05 SUSTAINABILITY STATEMENT

43 Strengthening Economic Performance

- 51 Realising Our Green Agenda
- 55 Enhancing Our Social Position

4072

Lam an earth ambassador

ANNS SUUT

SUSTAINABILITY STATEMENT

AEON SUSTAINABILITY CHARTER (ASC



At AEON, we believe that a sustainable business is one that not only prioritises financial returns but also protects the environment, nurtures its employees and at the same time, uplifts its communities and ecosystem. After having been in Malaysia for the last 39 years, we have continuously supported the needs of the local communities, businesses and contributed to the nation's growth.

We have developed a robust ESG roadmap which has been integrated into our business, governance, culture and ecosystem, as outlined in AEON's Basic Principles and our new retail strategy. We ensured that our business decisions always took into consideration our ESG priorities, as this allows us to mitigate future ESG-related risks.

This year, we deepened our sustainability commitments by establishing the AEON Sustainability Charter (ASC). The ASC is a blueprint that outlines our ambitious targets to realise a sustainable society in tandem with the growth experienced. Through the ASC, we continued to uphold the basic principles of pursuing peace, respecting humanity and contributing to local communities. We also focused on minimising our impact on the environment, with a key goal of achieving carbon neutrality by the year 2040. We worked closely with our stakeholders across a wide range of sectors to realise meaningful, sustainable change.

The ASC can be viewed at AEON's website <u>https://aeongroupmalaysia.com/aeon-sustainability-charter/</u>

Nevertheless, we are aware of the devastating effects of climate change that are accelerating around the world. Following the Paris Agreement and United Nations Climate Change Conference Conference (COP 27), governments and corporations worldwide have been urged to take concerted efforts to accelerate climate resilience and reduce emissions in a sustained manner.

We understand that becoming fully nature-positive will not happen overnight, nor within the next 12 months. It is an ongoing process that requires the deep commitment of everyone within and outside our value chain. Towards this end, we have also committed to manage our climate-related impact, with targets to transition towards full Task-Force on Climate-related Financial Disclosures (TCFD) compliance by 2025.

Our approach to sustainability is also aligned with the Economic, Environmental and Social (EES) pillars that seeks to improve the prosperity of the world we live in, protect our planet for the benefit of our communities while taking action that uplifts the communities we operate in.



We care about the people around us. We remained focused on nurturing people, be it at the workplace, with our supply chain and business partners, or across the communities we serve. Aligned to the United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles), we fostered diversity and inclusivity, creating a safe ecosystem for AEON People, our business partners, tenant partners and communities to thrive.

As the retail industry continues to evolve, we remain anchored in our pursuit of embedding sustainability in everything we do, supported by a strong digital ecosystem and our core values. Collectively, we remain committed to deliver our ESG-related initiatives in a phased approach towards meeting our targets over the next three years.



In FY2022, the retail industry recorded strong growth, due to the easing in COVID-19 restrictions and business resumed operations at full capacity. A majority of Malaysians opted to visit physical stores and reverted to their pre-COVID-19 lifestyles, which helped spur economic activities. Apart from economic contribution to the country, it also created employment opportunities that contributed to nation building.

As part of our goal to become Malaysia's most preferred retailer, we continued to integrate ESG-related practices through impactful measures that would strengthen operational resilience over the long-term.

PRODUCT SAFETY, QUALITY AND SERVICES

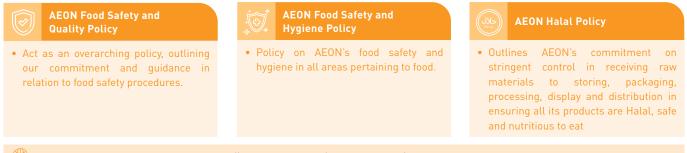
GRI 416-1, 417-1

At AEON, we strive to deliver long-term value for our stakeholders, including our customers and business partners. We are committed to continually enhance the reputation of the brands that we produce and distribute. In this regard, we endeavoured to maintain consumer confidence by developing and implementing food safety and quality systems, standards and practices. This in turn strengthens our position as a reputable retailer, building customer trust and loyalty.

Adhering to Safety and Quality Standards

We ensured our products and services are aligned with the international regulatory and industry best practices such as the Hazard Analysis and Critical Control Point (HACCP) Certification, where we emerged as the only supermarket in Malaysia that has this certification. We had obtained the HACCP certification voluntarily, thus further demonstrating our deep commitment towards ensuring food safety.

Locally, we are governed by the Food Act 1983 and Halal Assurance Management System, issued by Department of Islamic Development Malaysia (JAKIM). Within AEON, we are guided by the following policies:-



The policies above can be viewed on our website at https://aeongroupmalaysia.com/sustainability-policies/

AEON's Halal Policy has been deeply ingrained in our daily operations since its implementation in 2010. In adherence with the Halal Assurance System guidelines, we ensured the following:-

- We develop, implement and improve halal requirements with halal purity and sincerity
- We ensure a quality management system through the supply chain by taking a systematic approach to preserve halal integrity of all products.
- We have all the guidelines ingrained and adhered strictly to prevent any non-compliance in producing halal products.
- We are following JAKIM's standards and requirements.

Performance in FY2022:-

1. HACCP Certification

The HACCP Certification are subjected to periodic internal and external audits to ensure continued compliance with the standard requirements of food safety and fulfilling consumer requirement, as outlined in the Good Manufacturing Practice (GMP) and Food Safety Critical Control Points.

HACCP Certification					
100% AEON Stores certified					
	2022	2021	2020		
No. of AEON Stores	34	34	33		

2. Halal Certification

Obtained more Halal certification in FY2022, an increase of 21 outlets due to the increase in the number of outlets at our newlyrenovated AEON Alpha Angle. In addition, we also successfully conducted a Halal internal audit to ensure we maintained our Halal certifications at all AEON outlets. Relevant employees were also required to attend the Halal certification training sessions and review meetings.

Halal Certification					
124 outlets certified					
	2022	2021	2020		
Delicatessen, La Boheme, Coco	124	103	131		
Café, Sushi, Pizzas and Drinks					

3. 'Bersih, Selamat dan Sihat' (Clean, Safe and Healthy) (BeSS) Certification

BeSS Certification is an approved recognition given to food premises' operators by the MOH, Malaysia to encourage provision of safe and healthy food.

BeSS Certification	2022	2021	2020	BeSS Certification	2022	2021	2020
PREMISES CERTIFIED				FOOD COUNTERS CERTIFIED			
AEON Stores	6	13	13	Food Courts - AEON Stores	42	93	93
AEON Shopping Malls	3	6	6	Food Courts - AEON Malls	6	45	45
TOTAL	9	19	19	TOTAL	48	138	138

The decrease in certification was due to renewal process of the existing certifications and the change in the number of tenants following the resumption of business activities post MCO.

4. Strict requirements for AEON Private Brand - TOPVALU

Focusing on our core priorities towards product safety and quality, suppliers that produced and manufactured products under the TOPVALU brand were also required to undergo an AEON Food and Non-Food Quality Audit and adhere strictly to our Supplier Code of Conduct.

Encouraged Informed Decision-Making

Consumers need to be able to obtain accurate, unbiased information about the products and services they purchase to enable them to make informed choices based on their interests and prevents them from being mistreated or misled by businesses. In FY2022, we established the following policy:



position with regard to consumer rights.

1. Nutrition Information

Recognising that our customers come from different backgrounds, cultures and lifestyles, we ensured our food products had the appropriate labelling that highlighted product content, nutritional aspects, calorie-content and allergen information to avoid any negative health impact. This was done to assist our customers in making informed-decisions on the nutritional quality of their food purchases.

We also ensured that our website was regularly updated so customers had easy access to the latest information on some of our products. Customers also had their questions answered by browsing through the Frequently Asked Questions (FAQs) section.

- Information on some of our products can be viewed on our website at https://www.aeonretail.com.my/food-safety-halal/nutrition-health/facts
- FAQ section can be viewed on our website at https://www.aeonretail.com.my/food-safety-halal/faq/

Similarly, customer engagement activities were carried out in FY2022, where we provided valuable tips and information regarding our products through our website, Customer Careline at 1300 80 3266 which operates from 9am to 10pm daily, and our social channels, namely Facebook and Instagram. These were also used in the event of any product alerts or recalls.

Tips on some of our product can be viewed on our website at https://www.aeonretail.com.my/food-safety-halal/tips-info/



The Customer Responsibility Policy can be viewed on our website at

https://aeongroupmalaysia.com/sustainability-policies/

Standardised icons on price labels for our Ready-to-Eat food selections

2. Responsible Advertising & Marketing of Alcohol

We commit to minimising the negative impact of alcohol on our customers. In alignment with Regulation 361 of Food Regulation 1985 (as an anchor guideline), we ensured that all alcoholic beverages were appropriately labelled (including the alcohol content of the beverage and health warning statement).

Active engagement with stakeholders

Throughout FY2022, we proactively engaged with stakeholders including the government and regulators, especially the Ministry of Health (MOH), Malaysia to ensure the safety and quality of our products throughout their lifecycle. In September 2022, we collaborated with MOH to conduct World Food Safety Day at AEON Alpha Angle where medical practitioners and nutritionist provided health-talks as well as health check-ups to our customer and the public.



organised by the Iskandar Puteri Town Council (Majlis Perbandaran Iskandar Puteri)



SUPPLY CHAIN MANAGEMENT

Cleanliness Competition"

GRI 2-6, 204-1, 414

With over 1.3 million SKUs available across all 34 AEON Stores, we sourced for quality products and services from a wide range of suppliers, both locally and abroad. As at end of FY2022, majority of our products were sourced locally, with only 2% sourced internationally. Through our ecosystem, we worked towards building a more equitable, ethical and sustainable supply chain. We believe in treating our suppliers with respect, trust and fairness as this is important in creating a resilient supply chain.

Supplier and Vendor Audits

Guided by the AEON Supplier Code of Conduct, we carried out regular suppliers and vendors audits, coupled with routine due diligence and performance evaluations to ensure they were able to meet our strict quality parameters, stringent standards, ethical guidelines and policies. These actions also minimised issues that may have affected our reputation, operational efficiency, financial performance and business continuity over the long term.

The AEON Supplier Code of Conduct (CoC) can be viewed on our website at https://www.aeon.info/en/sustainability/social/coc/ and the document is made available in 15 languages





factory and quality audits



Established New Policies

As a signatory of the United Nations Global Compact (UNGC), we remain guided on matters pertaining to human rights, labour standards, environment and anti-corruption. In FY2022, we established the following policies to strengthen our commitment to producing our products in an ethical and responsible manner.



- Outlining the principles, commitment and guidance adopted by AEON whilst engaging with our suppliers and vendors.
- AEON Animal Health and Welfare Policy
- Outlining the guidelines on the requirements to be adhered by our suppliers, supplying livestock-derived products to AEON.

The policies above can be viewed on our website at https://aeongroupmalaysia.com/sustainability-policies/

Through the establishment of these new policies, we are able to integrate more progressive practices to ensure our products are sourced from responsible suppliers and vendors, considering their social, environmental and governance practices.

Outlook

Moving forward, we are committed to working with our suppliers to implement improvement plans. In this regard, we target a 12 to 18-month timeline for our suppliers and vendors to adhere to the minimum requirement expected.

Expanded AEON's Supply Chain

To ensure we are able to react swiftly to evolving customer demands and market trends, we continued to fortify our relationship with our suppliers and vendors to ensure it is efficient yet flexible and able to function even in the toughest conditions. In FY2022, we expanded our supply chain network to include more local suppliers and entrepreneurs to support the local economy.

Procurement Details	2022	2021	2020
Local Suppliers	2,404	1,886	1,445
Foreign Suppliers	65	n/a	n/a

Enhanced digitalised processes

We leveraged our digital ecosystem to ensure a fair and transparent procurement process. In FY2022, we integrated digital solutions into our supplier and vendor procurement process via the following initiatives:-

- 1. Digitalised the existing process which include electronic contract management, work flow approvals and sales dashboard as part of valueadded services provided to suppliers.
- 2. Provided access to our suppliers on AEON's various policies and guidelines on responsible conduct to improve their knowledge base and where practicable to extend sustainable practices across their supply chain ecosystem as well.

SUPPORTING SMALL AND MEDIUM ENTERPRISES (SMES)

GRI 203-1, 203-2

As the country gradually emerged from the various movement restrictions conducted to combat the pandemic, unemployment among certain segments of the population remained high. For Micro, Small and Medium Enterprises (MSMEs) segment, they were faced with several challenges such as inflationary pressures, increased costs, labour shortages and shifting market demands.

In view of this, we persisted in our efforts to support Small and Medium Enterprises (SMEs) to create sustainable ecosystems and foster an inclusive environment. To help them alleviate financial difficulties, we promoted the development of local SMEs and MSMEs, through the Malaysia Family Digital Economy Centre (Pusat Ekonomi Digital Keluarga or PEDi), leveraging the Program Pemerkasaan Pendigital Usahawan Kecil or PUPUK@AEON programme.

In support of local SMEs, especially micro businesses, we also collaborated with various ministries and government agencies to provide a platform to the local MSMEs to promote their products throughout AEON outlets nationwide, including our online platform.

Performance in FY2022:-

1. PUPUK@AEON Programme

PUPUK@AEON was launched collaboratively with Malaysian Communications and Multimedia Commissions (MCMC) in 2021, with the objective of empowering local micro entrepreneurs and upscaling their business.

In FY2022, we pursued strategic partnerships with various government agencies to identify local SMEs and MSMEs to help promote products sold by these enterpreneurs at AEON supermarkets whilst encouraging gig economy employment.

Successfully awarded new contracts to 28 entrepreneurs, of which 18 were from MSMEs. This was due to more active engagement carried out with micro businesses in FY2022.

	2022	2021
SMEs	33	23
MSMEs	27	9
	60	32

2. Jualan Terus Dari Ladang (JTDL) is a collaborative initiative with the Ministry of Agriculture and Food Industry, with the objective of providing farmers and partner marketers to directly market agricultural produce to consumers as a means to generate income and minimise intermediary cost. Consumers in turn benefit in terms of savings through more affordable prices and fresh quality products from the field.

3. Karnival Bumi Kenyalang

In FY2022, we also organised the Karnival Bumi Kenyalang in AEON Shah Alam to promote local products from Sarawak. The event was held in collaboration with AEON BiG, Ministry of Domestic Trade and Cost of Living (KPDN), and Ministry of International Trade, Industry and Investment Sarawak (MINTRED).

4. AEON Perkasa

AEON Perkasa is part of our commitment to realise Government's goal to accelerate economic growth post COVID-19. We provided platform for entrepreneurs to market their products in AEON Malls for about a month in three phases. The programme was held in collaboration with AEON BiG, Kraftangan Malaysia, Federal Agricultural Marketing Authority (FAMA), Federal Land Development Authority (FELDA), Majlis Amanah Rakyat (MARA) and Koperasi Usahawan Groom Big Kelantan.

DIGITALISATION

GRI 418-1

The digitalisation of our entire ecosystem has been identified as one of AEON's game changers. The successful integration of our digital strategy will optimise efficiency, drive innovation, improve profitability and accelerate our sustainability journey. In FY2022, one of our main goals was to improve customers' shopping experience by making our customers feel comfortable and at the same time, reduce the burden placed on our employees.

Performance in FY2022:-

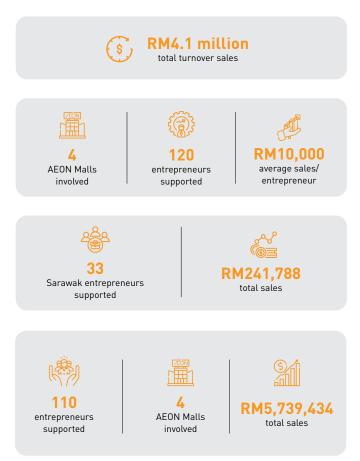
Enriched Customer Retail Experience

1. Installation of Self-Checkout Counters (SCO)



182 SCOs installed

in all AEON Stores and Maxvalu by September 2022 **10%** utilisation rate in FY2022





ANNUAL REPORT 2022 | 47

2. Integrated features of the iAEON App

Through the iAEON app that we launched in 2020, we elevated our digital capabilities by adopting the Online-Merge-Offline (OMO) strategy to strengthen our AEON Living Zone ecosystem, enabling the creation of a seamless shopping experience across multi-generations. This multi-loop system also connected our stakeholders – tenants, suppliers and vendors who wish to be part of AEON's supply chain.



Please scan the QR Code to download iAEON app

- Consolidated various service channels such as myAEON2go, AEON Personal Shopper and AEON Members Plus Loyalty Programme, AEON Cloud Kitchen and AEON Rider, etc.
 Customers were able to enjoy uninterrupted cross-channel experience on a single app
- 3. Digital payment options

We expanded digital payment options for our customers by enabling utilisation of Touch 'n Go and Grab e-Wallet services, in addition to current options such as AEON Wallet, Alipay and Maybank QRPay.

and helped simplify their purchase journey.



Enhanced Stakeholders' end-to-end experience

In FY2022, we upgraded our digital infrastructure and software systems to benefit our various stakeholders:

For Suppliers

 Integrated digital solutions into our supplier and vendor procurement process. For Tenant Partners

- Implemented electronic billing and contract management for our tenants partners.
- Implemented an online registration and payment system for tenants who were interested in leasing our temporary spaces/ area under "Temporary Space Rental", which increased our mall income levels.
- Provided value added services such as Point of Sale (POS) terminals, payment gateway and e-commerce.
- Upgraded the network of our big format stores with the latest devices and higher bandwidth.

For AEON People:

- Implemented electronic Employee Self Service (ESS) system which records attendance and electronic workflow for internal paperwork approval.
- Deployed 700 new hand-held terminals for store back-end operations with updated features to improve efficiency.

Outlook

Taking on board the experiences gained in FY2022, we remain committed to strengthening our digital initiatives across our businesses and operations. The accelerated pace in digitalising our ecosystem will lead to more growth opportunities, increased productivity, as well as improved operational and cost efficiencies.

Towards this end, we will focus on strengthening the myAEON2go platform to drive higher sales performance as well as our iAEON app to connect deeper with our stakeholders. We will also continue our plans to digitalise our back office and store operations as this will not only improve the productivity and efficiency of our day-to-day activities but also reduce on paper-based processes. This in turn is expected to lead to cost savings of up to 25% for all paper-related costs. Plans are also in place to uplift customer experience by installing the SCOs in our specialty stores as well as enhancing the SCO systems in all AEON stores with more user-friendly features and with this, increase customer utilisation to more than 20%.

Ultimately, we will continue to drive the digitalisation of our ecosystem to support sustainable business growth over the long term.

DATA GOVERNANCE AND SECURITY

GRI 418-1

As we strengthened our foundations to realise our digital aspirations, increasing focus was placed on heightening data governance and security. As the developer of this ecosystem, it is our responsibility to protect our digital assets and those of our stakeholders who are part of this ecosystem from cyber security threats and other form of vulnerabilities. This is to protect ourselves and our stakeholders from any adverse consequences such as reputational damage, litigation or fines which may impact financial performance.

We are guided by AEON's Personal Data Protection Policy and AEON Japan's data security standards. Taking cue from the increasing number of security threats faced, we introduced higher security protocols and privacy protection standards for the company, customers and users of our shared platforms. We also paid close attention to cyber security standards, best practices and industry requirements to further protect our business and our stakeholders.

Performance in FY2022:-

- 1. Strengthened data governance capabilities and IT security by integrating various data sources within the Company to improve accessibility and data-driven decision making.
- 2. Implemented network monitoring stack to ensure data security is enforced throughout the Company.
 - Converted all AEON systems to cloud computing.
 - Deployed network security alert monitoring with Japan data security standard.
- 3. Enhanced employee awareness and education on cyber security threats via regular email updates.
 - A total of 25 emails containing 11 topics sent to all AEON People in FY2022 to educate and spread awareness on cyber security threats.

GOVERNANCE, ETHICS AND INTEGRITY

GRI 2-23, 2-24, 2-25, 2-26, 205-2

Strong governance, ethics and integrity are critical factors in realising our sustainability aspirations. We believe that a robust governance framework continuously sustains effective governance practices, integrity and responsible business conduct. It ensures we execute on our strategic priorities to achieve our strategic goals.

At AEON, we are governed by the AEON Code of Ethics and AEON Code of Conduct (ACOC) which focuses on sustaining a healthy relationship with our stakeholders. Designed to protect the best interests of our stakeholders, the ACOC provides clear guidelines on good ethical conduct, proper corporate behaviour and integrity across the Company.

AEON People are aware of and were regularly briefed on the ACOC during the monthly morning assembly held virtually where all employees commit to the ACOC pledge, an activity led by the head of department or an ALC. It is also printed on the back of our employee ID, in both Bahasa Malaysia and English.

AEON CODE OF CONDUCT (ACOC)

1	AEON People are always grateful to the many other individuals who provide support and help, never forgetting to act with humanity.
2	AEON People values the trust of others more than anything else, always acting with integrity and sincerity in all situations.
3	AEON People actively seek out ways to exceed customer expectations.
4	AEON People continually challenge themselves to find new ways to accomplish the AEON ideals.
5	AEON People support local community growth, acting as good corporate citizens in serving society.



- 1. We signed a Memorandum of Corporation (MoC) with Institut Integriti Malaysia (IIM) with the objective of strengthening our focus on improving ethics, integrity, transparency and governance across AEON. Moving forward, we will continue to engage with IIM leveraging IIM's expertise to enhance our visibility, image, processes and policies.
- 2. We completed PROJECT CARA, an initiative which was started in 2021 to assist business units at the strategic level to assess current business processes and procedures by reviewing and updating all SOPs to align with AEON's objective to digitalise processes.



- 3. Embedded Risk Management practices across AEON operations.
 - We continued to implement PROJECT TRUST, an initiative which started in 2021 to strengthen AEON's Enterprise Risk Management (ERM) model which encompasses risk management, Business Continuity Management (BCM) and Anti-Bribery and Anti-Corruption (ABAC).
 - We spread awareness on AEON's Anti-Bribery and Corruption Policy where we implemented anti-bribery e-learning for management and operational leaders (Managers and above).

PROJECT TRUST	
Governance body	Operational leaders (Managers and above)
	ිදිව
<u>et e</u>	
80% received communication updates	100% received communication updates
75% trained	81% trained

• We also established Risk Champion Committee (RCC) comprising representatives from each business unit to lead more robust discussions on risk identification, mitigation and control.

REALISING OUR GREEN AGENDA



Climate change remains the greatest environmental threat we face and is recognised as one of AEON's priority matters under our Environmental Stewardship umbrella. The global retail sector is responsible for 25% (*Source: World Business Council for Sustainable Development*) of global greenhouse gas (GHG) emissions. As a business, AEON's operations and supply chains have an impact on the climate.

We believe that we have a responsibility to introduce more nature-positive solutions in the way we manage our business and operations, stakeholders and our communities. We are deeply committed to reducing our environmental impact by implementing climate change actions as this will not only accelerate the nation's transition to a low-carbon economy, but also realise our sustainability aspirations.

We are committed to ensuring all our activities are sustainable and we benchmark our responsibility towards the environment based on global expectations. This commitment is underpinned by our:



ENVIRONMENTAL STEWARDSHIP

GRI 302, 303, 305, 306

Climate Change and Environmental Management

In FY2022, we started a new carbon footprint analysis for the Company's operations to understand the main sources of emissions and to help us develop reduction strategies. Based on the analysis, our mall and store business operations generate the highest GHG emissions under Scope 2. Meanwhile, the second highest was emissions associated with our tenants' energy consumption which falls under our Scope 3 emissions.

Notwithstanding the challenges, we remain on track to meet our target of becoming carbon neutral by 2040 and we will continue to manage our operations towards a low-carbon future across all our businesses and supply chain. During the year, we also started collaborating with Malaysian Green Technology and Climate Change Corporation (MGTC) to power our ESG ambition where we have established plans to implement energy management and GHG management over the next 12 months.

We aim to lead the retail sector by embedding more nature-positive solutions as this will help not only help reduce our environment footprint but also ensure a better future for our communities and future generations.

REALISING OUR GREEN AGENDA

1. Energy Consumption

GRI 302-1, 302-4, 305-1, 305-2

In FY2022, we started assessing our Scope 1, 2 and some of the Scope 3 GHG emissions to identify appropriate measures and initiatives to reduce our GHG emissions. During the year, we also installed energy-saving devices throughout our operations and started to utilise renewable energy.

AEON Malls and Stores consume a large volume of energy for air-conditioning and lighting to offer a comfortable shopping environment to customers. AEON's Facility Department, which is under the Property Division has clear guidelines on the management of electricity, as it adopts best practices within the industry such as ensuring air-conditioning is set to optimal temperature and these are only activated during business hours. In FY2022, we also completed the conversion from conventional to LED light fittings in all our malls and stores to conserve energy and reduce emissions. We will continue to adopt a more energy efficient LED lightings and upgrade, where necessary.



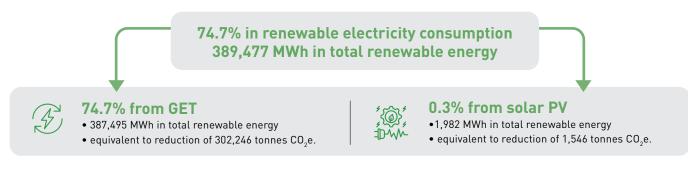
erformance f	or FY2022:-	
:0 ₂ (Tonnes)		
2022	390,9	93
2021	317,569	
2020	343,093	
Cost (RM '000)		
2022	182,965	
2021	148,606	
2020	160,550	
Fotal kWh ('000)		
2022		501,274
2021	407	,141
2020		439,863

Notwithstanding the various energy saving measures introduced in FY2022, AEON recorded a total of 501,274,000 kWh annual electricity consumption, an increase of 23% compared with FY2021, largely due to our businesses being fully operational as compared to previous years due to MCO.

2. Renewable Energy

GRI 302-1

In FY2022 AEON subscribed to Green Electricity Tariff (GET) under TNB's GET Programme for 27 malls and 1 AEON store. We also completed solar PV installation in AEON Maluri & AEON Alpha Angle which only commenced in May 2022 and October 2022, respectively.



Other FY2022 Initiatives:

- 1. In FY2022 we conducted a pilot installation of Electric Vehicle (EV) charging station at AEON Alpha Angle, powered by two alternating current (AC) charges.
- 2 In August 2022, AEON signed a Memorandum of Cooperation (MOC) with Yinson Holdings Bhd (Yinson) for Yinson to provide charging infrastructure across AEON shopping malls nationwide. Under the agreement, Yinson's green technology division, Yinson GreenTech (YGT) aims to deploy its chargEV chargers to AEON Malls in 2023.
- 3. In October 2022, AEON awarded GSPARX Sdn. Bhd. (SPARX) as the registered solar PV investor for AEON's solar project initiative whereby GSPARX will install, operate and maintain solar PV for all AEON Malls.

REALISING OUR GREEN AGENDA

3. Water Consumption

GRI 303-5

Fresh and clean water is an important resource, especially for the retail industry where our water footprint cuts across key areas - raw materials, suppliers, our operations, product preparation and how our products are used. Therefore, it is important that we recycle the resources we have extracted to minimise our impact on the environment.

At AEON, we remain committed to ensuring all our activities are sustainable. We benchmark our responsibility towards the environment and society based on global expectations and guidelines. Guided by the ASC as well as our Sustainability & Climate Change Policy, our water strategy is focused on ensuring sustainable water supply and minimising water consumption by implementing water conservation and recycling program.

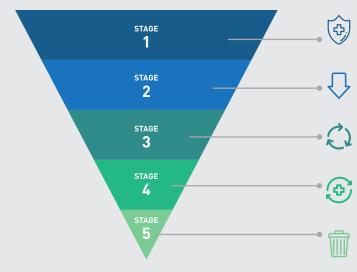
To date, we have installed water sensor and self-closing taps in all 28 AEON Malls, together with tap fittings for water efficiencies. Moving forward, we will implement water conservation and recycling programme as this is critical given the increasing water supply disruptions in certain parts of Malaysia, especially in the Klang Valley.

4. Waste Management

GRI 306-2, 306-4

Waste management is important as it saves the environment from the toxic effects of the inorganic and biodegradable elements present in the waste. Mismanagement of waste can cause water contamination, soil erosion and air contamination.

Our goal is to reduce and reuse our waste that is a result of our operations, namely food surplus, leftover food waste, waste from our packaging and food supply chain. Managing our waste efficiently is integral part of our sustainability journey as this will impact our customers' perception on our brand. In addition, our natural resources are an integral part to our operations. Due to this, we are actively committed to reducing or avoiding impact of excess resource use.



Total Water Withdrawal

Performance for FY2022:-

Cost (RM '000)		
2022		11,607
2021		10,152
2020		10,464
Total Water Wi	thdrawal (m³)	
2022	4,616	
2021	4,035	
2020	4,326	

III AEON Waste Management Policy

- Outlining the principles, commitment and guidance adopted by AEON to managing our waste according to local and national regulations and requirements
- The Waste Management Policy can be viewed on our website at https://aeongroupmalaysia.com/sustainability-policies/

Prevention

Using less material in design; keeping products for longer; using less hazardous material.

Reduce/Re-Use

Preparing for re-use; cleaning; repairing, and refurbishing.

Recycling

Turning waste into a new substance or product, including composting.

Recovery

Anaerobic digestion - conversion to biogas for electricity generation; incineration with energy recovery.

Disposal

Landfill and incineration without energy recovery.

REALISING OUR GREEN AGENDA

Currently, food and non-food surplus take up over 70% of our waste, consisting of perishable items, processed food, bakery product, amongst others. We recognise the need to manage our waste responsibly to meet regulatory requirements. We are also committed to contributing towards UN SDG 12 – Responsible Consumption and Production, as we step up our efforts to reduce the amount of waste generated and to recycle or recover waste as much as possible.

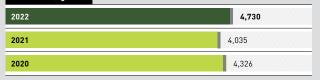
Waste Management initiatives in FY2022



In FY2022, we implemented an Integrated Waste Management system at AEON Alpha Angle,

a pilot project to improve our waste management efforts. 5,309kg food waste collected from July to December 2022 Performance for FY2022:-

Total Waste (kg '000)





In line with guidelines from the Ministry of Domestic Trade and Cost of Living (KPDN), we worked together with Kechara Soup Kitchen, an NGO who provides food to the homeless. In FY2022,

37,131 kg of unsold bakery items, fresh produce and fruits

were distributed through Kechara Soup Kitchen

AEON takes pollution seriously and continues to avoid polluting to minimise impact on the environment. Moving forward, we will continue to intensify our waste management initiatives across all AEON Malls and Stores.

Preserving Biodiversity

GRI 304-1, 304-2, 306-2, 306-4

Preserving our natural biodiversity has become the cornerstone that drives our sustainability roadmap and future growth. Our natural ecology and biodiversity play a key role in supporting the needs and overall well-being of our customers, communities, and on a larger scale, the nation's economic growth. We recognise that protecting our natural capital and committing to reducing impact on biodiversity ensures continued access to clean water, raw materials that is part of our businesses, supports job growth, and protects our climate.

Across our stores and malls, we were determined to work with our customers, suppliers, government and regulatory authorities, NGOs and other stakeholders to preserve our biodiversity. As we are governed by our Sustainability Policy, we aligned our measures to protect biodiversity based on our business activities throughout our value chain and supply chain, including our products and services.

Embracing Circularity



Partnered recycling associations such as Kloth Cares

Collected **676 kg textiles** from 1 Nov 2022 to 25 December 2022 which contributed to a reduction of **1,245 kg** of CO_2e being emitted into the environment.





Collaborated with Coca-Coca Malaysia and Hiroyuki Industries for PET bottle collection and recycling campaign.

175 kg of PET bottles collected from 6 AEON Malls in Johor between December 2022 to February 2023.





Zero Plastic Bags Campaign

Eliminated the sale of single-use plastic bags at all AEON counters nationwide starting 1 January 2023, in support of Malaysia's Single-Use Plastic Roadmap 2018-2030.





2022 marked yet another wave of change across our business operations. As business activities resumed, people returned to their workplace, albeit supported by SOPs to ensure a safe working environment.

This year we took an even more holistic approach to review our talent pipeline and their capabilities as this would be a key factor in driving business growth across our ecosystem, both now and in the future. For us, it was not only about driving performance but also creating value for AEON People, encouraging them to have a mindset for the future. For our communities, we reached out to empower the younger generation and assisted those in need as this will foster higher levels of trust, respect and deepen our relationship.

HUMAN RIGHTS AND LABOUR PRACTICES

GRI 405, 406, 407, 408, 409

At AEON, we treat everybody with respect. We provided our workforce throughout our business with competitive remuneration and equal opportunities, irrespective of gender, age, race, religion, ethnicity and/or nationality. At the same time, we also looked after the health and overall well-being of our workforce as this will help us drive performance and productivity over the long term.

-<u>©</u>-111

Increased minimum wage RM1,200 to RM1,500

Effective 1 January 2020 (before timeline recommended by the Government)

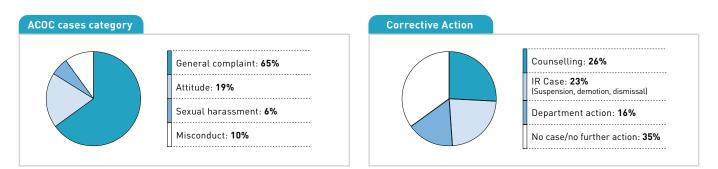


4,209 new hires employed with the implementation of the new minimum wage

We remain committed to ensuring fair employment, adhering to all applicable laws, regulations and employment standards, namely the National Minimum Wage Policy, Minimum Retirement Age employer guidelines, and the Employment Act 1955.

AEON Code of Conduct (ACOC) stipulates the expected standards for corporate behaviour, applicable to AEON People and related stakeholders. ACOC also provides a safe platform and whistleblowing channel for AEON People. There were 31 ACOC complaints received in FY2022 and all of the cases were investigated and closed. The Employee Relations Team conducted series of visits and briefings known as "Salam Santai" to gauge any matters and issues directly from the general workers, as they make the highest number of our workforce. Corrective actions and measures were escalated to the Line Managers for improvement.

Details of ACOC can be viewed on page 49 of this Annual Report and on the Company's website at https://aeongroupmalaysia.com/corporate-profile-governance/



Besides adhering to the ACOC, we also comply to the human rights standards set out in the Universal Declaration of Human Rights (UDHR), International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, as well as the UN Guiding Principles. These commitments apply to our employees, stakeholders, and partners throughout our value chain. We also constantly kept employees updated on the various initiatives or changes via internal communication channels, namely email, iAEON app and the human resource portal.

AEON Work from Home/ Remote Work Policy

• Introduced guidelines for employees who chose remote work arrangements.

Human and Labour Rights Policy

- Strengthened our commitment to upholding fairness, dignity, equality and respect for all our stakeholders and supply chain.
- Implementation of this Policy is spearheaded by the Governance and Integrity Department, which reports to AEON's Audit and Risk Management Committee.

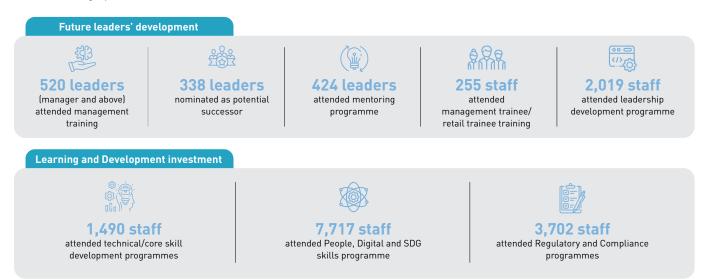
TALENT MANAGEMENT AND DEVELOPMENT

GRI 404-1, 404-2, 404-3

We recognise that our ability to deliver on our strategies and realise our aspirations is dependent on our workforce. In future-proofing our organisation, it is essential that we invest in building our human capital as this will lead to a strong team of high-performing employees.



Given our aspirations to be a leading retailer in Malaysia, we focused on developing a quality workforce by attracting, retaining and developing the required capabilities, based on our Agile, Genba and Entrepreneurial (A.G.E) values in order to deliver on our goals. We provide employment opportunities to Malaysians across all backgrounds. We hire those with no tertiary qualifications and provide them with training and upskilling opportunities. We focused on creating an inclusive culture where employees are provided with the right working environment and opportunities to gain new capabilities and skills. We also encouraged them to improve their digital capabilities and introduced new skill sets across our business to inculcate a high-performance culture.



We took the time to understand our employees' needs – what would make their jobs easier and how we can add value to them. In driving this forward, we administered the AEON Code of Conduct Survey as an avenue for AEON People to voice their opinions freely. Based on the findings, we improved employee welfare such as enhancing medical benefits. We also reviewed and improved our current Learning and Development programmes to help them work more efficiently. We exposed employees to new career opportunities across our business, leveraging the digitalisation of the AEON ecosystem.



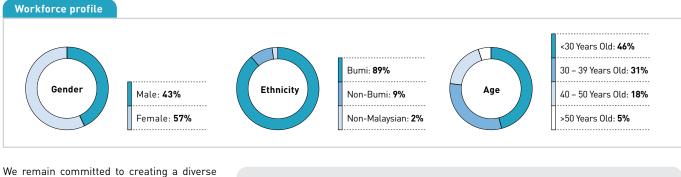


DIVERSITY AND EQUITY

GRI 2-7, 405-1, 406-1

Our employees are our assets. As a responsible organisation, we believe that diversity is our strength as it allows us to gain a deep understanding of our stakeholders, supported by a team of employees who bring together a wide range of skills and ideas that represent our multicultural society. This we believe is a positive aspect of our business as it also allows our employees to achieve their potential within a thriving work environment.

In driving diversity and equity, we are guided by the AEON Diversity Policy that focuses on enhancing the effectiveness, creativity and capacity of the Board of Directors and employees, regardless of their age, gender, ethnicity, cultural background or other personal factors.

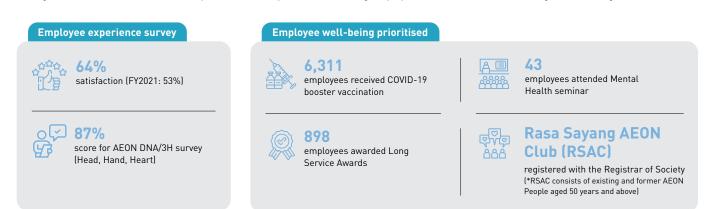


we remain committed to creating a diverse work environment. Towards this end, we have centred our efforts on promoting diversity and inclusivity in key areas, namely, female representation at the Board level and workforce ratio, building an inclusive and nondiscriminatory work culture and finally, equity in development and career opportunities. In fact, we have zero tolerance towards any form of discrimination or disrespectful behaviour pertaining to gender, religion, race, nationality and age.

Image: Constraint of the second se

HEALTH, SAFETY AND WELLBEING GRI 403-5, 405-1, 405-2, 405-3, 405-6

We place great emphasis on creating a strong health, safety and well-being culture at the workplace as this sets the foundation for a thriving business. We believe that it is our responsibility to safeguard the health and overall well-being of our employees, contractors and stakeholders throughout our value chain as it not only reinforces our position as a caring employer but is also vital in attracting and retaining talent.



In terms of COVID-19 prevention measures, we continued to carry out regular sanitisation, deep cleaning and sanitisation, temperature check, amongst others, at all AEON stores and malls. Besides protecting our employees, we extended these safety measures towards customers who visit our malls and stores as this positively impacts our reputation in the industry. In FY2022, we worked relentlessly to build a health and safety culture by conducting various awareness-building and training sessions, guided by AEON Health, Safety and Environmental (HSE) Policy. These included fire safety, health and safety, and even first-aid training.



CUSTOMER RELATIONSHIP MANAGEMENT GRI 2-29

Our customers remain at the heart of AEON as every decision is made with them in mind. At AEON, we live by our "Customer First" philosophy, where we are committed to identify avenues to delight and deliver the best customer experience. We believe that excellent customer experience will not only drive growth but also unlock new opportunities to provide new products and services that serve the needs of our wide range of customers.

Focused on the Voice of our Customers, we have made it our mission to ensure that we can grow by conducting programmes that are related to driving customer experience. We recognise that in order to drive meaningful customer experience, we need to understand our customers' needs and aspirations. We did this by developing the 7 Customer Personas in FY2021, a customer-centric segmentation that allows us to serve their needs across the AEON ecosystem.

As part of the focus on strengthening customer-centricity, we have in place the AEON Careline which is essentially a holistic and integrated platform that consolidates the Voice of Our Customers. Voice of our Customers is made up of four categories, namely enquiries, complaints, compliments and suggestions, all of which pertain to our products and services. These are recorded via various channels namely via the AEON Careline (1300-80-2366), email, social media and our online YAYA live chat. Additionally, we have QR Codes which have replaced the Customer Voice forms found at our physical stores, in line with our efforts to reduce paper usage throughout AEON.



Net Promoter Score Programme:

Scored an average of +75

for our newly launched NPS programme. As part of this programme, a survey was conducted to measure the likelihood of customers repeating their shopping experience with AEON.



Love Our Customer:

Introduced Love Our Customer Forum at 10 stores

across various regions to identify solutions to customer issues based on any given situation.

(AD)

Mystery Shopper:

Achieved an impressive

92.53% in service quality across 7 stores over a period of 6 months

as part of our Mystery Shopper programme. Measuring service quality, the 70-question questionnaire focused on details such as trolleys and baskets, store ambience, mall wayfinding, surau availability, bakery and Delica sections.

AEON Careline:

Recorded higher enquiries than FY2021, with the majority of enquiries regarding our business hours during the endemic phase and the validity of AEON Gift Vouchers during the lockdown.

CATEGORY	2022	2021	2020
Enquiries	40,834	15,380	71,005
Complaint	9,723	30,679	8,975
Compliments	6,428	5,005	8,351
Suggestions	664	625	701
Total	57,649	51,689	89,302



COMMUNITY CONTRIBUTION, SUPPORT AND ENGAGEMENT GRI 2-29, 203-1, 203-2, 413

At AEON, the key to long-lasting business success is to collaborate and take care of the community surrounding our operations. This is reflected in the ACOC as part of our commitment where AEON People continuously support local community growth, acting as good corporate citizens in serving society. Simply put, AEON cannot survive in the long term if our community does not thrive.

As a testament to our commitment to the community, we rechannelled food surplus from our stores to populate the food bank for Kechara Soup Kitchen daily. The food was prepared and delivered to needy communities close to our malls. We believe by looking out for the greater good of many, there will be more growth in the communities and society as a whole.



We recognise that developing sustainable economies should start with the younger generation and which is why, we reached out to this group through our Annual Asia Youth Leaders programme. Selected students from Malaysia, together with students from eight countries, participated in observations and presentations by experts on the topic of environmental issues in the host country, followed by an indepth debate and search for solutions to the environmental issues. The programme successfully provided participants with a global perspective and the attitude to accept each other's values.

Asia Youth Leaders Programme



We continued to create value for communities through various initiatives and programmes under AEON Sayap Bagimu and also via our corporate responsibility arm, the Malaysian AEON Foundation (MAF). Guided by ASC and aligned to AEON Sayap Bagimu thrusts, our efforts encompassed various social and sustainable development programmes covering Education, Creative Communications and Community Service.

Under the Creative Communications pillar, we launched the AEON Sayap Bagimu drama series that revolves around the challenges, pressures and support faced at work in our efforts to deliver on our customer commitments. Putting this into perspective, we are a company that places great importance on customer priorities and the drama series is one of our approaches to engage and further strengthen the relationship between AEON and its customers.

AEON Sayap Bagimu Drama



Over 20,000 views per episode

288,000 total views

Throughout the year, we continued to support national relief efforts in times of crisis, as part of our commitment to giving back to society. We also actively contributed to the local communities in which we operate through a range of initiatives implemented by MAF. Our ability to do this allows us to deepen our relationships, build trust and help them improve their quality of life.

ABOUT MALAYSIAN AEON FOUNDATION

Inspired to reach out to those in need, the Malaysian AEON Foundation (MAF) was established in 2004 by AEON, the first retailer in Malaysia to start its own charitable foundation. To date, MAF has contributed more than RM20 million to implementing various community sustainability programmes.

MAF is the joint philantropic arm of AEON CO. (M) BHD., AEON Credit Service (M) Berhad, AEON Big (M) Sdn. Bhd., AEON Delight (Malaysia) Sdn, Bhd. and AEON Fantasy (M) Sdn. Bhd., MAF strives to assist those who do not have the access to basic needs such as education, shelter and medical support. It also aims at guiding the younger generation in addressing today's social challenges regardless of race and religion, and to further develop their potential for a more meaningful future.



HOW HAVE WE IMPACTED THE COMMUNITY IN 2022?



EDUCATION

AEON Sayap Bagimu was launched in 2021 based on the spirit of succeeding together through support for those in need, especially in the pandemic situation and living in a new norm. Following the successful



implementation in 2021, MAF continued AEON Sayap Bagimu through its Smart Classroom Project, in collaboration with Yayasan Didik Negara.

MAF provided classrooms with technology-enhanced learning tools to improve how our community teaches and learns digitally. The goal of these smart classrooms is to modernise and provide quality education to students. This will be done by creating a fun learning experience to improve their reading and interaction skills as well as help them succeed academically. 20 primary and 20 secondary schools nationwide, with at least 50% population of B40 students, were selected to receive smartboard, basic classroom infrastructure set up and repairs.







After

ABOUT MALAYSIAN AEON FOUNDATION



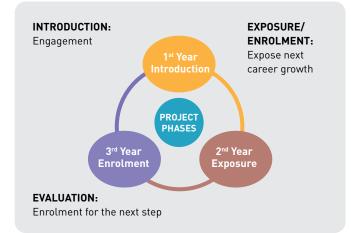
AEON BERSAMAMU

MAF introduced an urban poverty support programme through Keceriaan Anda Misi Kami (KAMI) Project. This three-year project aims to provide



greater opportunity for the community in terms of economic, social & education. In this pilot phase, MAF worked with the local councils and non-governmental organisations (NGOs) to identify and select suitable Program Perumahan Rakyat (PPR) communities as the beneficiaries.

Communities from Blok MR, Jalan Minang, Cheras and Pangsapuri Angsana, Subang Jaya received grocery packages and were successfully engaged in a half-day of fun activities including zumba, gotong-royong, telematch, colouring contest, wellness and health check. KAMI was supported by volunteers from AEON Credit Services, AEON BiG and AEON Delight Malaysia.













AEON MESRA

MAF continued its culture of celebrating major festivities by reaching out to underprivileged children. AEON Mesra celebrations in 2022 include AEON Mesra



Chinese New Year, AEON Mesra Ramadan, AEON Mesra Deepavali & AEON Mesra Christmas and AEON Mesra Aidiladha.

Through AEON Mesra, thousands of children have enjoyed shopping sprees at our stores, with our AEON volunteers from AEON Co, AEON BiG and AEON Credit Services. Besides children's shopping sessions, MAF also supported deserving homes/organisations/families through gifting. AEON Mesra festive celebration is the essence of our belief in receiving joy by helping others achieve joy.



ABOUT MALAYSIAN AEON FOUNDATION

AEON BANTU

AEON Bantu was created to offer immediate help or assistance in events of natural disasters. When floods hit the country in 2022, MAF mobilised immediate assistance of food and healthcare boxes to those affected nationwide.







1,730

families

assisted

GENERAL CONTRIBUTION

MAF also supported selected nursing homes, communities and individuals through one-time monetary or in-kind donations in the form of packed food, homecare boxes or infrastructure repairs. In some cases, MAF worked with local NGOs and partners to identify and support the beneficiaries.





 \bigcirc

11

locations

reached

271 families assisted



72

volunteers

involved





40 schools transformed



1,918 children reached



0 10 state education offices aided



2,242 families assisted

Ð

43 nursing homes/ organisations supported

<u>የ</u>ሙ

292 volunteers



33,125 students, including those with special needs, benefitted



RM2,240,834 contributed

(Includes contribution from AEON Credit Service (M) Berhad)