

# SUSTAINABILITY POLICY

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## **1. PURPOSE**

The purpose of the Sustainability Policy (“the Policy”) is to establish the objectives and guidelines for AEON Co. (M) Bhd. (“AEON” or “the Company”) with regards to sustainability matters.

This Sustainability Policy is aimed at achieving the following objectives:

- i. To embed sustainability in the organisation and support the Company to meet the sustainability expectations and needs of our stakeholders; and
- ii. To provide guidance on the Company’s sustainability with the focus on Economic, Environmental, Social (“EES”) aspects of the business.

This Policy lays down the general principles and fundamentals governing the sustainability strategy of the Company to ensure that all its corporate activities and businesses are aligned to long-term sustainable value for shareholders and taking into account the expectations of other stakeholders related to its business activities.

The Company’s sustainability strategy also places a strong emphasis on equitably compensating all groups that contribute to the success of the Company’s businesses, promoting the values of sustainability, integration and dynamism, favouring the achievement of the SDGs and rejecting actions that contravene or hinder them.

The general principles and foundations set forth in this Policy are further developed and specified in AEON Sustainability Charter (“ASC”) which has been established to provide a blueprint for the Company’s key engagement areas highlighting AEON’s sustainability principles and key initiatives as well as specific Economic, Environment and Social (EES) and regulatory compliance policies that address certain needs and expectations of the Company’s key stakeholders.

## **2. SCOPE**

This Policy applies to directors and employees of AEON and is encouraged to be adopted by AEON’s associated companies, as applicable.

This policy covers the EES aspects of the business while Governance is covered in the corporate governance-related policies and procedures.

This Policy is subject to the Board of Directors’ approval and comes into force on the date it is approved by the Board

## **3. DEFINITION**

“**Board of Directors**” includes Independent Non-Executive Directors, Non-Independent Non-Executive Director and Executive Directors of the Company;

“**Bursa Malaysia**” shall refer to Bursa Malaysia Securities Berhad;

**“Business Units”** shall refer to business units who are the owners of information/data reporting

**“Economic”** is in relation to sustainability, an organisation’s impact on the economic condition of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation.

**“EES”** refers to Economic, Environmental and Social

**“Environmental”** is in relation to sustainability, an organisation’s impact on living and non-living natural systems, including land, air, water and ecosystems.

**“Governance structure”** refer to the structure an organisation has in place to ensure accountability, oversight and review in the identification and management of sustainability.

**“Key Senior Management”** shall refers to the AEON Leadership Council comprising of the following:

- a) Managing Director/Chief Executive Officer
- b) Deputy Managing Director
- c) Chief Financial Officer
- d) Chief Operating Officer
- e) Chief Governance Officer
- f) Chief Human Resources Officer
- g) Chief Property Officer
- h) Chief Marketing & Merchandising Officer
- i) Chief Technology Officer

**“Materiality”** refers to the principle of identifying and assessing a wide range of sustainability matters, and refining them to what are most important to the organisation and its stakeholders.

**“Social”** refers to the impact and organisation has on the social systems within which it operates

**“Stakeholder”** is an individual or a group that has an effect on or is affected by the organisation and its activities. Stakeholders should be relevant to the organisation’s purpose and have relevant needs and expectations. They may include investors, customers, business partners, employees, local communities, civil society (non-governmental societies), government, regulators, suppliers, etc.

**“SSC”** refers to Sustainability Steering Committee, comprising of Key Senior Management

**“SWC”** refers to Sustainability Working Committee which are representatives from the business units.

**“Sustainability Matters”** refers to the extent of material EES risks and opportunities

#### 4. SUSTAINABILITY GOVERNANCE STRUCTURE



- The Audit and Risk Management Committee (“ARMC”)\* reviews, supervises and recommends the Company’s sustainability strategy and issues, key EES targets and performance, progress and scorecard to advance the Group’s sustainability leadership.
- Acting as the ‘executive arm’ of the ARMC\*, the SSC helps the ARMC to make informed decisions to integrate the Company’s sustainability strategy into the business operations and implement initiatives towards achieving the Company’s sustainability goals. Apart from overseeing key sustainability risks and opportunities, stakeholder engagement as well as materiality assessment, the SSC also oversees and monitors sustainability trends including governance and reporting.
- The SSC chairs the STF, which consists of members across all departments and operational units in the Company, and communicates the Company’s sustainability direction to the STF across business and operational units. The STF comprises Business Units’ Heads of Departments and their line managers, who are accountable for their ESG performances that are linked to their yearly appraisal scorecards.

#### 4.1 Roles & Responsibilities

##### 4.1.1 The Board of Directors

- i. Provide oversight on Sustainability and Climate Change related risk management and opportunities.

- ii. Review and approve the Company's disclosures and strategic direction in relation to sustainability matters
- iii. Identify key ESG and climate risk faced by AEON and ensures the implementation of appropriate internal controls and mitigating measures to manage such risk.
- iv. Accountable for the sustainability strategy and performance

#### **4.1.2 ARMC\***

- i. Create a high-level Sustainability and climate risk strategy (policy) aligned with AEON's strategic business objectives.
- ii. Determine that there is a robust process in place for identifying, managing and monitoring critical Sustainability and Climate risks, oversee execution of that processes; and ensure it is continuously improved as the business environment changes.
- iii. Oversee the conduct, and review the results, of company-wide risk assessments, including the identification and reporting of critical Sustainability and Climate risks.
- iv. Provide advice to the Board on risk strategies and coordinate the activities of the various standing Board committees for Sustainability and Climate risk oversight.

#### **4.1.3 Sustainability Steering Committee ("SSC")**

- i. Oversee the implementation of sustainability strategy and performance
- ii. Review, discuss and recommend to the Board for approval on the Company's strategic direction in relation to sustainability matters
- iii. Provide updates to the Board regarding the status and performance of sustainability-related initiatives on a quarterly basis.

#### **4.1.4 Sustainability Task Force ("STF")**

- i. Manage the overall sustainability performance, drive initiatives and monitor targets
- ii. Central point of contact for all sustainability-related matters and provide updates to SSC during SSC/ALC meetings
- iii. Table to SSC for discussion and/or approval on matters arising from sustainability initiatives, when required
- iv. Work and follow through with relevant departments to ensure identified initiatives are on track
- v. Support SSC in driving and managing the performance of sustainability initiatives across the organisation
- vi. Secretariat duties to SSC
- vii. Responsible for implementation of sustainability initiatives and data collection whereby every initiative is tracked and the results to be reported in the Sustainability Statement/Report.

### **4.2 Sustainability Steering Committee (SSC) Members**

- Managing Director
- Deputy Managing Director
- Chief Financial Officer
- Chief Operating Officer
- Chief Governance Officer

- Chief Human Resources Officer
- Chief Property Officer
- Chief Marketing & Merchandising Officer
- Chief Technology Officer

## **5. POLICY**

AEON's sustainability is governed by SSC, to align with the Company's sustainability strategies and initiatives. SSC oversees the overall management responsibility, direction and performance in relation to sustainability with the support from various business units.

The Company should review its material sustainability matters on an annual basis and determine if there is a need to conduct a full materiality assessment process.

## **6. OUR COMMITMENT TO SUSTAINABILITY**

AEON acknowledge that the adoption of a Sustainability Policy will create a long-lasting value to shareholders and stakeholders, which will support the growth of our business and achievement towards our vision and mission in a sustainable manner.

AEON is guided by the AEON Basic Principles of Peace, People and Community with Customers as the central core. The AEON Basic Principles are attuned with Bursa Malaysia's Sustainability Reporting Guide that is divided into three pillars – Economic, Environment and Social, with shared values and goals.

AEON has implemented various policies and procedures as it embeds the principles of sustainability across the organisation.

### **6.1 Economic**

#### **APPROACH**

To achieve long-term business sustainability by continuously striving for consistent and strong financial performance over time through the application of good business practice at all times whilst fostering peaceful, prosperous and inclusive societies for the benefit of all our stakeholders.

#### **PRINCIPLES**

The Company shall focus on the following principles:

- Maintain a competitive environment and professionalism in all its business conduct, providing enhanced quality and value-added products and services through continual improvement while upholding the highest level of corporate governance.
- Perform our duties professionally and in accordance with laws, regulations and sector practice, and actively endeavour to minimise the consequences of potential disruptions through good business continuity planning.
- The Company is committed to complying with good business practice as stipulated in its Code of Conduct and corporate governance structure, as well as embracing

transparency and comparability in its financial reporting in accordance to acceptable standards and principles where applicable.

- The Company's operations shall comply with best business practice, as stated in the Malaysian Code on Corporate Governance ("MCCG") 2021 and Bursa Malaysia's Main Market Listing Requirements ("MMLR").
- Work together with our vendors, suppliers, tenants and other business partners on responsible social and environmental practices.
- Ensure that the Company meets the minimum standards and requirements towards its communication with shareholders or communities
- Source suppliers from local businesses which indirectly contributes to the growth of the local economy

## **6.2 Environmental**

### **APPROACH**

To foster good environmental stewardship in all of the Company's business operations and protect the planet through sustainable consumption resources and implementing climate change action through conservation and sustainable practices.

### **PRINCIPLES**

The Company shall focus on minimising the environmental impact arising from its own operations and its suppliers through responsible resource management, pollution control, as well as inculcating organisation-wide awareness on environmental responsibility and accountability.

## **6.3 Social**

### **APPROACH**

To strive for an equitable society by being a responsible and respectful employer and good corporate citizen by contributing to improved social progress within the communities where the Company operates in.

### **PRINCIPLES**

The Company supports the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights as well as the rights of all employees, contractors and the communities in which we operate. The Company aims to provide a fair, safe and non-discriminatory environment and treatment for all relevant stakeholders. Further details on our human rights approach are outlined under our Human Rights Policy.

## **7. REVISION OF POLICY**

This Policy shall be reviewed as and when necessary. A copy of this Policy is uploaded onto the Company's website.

Adopted on 23 February 2023.

## **8. REFERENCES**

- i. Bursa Malaysia's Sustainability Reporting Guide
- ii. Global Reporting Initiative Guidelines – Sustainability Reporting
- iii. Relevant Company's Policies and Procedures, as applicable
- iv. United Nation's Sustainability Development Goals.