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The status of corporate governance at AEON CO., LTD. (the "Company") is as follows.

## **I Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information**

### **1. Basic Views**

Ever since its founding, AEON has remained customer-focused and has adhered to the conviction that unstinting contribution to customers and local communities and realization of employee happiness are the eternal mission of the retail industry.

In keeping with these values, AEON has set forth the Foundational Ideals of "pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point" and used it as a guideline for all corporate activities.

As expressed in the Foundational Ideals, AEON firmly believes that retailing is an industry to promote peace, humanity, and local communities. To remain a thriving corporate group that fulfills this mission, we are committed to continuous innovation, with customers as our starting point.

Peace cannot be achieved without active and conscious engagement, whether it be in recovering from war and disaster or in maintaining and promoting living in peace. Our conviction is grounded in the real-life experience of Takuya Okada, Honorary Chairman and Senior Advisor to the President. After the Second World War, Mr. Okada witnessed a customer in line at a store, holding a flyer and weeping tears of joy, saying, "The war is really over," and he came to realize that the existence of retailing was a symbol of peace. From this realization, he decided that peace was a prerequisite for retailing to exist, and that retailing must contribute to the maintenance of peace.

Peace is more than just the absence of war and violence. It encompasses not only peace of mind but also resilience in the face of wars, disasters, and other hardships. Even in the 21st century, we continue to witness wars and face natural disasters such as earthquakes and extreme weather events more frequently than ever. This calls for us to rethink the value of peace now. Peace cannot be given by itself. Peace can only be maintained through our active and conscious engagement.

AEON will never do anything that contradicts peace. AEON will never take part in any such actions or activities. Our aim is to make a positive contribution to peace.

As for humans, by believing in and respecting each person, their abilities and aspirations will flourish, and by connecting with others, they feel much happier in their lives.

Honorary President Okada called the retailing sector a "humanistic industry." This means respecting the "human way," which includes having respect for each person's individuality, dignity, and autonomy. It also means believing in their potential and encouraging them to grow and become better humans through work and learning. However, it is difficult for humans to grow alone, and it is through "human connections" that we can become better humans together with others. It is both a realization of happiness and a pursuit of norms among people. In short, retailing is an industry of people's happiness and norms.

Enriching local communities requires us to respect the diversity and independence of each region, and to constantly meet and care for their specific needs.

Retailing is by nature a region-based industry that flourishes with the local communities. To maintain the richness and well-being of regions and the local communities within them, it is vital to take care of them continuously. This is one of the important roles of retailing. As regions and local communities increasingly become more important in the future, AEON will actively contribute to their prosperity by developing products tailored to each region and promoting the welfare of the local people.

AEON is committed to actively engaging in peace efforts, supporting human happiness and norms, and contributing to the prosperity of local communities. These ideals form the foundation of putting "customers as our starting point," which places the needs and preferences of our customers first at the center of our operations.

Putting our customers first means that we do not put ourselves first, that is, we do not think and act for our own convenience. On the contrary, we always put our customers first and act with the highest standards of integrity, which is the foundation of AEON. We will use this as a mirror to reflect ourselves and as the standard for every decision and action made by all AEON People. Even when it becomes tempting to prioritize our company's or personal interests or convenience, we must firmly resist and overcome such temptations to preserve our unwavering dedication to our customers.

To achieve this, AEON must be a corporate group that continues to innovate.

Ensuring a company's growth and survival is of paramount importance, but without constant innovation, it will decline and eventually perish. Even if maintaining the status quo is stable and comfortable, a company should not be complacent but continuously change and improve itself. Having the foresight and insight to constantly look ahead to changes in our customers and various social changes, it is essential for us to continue innovating. All AEON People are dedicated to anticipating the evolution and changes in our customers' lifestyles and the needs of society. AEON has transformed from a family business to a corporation, and then to an industry. It has always preserved a dynamic corporate culture. However, as society changes faster and faster, we are most worried about losing the required innovative and entrepreneurial spirit and becoming stagnant like many large companies. We understand that static equilibrium, where the status quo continues without change, will not last at all. The only way to avoid being overtaken by newer innovators is for AEON to remain the largest and most advanced innovator. It is our firm determination to be an organization that constantly renews itself by keeping its founding spirit and staying ahead of its time.

AEON will act with the firm belief that by embodying and practicing these ideals, we can contribute to the maintenance and development of peace, humans, and local communities.

On the basis of this recognition, we have set forth our basic views on values, management stance, and governance that ought to be emphasized in AEON's corporate governance in the following Basic Stance on Corporate Governance and have established and published the Basic Policy on Corporate Governance, with the Basic Stance at its core, in order to continue into the future to practice management grounded in a long-term perspective built on the Foundational Ideals and AEON's DNA of innovation.

### 1. Value Creation through Customer Orientation and Frontline Focus

At AEON, we consider helping customers to gain a sense of well-being to be our most important mission. We pursue optimal value creation adapted to changing customer needs by focusing tightly on the frontline of the business, our point of contact with customers, and by always thinking with customers as the starting point.

### 2. Respect for People, Our Most Important Management Resource

By respecting employees, placing importance on diversity, and actively providing education opportunities in keeping with the conviction that people are our most important management resource, AEON aspires to be a company made up of employees who strive for self-growth, are linked by strong bonds, and find their greatest pleasure in helping customers.

### 3. Stance of Developing Together with Local Communities

As a member of local communities and a caring corporate citizen, AEON seeks to develop together with our fellow community members, namely our customers, employees, shareholders, and business partners, and to contribute to the prosperity of local communities, sustainability of the natural environment, and peace.

### 4. Sustained Growth Based on a Long-Term Perspective and Ceaseless Innovation

To continue to meet the expectations of customers and local communities, AEON strives for sustained growth accompanied by value creation from a long-term perspective and management focused on sustained value enhancement for the entire group by undertaking ceaseless innovation to cope with a changing business environment.

### 5. Pursuit of Transparent, Disciplined Management

AEON strives for transparent and disciplined management by seeking proactive dialogue with customers and other stakeholders, taking their evaluation seriously, and being self-disciplined at all times.

For details, please refer to the AEON corporate website.

AEON Foundational Ideals

<https://www.aeon.info/en/company/concept/>

Basic Policy on Corporate Governance

<https://www.aeon.info/en/ir/policy/governance/>

## [Reasons for not Implementing Principles of the Corporate Governance Code]

The Company implements all principles of the Corporate Governance Code.

## [Disclosure in Accordance with Principles of the Corporate Governance Code]

Updated

[Principle 1.4: Cross-shareholdings (strategic shareholdings)]

The Company aims to develop together with fellow stakeholders in local communities and achieve sustained growth accompanied by value creation from a long-term perspective. In view of this objective, the Company may hold shares of those companies deemed to contribute to enhancement of the Company's corporate value over the medium to long term by way of establishing, maintaining, and strengthening business partnerships, relations, and alliances. Each year the Board of Directors examines the purpose and economic rationality of strategic shareholdings from the perspective of medium- to long-term corporate value enhancement and divests any shareholdings considered to have low significance, taking into consideration the impact on the market and other factors. With respect to voting rights for cross-shareholdings, the Company will exercise them appropriately after carefully examining the content of proposals and the status of transactions and collaborations with the issuing company, judging from the perspective of whether or not they will contribute to improving the medium- to long-term corporate value of the Company and the issuing company, while engaging in dialogue with the issuing company as necessary.

[Principle 1.7: Related party transactions]

In the interest of pursuing transparent, disciplined management, the Company ensures that Directors and Executive Officers, from the time they take office, report to the Board of Directors in advance if they engage in any competing transactions or conflicting interest transactions. The Board of Directors deliberates and makes resolutions on matters related to such transactions referred to it. The Company periodically confirms and reports to the Board of Directors the status of related party transactions and discloses significant related party transactions in the Annual Securities Report and elsewhere in accordance with the provisions of laws and regulations.

[Supplementary Principle 2.4.1: Ensuring workforce diversity]

Based on the belief that employees are its greatest management resource, the Company promotes diversity management to be a company where its diverse employees can continue to demonstrate their abilities in good health. Eliminating the discrimination based on nationality, gender, age, physical or mental disabilities, sexual orientation, gender identity, etc., the Company aims to build an organization that fully leverages the abilities of diverse employees through personnel policies that are based on ability and performance, and that boldly respond to environmental changes to continue to innovate. In 2013, the Company established the Diversity Promotion Office, a dedicated organization, which is working to promote the activities of women and persons with disabilities by setting numerical targets in cooperation with major group companies. In promoting women's activities, with the target of 50% of management positions being held by women by FY2025, the Company is strengthening the development of the next generation of female managers and management candidates through position-based training programs across the Group. Also, the Company is working to create a multifaceted environment that includes training to raise awareness among existing managers responsible for the management and development of diverse human resources.

AEON operates in 14 countries, mainly in Asia, employing many non-Japanese, including managers. In addition, it is actively recruiting mid-career workers to ensure diversity both in Japan and overseas. Although the Company has not set any targets regarding foreign nationals or mid-career hires, in response to changes in the business environment, it will promote the use of human resources that emphasize diversity, with a high level of expertise and diverse perspectives and values, as well as the appointment of female part-time employees to management positions. Please refer to the Company's website for details regarding its approach to the utilization and development of diverse human resources.

AEON Report (integrated report)

<https://www.aeon.info/en/ir/library/aeon-report/>

AEON Diversity & Inclusion

<https://www.aeon.info/en/diversity/>

[Principle 2.6: Roles of corporate pension funds as asset owners]

•The Company operates a corporate pension fund in order to secure over the long term the total returns considered necessary, within an acceptable range of risk, for the purpose of reliably paying pension benefits and making lump-sum payments to beneficiaries into the future. In light of the pension fund's financial status, the Company determines and periodically reviews the policy asset mix after listening to the opinions of outside experts. The Company has established the Asset Management Committee for the fund, which selects investment products and monitors fund performance quarterly, and decisions are made by the Board of Representatives so as to maximize the interests of beneficiaries and appropriately manage conflicts of interest. Also, the Asset Management Committee includes the Chief Financial Officer and external experts.

[Principle 3.1: Full disclosure]

(i) Company objectives (e.g., business principles), business strategies and business plans

The Company has published on the AEON corporate website the AEON Foundational Ideals, which are guidelines for all corporate activities, AEON Group Future Vision, which articulates the direction AEON should take, and the abovementioned basic views on corporate governance.

The Company has also published on the AEON corporate website its FY2021-FY2025 Medium-term Management Plan, which provides explanations of the Company's management strategy and management plan. For details, please refer to the AEON corporate website.

AEON Foundational Ideals

<https://www.aeon.info/en/company/concept>

AEON Group Future Vision

[https://www.aeon.info/en/aboutaeon/aeon\\_code\\_of\\_conduct/](https://www.aeon.info/en/aboutaeon/aeon_code_of_conduct/)

FY2021-FY2025 Medium-term Management Plan

<https://www.aeon.info/en/ir/policy/strategy>

(ii) Basic views and guidelines on corporate governance

The Board of Directors has established the Company's Basic Policy on Corporate Governance. Please refer to the AEON corporate website.

Basic Policy on Corporate Governance

<https://www.aeon.info/en/ir/policy/governance/>

(iii) Board policies and procedures in determining the remuneration of the senior management and Directors

In the interest of pursuing transparent, disciplined management, the Company's Compensation Committee, chaired by an Outside Director and comprising a majority of Outside Directors, has the authority to determine the details of remuneration of Directors and Executive Officers. Please refer to "Policy on Determining Remuneration Amounts and Calculation Methods" detailed below in this report for the policy on determining compensation amounts.

(iv) Policies and procedures when the Board of Directors appoints and removes senior management and nominates Director candidates

•The maximum number of Directors stipulated in the Articles of Incorporation is twelve (12). In the interest of efficient, stable operation of the Board of Directors, in principle, the composition of the Board of Directors is based on the following criteria. Furthermore, the Company's Director candidate appointment procedure is determined by the Nomination Committee, chaired by an Outside Director and comprising a majority of Outside Directors, and therefore deemed to be highly transparent and equitable.

(1) In view of the management oversight function of the Board of Directors, the Board of Directors shall be composed of a majority of Outside Directors.

(2) Outside Directors shall be persons with extensive experience as chief executive officers or in other business management roles, or with equivalent experience and knowledge. They shall also be persons who have a high level of insight and abundant experience that enables them to provide guidance and supervision to the Company's management team with respect to the advancement of management strategies, strengthening of corporate governance, compliance management, etc.

(3) The Inside Directors shall be Executive Officers of the Company or chairmen or presidents of its subsidiaries capable of taking responsibility for formulation of the basic policies and strategies of the Company and the group and their business execution and of discharging accountability to the Board of Directors; provided, however, that this shall not apply at the time of appointment of Inside Directors who do not concurrently serve as Executive Officers.

(4) The criteria for submission of proposals for dismissal of Inside Directors and Outside Directors to a General Meeting of Shareholders shall be a violation or possible violation of a law, regulation, or the Articles of Incorporation or the occurrence of an event deemed to make appropriate execution of duties difficult, and decisions shall be made by the Nomination Committee.

•The maximum number of Executive Officers stipulated in the Articles of Incorporation is twenty-five (25). Representative Executive Officers submit proposals for the appointment and dismissal of Executive Officers, and Executive Officers are appointed and dismissed by resolution of the Board of Directors. The requirement for appointment of Executive Officers shall be their ability to vigorously press ahead with business execution for the purpose of the Company's sustained growth and enhancement of the Company's corporate value over the medium to long term, and the reasons for dismissal shall be the same as for Directors.

(v) Explanation at the time of appointment and dismissal of senior management and the appointment, dismissal, and nomination of Director candidates

Reasons for appointment and dismissal are disclosed in shareholder meeting reference materials and elsewhere.

[Supplementary Principle 3.1.3: Sustainability initiatives, etc.]

Recognizing the importance of incorporating solutions to global-level environmental and social issues into management strategies and implementing them over the long term in order for the Company to achieve sustainable growth, the Company established the "AEON Sustainability Principle" in 2011 to promote sustainable management that balances the realization of a sustainable society with the growth of the Group.

In April 2021, the Company formulated the Medium-term Management Plan (FY2021 to 2025) with the aim of achieving our vision for 2030, which is to realize circular and sustainable management where growth in regional communities lead to prosperity in those communities. The Company is working toward establishing a business foundation for new growth with the "Five Reforms" set forth and environmental and green initiatives which are rapidly growing their importance as a shared Group-wide strategy. The Five Reforms are "Accelerate and evolve the shift to digital", "Create unique value with a supply chain-focused outlook", "Evolve health and wellness", "Create the 'AEON Living Zones'", and "Further accelerate the shift to Asian markets". In addition, with regard to the initiatives on decarbonization, as to response to climate change, it conducts impact assessments in accordance with the TCFD framework to identify risks, assess their significance, and examine relevant scenarios. The Company has identified the required countermeasures and has published concrete details about these in the AEON Report.

For further details, please refer to the Company's website.

\*AEON Sustainability Principle: <https://www.aeon.info/en/sustainability/guidelines/>

\*Medium-term Management Plan and sustainable management initiatives: <https://www.aeon.info/en/ir/policy/strategy/>

\*AEON Report (integrated report): <https://www.aeon.info/en/ir/library/aeon-report>

[Supplementary Principle 4.1.1: Roles and responsibilities of the Board of Directors]

The Company has selected a “company with a nomination committee and other committees system” as the optimal corporate governance system to practice management based on the Foundational Ideals for the entire Group, and management that is transparent, sustainable, and stable, and ceaseless innovation with customers as the core. To segregate management oversight and business execution and realize expeditious management decision-making through delegation of significant authority to Executive Officers, the Board of Directors delegates authority to Representative Executive Officers except for matters that must be resolved by the Board of Directors by law, or in accordance with regulations or the Articles of Incorporation.

[Principle 4.9: Independence criteria and qualifications for independent Outside Directors]

Please refer to “Other Matters Relating to Independent Officers” detailed below in this report for independence criteria for Outside Directors.

[Supplementary Principle 4.11.1: Views on the overall balance of knowledge, experience, and ability, as well as diversity and scale of the Board of Directors]

The maximum number of Directors stipulated in the Articles of Incorporation is twelve (12). In the interest of effective, stable operation of the Board of Directors, in principle, the composition of the Board of Directors shall be based on the criteria below. Furthermore, the Company's Director candidate appointment and dismissal procedures are determined by the Nomination Committee, which is chaired by an Outside Director, and in which Outside Directors comprise the majority, to ensure a high degree of transparency and fairness.

(1) In view of the management oversight function of the Board of Directors, the Board of Directors shall be composed of a majority of Outside Directors.

(2) Outside Directors shall be persons with abundant experience as chief executive officers or in other business management roles, or with equivalent experience and knowledge. They also shall be persons with a high level of insight and abundant experience that enables them to provide guidance and supervision to the Company's management team with respect to the advancement of management strategies, strengthening of corporate governance, compliance management, etc.

(3) The Company has established Independence Criteria for Outside Directors in order to maintain the independence of its Outside Directors. In addition, recognizing the importance of diversity of perspectives, including the perspectives of women and foreign nationals, the Board of Directors shall include women and non-Japanese members. Currently, the Company's Board of Directors consists of seven Directors (five males and two females), of whom a majority of four are independent Outside Directors (three males and one female, two of whom are foreign nationals), and those independent Outside Directors include persons who have management experience at other companies.

(4) The Directors (non-Outside Directors) shall be Executive Officers of the Company, or chairpersons or presidents of its subsidiaries capable of taking responsibility for formulation of the basic policies and strategies of the Company and the Group, for their business management execution, and for their accountability to the Board of Directors.

(5) To ensure that Directors adequately fulfill their oversight functions, they shall be persons with superior insight and extensive experience in a field such as business management, global management, risk management, legal compliance, financial accounting, finance, information technology/digital technology, or the environment.

The skills (experience, knowledge, expertise, etc.) possessed by each Director and the reasons for their appointment are as follows:

•Motoya Okada

Since assuming the position of President and Representative Director in 1997, Mr. Okada has demonstrated strong leadership as a business manager to develop existing businesses and expand them through M&A and other means, thus growing the Group into the top retail group in Japan. He has thorough knowledge of the Group's businesses, including retailing, and has extensive experience and insight to widely administer the Group as a whole. The Company has appointed him based on the judgement that he will be able to implement sustainable management that balances the future growth of the Group and with the realization of a sustainable society.

•Akio Yoshida

Mr. Akio Yoshida has extensive management experience and an extensive management track record, having been responsible for the Shopping Center Development Business and Digital Business of the Company and the Group, as well as having served as the President and Representative Director of major subsidiaries. As President and Representative Executive Officer since March 2020, he formulated the Company's medium-term management plan and is advancing growth strategies. He has made important decisions and supervised the Board of Directors in an appropriate manner. The Company has appointed him based on the judgement that he will be able to continue to ensure the future growth of the Group and increase its corporate value over the medium to long term.

•Yuki Habu

Ms. Yuki Habu has extensive management experience and a proven track record, having been responsible for the Company's and the Group's China and digital businesses, and has also served as President and Representative Director of major Group subsidiaries. Since March 2020, as Deputy President and Executive Officer, she has been in charge of the digital business, which is the pillar of the medium-term management plan. The Company has appointed her based on the judgement that she has the ability to establish the Group's business foundation, implement medium- to long-term growth, and enhance corporate value.

•Takashi Tsukamoto, Outside Director

Mr. Takashi Tsukamoto has served in the management of a major financial institution, has been internationally active, and has a high level of insight and a wealth of experience in the fields of finance and financial accounting. The Company has appointed him as an Outside Director in order to receive his advice and guidance on the maintenance and enhancement of the transparency and soundness of overall management and on the enhancement of corporate governance.

•Peter Child, Outside Director

Mr. Peter Child served as leader of the consumer goods and retail group of a major world-famous consulting company and has expert knowledge of the retail sector. The Company has appointed him as an Outside Director to receive his advice and guidance in promoting the Company's global management.

•Carrie Yu, Outside Director

Ms. Carrie Yu is a member of chartered accountant associations in the United Kingdom, Hong Kong, and Canada. She has served as a leader of the retail and consumer group in the Asia Pacific region for a major global consulting firm and has international and specialized knowledge in the fields of financial accounting and retail. The Company has appointed her as an Outside Director to receive her advice and guidance in promoting the Company's global management.

•Makoto Hayashi, Outside Director

Mr. Makoto Hayashi is an attorney at law who has successively filled posts of Superintending Prosecutor of Tokyo High Public Prosecutors Office and Prosecutor-General. He has rich experience and insights in legislation and legal compliance. The Company has appointed him as an Outside Director to receive his advice and guidance in promoting legal compliance management such as risk management and legal compliance.

[Supplementary Principle 4.11.2. Concurrent service by Directors]

The status of concurrent service by Directors is disclosed in the Business Report and Informational Materials attached to the Notice of the Ordinary General Meeting of Shareholders.

[Supplementary Principle 4.11.3. Summary of analysis and evaluation of the effectiveness of the Board of Directors]

▼ Evaluation method

- Exchange of views at Outside Directors meetings
- Descriptive questionnaire survey
- Individual Director interviews

▼ Initiatives to Improve Effectiveness

- In FY2022, as in the previous year, the Company held Outside Directors Meetings, consisting only of Outside Directors, to deepen discussions.

In particular, Outside Directors shared their views on agenda proposals for implementing key measures in the medium-term management plan and operational ideas to bring vitality to the Board of Directors. They also took sufficient time to exchange their thoughts on the topics with each other.

- A descriptive questionnaire and individual interviews were conducted to understand issues and evaluations related to the effectiveness of the Board of Directors. The results were reported to the Board of Directors to help improve the effectiveness of the Board of Directors.
- Furthermore, with the aim of further vitalizing discussions on management strategy, the Company conducted extensive on-site visits by Outside Directors. By doing so, they shared different perspectives and recommendations from outside the company with management.

▼ Issues designated in the previous fiscal year's effectiveness evaluation

- (1) Progress report on the Five Reforms outlined in the medium-term management plan and enhancement of discussions aimed at increasing corporate value
- (2) Strengthening of the oversight function in high-impact cases for the Group such as significant mergers and acquisitions, large investments, and new business entries

▼ Initiatives and evaluation of the above issues

(1) In FY2022, the Company presented quarterly business reports at the Board of Directors meetings as appropriate, in accordance with the medium-term management plan. For proposals that require particularly in-depth discussion, the preliminary explanations given by inviting Outside Directors prior to the Board of Directors meetings enabled the Board of Directors to devote more time to deliberation. This has improved the quality of the exchange of opinions at the Board of Directors meetings.

In addition, policy discussion meetings were held to complement the Board of Directors meetings. The meetings focused on the progress of the Five Reforms outlined in the medium-term management plan and management issues. Outside Directors offer different points of view from inside the company and provide candid opinions. The executive side takes them seriously and tries to incorporate them into management. This has led to the enrichment of discussions.

(2) For important matters that significantly impact the Group, the Board of Directors provides opportunities for discussion and reporting or advance briefings. As a result, they are shared with Outside Directors as appropriate. Outside Directors play an important role as an oversight function by exchanging opinions with the executive side on issues such as consistency with management strategies and fairness from a medium- to long-term perspective.

▼ Board of Directors in FY2023

- (1) In addition to the Five Reforms of the medium-term management plan, the Company will discuss important issues for the Group, such as the "environment, green," and "human resource reform," based on the findings and issues raised by the Outside Directors.
- (2) For matters that require in-depth discussion, Directors center on deliberations to give adequate consideration by receiving full explanations in advance. This initiative aims to further enhance the Board of Directors' oversight function.
- (3) KPIs are established to reflect the progress of important measures and progress reports are made to Directors as appropriate to strengthen monitoring.

[Supplementary Principle 4.14.2: Policy on training for Directors]

The Company provides education for senior management (the directors, executive officers, and auditors of all group companies) including seminars for newly appointed directors, with the aim of enabling them to acquire the knowledge required of corporate managers.

To enable the Outside Directors to fully fulfill their functions, the Company continuously provides them with information concerning the Group's strategies, businesses, organizations, finance, and other matters, when they take office and thereafter. Furthermore, Outside Directors deepen their understanding of AEON's group management through store visits in Japan and overseas, participation in forums for policy discussion and policy position announcements, and participation in AEON's social contribution activities, such as tree planting.

[Principle 5.1. Policies concerning constructive dialogue with shareholders]

The Company has established policies concerning constructive dialogue with shareholders and investors, as described below.

AEON considers customers, local communities, shareholders and investors, and all other stakeholders to be partners in management and strives for active stakeholder dialogue. AEON strives to realize innovative, sound management by appropriately reflecting opinions received from shareholders and investors in management.

(1) AEON actively and promptly discloses information and practices highly transparent management.

AEON provides timely, appropriate information disclosure to shareholders and investors, engages in constructive dialogue with shareholders and investors based on a long-term perspective, and strives to promote shareholder and investor understanding of business strategies and financial information as well as non-financial information such as environmental and social contributions and corporate governance.

(2) AEON has established a department responsible for communicating with shareholders and investors and ensuring constructive dialogue with relevant departments in the Company.

To advance constructive dialogue with shareholders and investors, the Company has established a share group under the Executive Officer responsible for managing share-related matters. The Company has also established an investor relations group under the Executive Officer responsible for investor relations as a point of contact for engaging in constructive dialogue with shareholders and investors. In addition, to promote timely and appropriate information disclosure and constructive dialogue, other relevant organizations, such as the business units in charge of corporate communications, strategy, environmental and societal contribution, finance, and accounting, as well as operating companies, organically collaborate in an effort to enhance dialogue content. The IR department engages in dialogue concerning individual matters, while Directors, Executive Officers, senior management, and others engage in dialogue on important matters.

(3) AEON strives to enhance opportunities for dialogue to deepen the understanding of shareholders and investors.

Under a policy of holding open general shareholder meetings, AEON proactively discloses and explains management policies and strives to courteously answer questions at the General Meetings of Shareholders. AEON also holds briefings and conducts visits to business sites in Japan and overseas for institutional investors, holds shareholder roundtables and company briefings in various regions for individual investors, and strives to enhance information disclosure and dialogue to further deepen shareholder and investor understanding through utilization of information communication technologies.

(4) AEON practices management that reflects shareholder and investor opinions.

To practice management that reflects shareholder and investor opinions and wishes, AEON engages in timely and appropriate discussion at meetings of the Board of Directors and Executive Committee about opinions and other feedback obtained through dialogue and strives to reflect the content of the feedback in dialogue with shareholders and investors.

(5) AEON rigorously practices fair and equitable information management.

To prevent leakage of insider information, AEON rigorously practices information management in accordance with the Regulations on Internal Information Management and Insider Trading Restrictions and the Disclosure Policy and strives to ensure that information is fairly and equitably communicated to shareholders and investors.

◆Initiatives for Cost of Capital and Stock Price-Conscious Management

Please refer to our website, specifically “Finance and Business Management, Message from the Executive Officers (pages 21-24)” on AEON REPORT 2023 (Integrated Report) and the “CFO Message.”

<https://www.aeon.info/en/ir/library/aeon-report/>  
<https://www.aeon.info/en/ir/policy/cfo-message/>

## 2. Capital Structure

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

Updated

Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	117,196,900	13.67
Japan Trustee Services Bank, Ltd. (Trust Account)	37,899,400	4.42
Mizuho Bank, Ltd.	33,292,700	3.88
The Cultural Foundation of Okada	21,947,300	2.56
AEON Environmental Foundation	21,811,100	2.54
The Norinchukin Bank	18,133,526	2.12
STATE STREET BANK WEST CLIENT-TREATY 505234	12,233,658	1.43
AEON Mutual Benefit Society (Nomura Securities account)	12,109,796	1.41
Employees' stockholding association	12,075,290	1.41
Tokio Marine & Nichido Fire Insurance Co., Ltd.	10,061,692	1.17

Controlling Shareholder (Except for Parent Company)	—
Parent Company	None

Supplementary Explanation

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## 3. Corporate Attributes

Stock Exchange Listings and Market Classification	TSE PRIME of Tokyo Stock Exchange
Fiscal Year End	February
Industry	Retail industry
Number of Employees at the Previous Fiscal Year-End (Consolidated)	1000 or more
Sales in the Previous Fiscal Year (Consolidated)	1 trillion yen or more
Number of Consolidated Subsidiaries at the Previous Fiscal Year End (Consolidated)	300 or more

## 4. Guidelines for Policy to Protect Minority Shareholders When Conducting Transactions with a Controlling Shareholder

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## 5. Other Special Circumstances that May Have a Material Impact on Corporate Governance

Since its founding, the Company has used a decentralized system of group management that increases the autonomy and uniqueness of each group companies' management, which we believe enhances the corporate value of the entire Group. As the parent company, AEON CO., LTD. was one of the first to adopt “company with a nomination committee and other committees” system in 2003 to increase the transparency of group governance and the speed of management, and in 2008 it adopted a pure holding company structure to strengthen management from the perspective of the entire group without being biased toward any particular business. Based on this philosophy, AEON encourages each group

company to achieve sustainable growth through independent management based on a strong awareness of the special characteristics of their business and the region in which they operate. AEON also favors the listing of its subsidiaries as it believes that the discipline imposed by capital markets enhances the management of those Group companies. Meanwhile, to protect the interests of minority shareholders of listed group companies, AEON as a rule requires the appointment of independent Outside Directors and the establishment of advisory committees comprised of independent officers.

Based on this philosophy, in retailing, AEON Hokkaido Corporation, SUNDAY CO., LTD., United Super Markets Holdings Inc., Maxvalu Tokai Co., Ltd., FUJI CO., LTD., and AEON KYUSHU CO., LTD operate in a manner that is rooted in their respective regions and have been listed to contribute to the realization of prosperous local communities through community-based activities. In addition, MINISTOP CO., LTD., which develops its business to bring convenience to the daily lives of local residents, WELCIA HOLDINGS CO., LTD., which operates drugstores that support people's health, and COX CO., LTD., GFOOT CO., LTD., and CAN DO CO., LTD., which operate specialty stores that meet a broad range of customer needs, are also listed. In the services business, AEON Fantasy Co., Ltd., which provides dreams and enjoyment through play, and AEON DELIGHT CO., LTD., which manages and operates commercial facilities and office buildings, are listed as well. Furthermore, 15 domestic subsidiaries are listed, including AEON Financial Service Co., Ltd., which provides comprehensive financial services in coordination with various Group businesses, and AEON Mall Co., Ltd., which operates the Shopping Center Development Business including shopping malls that grow together with local communities. As described above, the Company is developing integrated customer-focused businesses, and each of these businesses is striving to enhance corporate value by engaging in independent and autonomous business activities in coordination with the holding company and other Group companies to become number one in their respective regions or the top in their respective industries. To achieve the "Concept of 1 trillion yen sales in the Supermarket Business in the Kanto area" AEON completed a tender offer for Inageya Co., Ltd., making it a consolidated subsidiary as of November 29, 2023.

## II Status of Business Management Organization and Other Corporate Governance Systems Relating to Business Decision-Making, Execution, and Supervision

### 1. Matters Relating to Organizational Structure and Operation

Form of Organization	Company with a nomination committee and other committees system
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#### [Matters Relating to Directors]

Number of Directors Stipulated in the Articles of Incorporation	12
Term of Office for Directors Stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman (Except when currently also serving as president)
Number of Directors	7

#### [Matters Relating to Outside Directors]

Number of Outside Directors	4
Number of Outside Directors Designated as Independent Officers	4

#### Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*												
		a	b	c	d	e	f	g	h	if	j	k		
Takashi Tsukamoto	From another company					△								
Peter Child	From another company								△					
Carrie Yu	From another company								○					
Makoto Hayashi	Attorney at law								○					

#### \*Categories for relationship with the Company

○ Applicable to the Director now or recently △ Applicable to the Director in the past

● Applicable to a close relative of the Director now or recently ▲ Applicable to a close relative of the Director in the past

a An executive of the Company or its subsidiaries

b An executive or non-executive director of a parent company of the Company

c An executive of a fellow subsidiary of the Company

d A person or entity of whom the Company is a major business partner or an executive thereof

e A major business partner of the Company or an executive thereof

f A consultant, accounting professional, or legal professional who receives large amounts of monetary compensation or other assets from the Company other than remuneration as a corporate officer

g A major shareholder of the Company (in cases where the major shareholder is a corporation, an executive thereof)

h An executive of a business partner of the Company (excluding persons to whom item d, e, or f above applies) (said individual only)

i An executive of an entity holding cross-directorships with the Company (said individual only)

j An executive of an entity to whom the Company makes donations (said individual only)

k Other

Relationship with the Company (2)

Name	Committee Membership			Independent Officer Status	Supplementary Explanation of Applicable Items	Reasons for Appointment
	Nomination Committee	Compensation Committee	Audit Committee			
Takashi Tsukamoto	○	○	○	○	Although Mr. Takashi Tsukamoto successively held the posts of executive officer, executive managing director, and president and CEO at Mizuho Bank, Ltd. from 2002 to 2013, more than eight years have passed since his retirement from the bank and he is currently not involved in business execution at the bank. Although Mizuho Bank is one of multiple main lenders of the Company, it is not a business partner that has significant influence on the Company's decision-making, and the Company judges that Mr. Tsukamoto has sufficient independence from the Company.	Mr. Takashi Tsukamoto has served as a corporate manager at a major financial institution, has been internationally active in the field of banking and finance, and has superior insight and extensive experience in all aspects of management, and the Company has elected him as an Outside Director to maintain and enhance transparency and soundness in all aspects of management and enhance corporate governance. Mr. Tsukamoto satisfies the Criteria for Independence of Outside Directors established by the Company, and moreover, the Company judges that there is no risk of conflict of interest with general shareholders in light of the independence standards stipulated by the Tokyo Stock Exchange and designated him as an Independent Director.
Peter Child	○	○		○	Mr. Peter Child has served as senior partner etc. at McKinsey & Co. branch offices. Although the Company has a relationship with McKinsey & Co., the amount of payments from the Company is less than 0.1% of consolidated selling, general, and administrative expenses, the relationship has no influence on the management of the Company, and the Company judges that Mr. Child has sufficient independence from the Company.	Mr. Peter Child has expert knowledge of the retail sector partly acquired from serving as leader of the consumer goods and retail group at a world-famous major consulting company, and the Company has elected him as an Outside Director to benefit from his guidance in promoting global management. Mr. Child satisfies the Criteria for Independence of Outside Directors established by the Company, and moreover, the Company judges that there is no risk of conflict of interest with general shareholders in light of the independence standards stipulated by the Tokyo Stock Exchange and designated him as an Independent Director.
Carrie Yu			○	○	Ms. Carrie Yu is a senior advisor to PricewaterhouseCoopers (abbreviated as PwC) in Hong Kong. Although the Company has transactions with PwC Tax Corporation, a member firm of PwC, the amount it paid to PwC is less than 0.1% of consolidated selling expenses. Therefore, the Company believes that it has sufficient independence from PwC.	Ms. Carrie Yu belongs to CPA associations in various countries. She has international expertise in accounting and the retail sector gained primarily from serving as a leader of retail and consumer group in Asia Pacific region at PricewaterhouseCoopers (PwC) and the Company has elected her as outside director to benefit from her guidance in promoting global management. Ms. Yu satisfies the Criteria for Independence of Outside Directors established by the Company, and moreover, the Company judges that there is no risk of conflict of interest with general shareholders in light of the independence standards stipulated by the Tokyo Stock Exchange and designated her as an Independent Director.
Makoto Hayashi			○	○	Although the Company has a relationship with Mori Hamada & Matsumoto, with which Mr. Hayashi is affiliated as special counsel, the amount of payments from the Company to each is less than 0.1% of consolidated selling, general, and administrative expenses, the relationships have no influence on the management of the Company, and the Company judges that Mr. Hayashi has sufficient independence from the Company.	Mr. Makoto Hayashi is an attorney at law who has successively filled posts of Superintending Prosecutor of Tokyo High Public Prosecutors Office and Prosecutor-General. Therefore, he has rich experience and insights in legislation and legal compliance and the Company has elected him as an Outside Director to benefit from the advice and guidance that he would be able to provide in the area of promoting legal compliance management such as risk management and legal compliance. Mr. Hayashi satisfies the Criteria for Independence of Outside Directors established by the Company, and moreover, the Company has judged that there is no risk of conflict of interest with general shareholders in light of the independence standards stipulated by the Tokyo Stock Exchange and designated him as an Independent Director.



## [Committees]

### Committee Composition and Attributes of Chairpersons

	Total Number of Members	Number of Full-Time Members	Number of Inside Directors	Number of Outside Directors	Committee Chairperson
Nomination Committee	3	0	1	2	Outside Director
Compensation Committee	3	0	1	2	Outside Director
Audit Committee	3	0	0	3	Outside Director

## [Matters Relating to Executive Officers]

Number of Executive Officers 17

### Status of Concurrent Posts

Name	Right of Representation	Concurrent Duties of Directors			Concurrent Employee Position
			Nomination Committee Member	Compensation Committee Member	
Motoya Okada	Yes	Yes	○	○	No
Akio Yoshida	Yes	Yes	×	×	No
Motohiro Fujita	Yes	No	×	×	No
Yuki Habu	No	Yes	×	×	No
Hiroyuki Watanabe	No	No	×	×	No
Mitsuko Tsuchiya	No	No	×	×	No
Tadahisa Matsumoto	No	No	×	×	No
Keiji Kamio	No	No	×	×	No
Manabu Oike	No	No	×	×	No
Soichi Okazaki	No	No	×	×	No
Motoyuki Shikata	No	No	×	×	No
Tsukasa Ojima	No	No	×	×	No
Hiroaki Egawa	No	No	×	×	No
Daisuke Tezuka	No	No	×	×	No
Toshiya Goto	No	No	×	×	No
Keiji Ono	No	No	×	×	No
Yasuyuki Furusawa	No	No	×	×	No

## [Audit Structure]

Directors and Employees Assigned to Assist Duties of Audit Committee Yes

### Matters Relating to the Independence of such Directors and Employees from the Executive Officers

•The Internal Audit Department assists with the duties of the Audit Committee, and Audit Committee approval is required for the transfer of assisting Internal Audit Department personnel.

### Cooperation between the Audit Committee, Independent Auditor, and Internal Audit Department

#### [Cooperation between the Audit Committee and Independent Auditor]

•The independent auditor is periodically provided with opportunities to report directly to the Audit Committee and reports on the audit plan, the results of audits and quarterly reviews, Key Audit Considerations (KAM), and other matters.

#### [Cooperation between the Audit Committee and Internal Audit Department]

•The Internal Audit Department dispatches members to attend important meetings, receives reports from the Executive Officers on their performance of duties, and reports to the Audit Committee. Also, the status of internal audits and internal control and other matters relating to the Group as a whole is periodically reported to the Audit Committee.

## [Matters Relating to Independent Directors]

Number of Independent Directors

4

### Other Matters Relating to Independent Directors

There are no special interest relationships between the Outside Directors and the Company. Therefore, the Company has registered all four Outside Directors as Independent Directors with the Tokyo Stock Exchange.

The Company has stipulated as selection criteria for Outside Directors matters such as sharing of the views in AEON Foundational Ideals and having experience as a corporate manager or equivalent experience and knowledge. The Company has also established criteria for determining the independence of Outside Directors, as stated below.

#### [Criteria for Independence of Outside Directors]

To maintain independence, Outside Directors of the Company shall satisfy the requirements stipulated below.

1. A person who is not currently, and has not been during the past ten years, a Managing Director, Executive Officer, or employee (hereinafter "executing person") of the Company or a subsidiary of the Company
2. A person who does not currently, and has not during the past three years, fallen under any of the following categories:
  - (1) A major shareholder of the Company (a person who directly or indirectly holds 10% or more of voting rights) or an executing person thereof
  - (2) A partner of the Company's independent auditor or employee thereof involved in auditing of the Company
  - (3) An executing person of a major lender to the Company (a lender from which the Company's borrowings exceed 2% of consolidated total assets)
  - (4) An executing person of an important business partner of the Company (a business partner for whom transactions with the AEON Group exceeded 2% of consolidated annual sales in said business partner's most recent business year)
  - (5) A person who is an attorney at law, certified public accountant, licensed tax accountant, or other consultant and who has received compensation exceeding 10 million yen from the Company other than remuneration as a corporate officer.
  - (6) An executing person of a non-profit organization for which donations from the AEON Group exceed 10 million yen and the donation amount exceeds 2% of said organization's total revenue or ordinary income
  - (7) A spouse or relative within the second degree of kinship of any person who falls under items 1. and 2. (1) to (6) above.

Note: However, even if a person falls under any of categories (1) to (7) above, if the Company has judged that there is substantive independence from the Company in light of the person's character, acumen, or the like, the Company may make the person a candidate for Outside Director, provided it explains the reason publicly.

## [Matters Relating to Incentives]

Implementation of Measures Concerning the Granting of Incentives to Directors and Executive Officers

Performance-linked compensation system introduced, stock option system introduced

### Supplementary Explanation

- The Company has introduced performance-linked compensation for Executive Officers.
- Executive Officers' performance-linked compensation is paid to Executive Officers after the end of the fiscal year based on annual performance and consists of the total amount of corporate performance-linked compensation and individual performance-linked compensation. However, only corporate performance-linked compensation is paid to representative Executive Officers.
- Corporate performance-linked compensation is calculated using a coefficient based on the percentage achievement of the consolidated ordinary income budget, with respect to predetermined amounts for individual Executive Officers, and is determined by comprehensively considering financial performance.
- Individual Performance-linked compensation is determined using a coefficient based on individual assessments of performance by business and by function and degree of target achievement, with respect to predetermined amounts for individual Executive Officers.

Persons Eligible for Stock Options

Executive Officers, directors of subsidiaries, and others

### Supplementary Explanation

- Share compensation-type stock options are granted to Executive Officers (including persons employed as directors, etc. of group companies whom the Compensation Committee has recommended as equivalent to the Company's Executive Officers and whom the Board of Directors has approved) as stock options after the end of the fiscal year based on annual financial performance.

## [Matters Relating to Directors' and Executive Officers' Remuneration]

Disclosure (of Individual Directors' Remuneration)

Individual remuneration not disclosed

Disclosure (of Individual Executive Officers' Remuneration)

Individual disclosure for certain Executive Officers only

### Supplementary Explanation

- As to Directors, the Company pays "basic remuneration" to Directors and discloses the number of recipients and total amount paid. The Company also discloses the number of Outside Director recipients and the total amount paid to Outside Directors.

•As to Executive Officers, the Company discloses the total amount of remuneration paid in the form of “basic remuneration,” “performance-based compensation,” and “share compensation-type stock options.”

#### **Total Amount of Remuneration Paid to the Company’s Directors and Executive Officers in FY2022**

- Outside Directors (4): Basic remuneration of 60 million yen
- Executive officers (13): Basic remuneration of 384 million yen, performance-based compensation of 181 million yen, share compensation-type stock options worth 99 million yen
- Remuneration for the Chairman and Representative Executive Officer was 90 million yen and President and Representative Executive Officer were 94 million yen. In addition to the above, the Company paid 2 million yen in basic remuneration to one Executive Officer who resigned on February 28, 2022, and 10 million yen in basic remuneration to one Director who retired at the conclusion of the Ordinary General Meeting of Shareholders held on May 25, 2022.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Remuneration for the Company’s Directors and Executive Officers is determined by the Compensation Committee, chaired by an Outside Director and comprising a majority of Outside Directors, thus ensuring a highly transparent remuneration system that incorporates an objective perspective.

##### 1. Remuneration policy

###### ▼Principle and objective of the remuneration system

- On the basis of the Foundational Ideals, the Company’s Directors and Executive Officers shall continuously take on challenges without fear of risk as members of a corporate group with its ever-lasting innovative spirit, thereby contributing to the sustainable growth of the Group.
- The Company’s Directors and Executive Officers shall receive remuneration in accordance with the roles expected of corporate officers and the degree of achievement of management objectives.

###### ▼Basic policy on the remuneration system

- (1) The remuneration system shall be highly fair and easy to understand, so as to be understood and endorsed by customers, employees, and shareholders and shall be decided by a transparent, appropriate process that ensures fairness.
- (2) The system shall link remuneration with the AEON Group’s medium- and long-term management strategies and performance, creating strong motivation to execute management strategy.
- (3) The level of remuneration shall be such that it secures, retains, and motivates human resources responsible for management of the AEON Group.
- (4) The remuneration structure and levels shall be reviewed appropriately as needed, in light of economic and social conditions and the AEON Group’s business environment and financial performance.

##### 2. Directors’ remuneration

- (1) The Company pays basic remuneration to Directors.
- (2) The Company does not pay Directors’ remuneration to Directors concurrently involved in business execution.

##### 3. Executive Officers’ remuneration

###### (1) Basic remuneration

The Company decides base compensation on the basis of individual assessments within the standard amounts set by rank.

###### (2) Performance-based remuneration

Executive officers’ performance-based compensation accounts for approximately 30% to 50% of their total cash remuneration (basic remuneration + performance-based compensation), with the percentage increasing with rank.

###### (3) Share compensation-type stock options

Share compensation-type stock options shall be granted in the form of subscription rights to shares for the purpose of enhancing morale and the motivation to continuously improve performance and increase corporate value. This will be done by strengthening the linkage between the share price, financial performance, and remuneration, and having Executive Officers share with the shareholders not only in the benefits of share price rises but also the risks of share price falls. The numbers of subscription rights to shares shall be determined based on the performance for that fiscal year, according to the standard number for each position.

###### (4) Composition of performance-based compensation

Performance-based compensation and share compensation-type stock options shall have a corporate-performance component and an individual performance component. However, the Chairman/President and Representative Executive Officer shall receive only company-wide performance-based compensation.

###### (i) Corporate performance-based compensation

Corporate performance-based compensation is calculated using a coefficient based on the degree of achievement in the Company’s consolidated performance, with respect to standard amounts by rank and number of shares allotted, and is determined in consideration of overall financial performance.

###### (ii) Personal performance-based compensation

Personal performance-based compensation is determined using a coefficient based on the performance in each category and evaluation of individual performance based on the degree of management target achievement, with respect to standard amounts set by rank.

###### (5) Indicator for performance-based compensation

The main indicator for the payment of performance-based compensation and stock compensation-type stock options shall be the achievement level of consolidated ordinary profit as an indicator of overall profitability. The performance-based compensation shall be paid at a rate of 100% of the base amount upon achievement of the target set at the beginning of the fiscal year and shall vary between 0% and 200% based on the performance and individual evaluation for the relevant fiscal year.

#### **[Support System for Outside Directors]**

- The Company has established secretariats for the Board of Directors and for each committee to function as a bridge with the Outside Directors.
- To report to the Outside Directors the status of decision-making in business execution, the Company sends minutes of Aeon Management Committee meetings and other materials to the Outside Directors as necessary.

#### **[Status of Persons Who Have Retired from the Position of President and Representative Director, etc.]**

Names of Consultants and Advisors Who Formerly Served as President and Representative Director, etc.

Name	Position or Title	Duties	Form and Conditions of Work (Full-Time, Part-Time, Paid or Unpaid, etc.)	Date of Retirement as President, etc.	Term
Takuya Okada	Honorary Chairman and Advisor	Social contribution activities that embody the AEON Foundational Ideals, etc. (not involved in management)	Form of work: Part-time Compensation: Yes	May 16, 2000	Not determined

Total Number of Persons Holding Consultant/Advisor Posts Who Formerly Served as President and Representative Director, etc.

1

Other Matters

The date of retirement as president, etc. of Mr. Takuya Okada is the date of his retirement as Chairman and Representative Director. He is engaged in supporting activities of public interest foundations, etc., utilizing his experience and knowledge gained over many years in the Company's management, and is not involved in the Company's management decision-making.

## 2. Matters Relating to Functions for Business Execution, Auditing and Oversight, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance Structure)

### ■ Corporate governance structure

The Company has adopted a company with a nomination committee and other committees system as the corporate governance structure best suited to practicing management based on the Foundational Ideals that incorporate a Group-wide perspective, management that is transparent, sustainable, and stable, and ceaseless innovation with customers as the core. The Company considers this system the optimal form of corporate governance for AEON at this time. Since AEON is a company with a nomination committee and other committees system, the Company has adopted a system under which the Board of Directors realizes expeditious decision-making by delegating significant authority for business execution to Executive Officers. Among the matters delegated to the Executive Officers by resolution of the Board of Directors, important policies and matters relating to business execution are discussed and decided by the AEON Management Committee.

### ■ The principal roles of each governing body

#### (1) Board of Directors

The Board of Directors resolves matters prescribed by law as the Company's management decision-making body, decides and approves basic management policies and important matters relating to business execution, and oversees the execution of duties by the Directors and Executive Officers.

#### (2) Audit Committee

The Audit Committee audits business execution by the Directors and Executive Officers, prepares audit reports, and decides the content of proposals for submission to the General Meeting of Shareholders concerning the appointment, dismissal, and non-reappointment of the independent auditor.

#### (3) Nomination Committee

The Nomination Committee decides the proposals for submission to the General Meeting of Shareholders concerning the appointment and dismissal of Directors.

#### (4) Compensation Committee

The Compensation Committee decides matters including the content of proposals concerning compensation received by the individual Directors and Executive Officers. The basic policy on Directors' and Executive Officers' compensation is as stated above.

■Internal auditing and system for assisting the Audit Committee

The Board of Directors and Audit Committee play central roles in the Company’s management oversight function. All members of the Audit Committee are Outside Directors, and their independence from business execution has been further clarified. The Company has established the Internal Audit Office, an organization independent from the operating divisions, as an organization that assists the Audit Committee. The Office conducts internal audits of Group management and also assists with duties of the Audit Committee and serves as secretariat of the Audit Committee while cooperating with the independent auditor. Consent of the Audit Committee is required for the transfer of Group Internal Audit Office personnel. The Audit Committee receives from the independent auditor an annual audit plan and reports on financial audits and reviews quarterly or more frequently, exchanges opinions and information with the independent auditor periodically or as necessary, and mutually strives with the independent auditor to strengthen collaboration for the purpose of enhancing audit effectiveness. The Audit Committee receives an explanation from the Business Management Division about audit compensation for the independent auditor and approves the compensation.

■Board of Directors composition and status of activities

•In light of its management oversight role, the Company’s Board of Directors consists of seven Directors (five males and two females), of whom four are Outside Directors (three males, one female, two foreign national). There are no special interest relationships between the Outside Directors and the Company. Therefore, the Company has designated all five Outside Directors as Independent Directors and registered them accordingly with the Tokyo Stock Exchange. The Company practices highly transparent management by appointing Outside Directors as two of the three members of the Nomination Committee and Compensation Committee and all three members of the Audit Committee and as the chairpersons of all three committees. The Company selects Outside Directors on the basis of selection criteria for Outside Directors, which have stipulated as selection criteria matters such as sharing of the views in the AEON Foundational Ideals and having experience as a corporate manager or equivalent experience and knowledge, and criteria for determining the independence of Outside Directors, which have stipulated as an independence criterion that Outside Directors shall be persons who can be considered independent from senior management.

•To enable recruitment of competent personnel as Outside Directors, the Company enters into limited liability agreements with the Outside Directors that limit their liability for damages to the Company as stipulated in Article 423 paragraph 1 of the Companies Act to the higher of 15 million yen or the amount prescribed by law when there is no willful misconduct or gross negligence in the performance of their duties and exempts them from any amount exceeding this limit.

•In FY2022, the Board of Directors met seven times, the Audit Committee nine times, the Nomination Committee three times, and the Compensation Committee six times. The status of attendance at Board of Directors Meetings by individual Directors is disclosed in the Business Report attached to the Notice of the 98th Ordinary General Meeting of Shareholders and Informational Materials.

### 3. Reason for Selection of the Current Corporate Governance Structure

•The principal reasons are to realize prompt management decision-making by delegating significant authority to Executive Officers for the purpose of achieving medium- and long-term management objectives and to strengthen oversight by the Board of Directors and ensure transparency and objectivity.

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

### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Circulation of AGM Convocation Notices	• The Company has long been sending out convocation notices early. It has systems in place that enable it to do so three weeks in advance. In 2023, it sent out convocation notices on May 1, 2023, 25 days in advance of the General Meeting of Shareholders, after posting the notice on its website on April 28, 2023, 28 days in advance.
Scheduling AGMs Avoiding the Peak Day	• The 98th Annual General Meeting of Shareholders was held on May 26, 2023.
Allowing Electronic Exercise of Voting Rights	Shareholders have been able to vote electronically since fiscal 2003.
Participation in Electronic Voting Platform, and Other Initiatives to Enhance the Environment for the Exercise of Voting Rights by Institutional Investors	• The Company has participated in the Japan Exchange Group’s Electronic Voting Platform since fiscal 2006.
Providing Convocation Notices in English	• The Company provides convocation notices (condensed versions) in English.
Other	• The 96th Annual General Meeting of Shareholders, held in 2021, was held as a virtual online meeting to facilitate the participation of a larger number of shareholders

## 2. IR Activities

	Supplementary Explanation	Explanation by the representative
Preparation and Publication of Disclosure Policy	<p>The Company appropriately discloses important information about itself on a timely basis so investors, shareholders, and other stakeholders can better understand the Company.</p> <ul style="list-style-type: none"> <li>Information within the purview of timely disclosure rules is publicly disclosed via TDnet, the Tokyo Stock Exchange's timely disclosure system. As a general rule, information disclosed via TDnet is promptly posted on the Company's website also.</li> </ul> <p>Additionally, the Company is committed to disclosing even information not within the purview of timely disclosure rules in accordance with timely disclosure's intended purpose of ensuring that relevant information is appropriately communicated to investors as accurately and fairly as possible.</p> <ul style="list-style-type: none"> <li>The Company observes quiet periods before its earnings release dates to ensure fairness and prevent leaks of information on its operating and financial performance. Quiet periods are generally four weeks in length and precede both full-year and quarterly earnings release dates. During quiet periods, the Company refrains from commenting and responding to queries on its operating/financial performance. However, if during a quiet period the Company expects its to-be-reported earnings to differ significantly from its publicly disclosed earnings forecast, it discloses the variance via TDnet and/or other means.</li> </ul>	
Regular Investor Briefings for Analysts and Institutional Investors	<ul style="list-style-type: none"> <li>The Company holds large meetings (earnings briefings) quarterly and small meeting with President and Representative Executive Officer.</li> </ul>	Yes
Regular Investor Briefings for Overseas Investors	The Company holds conferences for overseas investors, which were held twice in FY2022. IR activities for overseas investors were also conducted online.	No
Posting of IR Materials on Website	<ul style="list-style-type: none"> <li>IR information is posted at <a href="https://www.aeon.info/en/ir/">https://www.aeon.info/en/ir/</a>. IR information posted on the Company's website includes 10 years of summary financial data, operating performance by business segment, monthly consolidated operating performance, quarterly/annual financial results, share price information and business reports. Other information for investors that is available on the Company's website includes reports on and materials pertaining to General Meetings of Shareholders (e.g., convocation notices and online disclosures incidental thereto, voting results, etc.) and information on shareholder incentive plans.</li> </ul>	
Establishment of Department and/or Manager in Charge of IR	<ul style="list-style-type: none"> <li>The Company has established an investor relations group within the Finance Department.</li> </ul>	
Other	<ul style="list-style-type: none"> <li>In FY2022, shareholders briefings served as the forums for discussions between shareholders and corporate officers in Sapporo, Akita, Tokyo, Nagoya, Kobe, and Fukuoka.</li> </ul>	

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has established guidelines for its business activities, including the AEON Foundational Ideals, AEON Group Future Vision, and Basic Policy on Corporate Governance, to ensure respect for customers, local communities, shareholders, investors, and other stakeholders' positions.
Implementation of Environmental Preservation Activities, CSR Activities etc.	<ul style="list-style-type: none"> <li>Information on environmental preservation and social contribution initiatives is posted at <a href="https://www.aeon.info/en/sustainability/">https://www.aeon.info/en/sustainability/</a>.</li> </ul>
Development of Policies on Information Provision to Stakeholders	<ul style="list-style-type: none"> <li>The Company's policies for communicating with stakeholders are set forth in its Basic Policy on Corporate Governance. To help stakeholders better understand its operations, the Company endeavors to provide ample information in various formats, including Group Profiles, AEON Magazine, interviews, shareholder reports, AEON Report (integrated reports), and Hot Press.</li> </ul>

Other

#### [Promoting Diversity]

Given that its efforts to promote diversity and inclusion serve as one of its management strategies, AEON accordingly aims to serve as an organization that continuously innovates by enabling diverse human resources to fully draw on their capabilities. A total of 387 employees participated in the training program, which was designed to promote the growth of advancing female managers as leaders and to promote the development of candidates for the next and next-generation management positions, and the event provided opportunities to enhance interaction among employees of Group companies and to motivate them through friendly competition with their colleagues. Through online training, in which 730 executives and managers from Group companies participated, the Company adhered to being an organization that respects diversity and psychological well-being, and it promoted required management style reforms. We incorporated content promoting childcare leave for male employees into our online training regarding "support for balancing work and childcare." Some 500 employees took part in the training, including female employees as well as male employees, supervisors and human resources personnel. The training introduced the best practices of Group companies and helped to raise awareness of matters pertaining to childcare leave. "Training for persons with handicaps" is held every month to foster a culture of recognizing and taking advantage of differences by learning about various handicaps and understanding points to keep in mind when hiring and employing people with handicaps. At the awards, which are held to share and recognize the best practices of Group companies, initiatives that lead to the creation of new value created by diversity were introduced, ranging from the promotion of women, people with handicaps, and LGBTQ individuals to generational diversity and the challenge of diversifying oneself. The target ratio of female managers is 50% and 26.4% as of the end of February 2023. The ratio of employees with handicaps was 2.77%. For details, please refer to our website. <https://www.aeon.info/en/diversity/>

#### [Health Initiatives]

AEON is working to improve the health of its employees and their families based on the belief that, as a Group, employee health is the cornerstone of our corporate activities and that only when our employees are healthy, we can contribute to the health and happiness of our customers in the community. We are working to create safe, secure, and energetic workplaces that promote mental and physical health through measures such as the implementation of a no-smoking policy during working hours and on company premises at 115 Group companies in Japan as a measure to prevent harm from passive smoking and to promote quitting smoking, improvement in the implementation rate of specific health guidance to improve lifestyle habits, health challenge campaigns, and learning about women's health, etc. These efforts have been recognized with our designation as a "Health and Productivity Management Organization 2023 (White 500)." Fifty Group companies have obtained recognition as Health and Productivity Management Organizations.

## IV. Matters Related to the Internal Control System

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

#### 1. Basic Views on Internal Control System

##### (1) Internal Audits

- The Internal Audit Department assists the Audit Committee with its duties. Personnel assignments to and from the Internal Audit Department must be approved by the Audit Committee.
- The Committee receives periodic reports on internal audits and internal controls' status on a Group-wide basis and on the content of reports received via an internal compliance reporting system encompassing the Group's entire workforce.
- The Internal Audit Department attends important meetings and listens to reports from Executive Officers and others on the status of execution of their duties and reports to the Audit Committee.

##### (2) Information Preservation and Management

- Minutes of meetings are prepared and preserved by the secretariat. Decision authorization documents are preserved and managed by the party who drafted them.

##### (3) Risk Management

- The Company has established an Administration & Risk Management post (the person who assumes this post convenes Risk Management Committee meetings) and is building a risk management regime under the direction of the AEON Management Committee (its top management body). The Internal Audit Department monitors the risk-management regime's operational status.
- The Company is organizationally taking action, including in its business transactions, to eliminate antisocial forces by establishing internal regulations and cooperating closely with law enforcement authorities and other concerned entities.
- The Company, together with its Group companies, have implemented internal controls over financial reporting (in compliance with the so-called J-SOX Act (Japan's Financial Instruments and Exchange Act)).

##### (4) System for Efficient Execution of Duties

- The Company delineates duties and authority for every job title in accordance with its operational responsibility and authority regulations, operates its businesses efficiently and systematically and has organizational units consult with designated other organizational units as a check on authority.

##### (5) Compliance

- The Company is building a legally up-to-date compliance regime. It has established the code and promotes rigorous compliance therewith among all Group employees. It periodically conducts compliance guidance programs also.

##### (6) Management of Group Companies

- The Company practices integrated Group management while preserving Group companies' autonomy and originality. Group companies' management plans are vetted by meeting body organized by business line or organizational function. Additionally, the Company's headquarter divisions provide operational guidance to Group companies.

#### 2. Status of Internal Control System

- The Company endeavors to ensure management transparency and fairness and continuously practice stable management with the aim of fulfilling its responsibilities to all stakeholders. It continuously upgrades its internal controls, compliance, and risk management to support such efforts.

In implementing internal controls, the Company is strengthening its corporate ethics promotion program, the foundation of internal controls, as its first priority. It is committed to ensuring that all Group employees are well-versed in shared decision-making standards and basic mindset for daily conduct in AEON. It also provides training on an ongoing basis to elevate employees' compliance consciousness and disseminate the AEON Foundational Ideals. To prevent legal and ethical violations or detect them early, the Company has set up a Hotline, a Group-wide internal reporting system accessible to not only Group personnel but also outsiders. The applicable organizational unit investigates matters reported via the Hotline and implements corrective action and/or recurrence prevention measures. In January 2020, the Group's internal reporting system was enhanced and expanded with the establishment of the hotline providing direct contact with a law firm for reporting misconduct involving corporate officers in Japan. In March 2021, this system was further expanded with the establishment of a contact point for reporting misconduct by corporate officers overseas (China and ASEAN countries).

- Risk management has been designated as a key management priority that all organizational units are responsible for addressing. Based on this recognition of the importance of risk management, all Group companies and organizational units conduct day-to-day risk-management, and the General Affairs Department operates the Risk Management Committee. Whenever an accident or other incident occurs, the Company promptly sets up an Incident Response Headquarters to minimize the resultant impacts, and the General Affairs Department plays a central role in incident response activities. Additionally, the Company has formed a cross-organizational task force to predict, preemptively detect, and prevent especially high-impact risks.

- The Internal Audit Department monitors overall implementation of internal controls and operational status and reports to the AEON Management Committee and Audit Committee on these.

- Recognizing that the establishment of an appropriate internal control system is essential to ensure the reliability of financial reporting, the Company and its independent auditor are jointly endeavoring to carry out effective audits. The Audit Committee evaluates independent auditor candidates based on predetermined auditor evaluation, selection, and reappointment criteria and hires an independent auditor based on its evaluation. The Company has entered into an audit agreement with Deloitte Touche Tohmatsu LLC (DTT). DTT limits the number of years that any senior auditor may be involved in the Company's accounting audits. In fiscal 2022, the DTT senior auditors who audited the Company were Tomoyasu Maruyama, Kunikazu Awashima, and Shinsuke Tsuji, all of whom are CPAs. They were assisted by an audit team comprising 21 and other 45.

## 2. Basic Views on Eliminating Antisocial Forces

### 1. The Basic policy for eliminating antisocial forces

To eliminate antisocial forces, the Company severs all ties, including business transactions, with antisocial forces and complies with the Act on Prevention of Unjust Acts by Organized Crime Group Members, prefectural/metropolitan ordinances pertaining to elimination of antisocial forces and other applicable laws. The Company has explicitly appointed one organizational unit responsible for responding to extortive demands. It deals with antisocial forces as an organization, including through criminal and civil legal action, in coordination with specialized external entities.

### 2. Status of development towards elimination of antisocial forces

- The Company has devised specific countermeasures, including crime prevention regulations, with the aim of eliminating antisocial forces.

Additionally, its manager training programs, including periodic seminars for new store managers and store manager compliance training sessions, include training in how to deal with extortive demands by antisocial forces.

- The Company is endeavoring to eliminate antisocial forces through its membership in the Tokyo Metropolitan Police Department's Special Anti-Violence Countermeasures Federation, a clearinghouse for information on extortion attempts. The Company belongs to the Federation to obtain information about extortive demands by antisocial forces.

- The Company is building an organization to help eliminate antisocial forces by promoting training in prevention of extortion.

- The Company has taken an explicit stance against antisocial forces by adding an antisocial-forces disassociation clause to its contracts, including basic purchasing/sales agreements.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Yes
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#### Supplementary Explanation

· The Company's stock is listed on a financial instruments exchange (securities exchange). As such, it is freely tradable. In the unlikely event that a party seeking short-term profits launches an inequitable takeover bid by commencing purchases of the Company's shares, the Company's shareholders may be disadvantaged as a result. At the Company's 96th General Meeting of Shareholders on May 26, 2021, shareholders approved a resolution titled "Continuance of policy concerning large-scale acquisitions of the Company's shares (takeover defense measures)." While shareholders should make their own decisions on whether or not to accept a takeover bid, the Company's takeover defense measures enable the Company to require prospective acquirers to provide shareholders with sufficient accurate information and sufficient time to decide whether to accept a takeover bid, and enable the Company to implement countermeasures against takeover attempts deemed clearly detrimental to the interests of shareholders at large.

- The Company's takeover defense plan is of the "advance-notice" variety. It would require any party seeking to acquire 20% or more of the Company's voting shares to comply with certain rules, mainly by providing the Company with sufficient information, including a profile of the prospective acquirer(s), quantitative justification of the proposed acquisition price and information on the acquisition method, the acquisition funding source and planned post-acquisition management policies. Promptly upon becoming aware of a prospective acquirer, the Company's Board of Directors shall disclose pertinent facts and establish an independent committee comprising Outside Directors and at least one external expert. The Board of Directors shall seek the committee's opinion based on the information provided by the prospective acquirer (the committee must deliver its final verdict to the Board of Directors within 60 days of receipt of the prospective acquirer's letter of intent even if it requests additional information).

The Board of Directors shall then announce the results of its evaluation of the takeover bid within a predetermined (60- or 90-day) evaluation period, during which it shall afford utmost deference to the committee's opinion. To reach a more objective decision, the Board of Directors and/or the independent committee may seek opinions from other experts as warranted. If the prospective acquirer fails to comply with the foregoing rules or if the takeover bid is clearly detrimental to shareholders' interests (e.g., if the prospective acquirer presumptively intends to demand that the Company buy back its shareholdings at an inflated price or to sell its shareholdings for a short-term gain), the Board of Directors may deploy takeover defense measures such as issuance of new shares or stock acquisition rights without waiting for the aforementioned evaluation period to elapse. If the Company issues stock acquisition rights with discriminatory exercisability conditions that restrict the prospective acquirer from exercising them, the stock acquisition rights would be callable by the Company to spare shareholders from the inconvenience of having to go through the process of exercising the rights. As a general rule, the Board of Directors shall decide whether to deploy and how to structure any takeover defense measures in accordance with its members' fiduciary duty as Directors. In exceptional cases, however, the Company may ask shareholders to vote at a General Meeting of Shareholders on whether to accept or reject a takeover bid in light of its terms, effects, and/or other relevant



considerations.

- At every stage in the process, the Company shall fully disclose pertinent information on a timely basis and allow shareholders to make their own decisions.
- The takeover defense plan will expire at the conclusion of the Company's General Meeting of Shareholders scheduled to be held in May 2024.
- The Company's Board of Directors has concluded that the above takeover defense plan accords with the AEON Foundational Ideals, is aligned with shareholders' common interests and is not intended to maintain the Company's corporate officers' positions.

## 2. Other Matters Concerning Corporate Governance System

<Status of Internal Arrangements for Timely Disclosure of Company Information >

1. Organized pursuant to the Companies Act as a corporation with nomination, compensation and audit committees under its Board of Directors, the Company ensures transparency and objectivity by strengthening management oversight functions. Under this framework, the Board of Directors sets basic management policies and oversees Executive Officers' execution of their duties. Meanwhile, Executive Officers are delegated substantial authority for execution of company business by the Board of Directors with the aim of expediting decision-making and operational execution.

2. The Company discloses in a timely manner company information (e.g., facts that would materially influence investors' decisions, information on operating or financial results, etc.) to the Tokyo Stock Exchange using TDnet. Before being forwarded to the Tokyo Stock Exchange, information to be disclosed is transmitted via a representative Executive Officer, the AEON Management Committee, and the Board of Directors to the IR/SR Department, the organizational unit responsible for information handling.

(1) Information on decisions and events is transmitted by internal organizational units to representative Executive Officers and the AEON Management Committee for review and approval before being forwarded to the IR/SR Department.

(2) Information on operating or financial results is prepared mainly by finance and business management units and transmitted to the IR/SR Department after being reviewed by the AEON Management Committee and approved by the Board of Directors.

(3) The Internal Audit Department monitors whether operational execution processes are functioning appropriately and effectively and reports to the Audit Committee and AEON Management Committee.

Whenever the Company discloses information to the Tokyo Stock Exchange, it promptly publishes the exact same document(s) on its website.

## Reference Corporate Governance Structure

