> ☐ Report on reduction targets for Energy consumption and CO₂ emissions ☐ Impact reporting
302-4 Reduction of energy consumption	<ul style="list-style-type: none"> ➤ Promoting a shift to green buildings (p. 13) ➤ ESG Data (p. 23) 	☐ Report on reduction targets for Energy consumption and CO ₂ emissions
302-5 Reductions in energy requirements of products and services	<ul style="list-style-type: none"> ➤ Promoting a shift to green buildings (p. 13) 	☐ Report on reduction targets for Energy consumption and CO ₂ emissions
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	☐ Materiality (Key issues) (Biodiversity and land use)
103-2 The management approach and its components	<ul style="list-style-type: none"> ➤ Sustainability system and policy (p. 8) ➤ Environment (p. 11) 	<ul style="list-style-type: none"> ☐ Sustainability Promotion Committee ☐ Biodiversity and Land use
103-3 Evaluation of the management approach	<ul style="list-style-type: none"> ➤ Sustainability system and policy (p. 8) ➤ Promoting a shift to green buildings (p. 13) 	<ul style="list-style-type: none"> ☐ Sustainability Promotion Committee ☐ DBJ Green Building Certification
GRI 304: Biodiversity		
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—	☐ Portfolio List
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	☐ Materiality (Key issues) (Climate change)
103-2 The management approach and its components	<ul style="list-style-type: none"> ➤ Sustainability system and policy (p. 8) ➤ Environment (p. 11) 	<ul style="list-style-type: none"> ☐ Sustainability Promotion Committee ☐ Report on reduction targets for Energy consumption and CO₂ emissions
103-3 Evaluation of the management approach	<ul style="list-style-type: none"> ➤ Sustainability system and policy (p. 8) ➤ Promoting a shift to green buildings (p. 13) 	<ul style="list-style-type: none"> ☐ Sustainability Promotion Committee ☐ DBJ Green Building Certification

GRI Standards Index

Disclosure	Sustainability report	Website
GRI 305: Emissions		
305-1 Direct (Scope 1) GHG emissions	➤ ESG Data (p. 23) —	<input type="checkbox"/> Impact reporting <input type="checkbox"/> Report on reduction targets for Energy consumption and CO ₂ emissions
305-2 Energy indirect (Scope 2) GHG emissions	➤ ESG Data (p. 23) —	<input type="checkbox"/> Impact reporting <input type="checkbox"/> Report on reduction targets for Energy consumption and CO ₂ emissions
305-3 Other indirect (Scope 3) GHG emissions	➤ ESG Data (p. 23) ➤ Data on sustainability finance (p. 24)	—
305-4 GHG emissions intensity	➤ ESG Data (p. 23) ➤ Data on sustainability finance (p. 24)	<input type="checkbox"/> Impact reporting —
305-5 Reduction of GHG emissions	➤ Promoting a shift to green buildings (p. 13)	<input type="checkbox"/> Report on reduction targets for Energy consumption and CO ₂ emissions
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	<input type="checkbox"/> Materiality (Key issues) (Climate change)
103-2 The management approach and its components	➤ Sustainability system and policy (p. 8) ➤ Promoting a shift to green buildings (p. 13) ➤ Response to climate change (p. 11)	<input type="checkbox"/> Sustainability Promotion Committee <input type="checkbox"/> Cooperation with stakeholders <input type="checkbox"/> Climate Change
103-3 Evaluation of the management approach	➤ Sustainability system and policy (p. 8) ➤ Third-party certification and international initiatives (p. 3)	<input type="checkbox"/> Sustainability Promotion Committee <input type="checkbox"/> GRESB
GRI 308: Supplier Environmental Assessment		
308-1 New suppliers that were screened using environmental criteria	—	<input type="checkbox"/> Semi-Annual Report
GRI 400: Social		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	<input type="checkbox"/> Materiality (Key issues) (Fair and healthy environment of workplace)
103-2 The management approach and its components	➤ Sustainability system and policy (p. 8) ➤ Human resource development by the Asset Management Company (p. 17)	<input type="checkbox"/> Sustainability Promotion Committee <input type="checkbox"/> Initiatives by AEON Reit Management
103-3 Evaluation of the management approach	➤ Sustainability system and policy (p. 8) ➤ Third-party certification and international initiatives (p. 3)	<input type="checkbox"/> Sustainability Promotion Committee <input type="checkbox"/> GRESB
GRI 401: Employment		
401-1 New employee hires and employee turnover	➤ ESG Data (p. 23) ➤ Human resource development by the Asset Management Company (p. 17)	<input type="checkbox"/> For Employees —

Disclosure	Sustainability report	Website
401-3 Parental leave	➤ ESG Data (p. 23) ➤ Fair and healthy workplace environment (p. 16)	<input type="checkbox"/> For Employees —
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	<input type="checkbox"/> Materiality (Key issues) (Fair and healthy environment of workplace)
103-2 The management approach and its components	➤ Sustainability system and policy (p. 8) ➤ Fair and healthy workplace environment (p. 16)	<input type="checkbox"/> Sustainability Promotion Committee <input type="checkbox"/> Initiatives by AEON Reit Management
103-3 Evaluation of the management approach	➤ Sustainability system and policy (p. 8) ➤ Third-party certification and international initiatives (p. 3)	<input type="checkbox"/> Sustainability Promotion Committee <input type="checkbox"/> GRESB
GRI 403: Occupational Health and Safety		
403-1 Occupational health and safety management system	➤ Fair and healthy workplace environment (p. 16)	<input type="checkbox"/> For Employees
403-2 Hazard identification, risk assessment, and incident investigation	➤ Fair and healthy workplace environment (p. 16)	<input type="checkbox"/> For Employees
403-3 Occupational health services	➤ Fair and healthy workplace environment (p. 16)	<input type="checkbox"/> For Employees
403-4 Worker participation, consultation, and communication on occupational health and safety	➤ Fair and healthy workplace environment (p. 16)	<input type="checkbox"/> For Employees
403-5 Worker training on occupational health and safety	➤ Fair and healthy workplace environment (p. 16)	<input type="checkbox"/> For Employees
403-6 Promotion of worker health	➤ Fair and healthy workplace environment (p. 16)	<input type="checkbox"/> For Employees
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	➤ Fair and healthy workplace environment (p. 16)	<input type="checkbox"/> For Employees
403-9 Work-related injuries	➤ Fair and healthy workplace environment (p. 16) ➤ ESG Data (p. 23)	<input type="checkbox"/> For Employees —
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	<input type="checkbox"/> Materiality (Key issues) (Human capital development)
103-2 The management approach and its components	➤ Sustainability system and policy (p. 8) ➤ Fair and healthy workplace environment (p. 16)	<input type="checkbox"/> Sustainability Promotion Committee <input type="checkbox"/> Initiatives by AEON Reit Management
103-3 Evaluation of the management approach	➤ Sustainability system and policy (p. 8) ➤ Third-party certification and international initiatives (p. 3)	<input type="checkbox"/> Sustainability Promotion Committee <input type="checkbox"/> GRESB
GRI 404: Training and Education		
404-1 Average hours of training per year per employee	➤ ESG Data (p. 23)	<input type="checkbox"/> For Human resources development
404-2 Programs for upgrading employee skills and transition assistance programs	➤ Human resource development by the Asset Management Company (p. 17)	<input type="checkbox"/> For Human resources development

GRI Standards Index

Disclosure	Sustainability report	Website
404-3 Percentage of employees receiving regular performance and career development reviews	➤ Human resource development by the Asset Management Company (p. 17)	☐ For Human resources development

Disclosure	Sustainability report	Website
103-3 Evaluation of the management approach	➤ Sustainability system and policy (p. 8)	☐ Sustainability Promotion Committee
	➤ Promoting a shift to green buildings (p. 13)	☐ DBJ Green Building Certification

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	☐ Materiality (Key issues) (Fair and healthy environment of workplace)
103-2 The management approach and its components	➤ Sustainability system and policy (p. 8) ➤ Human resource development by the Asset Management Company (p. 17)	☐ Sustainability Promotion Committee ☐ Initiatives by AEON Reit Management
103-3 Evaluation of the management approach	➤ Sustainability system and policy (p. 8) ➤ Third-party certification and international initiatives (p. 3)	☐ Sustainability Promotion Committee ☐ GRESB

GRI 416: Customer Health and Safety

416-1 Assessment of the health and safety impacts of product and service categories	➤ Safety and security of owned properties (p. 15)	☐ Disaster Mitigation Activities
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable.	Not applicable.

GRI 405: Diversity and Equal Opportunity

405-1 Diversity of governance bodies and employees	➤ ESG Data (p. 23)	☐ For Employees
---	--------------------	-----------------

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	☐ Materiality (Key issues) (Local community engagement and sustainable development)
103-2 The management approach and its components	➤ Sustainability system and policy (p. 8) ➤ Social contribution activities (p. 17)	☐ Sustainability Promotion Committee ☐ For Communities
103-3 Evaluation of the management approach	➤ Sustainability system and policy (p. 8) ➤ Promoting a shift to green buildings (p. 13)	☐ Sustainability Promotion Committee ☐ DBJ Green Building Certification

GRI 413: Local Communities

413-1 Operations with local community engagement, impact assessments, and development programs	➤ Urban revitalization and redevelopment (community building in harmony with the region) (p. 14)	☐ For Communities
	➤ Contributing to the sustainable development of local communities (p. 15)	—
	➤ Social contribution activities (p. 17)	—
413-2 Operations with significant actual and potential negative impacts on local communities	Not applicable.	Not applicable.

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary	➤ Materiality (p. 9)	☐ Materiality (Key issues) (Safety and security of owned properties)
103-2 The management approach and its components	➤ Sustainability system and policy (p. 8) ➤ Environment (p. 11) ➤ Social (p. 15)	☐ Sustainability Promotion Committee ☐ Disaster Mitigation Activities —