

SUSTAINABILITY STATEMENT

INTRODUCTION

AEON's approach to ensure continuous sustainability is based upon the Economic, Environmental and Social ("EES") areas coexisting with the Company's corporate governance framework, its organisational culture and long-term value to relevant stakeholders.

Serving our stakeholders as a force for good is vital to ensuring the viability of AEON CO. (M) BHD. ("AEON" or "the Company") as a preferred brand name that continues to resonate in the hearts and minds of the many people we serve, including the communities in which we operate in.

AEON's FY2020 sustainability statement provides a detailed narrative as well as specific disclosures on how the company has continued to make progress on its journey of sustainability.

The Company's approach is driven by the United Nations 17 Sustainable Development Goals ("SDGs"), where AEON has adopted six goals which are most relevant to its business operations. These six goals have then been aligned to AEON's key pillars of People, Planet and Peace (3Ps).



PEOPLE

AEON respects human dignity and values personal relationships, caring for the wellbeing of its employees, customers, business partners and communities.



PLANET

AEON is committed to protecting the environment, biodiversity and ecosystems.



PEACE

AEON's business operations are focused on achieving peace through prosperity and the beauty of sharing.



The selected SDGs provide the basis for the promulgation of sustainability within AEON as well as among stakeholders.

These sustainability efforts are driven both by AEON and its charity foundation, the Malaysian AEON Foundation (MAF). AEON is the first retailer in Malaysia with its own charity foundation and since MAF's inception over a decade ago, it has contributed over RM14 million to charitable causes to date.

DRIVERS OF THE MALAYSIAN AEON FOUNDATION (MAF)



DONATION

- Individuals
- Charitable Organisations

FUNDRAISING

- Donation Boxes
- Donation Drives
- Collaboration with Business Partners



SOCIAL EVENTS

- Festive Celebrations
- Charity Events

BRANDING

- Newsletter
- Website
- Social Media



SCOPE AND BOUNDARY

The scope of this statement covers AEON's most pertinent projects, initiatives and activities. These include principal business activities and operations as well as sustainability initiatives and practices and community engagement for the financial year 1 January to 31 December 2020 ("FY2020").

MATERIALITY

Based on its six adopted United Nations SDGs, AEON has identified 16 material EES topics. The process of selecting topics has also included stakeholder validation.

These materiality matters were reprioritised to reflect the existing and expected changes in the business environment in order to maximise stakeholders' confidence and trust.

FRAMEWORKS APPLIED

This Sustainability Statement is prepared in accordance with the Bursa Malaysia Sustainability Reporting Guide (Second Edition).

SUSTAINABILITY GOVERNANCE

At AEON, sustainability is driven by a robust, well-defined governance structure. This governance structure is outlined in the Board Charter, with the Board providing oversight of AEON's overall sustainability strategy. The Board is also responsible to ensure adequate measures for systems and processes are in place and this is supported by the Audit and Risk Management Committee ("ARMC").

In FY2020, the Sustainability Steering Committee ("SSC") was established to oversee development of the Company's sustainable strategy and to create stronger leadership and participation from the AEON Leadership Council ("ALC"). Chaired by the Managing Director/Chief Executive Officer ("MD/CEO"), the SSC is supported by the Sustainability Working Committee ("SWC"), whose role is to review, deliberate and implement strategies to drive sustainability throughout the company as well as monitor its progress.

The SWC is headed by the Chief Human Resources Officer ("CHRO") and comprises the division and/or department heads of the relevant Business and Support Divisions, working together to realise the Company's objective of creating long-term value for its stakeholders.

AEON's corporate risk scorecard will be reviewed and revised to include the risks related to sustainability and moving forward it will be incorporated as corporate and departmental Objective Key Results ("OKRs").



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ETHICS AND INTEGRITY

CODE OF CONDUCT POLICY

At AEON, corporate governance goes beyond the existing standards and regulations to include ethics, trust and values. This strengthens stakeholder confidence and sets the benchmark of conduct for the entire organisation, as contained in AEON’s Code of Conduct policy.

Overseeing AEON’s corporate ethics and integrity is a working committee which comprises the Chief Governance Officer, Chief Human Resources Officer and Head of Human Resources. A quarterly report is submitted to the Risk Management Committee (“RMC”) and the Audit and Risk Management Committee (“ARMC”).

AEON’s trade and non-trade procurement business units have enforced its “Suppliers Code of Ethics” (“SCOE”) on all its business partners, affirming their understanding and acceptance of this code.

ANTI-BRIBERY AND CORRUPTION POLICY (“ABC”)

To reinforce AEON’s strong commitment to its ABC policy, Board members were briefed and the policy uploaded onto its corporate website, duly shared with all its stores and shopping malls.

A recent update to this policy is a commercial organisation’s criminal liability (corporate liability), introduced in Section 17A(1) of the Malaysian Anti-Corruption Commission (“MACC”) (Amendment) Act 2018 on Corporate Liability. Following this, on 4 February 2020, the second Corporate Liability Seminar was organised to reiterate the importance of preventative measures to guard against corruption. Facilitated by an accredited consultant, it was attended by 328 employees across various business entities.

Moving forward, AEON plans to explore introducing e-learning training and assessment platforms for its employees, participate in MACC’s corporate pledge programme and identify a Company representative to be trained and certified as an Integrity Officer.

There were no reports of any bribery or corruption in FY2020.

WHISTLEBLOWING

AEON’s Whistleblowing Policy outlines a formal mechanism in which any employee may report of actual or suspected bribery or corruption to the Chairman of the Audit and Risk Management Committee for investigation and appropriate action. This Policy protects the identity and information pertaining to the reporting individual as well as against any form of retaliation.

In FY2020, three whistleblowing reports were received. However, none were related to bribery or corruption.

MATERIALITY PROCESS

Each year, the Company conducts a materiality assessment exercise to identify, assess and prioritise issues of relevance to AEON and its related stakeholders. They are put through a rigorous internal process, vetted with current priorities and takes into consideration stakeholder concerns, an essential factor to understanding the expectations and concerns of material matters.

This materiality process and analysis follows an established, structured three-step approach, as below:



STEP 01:

IDENTIFICATION AND REVISIT OF RELEVANT MATERIAL MATTERS

The Company has reviewed its Sustainability Statement for FY2019 and updated its materiality matters for FY2020.

Factors taken into consideration in arriving at its revised materiality matters includes current business environment as well as internal and external changes relevant to AEON’s businesses. A total of 16 relevant sustainability materiality matters were mapped out, encapsulated in AEON’s 3Ps - People, Planet and Peace.



PEOPLE

- Talent management and development
- Diversity and equality
- Labour practices
- Health, safety and wellbeing
- Customer relationship management
- Customer responsibility



PLANET

- Preserving biodiversity
- Climate change and environmental management



PEACE

- Community contribution, support and engagement
- Future generation awareness and education
- Community education and awareness
- Product safety, quality and services
- Ethics and integrity
- Supply chain management
- Supporting Small and Medium Enterprises (“SMEs”)
- Digitalisation

 **STEP 02:**

ASSESSMENT AND PRIORITISATION OF MATERIAL MATTERS

AEON carried out assessments to ascertain stakeholders’ perception on the degree of importance of each relevant sustainability matter.

STAKEHOLDER ENGAGEMENT

At AEON, stakeholder engagement is a critical means to understand customer needs, enable key insights to further improve processes, products and service levels, and strengthen relationships with relevant stakeholders for current and future growth.

AEON manages this via formal and informal engagements, building a comprehensive stakeholder mapping of its stakeholder universe and formulating a robust comprehensive engagement plan, as shown below:

STAKEHOLDERS	ENGAGEMENT PLATFORMS	STAKEHOLDERS AREAS OF CONCERN	MANAGEMENT RESPONSE
<p>EMPLOYEES</p> 	<ul style="list-style-type: none"> • Training • Learning programmes • Formal and informal meetings, briefings and assembly • Written policies and procedures • Internal surveys, newsletters • Events and activities 	<ul style="list-style-type: none"> • Career development • Compensation, welfare and benefits • Employment equality • Working environment and quality • Safety • Job performance evaluation/assessment • Ethics, disciplinary and misconducts 	<ul style="list-style-type: none"> • Internal and external training programmes • Employees welfare and operation meetings • Employee activities and gatherings • Performance management system • AEON Code of Conduct channel • Whistleblowing channel • Talent pool system and benefits

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STAKEHOLDERS	ENGAGEMENT PLATFORMS	STAKEHOLDERS AREAS OF CONCERN	MANAGEMENT RESPONSE
CUSTOMERS 	<ul style="list-style-type: none"> Corporate website, policies, digital and social media AEON Careline (email, contact centre) Customer voice (CV) form Customer service counters Sales, promotions, roadshows In-store information (POP, banners etc.) 	<ul style="list-style-type: none"> Product pricing, safety and quality Service culture, comfort, convenience and satisfaction Privileges, benefits and added value Online shopping 	<ul style="list-style-type: none"> AEON Careline AEON Day, Members’ Day, Thank You Day Festive celebrations Events and competitions Social media Customer service Service counter Facilities Well stocked and well assorted merchandise Online purchase and delivery services
GOVERNMENT AND REGULATORS 	<ul style="list-style-type: none"> Corporate website, digital and social media Meetings, forums, roundtables, briefings Formal events Official business dealings Store visits 	<ul style="list-style-type: none"> Regulations, governance and compliance to law, requirements and standards Accuracy, transparency and disclosure Collaboration for mutual branding 	<ul style="list-style-type: none"> Reports and policies made for public disclosure Internal Standard Operating Procedures (SOPs) Continuous monitoring and communication with stakeholders Provide support and participation
INVESTORS AND SHAREHOLDERS 	<ul style="list-style-type: none"> Financial and other reports Media releases/media conferences Corporate website Annual General Meeting (“AGM”) Bursa announcement Investor Relations Roadshow 	<ul style="list-style-type: none"> Business performance Business directions Prospects and strategies Return of Investment Business continuity Business risks Shares Liquidity 	<ul style="list-style-type: none"> Financial performance results Bursa announcements Media releases/media conferences Investor Relations roadshow Annual reports AGM
COMMUNITY 	<ul style="list-style-type: none"> Corporate website, digital and social media Community engagement events and activities Malaysian AEON Foundation (“MAF”) charitable activities and programmes AEON Cares environmental events and activities 	<ul style="list-style-type: none"> Financial support and aid Social responsibility Environmental awareness and education Lifestyle support Business opportunity Employment support Livelihood support 	<ul style="list-style-type: none"> Festive celebrations MAF activities Shopping mall lifestyle activities and social events Financial assistance and donation Corporate Social Responsibility (“CSR”) events and programmes with community Job opportunity Kiosk or temporary space rental set-ups at shopping malls

STAKEHOLDERS	ENGAGEMENT PLATFORMS	STAKEHOLDERS AREAS OF CONCERN	MANAGEMENT RESPONSE
SUPPLIERS 	<ul style="list-style-type: none"> Meetings, capacity building sessions and business alliance meetings Audits and site visits Policies Collaborative promotion activities Formal and social events 	<ul style="list-style-type: none"> Procurement process, payment terms and practices Strategic partnerships Product and promotion support Trading terms Business conduct, integrity and ethics Working alliance 	<ul style="list-style-type: none"> Clear procurement and payment process SOPs AEON Business Partner Alliance (“ABPA”) Whistleblowing channel Charity events and collaborative activities Business discussion
MEDIA 	<ul style="list-style-type: none"> Meetings Collaborative events and activities Media release/media conferences/media interviews Advertisements 	<ul style="list-style-type: none"> Company latest events, business performance and updated news Long-term engagements 	<ul style="list-style-type: none"> Media conference/interview sessions Media collaborative programmes Advertising support and sponsorships
INDUSTRY 	<ul style="list-style-type: none"> Meetings, roundtables, forums and briefings Trade associations Formal events and programmes 	<ul style="list-style-type: none"> Retail sales performance Industry issues Government policies Mutual interest issues 	<ul style="list-style-type: none"> Malaysia Retailers Association (“MRA”) Meetings and business dialogues Support/participation in social events

AEON'S 35TH ANNUAL GENERAL MEETING (“AGM”)

At the 35th Annual General Meeting (“AGM”), which was the Company’s first virtual AGM, the Management shared its key strategies and achievements for 2019 and 2020. The Company also showcased amongst others, a new and innovative business model of Offline to Online (“O2O”) to shift AEON to be more agile, resilient and entrepreneurial towards meeting customers’ real demand.



AEON says immediate focus is resilience of core businesses



AEON Co (SE) Bhd has shared that the immediate focus of the group is to ensure its core businesses remain resilient in the face of the Covid-19 pandemic and its after-effects.

“AEON’s immediate focus is to ensure its core businesses remain resilient and to weather through these uncertain times via innovative ways to reach its customers,” said Iskandar Ibrahim, chairman of AEON, in a statement after AEON’s 35th annual general meeting (AGM), which was conducted virtually.



Aeon Co records revenue of RM 4.5 billion



AEON CO (SE) BHD has recorded a revenue of RM4.5 billion and profit after tax of RM119.4 million. The revenue contributions came from new Mall and Stores including Specialty Stores, and renovated Stores during the year under review. This can be achieved amid a subdued consumer sentiment with various



AEON Malaysia saw 53.1% of 2019 profit, going digital amid Covid-19



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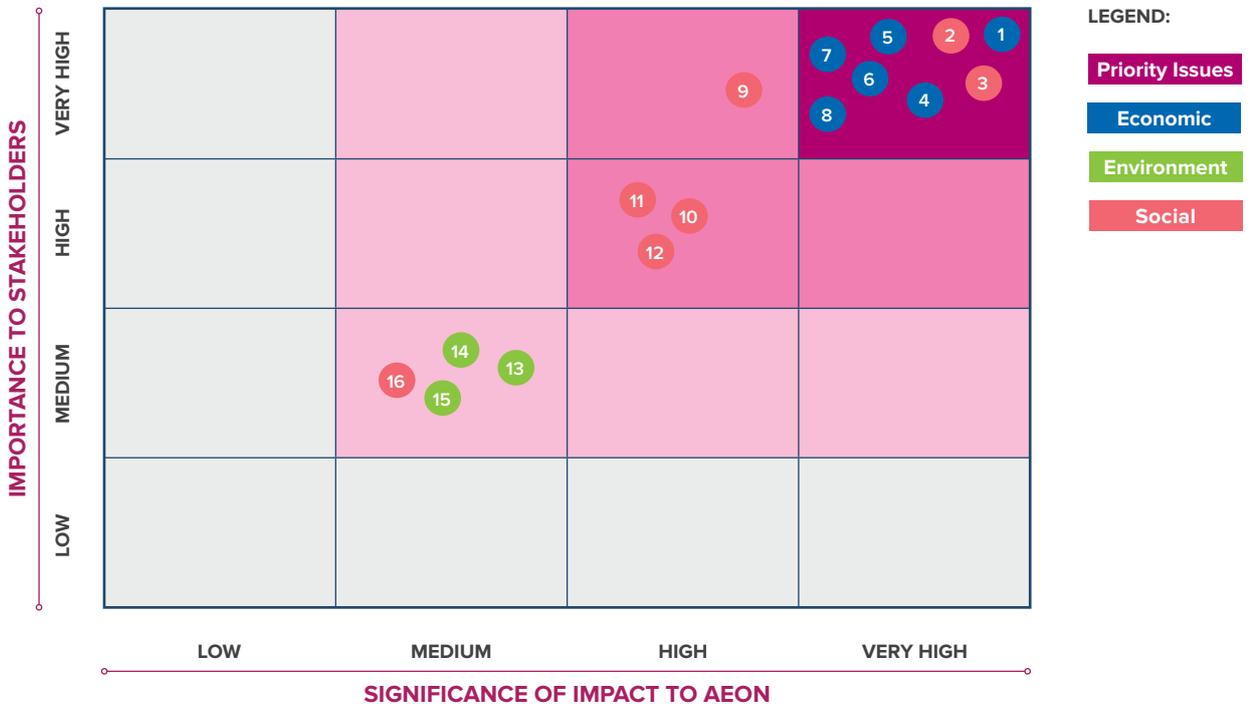
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MATERIALITY MATRIX

Following valued feedback and insights from stakeholders engagements, AEON has set this against the FY2019 materiality analysis and identified 16 material matters. This is prioritised based on the impact to the Company and its importance to the relevant stakeholders.

In FY2020, four new materiality matters were reprioritised to ‘very high impact’. Such areas are Digitalisation and Community Contribution, Support and Engagement as well as Supply Chain Management and Supporting Small and Medium Enterprises (“SMEs”).

The updated material matters are shown in the table below:



- 1 Digitalisation
- 2 Health, Safety and Well-Being
- 3 Ethics and Integrity
- 4 Customer Responsibility
- 5 Customer Relationship Management
- 6 Supply Chain Management

- 7 Product Safety, Quality and Services
- 8 Supporting SMEs
- 9 Community Contribution, Support and Engagement
- 10 Labour Practices
- 11 Talent Management and Development

- 12 Diversity and Equality
- 13 Preserving Biodiversity
- 14 Climate Change and Environmental Management
- 15 Future Generation Awareness and Education
- 16 Community Education and Awareness

STEP 03:

REVIEW AND ENDORSEMENT

The SWC reviewed the material sustainability matters based on internal and external stakeholders’ feedback, in accordance to their impact on the Company. This final assessment was presented to the Board for validation of the Sustainability Statement 2020.



PROSPERITY

Economic sustainability refers to practices contributing to long-term economic growth without negatively impacting the social, environmental and cultural aspects of the community. AEON seeks to drive economic value creation and share this with its relevant stakeholders of its business ecosystem.

Financial Performance	2020 (RM '000)	2019 (RM '000)	2018 (RM '000)
Revenue	4,051,302	4,538,884	4,353,640
Profit for the year	41,423	109,292	105,123

For further information, please refer to the Chairman’s Statement as well as the Management Discussion and Analysis section of this report.

AEON Interview with The Edge on COVID-19

The Edge Financial Daily interviewed Encik Shafie Shamsuddin, Managing Director/Chief Executive Officer, AEON CO. (M) BHD. on the impact of COVID-19, which was published on 9 March 2020. He highlighted that although the economy was slowing due to the outbreak, this also presented an opportunity for the company to reflect on what it could do better. He also indicated the need for the business to explore a demand chain model used by online retailers, as opposed to the supply chain model adopted by conventional retailers.



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PEOPLE

The slow global economic recovery amidst the ongoing pandemic has necessitated a restructuring and right-sizing exercise at AEON's Head Office. Working towards a back-to-profit centre goal, employees were redeployed to its Operations workforce, aligning with the government's MCO. Interestingly, a new trend of customer shopping emerged, whereby innovative job roles such as the AEON Personal Shopper, AEON Drive Through, AEON Telemarketer and AEON Home Delivery were created to cater to the new norm of customer needs and demand chain.

In addition, to assist its business transformation focus on core activities, supporting roles at Head Office were consolidated into a Shared Service Centre to provide support to the other AEON entities. Such roles include Information Technology Development and Operations, Human Resources, Corporate Services and Corporate Communications, Finance and Accounting, Governance and Property, and Facilities Management.

Generating a monthly income of about RM1.2 million for AEON, this Shared Service Centre supports AEON's value-creation vision to improve the efficiency and effectiveness of its daily operations, working towards achieving a sustainable and productive workforce.

Crucial to ensuring a successful business transformation, AEON has not just focused on technology but also on its people, with the latter being a crucial factor in the development of the Group's overall competencies and capabilities and its ability to remain agile and competitive.

In FY2020, the focus has been on strengthening the Group's top management with the establishment of the AEON Leadership Council ("ALC") and Agile Leadership Team ("ALT") and also the AEON Executive Leadership Mentoring Programme. Under the mentor-mentee programme, ALCs will mentor ALTs, who will in turn mentor Heads of Departments ("HODs") and HODs will mentor High Performers ("HIPOs").

Themed Leaders Developing Leaders, the programme is aimed at developing a sufficient talent pool of leaders across the AEON organisation and at different levels of the organisation towards ensuring a sustainable progression of leaders and an effective succession plan in place to drive the Group's ongoing transformation and growth.

TALENT MANAGEMENT AND DEVELOPMENT

LEARNING AND DEVELOPMENT

Learning and Development continues to be a primary focus of AEON's human capital investment but in view of the dampening global economy and tougher retail competition exacerbated by the unforeseen pandemic, the Company had to defer a number of its existing training programmes in 2020. Nonetheless, trainings deemed crucial and aligned with the current businesses and operational endeavours, such as AEON's Junior Management Programme ("JMP"), still continued.

New programmes with particular focus on digitalisation were introduced, such as AEON's Executive Leadership Mentoring Programme ("ELMP"), designed to develop potential leaders and another, the Neighbourhood Operations Leaders Programme ("NOLP"), a four-month programme for 41 potential neighbourhood stores operation leaders to develop their retail knowledge and skill set to match the Company's core competencies.

The pandemic disrupted AEON's strong previous collaboration, working with interns and fresh graduates from local educational institutions and government agencies. However, the Company still managed to continue its collaboration with the National Youth High Skills Institute ("IKBN") in 2020 with 22 graduates and separately, with another 28 interns.

AEON BUSINESS ACADEMY – AEON SKILLS TRAINING CENTRE

In 2020, AEON Skills Training Centre (“ASTC”) focused on skill development for AEON employees in the food production and perishables divisions. This was in response to stores’ operations needs and increased customer demands for more variety, better quality and fresher bakery and delicatessen products, as well as fresh produce.

Despite the restrictions imposed by the pandemic, ASTC managed to conduct various activities, as below:

- **AEON Bakery School and AEON Delica School Graduates**

AEON Bakery School is proud to recognise apprentices from Batches 4 and 5, having successfully graduated on 17 March 2020 and 31 December 2020 respectively. Similarly, apprentices at AEON Delica School’s Batches 1 and 2 graduated on 1 October 2020 and 22 December 2020 respectively. All graduates have since been absorbed as permanent employees of AEON.

- **AEON Skill Leaders Workshop**

A workshop was organised at Agrotek Garden Resort, Hulu Langat for five groups of leaders from AEON and AEON BiG. The objective of this workshop was to close the gap of soft and hard skills among skill leaders and to establish a talent pool for skills department in line with the needs of AEON’s Foodline division.



FOSTERING HIGH-PERFORMANCE CULTURE

A high-performance culture helps organisations achieve high levels of performance and results consistently over time. AEON views attributes of a high-performance culture as having strong leaders, empowered and engaged employees, continuous learning and employee development as well as openness to change.

Alongside the learnings and development trainings provided to shape this culture, performance reviews and evaluations are conducted to ascertain appropriate merits and rewards are accorded. The reviews and evaluations are conducted on a quarterly and annual basis for its employees. Key Performance Indicators (“KPIs”) are an integral part of assessment tools used, based on the Company’s business strategy, focus areas and priorities. Performance evaluation and calibration processes were redefined, with a set of new competencies incorporated as performance metrics for evaluation.

Performance Review Towards Career Enhancement	2020	2019	2018
Employees who are formally appraised (annually)	7,687	7,296	6,072
One-on-one performance review for year-end evaluation	100%	100%	100%

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DIVERSITY AND EQUALITY

AEON proudly acknowledges diversity as a strength. This is in line with the AEON Basic Principles of respecting and appreciating each individual regardless of their gender, age and background. Having employees of diverse ethnicity and culture, AEON seeks to harness this to further sharpen its business competitive advantage.

The Company offers equal access to opportunities for training and learning and ensures that promotions are accorded fairly and equally based on skills and abilities. All employees are provided a good working environment and tools which enable them to perform their tasks to the fullest of their capabilities.

WORKFORCE DEMOGRAPHICS

Women continue to play an important role in the Company with 58% (5,126 pax) of the Company's total workforce in 2020 being female. This reflects the Company's commitment and passion towards promoting a gender diverse workforce.

As at 31 December 2020, AEON's workforce stands at 8,814 employees.

Workforce Diversity			
	2020 (pax)	2019 (pax)	2018 (pax)
Malay	7,759	9,176	8,339
Chinese	392	412	382
Indian	344	469	414
Other races	319	413	369

Age Distribution			
	2020 (pax)	2019 (pax)	2018 (pax)
≥ 50 years	510	487	478
38 – 49 years	1,851	1,765	1,630
26 – 37 years	4,094	4,290	3,947
≤ 25 years	2,359	3,935	3,447

Workforce By Gender			
	2020 (%)	2019 (%)	2018 (%)
Male	42	42	43
Female	58	58	57

The economic situation was impacted heavily by the unforeseen pandemic. As such, recruitment of contract and temporary employees was increased from 1,884 persons in 2019 to 2,545 persons in 2020.

PERSONS WITH DISABILITIES (“PWDS”) PROGRAMME

AEON’s basic principle of providing equal opportunity for all aligns with the Ministry of Human Resources Malaysia’s call for more companies to hire PWDs. AEON’s commitment to PWD employment remains despite the pandemic. As at 31 December 2020, the Company provides employment to 115 PWDs.

AEON’s efforts were recognised when the Company was selected as a co-recipient of the **Anugerah Majikan Prihatin (Swasta)**, awarded by the Ministry of Women, Family and Community Development, in conjunction with *Hari Orang Kurang Upaya Peringkat Kebangsaan Tahun 2020* national celebrations.



Year	PWDs recruited by AEON	PWDs as a Percentage of total Workforce (%)
2020	115	1.3
2019	135	1.3
2018	113	1.2

LABOUR PRACTICES

AEON is committed to ensuring its compliance with all applicable laws, regulations and other employment standards such as the National Minimum Wage Policy and Minimum Retirement Age employment guideline in Malaysia. Such information is communicated to employees through internal notices, emails and digitally, via its MyAEON app.

AEON CODE OF CONDUCT (“ACOC”)

The ACOC was established as a means to provide more clarity for the ‘AEON of the future’. It helps interpret AEON’s basic principles to know what actions are needed to be taken for the benefit of AEON’s “customers of the era ahead”.

The ACOC stipulates the expected standards for corporate behaviour, applicable to the Board, Management, employees and related stakeholders. It also provides employees a safe platform for whistleblowing, allowing employees a safe channel to raise concerns in relation to illegal or unethical conduct, sexual or power harassment and other malpractices at the workplace.

In 2020, an annual ACOC questionnaire survey was conducted. With 84% respondents, it showed areas for further improvement such as awareness of the ACOC Hotline, job satisfaction and education opportunities.



ACOC refresher training was also carried out in 2020 for all senior management and employees throughout the organisation. This also provided an opportunity to review survey results and propose improvements.

HEALTH, SAFETY AND WELLBEING

At AEON, utmost priority is placed on employees’ health, safety and wellbeing while adhering strictly with relevant regulations alongside AEON’s own Safety and Health Policy.

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Performance Review Towards Career Enhancement	2020	2019	2018
Total Fire Safety Training cost (RM'000)	25	160	1735
Total OSH Training cost (RM'000)	-	59	25
Total Fire Safety Training Hours	104	696	512
Total OSH Training Hours	39	152	128
Lost Time Injury (LTI) Rate	0.6	0.2	0.2

Given the SOP restrictions, there were no workplace safety trainings or OSH quarterly meetings to review issues and incidents. Such trainings and safety inspections will resume once SOP restrictions have been lifted.

FIRST AIDERS ON-SITE

Due to the ongoing pandemic and movement restrictions, no first aider trainings were conducted in 2020. Nonetheless, AEON's trained First Aiders remain on-site for added assurance of customers as well as employees.

AEON First Aiders	2020	2019	2018
Stores	72	126	131
Shopping Malls	66	98	85
AEON Food Processing Centre (AFPC)	2	5	6
Headquarters (HQ)	10	8	-
Taman Asuhan Kanak-kanak AEON (TAKA) ASAHI	2	-	-
TOTAL	152	237	223

OCCUPATIONAL SAFETY AND HEALTH ("OSH")

At Board level, AEON's Managing Director/Chief Executive Officer has oversight of the OSH Committee, meeting on a quarterly basis. At an operational level, it is headed by the Store Manager and assisted by the Shopping Mall Manager. Members of this committee include line managers, officers and executives.

In 2020, a Hazard Identification Risk Assessment and Risk Control ("HIRARC") exercise was conducted for AEON's Rider project. Future plans in FY2021 include conducting a complete inspection of all workplaces on a quarterly basis by the respective operational OSH Committee.

FIRE SAFETY AND FIRE DRILL TRAINING

Bomba conducted a training for 71 Emergency Response Team ("ERT") members across four AEON Malls from Taman Maluri, Bandar Puchong, Nilai and Bukit Tinggi. Areas of training included theory of incident management and practical fire equipment and evacuation process.



OSH TRAINING

A training session for AEON's Store Administration Managers as Safety Person in Charge was organised, in which 121 employees and 30 promoters participated.

RASA SAYANG AEON CLUB ("RSAC")

This club, registered with the Registrar of Societies, is unique in that its members consist of existing and previous employees of AEON aged 50 years and above. Members are given various gifts, including a loyalty card and a goodie bag of practical household items. An aerobic exercise session was organised for interested members in February before the MCO was imposed.

CUSTOMER RELATIONSHIP MANAGEMENT ("CRM")

AEON is driven by its basic philosophy of 'Customer First' and its passion to not just meet, but exceed customers' expectations. This is a key factor in today's market place, given the fast-evolving environment and customer requirements.

AEON's single-minded customer service vision is, "Achieving Service Excellence through Customer-Centric People". To achieve this, the Company's customer service infrastructure concentrates on three areas, namely People, Process and Technology, as outlined below:

PEOPLE : To deliver excellent service, AEON's employees must adopt a service mindset and be agile, adapting to the new norm

PROCESS : To increase efficiency, all work processes need to be simplified and to leverage on digital platforms to maximise effectiveness

TECHNOLOGY : Enhance current technology by implementing a consolidated new system and approach under Customer Relationship Management

AEON's Careline is one such avenue, providing a holistic and integrated platform for customers to raise their issues, feedback or suggestions for improvement pertaining to AEON's services and products. Other avenues of communication available for customers include AEON's Careline (1300 80 2366) customer voice form and feedback@aeonretail.com.my.

The table below provides a summary of customer voices over the years:

Category	2020	2019	2018
Enquiries	71,005	64,247	65,926
Complaints	8,975	10,218	9,786
Compliments	8,351	5,930	1,265
Suggestions	701	785	329
TOTAL	89,032	81,180	77,306

The high number of customer voices received are from enquiries as well as positive feedback. This can be attributed to AEON's online marketing initiatives and the effectiveness of AEON's efforts on employee training and coaching.

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AEON's customer engagement capitalises social media channels as well. AEON Customer Service Department manages AEON's Facebook and Instagram accounts, interacting with existing and potential customers. As at 31 December 2020, 69,911 responses were received. This includes AEON's "Direct Message" function in its Facebook Messenger, facilitating prompt clarification to customer enquiries.

POINT OF SALES ("POS") SYSTEM ENHANCEMENT

AEON's POS system has been strengthened with its digitalised automated service process to alleviate issues such as cashiers' speed and long customer queues. This has led to improved employees' efficiency and ultimately, customer satisfaction.

Another innovative measure was the introduction of the E-Money and E-Wallet payment function application. This "cashless environment" option provided customers a convenient and safer, more secured payment system. This was in addition to its "QR Pay" application services, offering more payment options for customers.

'MYSTERY SHOPPER PROGRAMME'

In addition to direct communications and QR code surveys, AEON also instituted a Mystery Shopper audit to gauge customer satisfaction levels. Conducted across 32 Departmental Store and 28 Wellness shops over a three-month period, it covered key operational components of 'safety and hygiene', 'selling floor readiness', 'facility and ambience' and 'Customer Service'. The three top scoring categories were 'Safety and Precaution (97%)', 'Food Court/Restroom and Baby Room' (86%) and 'Daily and Dairy' (69%).

CUSTOMER RESPONSIBILITY

- Addressing New Normal

Post Movement Control Order in May 2020, AEON's Softline and Hardline selling floors reopened.

In mitigating potential risks, customers (as well as employees and business partners) played their roles by complying and adhering to the Standard Operating Procedures ("SOPs") by cooperating with the requirement of body temperature measurement, usage of hand sanitisers, face masks and recording their movements via the MySejahtera application prior to entering our premises.

In enhancing the new requirement, the Management consistently communicated via various channels outlining strict SOPs and safety measures adopted for stakeholders' well being.





PLANET

PRESERVING BIODIVERSITY

AEON acknowledges that preserving biodiversity is necessary for a sustainable society and reaffirms its commitment to the environment, biodiversity and ecosystems. The Company aims to cultivate a strong sense of environmental awareness especially in the younger generation and promote healthy and interactive green living, giving back to the community it works and lives in.

Its Corporate Social Responsibility (“CSR”) initiatives are guided by 5 strategies, namely:

- i. Preservation of biodiversity
- ii. Efficient use of resources
- iii. Realisation of low carbon society
- iv. Stakeholder engagement
- v. Awareness and education

More information on AEON’s Biodiversity Principle may be found at <https://www.aeon.info/en/sustainability/biodiversity/>

Working within the guidelines of safety and health imposed by the ongoing COVID-19 pandemic, AEON organised the following activities in 2020:

AEON CLEAN AND GREEN PROGRAMME

This altruistic environmental preservation programme had its origins in Japan, commemorating “Green Day”, a Japanese Public holiday. Since its launch in Malaysia in 2018, AEON’s employees have faithfully and diligently continued this tradition.

On 19 February 2020, 10 volunteers from AEON Bandar Utama store joined hands with 105 Special Integration Education Programme students from Sekolah Kebangsaan Taman Tun Dr Ismail 2. It was a fun day of learning for the students, in which a total of 500 herbal plants were planted around their premises.

In addition, AEON donated a trampoline to further motivate physical development in a fun way and improved aesthetics at the school by creating a special pathway on the school grounds and conducting repairs to its facilities.



SUSTAINABILITY STATEMENT

SAVE THE MALAYAN TIGER CAMPAIGN

To increase public awareness on the importance of tiger conservation, AEON lent its support to the Ministry of Energy and Natural Resources' "Save the Malayan Tiger" campaign, held from August until December 2019. Special edition reusable shopping bags were sold at its stores nationwide, emblazoned with a compelling message, "Love Our Forest, Save Our Malayan Tiger".

The campaign saw a total of 24,945 bags being sold to the general public, generating sales of approximately RM97,000 for the Malayan Tiger Reserve Fund. The proceeds were handed over at an event on 8 August 2020 at the Taiping Zoo and Night Safari, Perak, in commemoration of Global Tiger Day. It was officiated by YB Dato' Dr Shamsul Anuar Nasarah, Minister of Energy and Natural Resources, together with the Department of Wildlife ("PERHILITAN") and the Taiping Municipal Council.

CLIMATE CHANGE AND ENVIRONMENTAL MANAGEMENT

AEON is cognisant that in the course of their business operations, there might be environmental impacts on climate change, particularly with regard to greenhouse gas ("GHG") emissions. AEON is committed to exploring technology to further improve its manufacturing processes to reduce emissions. The Board has oversight on climate change, being a key risk matter for the Company.

RESPONSIBLE CONSUMPTION

• Energy Consumption

The Company's Facility Department outlines clear guidelines on the management of air-conditioning temperature within AEON's shopping mall.

This includes prudent use of electricity with guidance from industry best practices in setting an optimal air-conditioning temperature, activating the air-conditioning system closer to business hours and reducing lighting during its non-business hours besides increasing the use of LED light fittings.

This is managed by a team of experienced and capable technicians who conduct daily monitoring, guided by a comprehensive checklist.

By employing such measures in 2020, AEON recorded savings of electricity charges at 17 malls of RM36.5 million, a reduction of 18.55% compared to Year 2019. This is equivalent to 100 million kWh and equates to a reduction in CO₂ of 56,095 tonnes. Year 2020 consumption (kWh) is lower compared to Year 2019 despite the extension to its new wing and of its old wing at AEON Taman Maluri Shopping Centre.

The Table below shows the annual energy consumption at AEON's 28 malls and six standalone stores:

Annual Electricity Consumption - 28 malls and six standalone stores (total 34)			
Year	Total kWh ('000)	Cost (RM Million)	CO ₂ (Tonnes)
2020 (34)	439,863	160,550	246,323
2019 (34)	540,032	197,112	302,418
2018 (32)	491,956	179,564	275,495

Remarks:

- Figures given are same scale basis for Year 2020 and 2019 but not for Year 2018 which is without AEON Kuching Central and AEON Nilai store and mall.
- Year 2020 figures included AEON Mall Taman Maluri extension (new wing) and major renovation (old wing).

3. Year 2020 total kWh is 18.55% lower compared to Year 2019 due to the following reasons:

- a) Prudent usage of electricity by setting the air conditioning temperature at optimal levels and reducing lighting during MCO, CMCO and non-business hours.
- b) Lower usage by tenants during MCO and CMCO period.

AEON's short-term and long-term measures in environmental preservation is to re-appoint its energy savings contractor to maintain the Energy Savings System installed at 11 of AEON's buildings and maintain this system moving forward.

Following the introduction of the Net Energy Metering 3.0 ("NEM3.0") programme by the Ministry of Energy and Natural Resources in late December 2020, AEON is exploring a potential collaboration to install solar photovoltaic ("PV") systems at AEON Malls.

• Water Consumption

AEON acknowledges that fresh, clean water is a limited natural resource that increases in cost over time. Hence the Company is exploring water conservation efforts, by using water more efficiently and reducing unnecessary usage, including poster reminders for shoppers.

Adopting an environmental conscious approach in its daily operations, AEON's total consumption of water for 2020 was reduced by 615,000 m³, 12.6% lower than the previous year. This provided savings of almost RM1.5 million for AEON in 2020.

The Table below shows the annual water consumption at AEON's 28 malls and six standalone stores:

Annual Water Consumption		
Year	Total m ³ (‘000)	Cost (RM ‘000)
2020	4,259	10,464
2019	4,874	11,942
2018	3,856	9,448

Note: Figures shown are same scale basis for 2020 and 2019. 2018 figures exclude AEON Kuching Central and AEON Nilai's store and mall. Figures for 2020 include AEON Taman Maluri Shopping Centre's extension of its new wing and major renovation of its old wing.

• Paper Printing

As part of AEON's internal process, employees were reminded of its environmental commitment. One such effort is to exercise prudent usage of paper whenever printing by practising default printing to black and white, and double-sided print.

• Waste Management

As a means to utilise resources in a more responsible manner and further reduce waste, AEON has embraced the global '3R' concept within its operations, namely to Reduce, Reuse and Recycle.

AEON operations produce a sizeable amount of food and non-food waste in the form of perishable items, processed food and bakery products amongst others, and we aim to strengthen our 3R initiative in the coming years.

• Food Waste Management

In Malaysia, an estimated 16,688 tonnes of food is thrown away daily, enough to feed 12 million people.

SUSTAINABILITY STATEMENT

In support of the Ministry of Domestic Trade and Consumer Affairs' (MDTCA) call for reducing food wastage and sharing surplus food with the needy, AEON has initiated a "Community Food Share Programme", a collaboration between AEON and Kechara Soup Kitchen, a non-governmental organisation ("NGO"). Unsold and edible food is collected from AEON's bakery, produce and fruits section by this established NGO and distributed through its structured logistics network to needy communities. Despite the MCO restrictions, a total of 30,821 kgs of food has been collected from four stores and re-distributed in 2020.

Additionally, by re-channelling consumable food to these marginalised communities, it has prevented unnecessary disposal at landfills and thereby minimised greenhouse gas emission.



PEACE

COMMUNITY CONTRIBUTION, SUPPORT AND ENGAGEMENT

AEON has ensured strong contribution toward the nation's economic growth and wellbeing of its communities by reaching out to deserving organisations and individuals to lend a helping hand as part of its sustainability and corporate social responsibility ("CSR") initiative.

COMMUNITY CONTRIBUTION

AEON together with the Malaysian AEON Foundation ("MAF"), an entity that runs charity events and community services under AEON, continued to organise numerous sustainability and CSR initiatives which include community, employee, and media engagements, corporate activities and festive events throughout FY2020.

In 2020, the MAF continued its fundraising activities while keeping in strict compliance with SOPs, organising the 'Loose Coin Collection' at AEON and AEON BiG stores (January – December), the 'Voir Charity Sales' (February) and the 'Berkat Ramadan Campaign' (April – June).

Despite the various challenges and difficulties experienced in 2020 due to the pandemic and other factors, AEON and MAF continued to play pivotal roles in delivering positive community impact. In particular, MAF has persevered in spreading festive joy and cheer through its AEON Mesra programmes.

Notably, the AEON and MAF combination is evident through the AEON Mesra series of events, as well as other charity events such as the Relief for COVID-19, AEON Berkat Korban and AEON Bantu Flood Relief Operations.

Alongside our goal of achieving sustainable profit growth, AEON is also committed to creating long-term value for its stakeholders in terms of positive Economic, Environmental and Social ("EES") impact.

Stakeholder engagement forms an integral part of that strategy to embed sustainable business practices into our value chain and maintain AEON's competitive position in the industry.

AEON 1% CLUB FOUNDATION

The AEON 1% Club Foundation is a global CSR arm of AEON Japan, set up primarily to focus on education, food and environmental initiatives. Its objective is to promote international friendship and goodwill within the Asia region.

The Foundation has a threefold mission:

1. Sound development of the next generation
2. Promotion of friendship with foreign countries
3. Sustainable development of regional communities

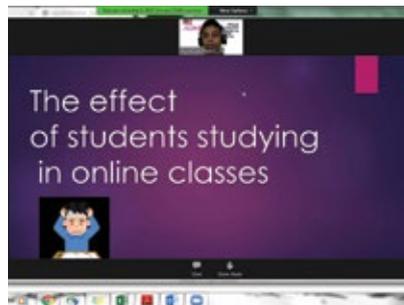
FUTURE GENERATION AWARENESS AND EDUCATION

AEON YOUTH LEADERS 2020 (“AYL”) PROGRAMME

Despite the ongoing pandemic, AEON continued to drive efforts to heighten environmental awareness amongst the youth as young environmental ambassadors.

AEON 1% Club Foundation organised its AEON Youth Leader 2020 (“AYL”) Programme on 17-19 December 2020, with the theme “What we can propose experiencing COVID-19-related confusion in terms of Education”. Conducted virtually, it attracted 72 high school students from nine countries, including two Malaysian students.

Participants took the opportunity to engage in sharing of ideas which increased their confidence and exposure in a cross-cultural setting, building a network of capable global leaders of tomorrow.



COMMUNITY LIVELIHOOD SUPPORT

AEON’s outreach initiative included the following activities:

No.	Beneficiary	Event
1.	Wisma Putra Golf Tournament	Wisma Putra Friendship Golf League
2.	Kelantan Islamic Student Union	Programme Perkampungan Menara Gading Negeri Kelantan
3.	Pejabat Kebajikan Masyarakat Hulu Langat	Programme Majlis Makan Malam dan Apresiasi PKMDHL 2020
4.	TSM Charity Golf Foundation	Care Package for Frontliners – Hospital Sg. Buloh and Hospital Selayang
5.	Jabatan Bomba dan Penyelamat Ipoh	Appreciation for Frontliners
6.	Majlis Perbandaran Kota Bharu	Appreciation for Frontliners
7.	Jabatan Bomba dan Penyelamat Melaka	Operasi Sanitasi di AEON Mall Bandaraya Melaka
8.	Karnival Bumi Kenyalang dan Kempen Beli Barangan Buatan Malaysia (“KBBM”)	Contest Winner Prize (Guess and Win Shopping Trolley)
9.	Unit Perancang Ekonomi Negeri Kelantan	Programme Jejak Warisan dan Jelajah Makyong Patuh Syariah
10.	MARA Negeri Sembilan	Majlis Penutup Programme Prihatin Bersama PKS

SUSTAINABILITY STATEMENT

• Relief for COVID-19 Frontliners

In appreciation of the intense effort and sacrifice of healthcare frontliners, MAF donated 2,000 homecare boxes, containing food and essential items such as sanitisers, toiletries and 300 folding chairs, amounting to RM168,000.

Under the tagline, 'We Care. We Share', the items were delivered on 7 April 2020 to healthcare frontliners working at the government hospitals at Kuala Lumpur, Ampang, Seremban and Melaka.

In addition, 7,800 dinner packs were also handed over to Hospital Kuala Lumpur, received warmly by Datuk Dr Heric Cooray, Director, Hospital Kuala Lumpur.



• AEON's Tribute to COVID-19 Frontliners: Kita Merdeka Telemovie and Music Video

To highlight the selfless effort of COVID-19 frontliners, including AEON's employees and suppliers, a special tribute was organised by AEON. For this, a 90-minute telemovie and a music video was commissioned and broadcasted on television nationwide, coinciding with the country's 63rd National Day celebration on 31 August 2020.



This telemovie was aired on *Cerekarama*, a TV3 programme on 29 August 2020 with another screening on 16 September 2020 on TV2. The music video, featuring an assortment of talented local musicians was screened on MeleTOP, Astro Ria on 25 August 2020.

Strong publicity was generated by local media stations, including The Star, Oh Bulan and Kopi Panas, RTM.

• Charity Begins At Home

Not forgetting that our employees and their families are also a part of its community, AEON took the initiative to alleviate the economic hardship faced by an AEON employee working at AEON Kulaijaya. A donation of RM3,000 was made to this employee's family and this gesture was featured on TV3's *Bersamamu* programme.

FESTIVE CELEBRATIONS

In acknowledging diversity at AEON, MAF takes pride in celebrating all the major festivities by reaching out to underprivileged children. It also serves to instil a deeper sense of CSR spirit in employees. Initiated over 15 years ago, this festive community initiative has seen thousands of children shop for items, assisted by capable AEON employees and volunteers.

AEON Mesra festive celebrations are one of the most anticipated annual highlights and is driven by the stellar efforts of the MAF.

AEON MESRA CHINESE NEW YEAR 2020

On 17 January 2020, MAF played host to 393 children from various charity homes and schools nationwide. Held in conjunction with Chinese New Year, each child was given pocket money to shop for clothes and gifts at the respective stores. Further treats were in store for the kids in the form of angpaw packets and a lion dance performance for added good wishes.



The initiative culminated with a further 74 children from Yayasan Sunbeams Home, Kuala Lumpur, who in addition to the above treats, had a traditional 'Yee Sang' celebration. Total amount spent on this initiative was RM104,000.

AEON MESRA RAMADAN 2020

On 23 May 2020, MAF took the opportunity in conjunction with the Ramadan fasting month and Hari Raya Aidilfitri celebration, to ease the burden of single parents and deserving families. Keeping with safety measures, AEON presented 728 single parents and deserving families with a financial contribution in AEON Member Plus Cards to be utilised at any AEON stores, AEON BiG or Credit Service branch nationwide. Total amount spent on this community initiative was RM218,400.



AEON MESRA DEEPAVALI 2020

Despite the MCO imposed by the authorities, MAF's Deepavali celebrations still proceeded but on a SOP-compliant approach. On 18 November 2020, 429 single parents and deserving families nationwide were presented RM300 contributions via AEON's Member Plus Card. Total amount spent on this festive celebration was RM128,700.

AEON MESRA CHRISTMAS 2020

On 17 December 2020, MAF played host to 532 children from underprivileged families in conjunction with Christmas. Given the ongoing pandemic, celebrations proceeded with a different approach. Children had earlier indicated their wish list and volunteers shopped for this at 10 nationwide participating AEON and AEON BiG stores. A further 83 children from Pure Life Society, Kuala Lumpur were treated similarly, in which a donation of RM92,149 was made. Total expenses for the event, including the donation amounted to RM97,404.

AEON BERKAT RAMADAN - AEON BERSAMAMU

COVID-19 has impacted the economy and community significantly, leaving many companies in dire circumstances and ultimately resulting in many youths made redundant.

AEON initiated an innovative buy and donate campaign (23 April - 24 May 2020), committing to donate RM1 for every one of 1 million chickens sold at any of its stores during the month of Ramadan. Funds raised would be channelled to recruit 300 AEON Delivery Riders and in addition, equip them each with motorcycles purchased from this fund.

This campaign proved successful in that a total of RM1,450,000 was collected and channelled to the Malaysian AEON Foundation.

On 6 August 2020 at AEON Mall Shah Alam, 20 new AEON Riders were hired and provided motorcycles purchased from the funds. Officiating the handover was YB Datuk Arthur Joseph Kurup, Deputy Minister in the Prime Minister's Department (Economy). The remainder of funds will be used to hire riders and purchase additional motorcycles.



AEON BERKAT KORBAN 2020

- Donation to Charity Homes

On 10 August 2020, in conjunction with Hari Raya Aidiladha, MAF donated seven cows costing RM40,000 and supplied its meat to deserving children at 15 charity homes.

AEON's Riders themselves distributed this cheer directly to the charity homes located in the Klang Valley.



SUSTAINABILITY STATEMENT

- **Launch of Berkah Korban Programme (AEON's Sacrifice Blessings Programme)**

On 27 June 2020, a launch ceremony was held at AEON Taman Maluri Shopping Centre, Cheras, Kuala Lumpur, in conjunction with Hari Raya Aidiladha.

AEON collaborated with Facebook's *Suami Masak Apa Hari Ini?* ("SMAHI") and *Koperasi Kelab Generasi Transformasi Ruminan Malaysia* ("KOOP GTR") to offer an innovative way of performing korban ibadah while complying with the new norms and SOPs.

Here, AEON would undertake the entire process from selection of cattle, to the slaughtering process, packing and distributing to those in need.



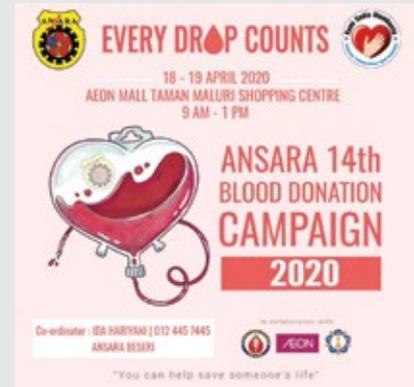
AEON BANTU FLOOD RELIEF OPERATIONS 2020

As a responsible corporate citizen, MAF donated essential goods worth RM16,800 to flood victims in Kampung Batu 3, Seremban and Kampung Sungai Serai, Hulu Langat district on 8 November and 15 November 2020 respectively. Household items such as rice, dry grocery items and healthcare products were distributed to 265 families in these affected areas, to help ease their suffering.



PRE-RAMADAN ANNUAL ANSARA 14TH BLOOD DONATION CAMPAIGN 2020

A blood donation campaign at four AEON malls was organised in collaboration with the National Blood Centre (“PDN”), Alumni of MRSM students (“ANSARA”) and Sathya Sai International Organisation.



COMMUNITY EDUCATION AND AWARENESS

With its strong CSR initiatives, AEON aims to contribute toward a more informed community, equipped with awareness and knowledge to address growing social issues affecting health, lifestyle and safety living.

GOOD CORPORATE CITIZENSHIP

Adopting a collaborative approach with relevant stakeholders, AEON supports local community growth, acting as good corporate citizens in serving the society.

- **Recognition by Government**

AEON was honoured with the Best Taxpayer Award 2020 for the second consecutive year by the Inland Revenue Board of Malaysia (“LHDN”) at its 25th Tax Day ceremony held on 1 May 2020. This award is a further affirmation of the Company’s role as a responsible taxpayer and contributor to the nation’s development.

PRODUCT SAFETY, QUALITY AND SERVICES

To realise the Company’s vision of becoming the most favoured retailer in Malaysia, AEON recognises the critical component of acquiring and maintaining stakeholders’ trust and confidence. To achieve this, AEON works to ensure its services and facilities exceed customers’ expectations and more so, its product quality assurance is uncompromising. The Company adheres to the Food Act 1983 and Food Hygiene Regulations 2009 (Food Safety) and Trade Description Act 2011 and MS 1500: 2009 (Halal).

“BERSIH, SELAMAT DAN SIHAT” (“BESS”) CERTIFICATION

BeSS (Clean, Safe and Healthy) is an acknowledged recognition given to food premises’ operators by the Ministry of Health (“MOH”) Malaysia to encourage the provision of safe and healthy food.

In 2020, the BeSS certification renewal exercise was carried out on 93 Food Court counters of AEON’s 13 Stores and 45 Food Avenue counters of six AEON Malls.

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

Table below shows the annual BeSS certification for renewals and new applications processed and certified for AEON's food courts and food avenues:

Details of BeSS Certification	2020	2019	2018
Premises Certified			
AEON Stores	13	13	14
AEON Shopping Malls	6	6	6
TOTAL	19	19	20
Food Counters Certified			
Food courts (AEON Stores)	93	116	111
Food avenues (AEON Shopping Malls)	45	45	45
TOTAL	138	161	156

Note: BeSS certification is renewed annually. Figures above shows the number of renewals and new applications processed and certified for AEON food court and food avenues.

HAZARD ANALYSIS AND CRITICAL CONTROL POINT (HACCP) CERTIFICATION

The SGS Malaysia's HACCP accords recognition of the company's practice of meeting its requirements of food safety and consumer requirements, as outlined in the Good Manufacturing Practice ("GMP") and Food Safety Critical Control Points.

In 2020, AEON had successfully either completed or renewed the HACCP certifications for 33 AEON stores, including AEON's new store in Kuching.

List of AEON premises with HACCP certification:

Region	2020	2019	2018
Northern	8	7	7
Klang Valley	17	16	15
Southern	8	8	8
TOTAL	33	31	30

Stores accredited with HACCP certification will be managed by their respective HACCP committee members. Such certifications will be subjected to periodic internal and external audit to ensure continued compliance with standards required.

FOOD SAFETY CERTIFICATIONS

AEON adopts a preventive and proactive approach towards food safety, complying with relevant food safety certifications by authorised bodies.

- **Food Safety System Certification ("FSSC") 22000**

FSSC 22000 is one of the highest Global Food Safety Initiatives ("GFSI") recognised by food safety schemes. Since successfully obtaining this certification in 2018, the AEON Food Processing Centre ("AFPC") has continued to maintain its stringent monitoring of food safety and hygiene practices, allergen control and food defence measures.

AEON HALAL ASSURANCE SYSTEM

AEON's Halal Policy, introduced 12 years ago, has been firmly entrenched into the Company's operations since. This policy is governed by the Guidelines for Halal Assurance Management System, issued by the Department of Islamic Development Malaysia ("JAKIM").

Adoption of the Halal Assurance System guideline ensures:

- AEON's development, implementation and improvement of halal requirement is effective by controlling halal purity and genuineness
- It provides a systematic approach to preserving halal integrity of products by ensuring a controlled quality management system through the supply chain
- It is absorbed as part of our internal mechanism tool to prevent any non-compliance in producing halal products
- AEON's compliance with Jakim's standards and requirements

Halal Application	Certified Halal Applications		
	2020	2019	2018
La Boheme and Café, Delica, Sushi, Coco Café, Pizza and Drink	131	134	113

• Global Halal Excellence Award (Consumer Retail)

In 2020, AEON was awarded the Global Halal Excellence Award (Consumer Retail) in conjunction with Global Business Leadership Awards. The Company's efforts in securing 131 halal certificates for its operations and introducing innovation with the first halal sushi in Malaysia earlier in 2011 was duly recognised.

The award was presented by YB Datuk Seri Mohd Redzuan Md Yusof, Minister in Prime Minister's Department (Special Duties). Accepting the award on behalf of AEON was Encik Shafie Shamsuddin, Managing Director/Chief Executive Officer, AEON.

• AEON Food Safety and Halal Webpage

A webpage in our AEON Retail website, as below, was created in 2015 by our Quality Management department. It serves as an educational portal for our customers to understand AEON's food safety initiatives and product knowledge.

The information in the webpage is updated periodically to keep AEON's customers aware on latest product related news and issues.

For more information, please visit: <http://www.aeonretail.com.my/food-safety-halal/policies/haccp-iso22000/>

SUSTAINABILITY STATEMENT

ETHICS AND INTEGRITY

AEON maintains a healthy business relationship between employees and suppliers. To provide a clear guidance, “AEON’s Purchasing Code of Ethics” (“the Code”) and “Policy on Gifts” stipulate the expected standards of corporate behaviour guided by ethics and integrity, applicable to everyone in AEON and suppliers alike. The Company has a zero tolerance approach for misconduct and appropriate action will be taken against any transgressor. Likewise, in the event any AEON employees are in breach of this Code and Policy, suppliers are expected to report immediately.

There have been no reported cases in 2020 of any breach of this Code and Policy.

SUPPLY CHAIN MANAGEMENT

In 2020, in line with the Company’s direction to improve organisational performance and reduce expenses, AEON introduced a Non-Trade Procurement division in addition to its Trade Procurement division.

The Non-Trade Procurement division has a clear focus on non-trade items and services, and aims at tightening controls on procurement, strengthening anti-bribery and corruption practices, and driving for more cost effective dealings. AEON’s Chief Governance Officer has the oversight to ensure transparency and accountability for stakeholders’ continued assurance. Moving forward, this division intends to explore digital transformation as a means to fortify its objectives.

At the same time, the Trade Procurement division focused on ensuring product supply was at good levels to meet the customers’ demand in view of the Movement Control Order and Conditional Movement Control Order.

BUSINESS PARTNER ENGAGEMENTS

- Corporate Celebrations

In conjunction with AEON’s 36th Anniversary in Malaysia and AEON BiG’s 8th year hypermarket business operations, a special fundraising was organised. It commenced on 24 September and ran until 15 November 2020.

With the theme, “AEON Di Hatiku” (AEON in my Heart), filter masks and nano mist safety packs were sold and RM1 from each item sold was donated to the AEON Di Hatiku Fund. This fund will assist 366 Malaysians affected by COVID-19 to start a dropship business.



SUPPORTING SMALL AND MEDIUM ENTERPRISES (“SMES”)

The pandemic posed an extreme business challenge for local SMEs, with many trying hard to stay afloat financially. The Government responsibly launched several economic incentives and initiatives designed to assist such entrepreneurs. As a good corporate citizen, AEON collaborated with various ministries and government agencies to assist these SMEs, providing marketing experience and recognition through promotion of their local products in the marketplace.

- **AEON's Interview with Astro AWANI**

In conjunction with “Beli Barangan Buatan Malaysia”, Astro AWANI interviewed Dr. Kasuma Satria, Chief Human Resources Officer of AEON. The session was arranged with the objective of providing exposure to local SME businesses.

- **Programme Prihatin AEON Bersama PKS**

AEON launched a special programme for SMEs, aligning with the Government's PENJANA (Pelan Jana Semula Ekonomi Negara) initiative. AEON took the initiative to organise this event to assist hard-pressed SMEs generate income during the MCO and CMCO.

AEON collaborated with the Ministry of Domestic Trade and Consumer Affairs, the Ministry of Rural Development and various government agencies for this activity. Organised at seven AEON Malls nationwide, it was held in phases, commencing 27 June until 30 September 2020. The total sales generated by participating SMEs amounted to RM2.4 million.

- **Mak Cun 'Anjung Orang Kita'**

AEON collaborated with Mak Cun Jutawan Sdn Bhd to assist SMEs sustain their business during the challenging time brought about by the pandemic.

From September to December 2020, Mak Cun Jutawan Sdn Bhd secured display areas at six AEON and AEON BiG stores. The display has garnered positive responses from customers with its extensive assortments.



- **Mak Cun 'Anjung Orang Kita': Telemovie**

AEON collaborated with Mak Cun Jutawan to produce a telemovie to promote entrepreneurship and growth of SMEs. This telemovie was aired on 25 October 2020 on Cerekarama, TV3. It generated significant media attention and was featured in Utusan Borneo and The Star.

SUSTAINABILITY STATEMENT

- **Opening of Muda Agricultural Development Authority's ("MADA") Shop at AEON Mall Shah Alam**

In support of the Government's PENJANA initiative, AEON collaborated with MADA to facilitate the opening of a shopplot at AEON Mall Shah Alam. This assisted SMEs generate much-needed income, particularly during the MCO and CMCO restriction period. MADA operated this premise from 11 September 2020 until 31 January 2021.

- **Bumi Kenyalang Carnival and 'Buy Malaysian Products' Campaign**

In support of the Government's call to assist local entrepreneurs, a carnival was organised at AEON Mall Nilai, featuring unique and rarely found local products from Sarawak, including traditional dance and art items.

This campaign ran from 14 September until 30 September 2020 and was officiated by YB Datuk Alexander Nanta Linggi, MDTCA Minister, accompanied by representatives from the Ministry of International Trade and Industry (MITI), Sarawak Economic Development Corporation (SEDC) and the Ministry of International Trade and Industry, Industrial Terminal and Entrepreneur Development Sarawak (MINTRED).

Sales from this 2-week campaign surpassed expectations, netting in RM347,061 in support of these hardworking and committed local entrepreneurs.



- **Opening of MARA Entrepreneur Kiosk (Warisan Hadirah) at AEON Bandaraya Melaka**

As a responsible corporate citizen and to align with the Government's call to support local entrepreneurs, AEON collaborated with Majlis Amanah Rakyat ("MARA") to assist SMEs expand their business by exploring new business opportunities and orientations.

At this kiosk, Warisan Hadirah a local food and beverage company, took the opportunity to showcase its various products. Sales exceeded initial target, amounting to just over RM11,000 during this two-week period.

DIGITALISATION

In line with rapid changes in customer demand and lifestyles, AEON has to be more agile and resilient in embracing new technology to ensure sustainable growth and competitiveness in the retail industry. In early 2020, AEON introduced a new platform for customers and the Company's ecosystem.

In April, the AEON Drivethrough and Personal Shopper Initiatives were launched followed by the launch of AEON Online 626 marketplace in June.

For Customers' added peace of mind, convenience, assurance of product hygiene and freshness with prompt delivery, AEON's holistic service includes delivery service by AEON Pickers and AEON Riders introduced in August 2020. In addition, in October 2020, AEON launched fresh.myaeon.com.my and AEON Cross Border to sell items to their customers in Malaysia and Singapore. Items purchased are despatched from the nearest AEON Marketplace directly to the customer's house via Drivethrough and Personal Shopper services.

AEON HOME DELIVERY
ORDER YOUR GROCERIES, WE DELIVER

STEP 01 ▶ Prepare your shopping list and **Scan the QR** code for the contacts of AEON Stores available.

STEP 02 ▶ Select the **AEON Stores** nearest to your residence/office, and place your order via **WhatsApp**.

STEP 03 ▶ The **Delivery status** and the **Total Price** of your order will be notified by AEON Personal Shopper.

STEP 04 ▶ Payment will be made via **Cash On Delivery**.

WhatsApp us now to drop your order!

It is a centralised hub, connecting the different platforms such as MyAEON Employees, SharePoint, MyAEON Tenant Portal, MyAEON Suppliers and others. MyAEON Employees and Sharepoint Portal was launched in August.

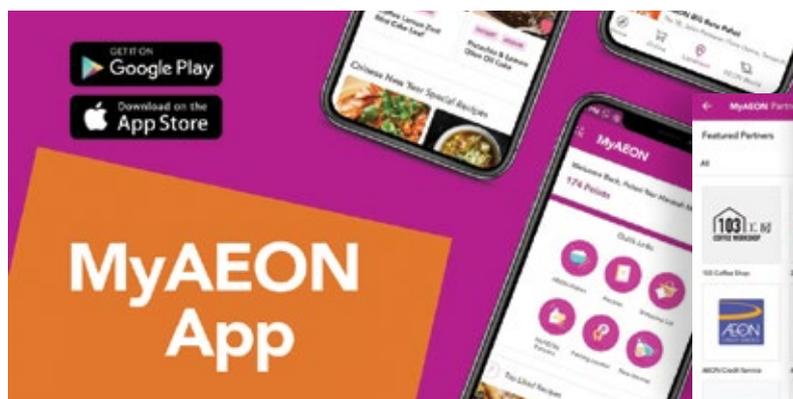
MyAEON Employees is AEON's employee app developed by our in-house team to digitalise all employee matters such as attendance capturing.

Accessible to AEON employees, business partners and Suppliers, it has practical applications such as e-shopping list, parking locator, e-recipe book, marketplace online shopping, mall locations and its featured tenants. It also has a Business Enabler System (BES-POS) since November 2020. The adaptation of Business Enabler Systems and Point of Sales Systems are a step towards AEON's digitalisation.

As of 31 December 2020, over 45,000 downloads have been recorded. An official launch is planned for the second half of 2021.

• MyAEON - The Living Super App

Introduced in November 2020, the MyAEON app is a living super app specially catered to AEON's loyal customers, business partners and working employees. It is designed as an evolving app containing periodically updated features to heighten customer's personal experience and expectations.

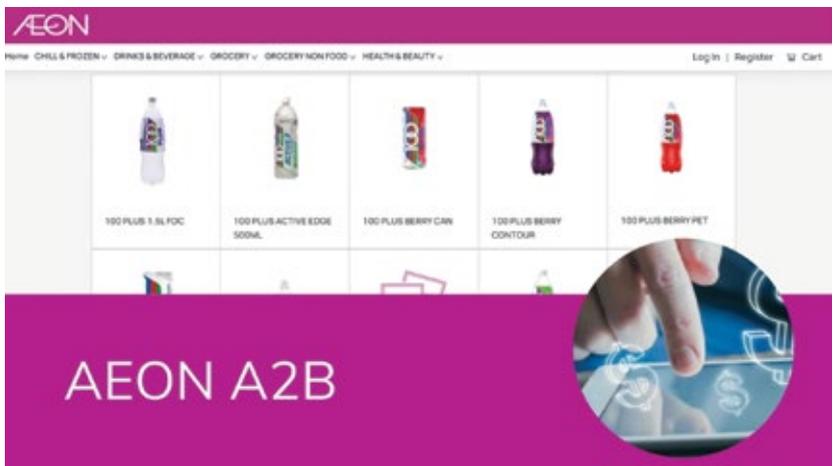


SUSTAINABILITY STATEMENT

• **AEON's-to-Business (A2B)**

As part of AEON's strategy for decent work and economic growth, AEON's to Business ("A2B") was created to focus on bulk purchase orders placed by our business customers.

It offers comparison across categories of normal pricing, special group pricing and special customer pricing. More than 100 wholesale customers have connected to this platform since its launch in December 2020.



• **AEON Member Plus Card and AEON e-Wallet**

The introduction of the AEON Member Plus Visa Card and e-Wallet in 2018 offering 'cashless transactions' was a milestone in AEON's digitalisation journey. With its enhanced technology features and functions, it reinvented customer experience and brought convenience, safety and security to the next level.



• **Cashless Car Park System at AEON Taman Maluri Shopping Centre**

Commencing 9 December 2020, customers of AEON Taman Maluri Shopping Centre get to enjoy the added convenience of this digital system. Being contactless, it brings added assurance of safety, particularly with the ongoing pandemic.

• **Cyber Security**

The era of digitalisation has invariably brought with it the potential of cyber threat. To guard against this possibility, AEON has in place a robust IT Security Policy to strengthen and govern its IT practices and governance. This policy provides clear guidance for the Company's firewall, accessibility controls, management of incident responses and back-up system to manage cyber threats. Ongoing reviews and assessments are conducted periodically and where necessary, new measures are implemented for added assurance.

• **AEON 626 Introduction**

AEON introduced a new business model of Offline to Online ("O2O"), an innovative business model - to be more agile, resilient and entrepreneurial towards meeting the customers' real demand.

Launched on 18 June 2020, it was officiated by YB Datuk Alexander Nanta Linggi, Minister of the Ministry of Domestic Trade and Consumer Affairs which was also attended by the Ministry's Secretary General, Datuk Seri Haji Hasnol Zam Zam.

The AEON 626 Campaign, essentially a Virtual Mall Marketplace, is accessible at www.myaeon.com.my. It houses all brands across AEON Retail, namely Departmental Store, MaxValu Prime, Daiso, Wellness, and AEON BiG.

MANAGING HEALTH AND SAFETY AMIDST COVID-19

Despite the unprecedented challenge and disruptive new normal brought about by the pandemic, AEON has seen positive attributes from its employees. Embracing SOPs rolled out by the authorities to stem the spread of infection, AEON has noted the receptiveness of its employees to not just adhere to such measures for health reasons but to ensure AEON's business continuity, given its essential service listing by the Government to maintain operations.

The Company acted swiftly to activate its Business Continuity Plan ("BCP"), set up a COVID-19 Taskforce and formulated COVID-19 measures to be adopted at work. Additionally, a dedicated COVID-19 hotline was established for its employees.

Regular sanitisation, routine cleaning and disinfection, temperature checks for employees and customers and other measures were diligently implemented at all AEON stores and malls. Work from home and virtual engagements were adopted where feasible. Awareness posters and messages on social media are routinely carried out to reinforce the message on safety and wellbeing. This safety conscious approach also extended to AEON's related stakeholders, including suppliers.

These stringent measures adopted by the Company throughout all its stores and malls were an added assurance to making customers feel more secure and comfortable in shopping at AEON, further reinforcing its unchanging 'Customer First' philosophy.

