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## Notice Concerning Issuance of Sustainability Linked Bonds

AEON CO., LTD. (the 'Company') has decided to issue Sustainability Linked Bonds (\*1) (the "Bonds") as described below, to contribute to the realization of a sustainable society through its corporate activities.

### 1. Purpose and Background of the Bond Issue

Based on the Company's foundational ideals of "Pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point," we aim to both "realize a sustainable society" and "grow the Group," and we think globally in terms of both "environment" and "society". We are actively promoting activities that are rooted in each local community in cooperation with our various stakeholders.

The Company started establishing organizational systems for engaging in sustainable activities in the late 1980s. In 1990, we established the Aeon Group Environmental Foundation (now the AEON Environmental Foundation) and the AEON Group 1% Club (now the AEON 1% Club). Since then, in addition to promoting tree-planting activities, the "Bring Your Own Shopping Bag campaign," and the store resource collection campaign, we announced our support for "Global Contact" proposed by the United Nations and strengthened our sustainability activities from a global perspective in 2004. In 2008, we became the first retailer in Japan to announce the "AEON Manifesto on the Prevention of Global Warming" and announced the "AEON Sustainability Principles" in 2011. In recent years, we have been stepping up our efforts to promote long-term initiatives to solve environmental and social issues on a global level.

As part of our efforts to realize "a decarbonized society," we formulated the "AEON Decarbonization Vision" in 2018. We are promoting initiatives to reduce greenhouse gas emissions (CO<sub>2</sub> etc.) from our stores to zero by 2040, focusing on three key areas of stores, products, and logistics, and working with customers in energy conservation and energy creation. We aim to achieve zero total emissions of CO<sub>2</sub> etc. by 2040.

As initiatives related to the "promotion of resource recycling," we formulated the "AEON Food Waste Reduction Targets" in 2017 and set a target to halve food waste by 2025 compared to 2015, and in 2020 we formulated the "AEON Plastic Usage Policy" and set a target to halve the amount of disposable plastic used compared to 2018.

Under these circumstances, we have decided to issue the Bonds, with the aim of further promoting our sustainability initiatives to "realize a decarbonized society" and "promote resource recycling." The terms of the Bonds will vary depending on whether we achieve our predetermined sustainability targets. In conjunction with the bond issue, we also revised the framework established in the previous fiscal year and added a new KPI/SPT(\*2) to maintain CDP (\*3) Climate Change Score of "A." We will continue to further promote our sustainability initiatives.

## 2. Overview of the Bonds

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| Maturity                                 | 5 years, 10 years (plan)   |
| Issuance Amount                          | Total amount: approx. 50 billion yen (plan)  |
| Determination date of issuance terms     | July 2024 (plan)   |
| Key Performance Indicator (KPI)          | For the Bonds, KPI 2, KPI 3 and KPI 4 are adopted from the following<br>KPI 1: Reduction rate of CO <sub>2</sub> emissions<br>KPI 2: Reduction rate of disposable plastic usage* (usage per 100 million yen in sales)<br>KPI 3: Reduce food waste generation (per million yen in sales)<br>KPI 4: CDP Climate Change Score   |
| Sustainability Performance Targets (SPT) | <10-year bond><br>SPT2: 50% reduction by 2030 (compared to FY 2018)<br>SPT4: Maintain final CDP Climate Change score of "A" on the assessment date<br><5-year bond><br>SPT3: 50% reduction by 2025 (compared to FY2015)<br>SPT4: Maintain final CDP Climate Change score of "A" on the assessment date   |
| Bond characteristics                     | 5-year bond assessment date (SPT3 and SPT4: end of March 2028)<br>10-year bond assessment date (SPT2 and SPT4: end of March 2033)<br>If the SPT is not achieved, the contribution will be made from the assessment date to the redemption of the Bonds. The amount shall be equal to 0.1% of the amount of bonds issued if the 5-year SPT3 is not achieved, 0.1% of the amount of bonds issued if the 5-year SPT4 is not achieved, 0.1% of the amount of bonds issued if the 10-year SPT2 is not achieved, and 0.1% of the amount of bonds issued if the 10-year SPT4 is not achieved.<br>The Environment and Social Contribution Department will carefully examine the factors behind the failure to achieve the SPT and select appropriate donation recipients, which will include public interest incorporated associations, public interest foundations, international organizations, NPOs certified by local governments, local governments, and similar organizations that are engaged in activities that contribute to decarbonization.<br>(Assuming the AEON Environmental Foundation (*4) as a current candidate) |
| Lead underwriters                        | Mizuho Securities Co., Ltd. (Lead Managing Underwriter),<br>Nomura Securities Co., Ltd., SMBC Nikko Securities Inc.,<br>Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.,<br>Daiwa Securities Co. Ltd.   |
| Structuring agent (*5)                   | Mizuho Securities Co., Ltd.  |

\*Used amount per 100 million yen in sales as the total weight of plastic containers and packaging and PET bottles (kg)

## 3. Compliance of Sustainability-Linked Bonds

The Company obtained Second Party Opinion from Rating and Investment Information, Inc(R&I), for its conformity with the International Capital Markets Association's (ICMA) "Sustainability Linked Bond Principles" and other relevant principles, of the revised framework for the bond issue.

<https://www.r-i.co.jp/en/rating/esg/index.html>

(\*1) Sustainability Linked Bonds

A bond with terms that vary based on the issuer's achievement of predetermined sustainability targets. The funds raised do not necessarily have to be restricted to a specific use but are evaluated based on key performance indicators (KPIs) and SPTs predetermined by the issuer. The SPTs are set as target figures to be achieved with respect to the KPIs and the terms of the bonds change depending on whether the issuer achieves the SPTs. This structure incentivizes the issuer to meet the sustainability targets.

(\*2) Sustainability Performance Targets (SPT)

Goals based on the issuer's management strategy that determine the terms of the Sustainability Linked Bond issuance.

(\*3) CDP

A non-profit organization that runs the global environmental disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.

(\*4) AEON Environmental Foundation

AEON Environmental Foundation operates a public benefit program that focuses on the AEON Forest Program, Environmental Grant Program, Environmental Education, and Partnership. It was established in December 1990 with the basic assets donated by Mr. Takuya Okada (Honorary Chairman and Advisor to AEON CO., LTD. and Honorary Chairman of the AEON Environmental Foundation) and two others, based on AEON's foundational ideals, "Pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point." In 1991, it was approved as a specified public interest promotion corporation, and in 2009, it became a public interest incorporated foundation. In cooperation with various stakeholders, the foundation has continued working to realize a sustainable community.

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

(\*5) Structuring Agent

An entity that provides support for the implementation of sustainability finance through the formulation of frameworks and advice on obtaining third-party evaluations.

Reference

- AEON Sustainability Report  
<https://www.aeon.info/en/sustainability/report/>
- Sustainability Linked Finance Framework  
<https://www.aeon.info/en/ir/stock/rating/>

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