



AEON

**CREATING SMILES,
CONNECTING HEARTS**

INTEGRATED ANNUAL REPORT 2023



CREATING SMILES, CONNECTING HEARTS

Our Integrated Annual Report cover encapsulates the essence of the nation's rich diversity and AEON's commitment to fostering connections within its community. It showcases a diverse group of Malaysians, each radiating genuine joy with wide smiles across their faces, symbolising the vibrant society that makes up Malaysia. At the heart of this cover, heart shapes are formed by each individual to serve as a powerful visual representation of unity, signifying the Company's dedication to not only bringing smiles to its customers but also to forging meaningful connections that transcend cultural boundaries.

FY2023 KEY HIGHLIGHTS

RM4.1b
Revenue

RM114.8m
Net Profit

4.0 sen
Proposed DPS

RM1.9b
Net Assets

28
AEON Mall*

35
AEON Store*

64
AEON Wellness*

7
AEON MaxValu*

44
DAISO*

178
Total Outlets*

13.4m sq ft
Net Lettable Area

2.5m
AEON MEMBER Plus

9,868
AEON People
(Includes full time, part time, casual workers, outsourced workers and interns)

29
Training Hours
Per Employee

1,078
Tenant Partners

2,740
Suppliers &
Business Partners

AEON Taman Maluri Shopping Centre, Kuala Lumpur
Headquarters

*Information as at 25 March 2024

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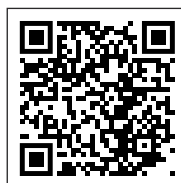
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Scan the QR code to view
AEON's Integrated Annual Report 2023

ABOUT THIS REPORT

AEON CO. (M) BHD.'S (AEON OR THE COMPANY) INTEGRATED ANNUAL REPORT 2023 (IAR 2023) PROVIDES A HOLISTIC AND BALANCED OVERVIEW OF THE FINANCIAL AND NON-FINANCIAL ASPECTS OF THE COMPANY'S OPERATIONS.

This report has been developed in accordance with the principles-based framework of Integrated Reporting and goes beyond conventional, past-based financial performance reporting to include information on AEON's value creation process alongside its strategic priorities to address the material matters identified, existing and emerging risks and opportunities as well as capital dependencies.

Embedding sustainability as part of AEON's business strategy, sustainability performance is mapped against Economic, Environmental, Social and Governance indicators and integrated within this report.

REPORTING PRINCIPLES AND FRAMEWORKS

AEON is publicly listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia). This IAR 2023 complies with the Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR) and is guided by the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC). The provisions of the Malaysian Code on Corporate Governance 2021 (MCCG) and Bursa Malaysia Corporate Governance

Guide 4th edition are also applied, unless otherwise stated.

AEON's audited financial statements for Financial Year 2023 (FY2023) have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the Companies Act 2016 (Act).

SCOPE AND BOUNDARIES

This report includes financial and non-financial information that is relevant and accurate as at the time of publication pertaining to our FY2023 covering the period between 1 January to 31 December 2023, unless otherwise stated, and is consistent with the audited financial year of the Company. This report covers our principal business activities in Malaysia in FY2023.

FORWARD-LOOKING STATEMENT

Forward-looking statements should be read with a degree of caution as they are reliant on various events, risks, uncertainties and other factors beyond our control. These statements can be

identified through the use of key words such as 'believes', 'intend', 'will', 'plans', 'outlook' and other similar words in conjunction with discussions on future operating or financial performance. Such statements are not to be taken as implicit or explicit guarantee of our future performance. AEON provides no representation in respect of these statements and disclaims all liability whatsoever (whether in negligence or otherwise) for any loss, damage, costs or expenses however arising out of or in connection with these statements and this report. AEON does not assume any obligation to update the forward-looking statements contained in this report.

FEEDBACK

We welcome feedback on our IAR 2023. Please contact:

Corporate Communications Department
AEON CO. (M) BHD.
AEON Home Ground
3rd Floor, AEON Taman Maluri
Shopping Centre
Jalan Jejaka, Taman Maluri
Cheras, 55100 Kuala Lumpur

Email: CorpComms@aeonretail.com.my

NAVIGATING THIS REPORT

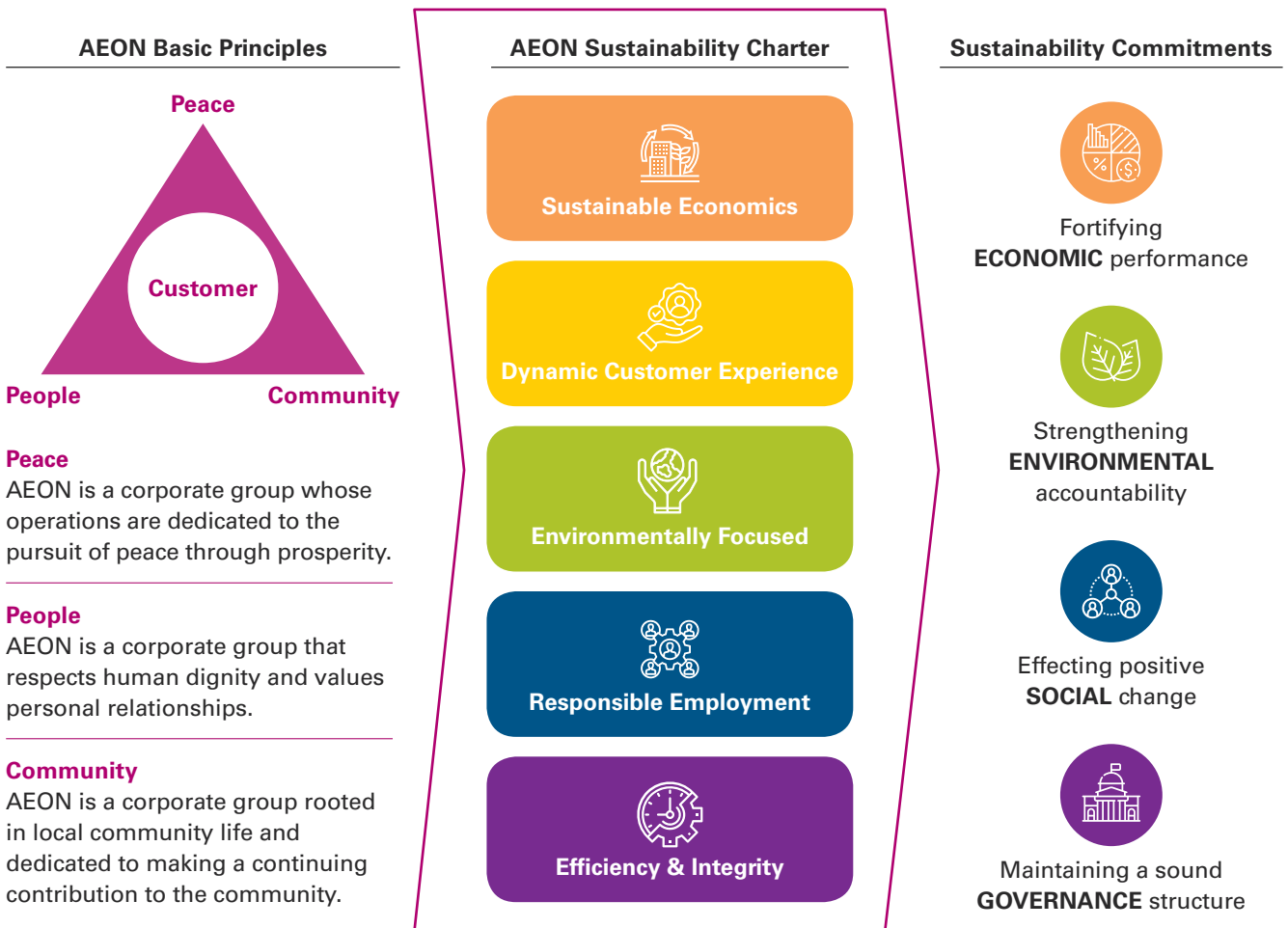
We utilise the icons below throughout this report to link our capitals to material matters and key business risks to our strategies and operations:

INVESTED CAPITALS	MATERIAL MATTERS		
 Financial	 MM1 Product Quality, Assurance & Safety	 MM7 Climate Change	 MM13 Labour Practices
 Human	 MM2 Supporting SMEs	 MM8 Energy Efficiency	 MM14 Health, Safety & Well-being
 Manufactured	 MM3 Supply Chain Management	 MM9 Water Efficiency	 MM15 Training & Development
 Intellectual	 MM4 Customer Relationship Management	 MM10 Waste Management	 MM16 Community, Contribution, Support & Engagement
 Natural	 MM5 Digitalisation	 MM11 Preserving Biodiversity	 MM17 Governance, Ethics & Integrity
 Social & Relationship	 MM6 Business Innovation	 MM12 Diversity & Equity	 MM18 Data Governance & Security

OUR SUSTAINABILITY APPROACH

SERVING AS THE CORNERSTONE OF OUR SUSTAINABILITY APPROACH, THE AEON BASIC PRINCIPLES OF PURSUING PEACE, RESPECTING HUMANITY AND CONTRIBUTING TO THE LOCAL COMMUNITY, ALL WITH A CUSTOMER-CENTRIC FOCUS, HAVE INFLUENCED AND SHAPED THE AEON SUSTAINABILITY CHARTER (ASC). THE ASC OUTLINES OUR KEY FOCUS AREAS AND ALIGNS OUR INITIATIVES TOWARDS BUILDING A SUSTAINABLE BUSINESS WHILE GUIDING US ON OUR SUSTAINABILITY JOURNEY.

Led by the ASC and our Vision of 'Creating Smiles and Connecting Hearts', we strive to operate and grow our business in a sustainable and responsible manner. Harnessing our six capitals and value creation model, our approach involves harmonising our strategic priorities with our sustainability commitments, to strengthen our ecosystem and create long-term sustainable outcomes for stakeholders. These include fortifying the Company's economic performance, strengthening our environmental accountability, as well as effecting positive social change in our community, while maintaining a sound governance structure throughout the process.



For more information on our six capitals and value creation model, please refer to pages 32 to 33 of this IAR 2023.

OUR SUSTAINABILITY APPROACH

REPORTING FRAMEWORK AND INDICES

Our sustainability-related disclosures are in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements and have been prepared with reference to the Global Reporting Initiative (GRI) Standards 2021, Bursa Malaysia's Enhanced Sustainability-related Disclosures, and the United Nations Sustainable Development Goals (UNSDGs). The GRI Content Index can be found on our corporate website at <https://aeongroupmalaysia.com/our-sustainability-performance>

AEON remains a constituent of the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index for the second consecutive year.

We are actively working to bridge the gaps in our sustainability efforts by comparing our processes and outcomes with those of industry leaders. This approach ensures continuous improvement and alignment with best practices in sustainability.

SCOPE AND BOUNDARIES

The scope of our sustainability disclosures covers AEON's operations in Malaysia, detailing our economic, environmental, social and governance performance. The reporting period spans 1 January 2023 to 31 December 2023 and focuses on the most pertinent sustainability-focused projects, initiatives, and activities undertaken by AEON during FY2023.

GOVERNANCE

AEON's sustainability governance is integrated into the Company's broader corporate governance framework, thus ensuring that sustainability is an integral aspect of our overall strategic vision. The Company's sustainability agenda is helmed by the Board of Directors (BOD) and Board committees whose roles have been expanded to include our sustainability commitments.

This responsibility is supported by the Sustainability and Risk Management Committee (SRMC), which was established in May 2023. The establishment of the SRMC, which segregated from the previous Audit and Risk Management Committee (ARMC), represents a strategic

move to place a stronger and more focused emphasis on sustainability and risk management within the Company's governance structure. The SRMC's role is pivotal in overseeing sustainability strategies, ensuring AEON's operations reflect its commitment to environmental stewardship, social responsibility, and ethical conduct, aiming to meet sustainability targets and make a positive global impact.

For more information on our sustainability governance, please refer to pages 109 to 110 of the Governance section.

MATERIAL MATTERS

In FY2023, we conducted a materiality assessment to refresh the essential matters which are important to both our business and stakeholders. This evaluation was carried out through a comprehensive review involving industry benchmarks, the operational environment, and our internal procedures. We identified 18 material matters, of which five were ranked as top priority for their significance in managing our Economic, Environmental, Social and Governance (EESG) risks and opportunities effectively. We have also updated our materiality matrix, where necessary, to reflect changes in the sustainability landscape.

These identified material issues have been integrated into our EESG Pillars and strategic objectives to ensure our sustainability efforts are aligned with our broader business goals. This alignment also allows us to weave sustainability into the fabric of our everyday operations, thereby fostering long-term value for our stakeholders.

For more information, please refer to the content on Material Matters on pages 49 to 50.

INDEPENDENT ASSURANCE

Independent assurance allows us to ensure the accuracy, objectivity and transparency of the sustainability-related disclosures in this IAR 2023. As such, an independent limited assurance on seven of our indicators was conducted by KPMG PLT. For more details on the scope of this initiative and the resulting observations, please refer to the full independent limited assurance report on pages 205 to 208.

CHOICE OF GENERATIONS

Serving Every Age and Meeting Every Need



01

ABOUT AEON

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OUR VISION AND MISSION

AEON CO. (M) BHD. (AEON) IS PART OF THE AEON GROUP OF COMPANIES IN MALAYSIA WHICH IS 51.7% OWNED BY AN INTEGRATED HOLDING COMPANY BASED IN JAPAN, AEON CO., LTD., WHICH EMPLOYS APPROXIMATELY 570,000 AEON PEOPLE AND OPERATES IN 14 COUNTRIES WORLDWIDE.



AEON was incorporated in Malaysia on 15 September 1984 in response to the Malaysian Government's invitation to help modernise the country's retail industry. Currently, we manage and operate a retail chain of departmental stores, supermarkets and pharmacies with an extensive range of products such as daily essentials, household items, apparel, pharmaceuticals, flat-price shops and other merchandise. AEON also offers a personal shopper service, drive-thru service and delivery service via our myAEON2go e-commerce platform for fast, efficient, safe and low-contact shopping in our effort to seamlessly adopt Online-Merge-Offline (OMO).

AEON's chain of stores strives to satisfy the ever-changing needs and desires of our customers. Guided by our 'Customer First' philosophy and the Company's understanding of our customers' needs, we endeavour to provide an optimal product mix that surpasses customers' expectations and enhances their experience every time they shop at AEON.



VISION

To create smiles and connect hearts



MISSION

To excite customers' experience that brings joy and happiness



VALUES



With **EMPATHY**, we **LISTEN**



With **COMPASSION**, we **RESPECT**



With **INTEGRITY**, we **TRUST**

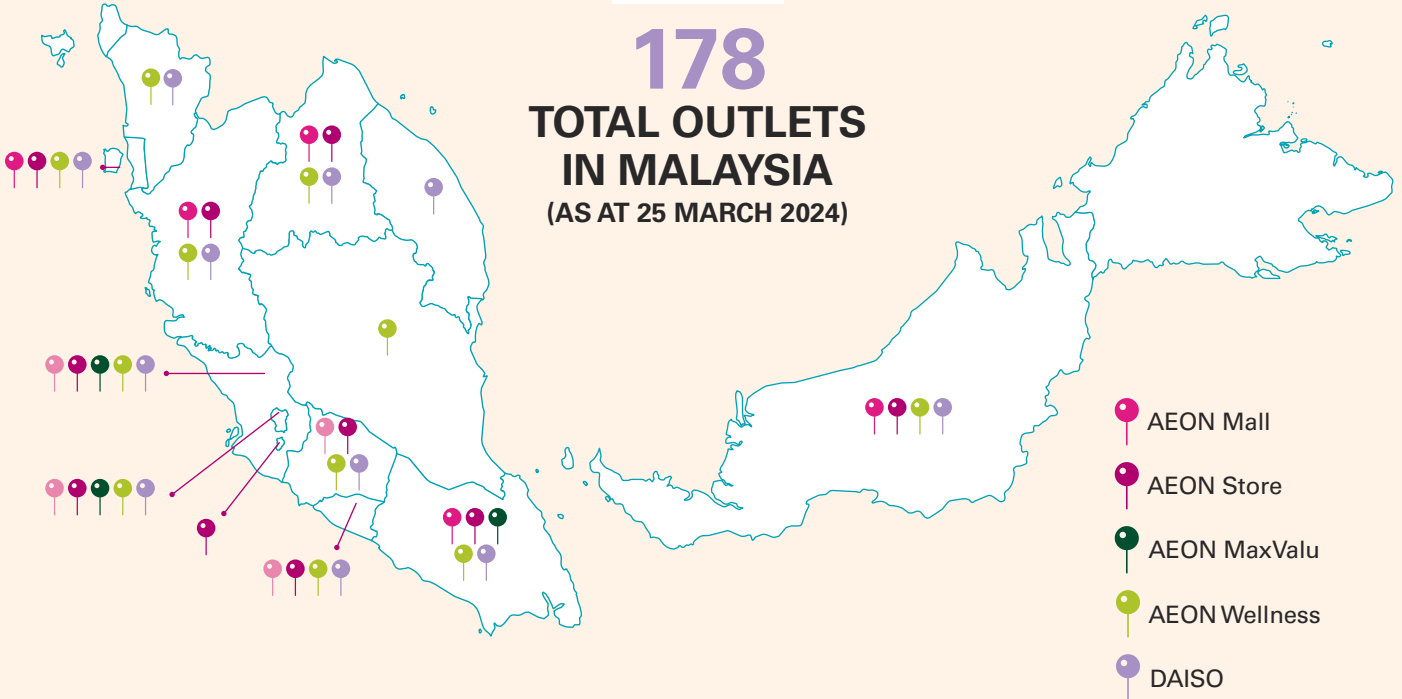


With **KINDNESS**, we **ACT**

OUR PRESENCE



178
TOTAL OUTLETS
IN MALAYSIA
 (AS AT 25 MARCH 2024)



KEDAH

- 2 AEON Wellness
- 1 DAISO

PENANG

- 1 AEON Mall
- 2 AEON Store
- 3 AEON Wellness
- 3 DAISO

PERAK

- 5 AEON Mall
- 6 AEON Store
- 7 AEON Wellness
- 5 DAISO

SELANGOR

- 6 AEON Mall
- 9 AEON Store
- 2 AEON MaxValu
- 15 AEON Wellness
- 12 DAISO

KUALA LUMPUR

- 4 AEON Mall
- 5 AEON Store
- 4 AEON MaxValu
- 16 AEON Wellness
- 9 DAISO

PUTRAJAYA

- 1 AEON Store

NEGERI SEMBILAN

- 2 AEON Mall
- 2 AEON Store
- 2 AEON Wellness
- 3 DAISO

MELAKA

- 2 AEON Mall
- 2 AEON Store
- 2 AEON Wellness
- 2 DAISO

JOHOR

- 6 AEON Mall
- 6 AEON Store
- 1 AEON MaxValu
- 10 AEON Wellness
- 5 DAISO

KELANTAN

- 1 AEON Mall
- 1 AEON Store
- 1 AEON Wellness
- 1 DAISO

TERENGGANU

- 1 DAISO

PAHANG

- 2 AEON Wellness

SARAWAK

- 1 AEON Mall
- 1 AEON Store
- 4 AEON Wellness
- 2 DAISO

AEON MALL

28

AEON

35



7



64

DAISO

44

OUR OFFERINGS

AEON MALL



AEON Mall offers different attractions featuring local and international brands with a unique product mix to cater to our customers' needs under one roof. Being the pulse point for the surrounding community, AEON Mall is primarily visited for shopping, as well as for relaxation, social gatherings, green spaces, F&B, fun and entertainment. Oftentimes, the renowned festive sales at AEON Mall create enormous attraction and increased footfall for greater bargains.

Being one of Malaysia's largest mall operators, there are 28 AEON Malls nationwide with supermarkets, fashion boutiques, pharmacies, household items, bistros and cafes, cinemas, accessories, deco and gift shops and many more for AEON customers to explore.

AEON Mall offers affordable retail spaces across 13.4 million sq ft, inviting aspiring tenants to join our vibrant community. Multi-scheme rental rates are available in our continuous effort to support tenant partners to grow their businesses together with us. In line with the Government's aspiration to develop SMEs, we have embarked on various initiatives in collaboration with ministries, local authorities and state agencies such as the Ministry of Domestic Trade and Cost

of Living (KPDN), Lembaga Pemasaran Pertanian Persekutuan (FAMA), Majlis Amanah Rakyat (MARA), etc.

AEON Mall offers accessibility by being conveniently located near public transportation and providing facilities friendly to persons with disabilities (OKU).

For improved business operations, the e-Tenant Portal is made available to all tenant partners as the business automation solution catering to the management of billings, data analysis, feedback, and inventories.

Strategic advertisement spaces are also available at AEON Malls for tenant partners to leverage in enhancing their brand presence.

In FY2023, AEON Mall attracted a total of 403 new tenants, including 85 tenants who are making their debut in AEON. This achievement is attributed to the mall's strategy of expanding its offerings, particularly in categories catering to the preferences of young generations, as well as enhancing its selection of food and beverages and entertainment options.

OUR OFFERINGS



AEON Delicatessen



AEON Store comprises the General Merchandise Store (GMS) and Supermarket sections that have something for every customer at every time. In essence, it serves as a one-stop destination for urban and suburban households to meet their daily needs. From fresh vegetables brought straight from local vegetable farmers to freshly prepared ready-to-eat meals and a wide range of goods and services including Softline and Hardline merchandise, they are all being offered at reasonable prices inspired by sustainable living.

All 35 AEON Stores nationwide aim at delivering a complete lifestyle value proposition for our customers amid a convenient and conducive shopping environment. AEON Store presents various reputable in-house brands to meet customers' needs including TOPVALU, Inner Casual and HÔME CÔORDY.

The Delicatessen at AEON Store caters to the growing demand for ready-to-eat meals, offering a wide range of speciality food choices from sushi, bento, roast chicken, desserts, hot snacks, healthy drinks and many more. The dishes served at the Delicatessen are certified halal and are freshly prepared on an hourly and daily basis. Delicatessen aims to be the destination of choice for those looking for quality and affordable family outings.

The Coco Café is a kopitiam-like eating place with a warm ambience at AEON Store that caters to customers who would like to savour light meals such as toasted bread, half-boiled or poached eggs, nasi lemak and hot drinks.

The halal-certified La Boheme at AEON Store offers an array of oven-fresh breads and bakery-related products including pastries and puddings. Customers can be assured of tasty and good-quality products served daily in a cosy setting.

In 2023, La Boheme proudly introduced two new category ventures - La Boheme Coffee and La Boheme Desserts: Sucrée Amor. La Boheme Coffee is now available at selected AEON Stores, including AEON Putrajaya, AEON Melaka, AEON Bandaraya Melaka, AEON Rawang, AEON Cheras Selatan and AEON Mid Valley. La Boheme Coffee stands out for its unique coffee blend of mixed beans, namely Brazil Cerrudo, Columbia Huila, and Indonesia Sumatra, roasted to perfection.

Sucrée Amor is derived from the French language which translates to 'the endearment of sweetness'. Sucrée Amor takes pride in curating a top notch range of desserts. The desserts are available at selected AEON Stores namely AEON Putrajaya, AEON Melaka, AEON Cheras Selatan and AEON Mid Valley.

OUR OFFERINGS



AEON MaxValu outlets are located in densely populated neighbourhoods for customers' daily shopping convenience, making it a breezy and pleasant experience for everyone. Downscaled in built-up area, it reflects on the concept of providing maximum value in terms of an extensive range of premium fresh produce and quality goods with value for money, anchored on providing special attention to all customers.

AEON MaxValu outlets offer a wide array of groceries and food products that cater to diverse customers' needs. It also offers a variety of general merchandise items such as apparel, household goods, and electrical appliances at reasonable prices. Since the first outlet was established in 2005, we now have seven AEON MaxValu outlets offering customers a pleasant and personalised shopping experience.



AEON Wellness is the go-to hub for all things related to healthy living, beauty care and personal hygiene. Guided by the vision to inspire health and beauty transformation, AEON Wellness offers quality selections and personalised services that lead to a smile for every person. As AEON Wellness evolves into an all-inclusive pharmacy chain, it also ensures an elevated shopping experience and uncompromising service excellence. With the tagline of 'Be Healthy, Be Beautiful', its dedicated team of in-store Pharmacists and Beauty Advisors provide professional consultation services, addressing the increasing awareness of the significance of health and beauty.

Selected AEON Wellness provides skin analysis and health checks, along with services such as smoking cessation, uric acid, lipid profile, and glucose tests. Additionally, customers can also receive diet and supplement advice for managing the three highs – high blood pressure, high cholesterol, and high glucose levels.

In addition to in-store purchases, customers can conveniently make online transactions through the myAEON2go platform and foodpanda app for instant delivery services. Established in 2006, AEON Wellness has expanded to 64 outlets nationwide, upholding an unwavering commitment to top-notch services and product offerings to ensure customer satisfaction throughout its growth.

OUR OFFERINGS

DAISO



DAISO by AEON opened its first outlet in Malaysia in 2010 at AEON Mall Bandaraya Melaka. With 44 outlets nationwide, these flat-price stores offer customers a one-stop shopping service with more than 8,000 products across multiple categories.

Known for their affordability, quality and uniqueness, DAISO's products range from household and living to kitchen, gardening, cosmetics, stationery, decorative items and many more.

Customers also have the option to order online from selected DAISO stores via the foodpanda app.

myAEON2go



In meeting today's ever-evolving consumer habits, the platform is equipped with a recommendation feature, powered by Machine Learning algorithms that surface relevant products that might interest individual consumers based on their purchasing trends to drive purchases and enhance customer service levels. With myAEON2go, customers can browse through a wide range of products and complete their purchases in just a few clicks.

Many exciting and exclusive promotions are offered to encourage purchases via myAEON2go. These also promote new sign-ups to the app. Customers can choose to receive their orders via delivery on the same day or at a desired timeslot. Moreover, myAEON2go also offers a seamless shopping experience with the options for self-pickup at designated collection points.

Soon, myAEON2go will be expanding its express delivery services to cover the entire Peninsular Malaysia. This significant move aims to bridge the gap for customers who face challenges visiting our physical stores. We are actively innovating myAEON2go to welcome partners, thereby enriching our platform with more offerings and fostering a vibrant and inclusive online marketplace. This strategic development not only diversifies our catalogue but also elevates the overall shopping experience for our valued customers.

Our e-commerce platform, myAEON2go provides customers with access to AEON's wide assortment of products while acting as a one-stop shop for customers to purchase all their daily needs at their fingertips. This platform complements physical shopping by providing customers with a hassle-free shopping experience from the comfort of their homes. Orders are handpicked by a dedicated team once a customer places an order online.

OUR OFFERINGS



Established in Malaysia in 2013 and subsequently gaining prominence as the foremost private brand in Japan, TOPVALU has distinguished itself through its unwavering commitment to delivering not only trusted quality but also introducing innovative ideas and a sense of excitement to its customers, which adheres rigorously to the stringent AEON quality standards.

TOPVALU Malaysia takes pride in its commitment to Halal compliance and ensures that our locally developed products meet Halal standards. In a marketplace saturated with choices, TOPVALU stands out by offering not just products but an experience rooted in trust and quality. Our dedication to providing great value ensures customers enjoy the best value and price. With TOPVALU, trust becomes synonymous with quality, and quality becomes a foundation of trust. It's a relationship that goes beyond a mere transaction – it's a commitment beyond measure.

OUR OFFERINGS

iC
innercasual



Inner Casual (iC) is an athleisure brand of AEON from Japan. From its smart fabric technology that champions how clothing can enhance an active lifestyle plus ensuring that these added values are easy on the budget, iC also prioritises maintaining high comfort to fit into customers' daily lifestyles. Made from eco-friendly, 100% organic cotton, iC is designed to be anti-odour, and anti-bacterial, with UV protection plus its garments are guaranteed for high sweat absorption and quick drying ability.

There are three distinctive styles in iC: ActiveWear, PeaceFit, as well as the Sustainable fashion range in collaboration with the British designer and activist, Katherine Hamnett, a pioneer in ethical fashion. 'SAVING THE PLANET' is the message on many iC tees print that embodies Katherine Hamnett's will and passion to protect the earth and the environment that nurtures it.

QUALITY AND TRUST
TOPVALU
HÓME CÓORDY



HÓME CÓORDY is AEON's home fashion brand which offers a wide range of products for dining, living, bedroom, bathroom, and kitchen spaces. HÓME CÓORDY designs are simple and timeless, using white, blue, and grey colours to harmonise with nature and life. HÓME CÓORDY's offerings are known for four key qualities: simple design, Japanese craftsmanship, multi-functionality, and seamless coordination. HÓME CÓORDY would be the top choice for customers who value minimalist design, quality, versatility, and blending with other decor.

Beyond aesthetics, HÓME CÓORDY aims to elevate any space into a warm and inviting sanctuary. HÓME CÓORDY firmly believes that a well-designed and comfortable home is essential for fostering a happy and healthy lifestyle.

OUR ACHIEVEMENTS

JAN

1 January
Zero Plastic Bag Campaign



AEON has embraced a sustainable initiative by eliminating the use of plastic bags across all its stores, encouraging customers to either bring their reusable bags or choose from a selection of reusable bags available for purchase at AEON outlets.

13 January
Bronze Award - Retail



AEON received the Bronze Award in the Retail category at the Prestigious Putra Brand Awards.

FEB

1 February
Launch of 'Everyday Fresh
Everyday Low Price'



The campaign aims to provide customers with consistent and affordable prices for fresh goods all year round at all AEON Stores and AEON MaxValu, as well as myAEON2go.

25 February
Outstanding Business and Service Award



Alumni Look East Policy Society (ALEPS) has bestowed this award upon AEON in recognition of its exemplary performance, dedication to quality service, and positive impact on the business landscape.

MAR

2 March
AEON Putrajaya Store Opening



AEON expanded its footprint with the grand opening of its general merchandise store at IOI Putrajaya. The store boasts four levels of retail space, offering a comprehensive range of products and services.

6 March
AEON Launches Rahmah Raya



AEON Rahmah Raya is part of the Payung Rahmah programme to help people cope with the rising cost of living while stimulating the country's economy.

APR

13 April
AEON collaborates with Tenaga Nasional Berhad and GSPARX for a greener future



AEON inked a Supply Agreement for Renewable Energy (SARE) with Tenaga Nasional Berhad (TNB) and GSPARX Sdn. Bhd. (GSPARX) to implement solar photovoltaic systems across its nationwide network of AEON shopping malls.

20 April
New DAISO outlet



DAISO opened its new outlet at Setia City Mall.

OUR ACHIEVEMENTS

MAY

20 May
Malaysia-Japan Friendship Forest Programme in Bidor, Perak



AEON completed the final phase of the Malaysia-Japan Friendship Forest Programme in Bidor, Perak by planting 12,000 trees. In total, 30,000 trees were planted in 10 years.

JUN

23 June
AEON FWD: Business Partners and Suppliers Conference



A platform to connect, collaborate, and move forward collectively, AEON's Business Partners and Suppliers were given insights into AEON's 2024 planning and beyond.

24 June
AEON Fashion Preview June23 Edition: Largest Fashion Show



534 individuals took the runway at AEON Fashion Preview 2023 held in IOI City Mall, Putrajaya setting a Malaysia Book of Records for the most models in a fashion show.

JULY

25 July
New DAISO outlet



DAISO opened its new outlet at AEON Mall Seremban 2.

AUG

18 August
MaxValu Sunway Velocity Reopening



The new MaxValu Sunway Velocity is the first MaxValu outlet to offer HÓME CÓORDY, La Boheme, Coco Café and a live hydroponic farming area.

SEP

6 September
Silver Award for Best Experiential Marketing 2022 - 2023



AEON Mall was honoured with the Silver Award for Best Experiential Marketing 2022-2023 (Category B) by the Malaysia Shopping Malls Association (PPK Malaysia).

17 September
Mid-Autumn Festival 2023



AEON celebrated the Mid-Autumn Festival with an extraordinary array of over 200 mooncake varieties. This remarkable event was witnessed by the Malaysia Book of Records.

OCT

5 October
AEON joins forces with foodpanda to elevate Q-commerce



AEON expanded its presence online by making AEON Wellness and DAISO products available through the foodpanda app.

10 October
New DAISO outlet



DAISO opened its new outlet at the Main Place Mall.

OUR ACHIEVEMENTS

NOV

1 November Reopening of AEON Melaka Shopping Centre



AEON Melaka Shopping Centre underwent a major rejuvenation and adopted a fresh new look to cater to the customers' needs.

9 November AEON x Ministry of Health: Colours of Life



The Ministry of Health has appointed AEON as one of the 'Nutrihub' supermarkets that play a role in assisting in nutrition advocacy activities at the supermarket premises level.

16 November New AEON Wellness Outlet



AEON Wellness opened its new outlet at AEON Melaka Shopping Centre.

24 November Forward Faster Sustainability Awards: Partnership for the Goals Recognition



AEON has been recognised for its commitment to sustainability at the Forward Faster Sustainability Awards organised by UN Global Compact Network Malaysia & Brunei, specifically earning recognition for its impactful contributions towards the Partnership for the Goals initiative.

DEC

1 December Reopening of AEON Mall Cheras Selatan



AEON Mall Cheras Selatan continued to provide a seamless shopping experience to our customers by enhancing our malls with cutting-edge facilities, infused with a modern touch including new tenants.

6 December Coca-Cola Malaysia x AEON Malaysia x Hiroyuki Industries x Trash4Cash Recycle Me! Campaign 2023



A media launch event of the 'Recycle Me!' Campaign was held at the Equatorial Plaza, KL. The campaign encourages the public to collect PET bottles in exchange for cash rewards based on their contributions.

10 December AEON in United Nations Climate Change Conference, COP28 UAE



AEON was elected as the Panel of Advisory for COP28 under the Trade & Industry Cluster by the Ministry of Natural Resources, Environment, and Climate Change (NRECC). We also shared our insights on sustainability by participating as panelists in both 'Circularity in the City' and 'Greening Supply Chain' sessions.

22 December New AEON Wellness Outlets



AEON Wellness opened three new outlets in a week in Kiara Bay, Kepong, Rain Tree Rain at The Era, Duta North and AEON Mall Seri Manjung.

STORIES OF LIFE

Cultivating Experiences, Connecting Communities



02

KEY MESSAGES

- 18 Letter from The Chairman
- 22 Letter from The Managing Director
- 29 5-Year Financial Highlights

LETTER FROM THE CHAIRMAN



AEON is poised to intensify its efforts in delivering an exceptional shopping experience to customers while creating long-term sustainable value for our stakeholders.



DATUK ISKANDAR SARUDIN

Independent Non-Executive Chairman



LETTER FROM THE CHAIRMAN

Dear Valued Shareholders,

I am delighted to report that AEON attained key milestones and made solid progress in FY2023. Supported by a dedicated team of AEON People, we deepened customer relationships by serving Malaysians across all segments within our community – creating more smiles while connecting more hearts along the way. Navigating through this soft economic environment, we take comfort that our AEON Living Zone ecosystem continues to strengthen our resilience while enabling us to capture new opportunities.

NAVIGATING THROUGH A DYNAMIC RETAIL LANDSCAPE

The ongoing geopolitical tension continues to disrupt global supply chain while the tightening of monetary policies across global markets to suppress inflation have resulted in the slowing of global economic growth. Back home, our local economy is weighed down by elevated cost pressures and a weakened currency, directly impacting consumer spending behaviour as well as the dynamics of the retail landscape in Malaysia.

Reflective of the market landscape and sentiment, the Malaysian economy grew 3.7% in 2023, a sharp decline from the 8.7% recorded in 2022 primarily due to the high base effect from the pent-up demand arising from the reopening of the Malaysian economy post-pandemic. Although footfall to shopping malls has been increasing since the reopening, consumers' purchasing power has softened due to the ongoing macro headwinds including inflation and interest rate hikes.

Cognisant of the interplay between the macroeconomy and industry forces, we leverage the AEON Living Zone ecosystem to serve customers while differentiating ourselves from the rest. By putting customers at the heart of our business, we are able to establish a deep connection with our diverse customer base through understanding their evolving needs and providing them with products and services that cater to their unique preferences and needs. Increasingly, we are also allocating greater resources towards ESG priorities including climate change and worker well-being, ensuring business sustainability to allow us to create and deliver long-term sustainable value to our stakeholders.

REWARDING SHAREHOLDERS

Catering to Malaysians across all age groups, our 35 AEON Stores and 28 AEON Malls with a net lettable area of 13.4 million square feet, continue to attract healthy customer footfall, underpinned by a strong set of products, services and tenant mix that offers something for everyone. Our operational strategies continue to drive innovation and promote synergies across our businesses, enabling us to introduce new offerings and opportunities that appeal not only to our customers but also to tenants, business partners, suppliers as well as employees. Our digital transformation initiatives also ensure we provide a seamless shopping experience for customers while increasing our appeal to the younger customer segment. These measures are enabling us to cultivate long-term loyalty and trust with our customers, future-proofing AEON while further strengthening the AEON brand.

Revenue

FY2023

RM4,129.0m

FY2022: RM4,141.1m

Net Profit

FY2023

RM114.8m

FY2022: RM111.2m

Proposed Dividend Per Share

FY2023

4.0 sen

FY2022: 4.0 sen

Proposed Dividend Payout Ratio

FY2023

49%

FY2022: 50%

LETTER FROM THE CHAIRMAN

These strategies anchored AEON's competitiveness in the market and enabled us to deliver resilient results amid the changing business landscape. In FY2023, we recorded a net profit of RM114.8 million and the Board has recommended a final dividend of 4.0 sen per share, equivalent to RM56.2 million or a payout ratio of 49%, subject to shareholders' approval in the upcoming AGM. As we progress ahead, we are focused on executing our strategies, while prudently managing our cost base, to enable us to continue to reward our loyal shareholders through dividends and reinvest in our business to capture new opportunities.



CREATING SUSTAINABLE VALUE

At AEON, our commitment to sustainable growth is deeply anchored upon our foundational principles of pursuing peace, respecting humanity, and uplifting communities.

Starting at the top, to ensure that our Board is fit for purpose, it is imperative that Board diversity is maintained – not just in terms of gender, but also background, experience, skills, competencies and age. We have exceeded the 30% threshold for women representatives on our Board. Diversity has been shown to be a key contributor to board effectiveness, positively contributing towards better decision-making, risk management and engagement with the Management. For a more robust governance structure as well as greater oversight of the Company's sustainability journey and strategy, we have also separated the Audit and Risk Management Committee (ARMC) into two committees, namely the Audit Committee (AC) and Sustainability and Risk Management Committee (SRMC) to enable a greater focus on sustainability topics.

The AEON Sustainability Charter (ASC), established in 2022, continues to act as a blueprint that guides us on our sustainability journey ahead. The ASC outlines our ESG goals while ensuring ESG priorities and material matters are embedded as an integral part of our strategies and business decisions, maintaining a balance between financial returns as well as long-term business sustainability.

Our ESG priorities and goals are grouped under five core pillars, namely Environmentally Focused, Responsible Employment, Sustainable Economics, Dynamic Customer Experience and Efficiency & Integrity to enable us to focus our efforts and engage better with key stakeholders to realise meaningful, sustainable change.

To enhance transparency and accountability, we are integrating Bursa Malaysia's Enhanced Sustainability-related Disclosures as part of our sustainability reporting activities. In FY2023, we conducted a thorough materiality assessment to identify and refresh the key matters critical to our business and stakeholders. This assessment involved a comprehensive review of industry standards, our operational landscape, and internal processes. Following the review, we expanded our materiality matters from 12 to 18 with a keener focus on Environmental Stewardship.

These material matters are aligned with the ASC as well as our overall strategic priorities. This ensures that our approach to sustainability is seamlessly integrated into our daily business operations, contributing to the creation of long-term sustainable value for our stakeholders. Additionally, we have set sustainability performance targets that will enable us to continuously monitor our sustainability progress, allowing us to focus on the most relevant, material, and impactful ESG areas.

We are delighted to share that for the second year running, AEON was once again recognised as a constituent of FTSE4Good Bursa Malaysia (F4GBM) Index and the FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index in 2023, reaffirming our ESG practices and initiatives.

MOVING FORWARD INTO 2024 AND BEYOND

Looking ahead, AEON is poised to intensify its efforts in delivering an exceptional shopping experience to customers while creating long-term sustainable value for our stakeholders. Leveraging the AEON Living Zone ecosystem, our aim is to grow organically as well as through partnerships and collaborations with tenant

LETTER FROM THE CHAIRMAN



partners, suppliers and the AEON group of companies to optimise our value proposition. As we continue to strengthen our value proposition and competitive advantage in the industry, our priority is also focused on enhancing ESG practices to generate greater sustainable impact that benefits our community and environment.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to take this opportunity to extend our heartfelt appreciation to Dato' Tunku Putra Badlishah Ibni Tunku Annuar, Datuk Syed Ahmad Helmy Syed Ahmad, and En. Abdul Rahim Abdul Hamid who stepped down from our Board in May 2023. Our gratitude goes to them for their invaluable counsel and contributions to AEON during their tenure. We also warmly welcome Dato' Merina Abu Tahir, Ms. Jenifer Thien Bit Leong and En. Mohamad Abdul Naser Md Jaafar @ Yunus to our Board.

I would also like to express my gratitude to Mr. Keiji Ono, who resigned as the Managing Director on 29 February 2024. Thank you for your valuable contributions and we wish you all the very best in your new role with AEON Co., Ltd., Japan. Congratulations to Mr. Naoya Okada on his appointment as our new Managing Director. We are confident that he is the right person to lead AEON as we progress forward.

To all my fellow Directors, I am grateful for your unwavering support and counsel, especially for your wise counsel and contributions to the various Board Committees. I look forward to working together with all of you to drive AEON to greater heights.

To our esteemed customers, business partners, tenants, suppliers, regulators, financiers and shareholders, thank you for your unwavering support and patronage. Last but not least, to our team of AEON People – thank you for your dedication, tenacity and loyalty in ensuring that we continue to elevate customer experience by bringing joy and happiness to customers each time they visit our stores. As we celebrate AEON's 40th Anniversary this year, let us come together to connect more hearts and bring more smiles to every AEON customer.

Thank you.

Datuk Iskandar Sarudin

Independent Non-Executive Chairman

LETTER FROM THE MANAGING DIRECTOR



AEON delivered a strong financial performance in FY2023 amid a soft consumer market landscape. Revenue was stable at RM4,129.0 million as compared to RM4,141.1 million registered in FY2022 underpinned by growth in property management services segment.



MR. NAOYA OKADA

Managing Director



LETTER FROM THE MANAGING DIRECTOR

Dear Shareholders,

It is my pleasure and privilege to address you in my new role as Managing Director since my appointment on 1 March 2024. Having served as AEON's Deputy Managing Director and Chief Operating Officer since 2022, I hope to leverage my insights into the Company's strategies and operational dynamics to steer AEON to greater heights. Building upon our solid foundations and leveraging the steadfast support of AEON People, I am confident we will make strong strides forward in our journey towards sustained success.

In FY2023, AEON navigated the year with agility, executing a series of strategic initiatives across the retail business and property management services business, creating long-term value for shareholders while strengthening business sustainability. The execution of these priorities has not only reinforced our solid foundation as one of the leading retailers in Malaysia but is also helping drive growth across our businesses and future-proofing AEON.

NAVIGATING A DYNAMIC OPERATING ENVIRONMENT

2023 saw the gradual recovery of economic activities as businesses ramped up their operations momentum to sustain the demand surge experienced post-reopening of economies and travel borders worldwide in 2022. However, since the reopening of economies post-pandemic, Malaysia, along with the rest of the world, have been impacted by macroeconomic headwinds that threaten to impede the trajectory of recovery.

Throughout 2023, consumers grappled with cost of living issues while businesses contended with supply chain disruptions, inflation, interest rate hikes and forex volatility to maintain margins. Faced with these headwinds, Malaysia also recorded a weaker performance with GDP growth of 3.7% in 2023 compared to 8.7% in 2022. The sharp decline was also partly due to the high base effect from the pent-up demand arising from the reopening of the Malaysian economy post-pandemic in 2022.

AEON operates within the vibrant and competitive retail landscape in Malaysia and was not spared from the impact of the ongoing macroeconomic headwinds facing the industry. As a consumer-centric business, our operations are much dependent upon the general market sentiment and consumer confidence level. Amid the soft consumer landscape, we leveraged our strong set of core operational strategies to remain competitive and deliver resilient results.

FINANCIAL PERFORMANCE

Revenue and Profit

AEON delivered a strong financial performance in FY2023 amid a soft consumer market landscape. Revenue is stable at RM4,129.0 million as compared to RM4,141.1 million registered in FY2022 underpinned by growth in property management services segment.

FY2023 retail segment revenue moderated by 2% to RM3,454.3 million as compared to RM3,525.6 million in FY2022. This was primarily attributable to the normalisation of market trends after the surge in demand in the previous year due to special factors including the pent-up demand from the reopening of economic activities which led to accelerated purchasing decisions in FY2022. As the effects of these gradually tapered off in FY2023, we saw revenue aligning to a more normalised market behaviours. Consequently, our average basket size also moderated slightly to RM61.90 as shopping trend returned to normalcy as customers shop more frequently after pandemic restrictions were lifted.

As consumers continued to contend with rising financial pressure from macroeconomic headwinds in FY2023, we saw consumers reprioritised their spends from discretionary spends to focus more on basic necessities and essential items. This was evident from the softer sales in Softline and Hardline while Foodline sales increased in FY2023.

Retail

REVENUE:
FY2023

RM3,454.3m

FY2022: RM3,525.6m

Property Management Services

REVENUE:
FY2023

RM674.7m

FY2022: RM615.5m

LETTER FROM THE MANAGING DIRECTOR

Meanwhile, revenue from the property management services segment increased by 10% to RM674.7 million in FY2023 from RM615.5 million in FY2022, underpinned by improved occupancy rate at 93.2% and effective tenancy renewal rate of 95%, supported by our effective management and ongoing strategy of revitalising older assets.

We maintained stringent cost discipline and implemented stricter cost control efforts to counter the impact of increased electricity tariffs in FY2023. As a result, we recorded a stronger Profit After Tax (PAT) of RM114.8 million, an increase of 3.2% versus RM111.2 million in the previous year.

Balance Sheet

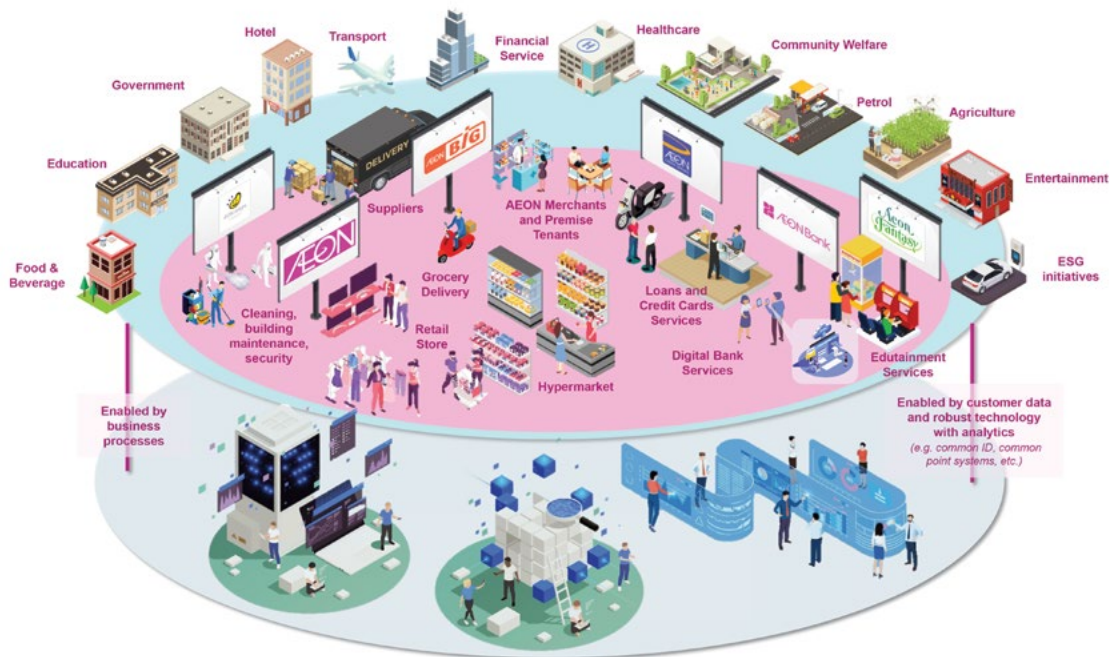
Our business remains cash-generative with a cash balance of RM100 million. We also pared down borrowings to RM420 million as of the end of FY2023 compared to RM498 million in FY2022.

We resumed our investment plans with a two-fold increase in our capital expenditure to RM380.6 million in FY2023. During the year, we opened our new GMS in Putrajaya and rejuvenated two AEON Malls, namely AEON Melaka Shopping Centre and AEON Mall Cheras Selatan. We also acquired the land in Kota Bharu, Kelantan where AEON Kota Bharu is located. Apart from this, we also invested in enhancing customer shopping experience through various major projects including mall facelifts and facilities upgrades alongside technology and system upgrades.

STRATEGIC PRIORITIES FOR SUSTAINABLE GROWTH

As our operating landscape changes, our strategic priorities are focused on ensuring AEON keeps pace with the latest retail trends in the market. Leveraging the AEON Living Zone ecosystem, we increased our adaptability, agility and ability to pivot our business to better serve and cater to changing customer demands as well as our tenant partners. These priorities also include product innovation and technology development centred around customers to improve the overall shopping experience.

AEON LIVING ZONE ECOSYSTEM AND STRATEGIC PRIORITIES



RETAIL

Growing Customer Base

- New Store Opening and Store Facelifts
- Segment and Differentiate Sales Areas
- Strengthen Customer Loyalty
- Broaden Private Brands



PROPERTY MANAGEMENT SERVICES

Increasing Footfall and Traffic

- Mall Rejuvenation and Facelifts
- Diversify Tenant Mix
- Effective Tenant Management
- Thematic Marketing



SUSTAINABILITY

Championing Sustainable Practices

- Fortifying Economic Performance
- Strengthening Environmental Accountability
- Effective Positive Social Change
- Maintaining a Sound Governance Structure

LETTER FROM THE MANAGING DIRECTOR

**RETAIL**

Guided by our 'Customer-First' philosophy, we aim to grow our customer base through enhancing product portfolio mix while leveraging technology to enrich the shopping experience for customers.

Growing Customer Base, Strengthening Brand Loyalty

In line with our plans to grow our customer base, we opened AEON Putrajaya in the first quarter of 2023 to serve the surrounding community and welcomed our 35th AEON store at Setia Alam on 18 March 2024.

We continued to invest in store facelifts and renovations to cater to a wider customer base. We also introduced innovative store formats such as Kids Republic, a dedicated section housing kids apparel, toys and kids-related products across our general merchandise store to make shopping more intuitive for customers. Products and services offered across different AEON Stores also varied slightly from one to another, segmented and differentiated by store based on the demands of the surrounding community. This allowed us to offer a unique and varied shopping experience, catering to a broader spectrum of customers by addressing customers' distinct shopping needs and preferences.

Additionally, to strengthen customer loyalty, we continued to enhance our AEON MEMBER Plus loyalty programme by collaborating with renowned brands such as Tupperware and Chef Wan Neoflam for specially-curated products made available to AEON members at privileged offers. We also continued to roll out a variety of deals such as 'Everyday Fresh Everyday Low Price' and

'Thursday is Better than Friday' promotions to offer more value to customers.

We also broadened our suite of products, including an extensive range of private brands such as TOPVALU, Inner Casual and HÓME CÓORDY to cater to the growing demand for quality and affordability. We also refreshed La Boheme's brand image and expanded the product range to include new categories like premium desserts and coffee. The Delicatessen was reimagined as a family-friendly destination, and we boosted in-store visibility through engaging customer events.

PROPERTY MANAGEMENT SERVICES

Throughout FY2023, our Property Management Services team continued to revitalise our existing assets and actively collaborated with our tenant partners on various programmes and initiatives.

Bolstering Tenant Growth, Increasing Customer Footfall

We rejuvenated AEON Melaka Shopping Centre and AEON Mall Cheras Selatan in FY2023, upgrading their facilities to elevate customer comfort and convenience. These rejuvenation projects resonated well with customers with sales in the respective reopening months for AEON Melaka Shopping Centre and AEON Mall Cheras Selatan increasing by more than 60% and 25%, respectively. These rejuvenation projects also involved the re-zoning of lettable areas, resulting in a more streamlined tenant layout across these malls. Common facilities such as toilets, baby rooms as well as prayers facilities were also upgraded to offer greater comfort to our customers.

LETTER FROM THE MANAGING DIRECTOR



We also diversified our tenant mix to offer a more holistic shopping experience. By focusing more on lifestyle, food, sports, health, and beauty offerings, we aimed to attract the younger customer demographic, enriching their shopping experience with variety and quality. The addition of more than 400 new tenants in FY2023, with a notable increase in F&B options strengthened our tenant mix, making AEON a one-stop shop for all our customers' needs.

Furthermore, we intensified our efforts to increase tenant renewals and occupancy rates which are crucial for the sustained success of our malls. We continued to maintain a hybrid rental structure with our tenants, providing tenants both operational and financial flexibility. This resonated well with our tenant partners and as a result of this, we achieved a tenant renewal rate of 95% with an occupancy rate of 93.2%, exceeding pre-pandemic levels. Operational efficiency and productivity in mall management were also enhanced, with a focus on improving waste, electricity, and water management, ensuring our malls remained attractive, efficient, and sustainable destinations for our diverse range of customers.

Throughout the year, we teamed up with our tenant partners on thematic marketing and promotional initiatives to drive footfall to our malls. In FY2023, we hosted unique events that not only made it to the *Malaysian Book of Records* including 'The Largest Spiderman Costume Gathering', 'Largest Banana Leaf Rice Eating Session' and 'The Largest Baba and Nyonya Attire Gathering' but more importantly, these events drove tremendous footfall and led to higher sales for our retail business as well as tenants. These activities helped foster synergies within the AEON ecosystem and with our business partners, strengthening our overall offering.

STRENGTHENING DIGITAL TRANSFORMATION

In FY2023, AEON further strengthened its digital transformation initiatives, building on the previous year's foundations to enhance customer experience and operational efficiency.

We continued to enhance the myAEON2go platform to complement our customers' physical shopping experiences while driving digital sales, offering them the convenience of shopping online with the assurance of the quality and service they expect from AEON. In FY2023, we increased the product assortment on the myAEON2go app and continued to carry out same-day delivery to offer greater convenience for customers.

The AEON Wallet app enables customers to make payment, collect points, discover the latest promotions and locate the nearest AEON Stores around them. This creates a more enriching customer experience and helps foster long-term brand loyalty and trust.

Further expanding our online presence, we teamed up with the foodpanda app to expand customer reach and convenience. This collaboration enabled customers to shop across 49 of our speciality stores including AEON MaxValu, AEON Wellness and DAISO products from the app, providing them access to nearly 13,000 items at in-store prices online with doorstep delivery.

The expansion of self-checkout counters (SCO) terminals across our stores also streamlined the checkout process, significantly reducing wait times and improving overall store efficiency. Over 300 SCOs were installed across AEON Stores, AEON MaxValu, AEON Wellness and DAISO

LETTER FROM THE MANAGING DIRECTOR

outlets, achieving a utilisation rate of 28%, as compared to 182 SCOs with a utilisation rate of 10% in 2022.

CHAMPIONING SUSTAINABLE PRACTICES

AEON remains committed to championing ESG practices to drive sustainable and responsible growth. To this end, we are guided by the AEON Sustainability Charter (ASC) to enhance our economic performance, strengthen environmental responsibility and drive positive social impact, while maintaining a sound governance structure.

Operationally, FY2023 saw us focusing our efforts on reducing the Company's carbon footprint by managing our energy consumption and further embracing renewable energy sources. The installation of solar photovoltaic systems at our malls boosted our renewable energy generation efforts throughout the year.

We continue to advocate for better waste management solutions with our organic waste disposal system at AEON Alpha Angle, which enables us to convert organic waste into fertiliser. In January 2023, AEON launched the 'Say No to Plastic Bag' campaign to eliminate single-use plastic bags at AEON cashiers and checkout counters across all AEON Stores, AEON MaxValu, AEON Wellness and DAISO outlets nationwide.

Throughout the years, AEON has endeavoured to uplift the social well-being of our local community by creating

sustainable economies for the communities where we operate, and we continue to do so. Additionally, AEON continues to uphold a robust governance system across all stakeholder dealings and business activities.

For a clear and comprehensive overview of our sustainability efforts, kindly turn to the Sustainability section on pages 44 to 90 in this Integrated Annual Report.

OUTLOOK AND PROSPECTS

The retail industry is expected to experience a slower growth rate in 2024 weighed down by ongoing macro headwinds including the tightening of household income due to elevated cost pressures coupled with a weakened currency as well as ongoing global geopolitical tensions impacting global supply chains.

Consumer sentiment and discretionary spending are also likely to be affected by the revision of the service tax rate in 2024 along with the expected rollout of subsidy rationalisation in the second half of the year.

Amid the changing operating landscape, we stay guided by the AEON Basic Principles of pursuing peace, respecting people and contributing to the community by placing customers at the heart of our business, not just for long-term value creation, but more importantly, business sustainability.



LETTER FROM THE MANAGING DIRECTOR



In the Retail segment, AEON will continue to leverage an ambitious yet focused strategy – expanding our customer base, enriching our product portfolio mix, and continuing to enhance the myAEON2go platform to better serve customers. This strategy will create a harmonious blend of physical and digital retail experiences, tailored to meet the evolving needs of our consumers and enhance their shopping convenience.

On the Property Management Services front, we will continue to increase the value of our existing assets by upgrading our malls to modernise and provide better facilities to enhance customer shopping experience, while strengthening our tenant mix with greater tenant diversity. Our goal is to cultivate vibrant, appealing retail environments through exemplary mall management and set a new benchmark in the industry.

Last but not least, sustainability will remain an integral component of our overall business strategy. We are committed to elevating our ESG practices, with the ambition of achieving our ESG goals under the five core pillars of the ASC. We intend to make this commitment evident in every aspect of our operations, from adopting energy-efficient measures to enhancing waste and water management, implementing initiatives that positively impact communities while upholding strong governance practices, among other measures.

As AEON embraces FY2024, we envisage our journey will be one of aspiration and determination. We are poised to navigate the complexities of the marketplace, leveraging our strengths in retail and property management while advancing our sustainability and digitalisation agendas. We remain resolute in driving innovation, championing unparalleled customer experiences, as well as delivering resilient and sustainable growth. We are confident that our strategies will not only propel us forward in our journey ahead but also strengthen our core to future-proof AEON.

ACKNOWLEDGEMENTS

On behalf of the Company, I extend my deepest appreciation to our Chairman as well as other members of the Board and AEON Leadership Council for their unwavering guidance and strategic insights. A note of appreciation also goes to my predecessor, Mr. Keiji Ono, who resigned as Managing Director on 29 February 2024 and will be returning to AEON Japan to take on a new assignment. On behalf of the Company and management, thank you for your invaluable contributions, particularly in strategically strengthening the foundation of AEON's management structure, and we wish you every success in your future endeavours.

Our heartfelt thanks also goes out to our esteemed customers, business partners, tenants, suppliers, regulators, financiers and shareholders. Thank you for your unwavering support, patronage and confidence in AEON.

Last but not least, to our team of AEON People - thank you for your dedication, tenacity, trust, loyalty and ensuring that we continue to elevate customer experience by bringing joy and happiness to customers each time they visit our stores. Together, let us connect more hearts and bring more smiles to all AEON customers.

Thank you.

Mr. Naoya Okada
Managing Director

5-YEAR FINANCIAL HIGHLIGHTS

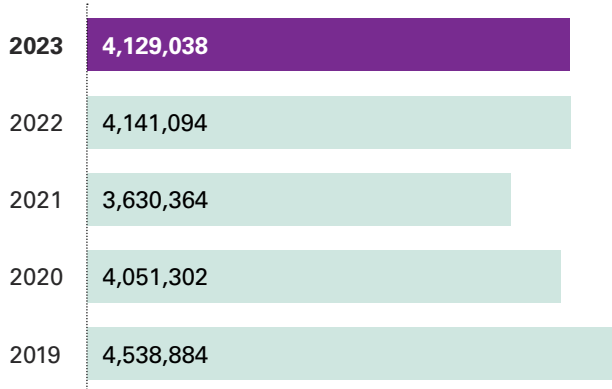
Year Ended 31 December	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
FINANCIAL PERFORMANCE					
Revenue	4,129,038	4,141,094	3,630,364	4,051,302	4,538,884
Retail	3,454,311	3,525,563	3,099,107	3,444,661	3,832,247
Property management services	674,727	615,531	531,257	606,641	706,637
EBITDA	711,077	759,931	724,652	746,127	843,402
Profit before tax	193,938	211,468	131,014	101,756	196,887
Profit after tax and attributable to owners of the Company	114,832	111,232	85,287	41,423	109,292
Net dividend	56,160	56,160	42,120	21,060	56,160
FINANCIAL POSITION					
ASSETS					
Property, plant and equipment and Intangible assets	3,129,532	3,003,477	3,171,171	3,376,593	3,659,183
Right-of-use assets	1,071,108	1,211,173	1,501,217	1,689,636	1,772,427
Investment	52,647	59,098	63,927	57,848	76,600
Deferred tax assets	183,148	180,639	168,264	147,071	120,059
Other non-current assets	17,915	18,238	18,101	18,424	19,024
Current assets	769,193	953,698	940,115	803,819	890,481
TOTAL ASSETS	5,223,543	5,426,323	5,862,795	6,093,391	6,537,774
EQUITY					
Share capital	702,000	702,000	702,000	702,000	702,000
Non-distributable reserves	50,704	57,392	62,221	54,698	64,636
Retained earnings	1,106,308	1,047,636	978,524	914,297	929,034
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,859,012	1,807,028	1,742,745	1,670,995	1,695,670
LIABILITIES					
Borrowings	419,995	497,776	728,333	933,580	928,660
Lease liabilities	1,623,904	1,779,411	2,064,988	2,230,339	2,293,098
Other liabilities	1,320,632	1,342,108	1,326,729	1,258,477	1,620,346
TOTAL EQUITY AND LIABILITIES	5,223,543	5,426,323	5,862,795	6,093,391	6,537,774
FINANCIAL INDICATORS					
Earnings per share (sen)	8.18	7.92	6.07	2.95	7.78
Net dividend per share (sen)	4.00	4.00	3.00	1.50	4.00
Net assets per share (RM)	1.32	1.29	1.24	1.19	1.21
Net debt to equity (%)*	17.22	14.41	30.69	51.60	50.82
Return to equity (%)	6.18	6.16	4.89	2.48	6.45
Price earning ratio	13.33	17.30	23.23	36.27	18.25
Share price as at 31 December (RM)	1.09	1.37	1.41	1.07	1.42

Note:

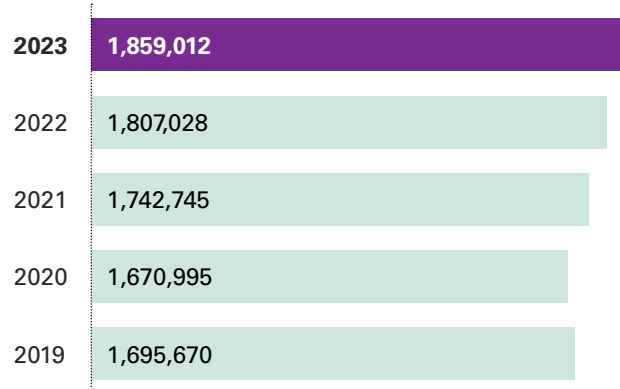
* Net debt to equity excludes lease liabilities.

5-YEAR FINANCIAL HIGHLIGHTS

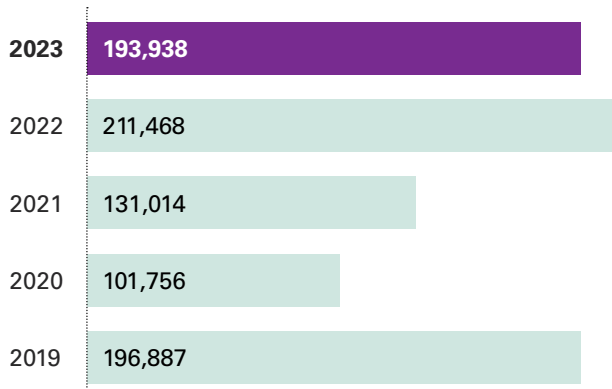
REVENUE (RM'000)



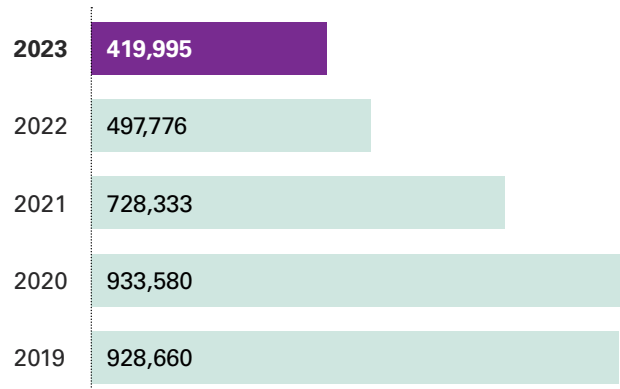
NET ASSETS (RM'000)



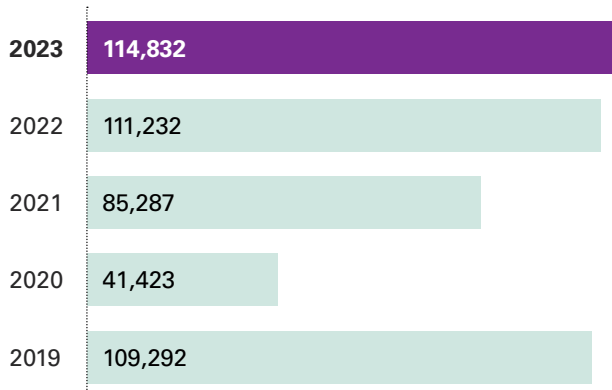
PROFIT BEFORE TAX (RM'000)



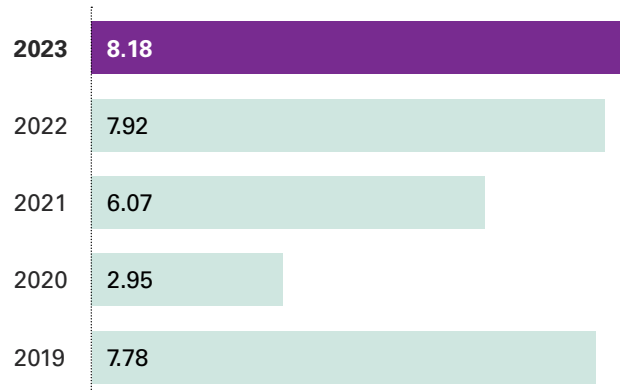
BORROWINGS (RM'000)



PROFIT AFTER TAX (RM'000)



EARNINGS PER SHARE (sen)



TOUCHPOINTS THAT TOUCH HEARTS

Where Smiles Greet and Hearts Meet



03

CREATING VALUE

- 32 Value Creation Model
- 34 Key Market Trends
- 37 Business Opportunities
- 40 Key Business Risks

VALUE CREATION MODEL

INPUT



FINANCIAL CAPITAL

Our strong financial performance and balance sheet enable us to reward shareholders with dividends and reinvest for future growth. We have ample access to financial markets and institutional lenders.



MANUFACTURED CAPITAL

Our extensive asset portfolio across Malaysia encompassing owned and leased malls, general merchandise stores, specialty stores and food processing centre enable us to reach, market and distribute our products to customers nationwide.



INTELLECTUAL CAPITAL

Our established and strong brand reputation of over 40 years including home-grown private brands, membership programmes as well as longstanding partnerships with tenants and businesses.



NATURAL CAPITAL

Running our business in a sustainable manner, we utilise natural resources responsibly and are mindful of our environmental footprint.



HUMAN CAPITAL

The collective knowledge, experience, competence and expertise alongside active recruitment, development and retention of AEON People to fulfil their personal potentials while championing diversity and inclusion.

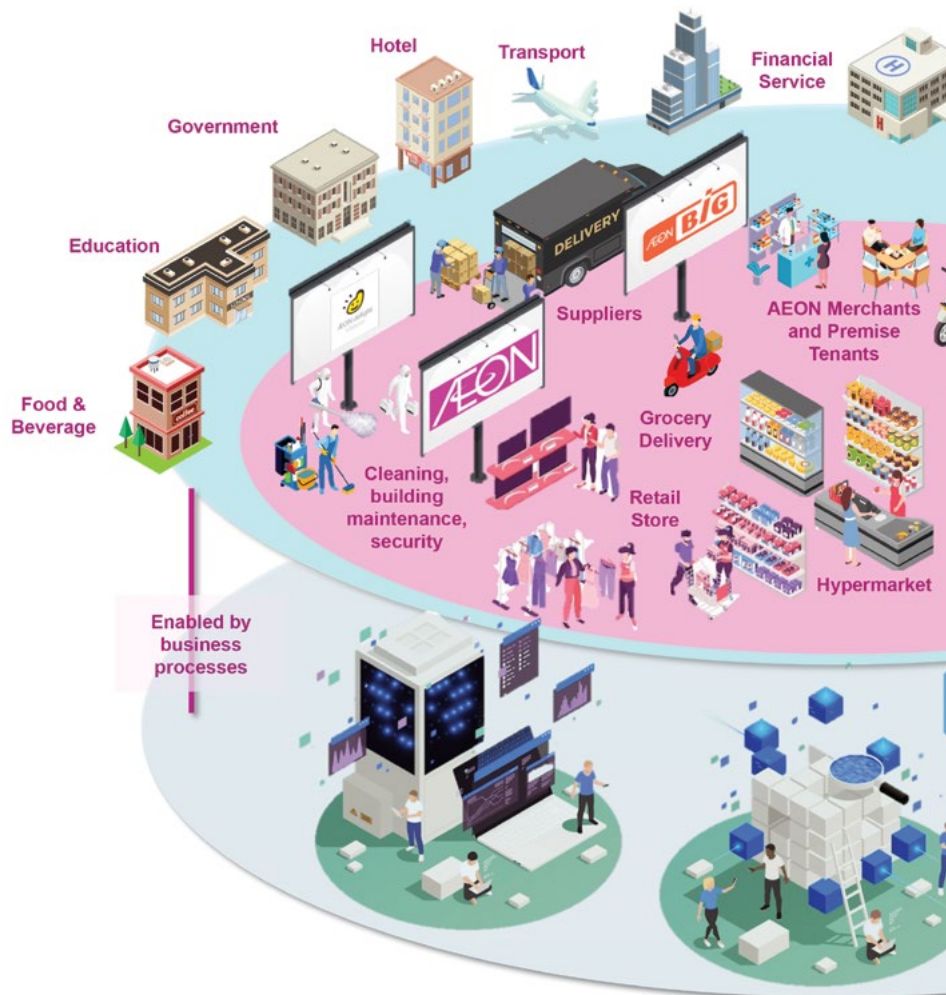


SOCIAL & RELATIONSHIP CAPITAL

The strong relationships and rapport developed and maintained with our stakeholders over time enable us to understand and address their concerns, ensuring we maintain our social licence to operate. Our extensive ESG efforts, generates long-term positive impacts for our community.

VALUE CREATION

AEON LIVING ZONE ECOSYSTEM



Internal AEON Living Zone

External potential partners for AEON Living Zone

STRATEGIC PRIORITIES



RETAIL

Growing Customer Base

- New Store Opening and Store Facelifts
- Segment and Differentiate Sales Areas
- Strengthen Customer Loyalty
- Broaden Private Brands



PROPERTY MANAGEMENT SERVICES

Increasing Footfall and Traffic

- Mall Rejuvenation and Facelifts
- Diversify Tenant Mix
- Effective Tenant Management
- Thematic Marketing

The diagram below provides an integrated view of how value is created from the operations of AEON to facilitate informed decision-making by stakeholders. Harnessing our six capitals, we leverage the AEON Living Zone ecosystem to strengthen our competitive advantage while generating sustainable value which is distributed to stakeholders and shared with society.



Key enablers (e.g. business processes, data and technology, resource skillsets)

OUTPUT

FORTIFYING ECONOMIC PERFORMANCE

Growing our customer reach and economic performance for business sustainability

RM4.1b Revenue	RM114.8m Net Profit	4.0 sen Proposed DPS
49% Proposed Dividend Payout Ratio	28 AEON Malls	35 AEON Stores
7 AEON MaxValu	64 AEON Wellness	44 DAISO
13.4m sq ft Net Lettable Area	1,078 Tenant Partners	2.5m AEON MEMBER Plus

STRENGTHENING ENVIRONMENTAL ACCOUNTABILITY

Operating responsibly and contributing towards a greener planet

> 550,000 Trees Planted To Date	3,922 MWh Solar Energy Generated
51% ↓ Emission Intensity against base year - 2019	11% Recycling Rate

EFFECTING POSITIVE SOCIAL CHANGE

Supporting the local community and economy

9,868 AEON People	29 Average Training Hours Per Employee
2.1% Persons With Disability Hired	RM1.1m Community Investment

MAINTAINING A SOUND GOVERNANCE STRUCTURE

Abiding by the principles of stewardship and managing the business and affairs of AEON to deliver long-term growth

40% Women Representation in Board	ZERO Corruption Cases Reported
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SUSTAINABILITY

- Championing Sustainable Practices**
- Fortifying Economic Performance
 - Strengthening Environmental Accountability
 - Effective Positive Social Change
 - Maintaining a Sound Governance Structure

KEY MARKET TRENDS

In May 2023, the World Health Organization (WHO) declared an end to the global COVID-19 public health emergency. Despite this, the global macroenvironment remains far from ideal with persistent challenges from the ongoing Russia-Ukraine conflict, to the instability in Gaza, escalating climate changes, as well as the economic impact of inflation leading to interest rate hikes.

According to the International Monetary Fund's (IMF) World Economic Outlook released in October 2023, global economic growth is expected to moderate to about 3% in 2023 and 2024, falling below the average 3.8% growth observed from 2000 to 2019. Within Malaysia, the local economy grew by 3.7% in 2023 with Bank Negara Malaysia (BNM) predicting growth to be at 4.0% to 5.0% in 2024, underpinned by robust domestic demand, major infrastructure projects, and a gradual recovery in tourism. Nonetheless, this represents a notable slowdown compared to the impressive 8.7% growth witnessed in 2022, reflecting the influence of external challenges.

AEON operates within the vibrant retail landscape in Malaysia with rapidly evolving consumer preferences. To strengthen our resilience in the dynamic retail space, it is essential for us to consider and respond effectively to key macroeconomic factors and industry trends that could potentially impact our business. To understand more on how we monitored and responded to these trends, please refer to pages 40 to 42 of Key Business Risks.

KEY BUSINESS RISKS

- Transformation Risk
- Customer Experience Risk
- People Risk
- Health, Safety and Security Risk
- Digitalisation Risk
- Sustainability Risk
- Liquidity Risk
- Product Proposition Risk
- Cybersecurity Risk

OUR INVESTED CAPITALS

- Financial
- Intellectual
- Human
- Natural
- Manufactured
- Social & Relationship

Key market trend observed in 2023 include:

01

INFLATION REMAINS ELEVATED

Inflation in Malaysia showed an upward trend over the past few years, transitioning from 1.1% in 2020 to 2.5% in 2021 and further increasing to 3.4% in 2022 before easing to 2.5% in 2023. Despite this moderation, inflation levels persist above the long-term pre-pandemic average of 2.0% observed from 2011 to 2019. Moving forward, Malaysia's inflation outlook remains highly susceptible to developments in subsidy rationalisation measures, global commodity prices and financial market developments. The Ministry of Finance (MOF) expects headline inflation to average between 2.0% to 3.5% in 2024.

The impact of inflation, coupled with an elevated cost of living, has led consumers to adopt a more cautious approach to their spending habits. Beyond essential purchases, consumers are actively seeking value in their transactions.

OUR INVESTED CAPITALS

- Financial
- Manufactured
- Intellectual

KEY BUSINESS RISKS

- Transformation Risk
- Liquidity Risk
- Product Proposition Risk
- Customer Experience Risk

KEY MARKET TRENDS

02

RECOVERY OF ECONOMIC ACTIVITY

The resurgence of economic activity is closely tied to the condition of the labour market, serving as a key driver for household spending and a significant indicator of overall economic health. According to the Department of Statistics Malaysia, the labour market in 2023 improved on the back of continued demand for labour with unemployment rate returning to pre-pandemic levels. This is expected to improve further in 2024 underpinned by encouraging momentum in the domestic economy and recovery in external trade.

Citing a report by BNM, labour participation rate is at a historical high in 2023, supporting income growth and consumer spending. The sustained domestic demand is expected to cultivate stability in household expenditures, encompassing both essential and discretionary items. However, according to the Malaysian Institute of

Economic Research (MIER), consumer confidence levels in 2023 has remained below the optimal level, reflecting a weakening consumer mindset due to inflationary pressures, particularly affecting low and mid-income households. As the recovery unfolds, navigating these complex dynamics is crucial to create a robust business environment.

OUR INVESTED CAPITALS



KEY BUSINESS RISKS



03

POLARISED CONSUMER CONSUMPTION PATTERNS

Recent shifts in consumer behaviour highlight clear distinction among different income and age groups, as varying customer segments embrace diverse values. The increasing economic influence of younger consumers introduced a new era in retail dynamics, reshaping the current retail landscape.

This emerging consumer group is generally more conscious with their spending but less price-sensitive. Growing up in a digital era, these tech-savvy individuals have higher willingness to conduct research online for a product and prioritises quality over price-points, which makes the conventional one-size-fits-all retail model obsolete. Besides, this group of consumer is also increasingly prioritising health and wellness with growing

demand for health and wellness related products. To stay relevant, retailers must innovate and offer targeted products and services, both digitally and via traditional brick-and-mortar model to effectively cater and serve to the needs of Malaysians across all age groups.

OUR INVESTED CAPITALS



KEY BUSINESS RISKS



KEY MARKET TRENDS

04

INCREASED PRESSURE FOR DIGITAL AND TECHNOLOGICAL INNOVATION

Digitalisation and technological advancement are influencing the ways retailers engage and build relationships with customers. Social media platforms and online communication channels are increasingly used to connect with customers.

Generative artificial intelligence (AI) and big data analysis are enabling retailers to capture valuable customer data and gain insights into their buying patterns. This has led to increased emphasis on leveraging customer data to gain competitive edge through product targeting as well as personalisation. However, this shift towards data-driven strategies has prompted an emphasis on data protection, recognising the importance of safeguarding customer information.

Additionally, there is a growing trend among retailers to provide customers with a seamless shopping experience by offering multiple touchpoints and purchase options through an omnichannel strategy, further blurring the lines between brick-and-mortar and e-commerce.

OUR INVESTED CAPITALS



KEY BUSINESS RISKS



05

INTENSIFIED FOCUS ON SUSTAINABILITY

The escalating impact of climate change has led to growing scrutiny on sustainable business practices by stakeholders across the board, from policymakers to regulators, financiers, consumers and non-governmental organisations. Sustainability is also a topic of growing interest among investors as they integrate ESG factors within their investment assessment and decisions.

As key economies begin translating their ESG commitments into concrete policies and legislation, emphasising and promoting sustainability for long-term value creation, companies are allocating greater resources towards ensuring sustainability agendas, policies and programmes align with the interests of stakeholders. This

strategic approach aims to ensure business sustainability while meeting the expectations of a broad spectrum of stakeholders in an era where responsible and ethical business practices are increasingly prioritised.

OUR INVESTED CAPITALS



KEY BUSINESS RISKS



BUSINESS OPPORTUNITIES

Changes to consumer preferences, new entrants to market, introduction of new technologies and solutions influenced the highly dynamic retail landscape in Malaysia while opening up new opportunities for retail players in Malaysia. At AEON, we monitor, assess and evaluate these opportunities thoroughly before investing resources to develop commercially viable propositions to seize them. We also ensured that these propositions are aligned to our strategic priorities, risk appetite, internal returns threshold and potential value creation for our stakeholders.

01

EXPERIENTIAL RETAIL

Modern consumers are increasingly valuing experiences over material possessions. By aligning with this shift in preferences, retailers can cater to a broader customer base. At AEON, we are increasingly focusing on creating engaging and memorable experiences for our customers in addition to selling products.

Having an immersive and enjoyable shopping experience enabled us to engage customers on a deeper level, create a stronger emotional connection as well as increase customer and brand loyalty. The immersive shopping experience also helps shape the perception of the AEON brand, making it stand out in the minds of consumers.

Furthermore, an immersive shopping experience helps in attracting higher footfall when customers perceive our stores as a destination for an experience rather than just a place to make purchases, making them more likely to visit, spend time and explore our offerings. As the threat of online shopping continues to grow, we leverage this very unique value proposition that online platforms often cannot replicate - the in-store shopping experience to strengthen our competitive advantage.

KEY BUSINESS RISKS



02

DIGITALISATION: ONLINE-MERGE-OFFLINE SHOPPING

While online shopping is becoming increasingly favoured by digital natives and the younger consumer segments, we see an opportunity to leveraging technology and experiential retail to enhance our omnichannel strategy. Our aim is to create seamless shopping experiences across both online and physical touchpoints to support customers' buying journey while keeping up with shifting consumer behaviour.

We are accelerating our Online-Merge-Offline approach through enhancements of myAEON2go platform, increasing product portfolio mix online to complement physical shopping while driving digital sales. In-stores, we are also digitalising our operations by expanding the use of Self-Checkout Counters (SCO) to serve more customers. As we continue to grow our online presence and platform, we aim to offer a seamless online and offline shopping experience to capture a larger market.

Communication is also key in engaging customers both online and offline. Social media has become an integral part of e-commerce, providing a direct channel to reach

and engage customers. We utilise our social media platforms both as a marketing and advertising tool for our products and will continue to invest resources to grow our social media presence and utilise market insights to tailor marketing strategies to the preferences and behaviours of Malaysian consumers.

On the physical front, we also strive to create shareable moments within our stores to drive footfalls while amplifying our brand presence online as memorable experiences are often shared on social media platforms in this digital era. Special events from the record-breaking largest Baba & Nyonya attire gathering at AEON Melaka Shopping Centre to the biggest mooncake selections during the mid-autumn festivals at AEON Putrajaya and AEON Fashion Preview - showcasing the latest and upcoming from AEON's fashion brands - all boast increased footfall to our malls and brand presence online.

KEY BUSINESS RISKS



BUSINESS OPPORTUNITIES

03

DATA-DRIVEN UNDERSTANDING OF CUSTOMERS' NEEDS

Data plays a crucial role in modern retail, connecting various aspects of the industry to enhance efficiency, customer experience, and decision-making.

Combining both online and offline data, we see an opportunity to enhance the quality and quantity of our first-party data, enabling us to design better marketing campaigns and forecast demand. Our deep understanding of the diverse Malaysian consumer base for four decades also presents an opportunity for us to leverage these data to provide targeted offers and recommendations based on individual preferences.

Leveraging data-driven insights, we continue to expand and enhance our products to boost user experience and simplify the customer journey. Backed by data, the integration of Artificial Intelligence (AI) into modern retail is also an ongoing trend, with continued advancements leading to more innovative solutions and improvements in efficiency and customer satisfaction.

KEY BUSINESS RISKS



04

INCREASING FOCUS ON HEALTH AND WELLNESS

There has been an increasing emphasis on wellness with more people looking beyond physical fitness to incorporate holistic health practices into their routines, including mental, emotional, and spiritual wellness. According to a research by McKinsey titled Future of Wellness Survey in August 2023, the younger consumer group is spending more on health and wellness compared to other groups. These consumers are prioritising spending on appearance, health, nutrition, fitness and sleep, among others. We observed a similar trend in Malaysia where there is a growing trend for wellness products.

Leveraging this growing trend, we continue to expand AEON Wellness footprint across Malaysia while offering a greater product portfolio mix from cosmetics to hair and skin care products, assortment of over-the-counter medications, supplements and other personal and home care items.

As more consumers are engaging in leisure activities to care for their mental wellness and overall well-being, we

also continue to grow our flat-price store, DAISO which offers an extensive inventory of products across multiple categories ranging from household and living, organising tools, kitchen, gardening, cosmetics, decorative items and many more.

We also prioritise the development of our private brands including HÔME CÔORDY, TOPVALU, and Inner Casual to offer customers quality products that fit their wellness journey. These private brands bring a wide range of safe and high-quality products that cater to varying needs of customers, from home furnishing to daily essentials as well as products that cater to the active lifestyle of customers.

For more details on our offerings under each private brands, please refer to pages 12 to 13 of Our Offerings.

KEY BUSINESS RISKS



BUSINESS OPPORTUNITIES

05

STRENGTHENING AEON LIVING ZONE THROUGH COLLABORATIONS AND PARTNERSHIPS

We see opportunities to leverage the AEON Living Zone ecosystem and our core offerings to grow our product portfolio mix and customer base through membership as well as unlock new revenue streams. Through collaborations and partnerships, we are able to streamline, enhance and broaden our suite of products including private brands and curated product selections that appeal to our diverse customer base.

The AEON Living Zone aims to build and combine multi-format store networks and businesses with infrastructure to continually contribute to the local communities through business activities. This will include organic growth as well

as collaborations with business partners to deliver the products and services that serve the need of the surrounding community where our business operates.

Working alongside our tenants and business partners, we also strengthen our tenant diversity and mix to offer a holistic shopping experience, which in turn also provide a boost to our experiential retail approach.

KEY BUSINESS RISKS



06

SUSTAINABLE BUSINESS

Through the strategic integration of sustainability across our business operations, AEON is poised to make an impact on both environmental conservation and market positioning, while serving as a prudent investment in operational efficiency. By appealing to the growing market of environmentally conscious consumers, we anticipate to not only contributing to a sustainable future but also attracting a customer base that values our commitment to eco-friendly practices and ethical sourcing. The implementation of streamlined energy and waste management systems is anticipated to yield tangible reductions in operational costs. Beyond the

immediate financial benefits, this approach reinforces our resilience to environmental risks, ensuring the sustainable management of our operations. The integration of sustainability emerges as a fundamental for long-term viability and as a key differentiator, positioning AEON as an industry leader and the preferred choice in the modern retail landscape.




KEY BUSINESS RISKS



KEY BUSINESS RISKS

AEON has in place a robust enterprise risk management framework that enables us to manage and report the risks that we face as a business. A risk that can seriously affect our ability to deliver our customer value proposition or business sustainability is termed as a 'principal risk'.

To manage these principal risks effectively, we have identified the risk appetites for key areas affecting the management of our principal risks. The table below sets out our principal risks, their underlying causes and the key control factors in addressing each risk.

Risk	Rationale/Cause	Key Control and Mitigation Factors
 <p>TRANSFORMATION RISK Inability to innovate and transform the existing business model and increase AEON's competitiveness in terms of attracting retailers, customers, and the local community, especially in a highly disruptive marketplace for long-term business sustainability.</p>	<ul style="list-style-type: none"> • Shift in customer preferences. • Heightened competition from physical and virtual malls. • Shift in customers' expectation of the future of malls. • External factors such as dampened retail spending environment, climate change and global competition for digital and technology talent. • Project-related risks such as risks incurred during project planning and execution, and in the management of contracts. • Poor governance structure to monitor, report and follow up on any action plan. 	<ul style="list-style-type: none"> • A clear strategic roadmap that repositions and re-energises sustainability in every facet of business. • Enhancing AEON's retail stores through a myriad of digitalisation endeavours to further strengthen our value proposition. • Ongoing tenant renewal process to strengthen tenant mix and increase footfall to our malls. • Balance allocation of capital expenditure for physical mall rejuvenation and facelift while enhancing digital platforms towards delivering an omnichannel experience. • Project management governance practices established to track and monitor cost and progress of key projects.
 <p>PEOPLE RISK The risk of not being able to attract, retain and develop the required talent and capabilities in order to contribute towards achieving AEON's strategic priorities and long-term growth.</p>	<ul style="list-style-type: none"> • Heightened competition for talent locally and globally. • Remuneration and benefits that lack competitiveness to attract and retain the right talents for the right jobs. 	<ul style="list-style-type: none"> • Succession programme in place for key personnel. • In-house development and training programmes.
 <p>DIGITALISATION RISK Delays in digitalisation efforts may affect the Company's competitive position.</p>	<ul style="list-style-type: none"> • High reliance on third-party vendors to deliver front-end retail applications. • Inadequate integration between front-end applications and AEON's back-end physical and IT systems. 	<ul style="list-style-type: none"> • Ongoing assessment and updates on both front-end and back-end applications to deliver effective IT solutions.

KEY BUSINESS RISKS

Risk	Rationale/Cause	Key Control and Mitigation Factors
 <p>LIQUIDITY RISK Ineffective cash management and inadequate tenant collection management leading to potential delays in fulfilling payment obligations.</p>	<ul style="list-style-type: none"> • Poor resource management leading to ineffective cost management. • Adverse changes in commodity prices, affecting supply cost of key inventory, leading to lower sales and increased logistic costs and energy costs. • Changes in government/regulatory stance on licensing, permits, taxation and interest rates. 	<ul style="list-style-type: none"> • Various cost optimisation initiatives to balance between business operations requirement and customer experience. • Closely monitor supply changes and implement necessary remediation plans. • Continuous review of fit-for-purpose financing facilities against operating needs.
 <p>CYBERSECURITY RISK Compromised IT infrastructure due to internal or external threats, which may lead to data breaches, theft, loss and misappropriation of information that could result in loss of customer confidence, leading to reputational damage and business disruption.</p>	<ul style="list-style-type: none"> • Heightened exposure, given the acceleration of digitalisation in AEON's business functions. • Lack of an adequate cybersecurity policy and programme. • Lack of specialists in cybersecurity and data integrity. • Increase in external cyber threats through Distributed Denial-of-Service (DDoS) attacks and ransomware. 	<ul style="list-style-type: none"> • Adoption of cloud-based storage service provider that provides enhanced data security protection. • Enhancement to cybersecurity features to secure our network, web applications, web server, application codes and database layers of various front-end and back-end applications. • Periodic IT security audits and reviews. • Annual review of insurance plans to ensure their adequacy and exploring new risks to be insured.
 <p>PRODUCT PROPOSITION RISK Inability to understand and gauge customer demand and preferences in terms of product needs and requirements such as choice/assortment, quality, safety, price competitiveness and evolving ethical and responsible sourcing standards, leading to inability to build and sustain customer loyalty.</p>	<ul style="list-style-type: none"> • Poor assortment due to inadequate data-driven information about customer preferences. • Heightened competition from physical and digital retailers, locally and globally. • Changing demographics, e.g. younger customer segments are not only emerging as potent retail spenders, but also influencing the course of the regulatory environment in which we operate. • Global/local supply chain disruptions due to climate change-induced events, global political volatility, geopolitical tensions, government restrictions, potential recession impacting key suppliers. • Inadequate ethical and responsible supply chain management. 	<ul style="list-style-type: none"> • Strategies implemented to develop AEON's private brands by adhering to ethical and responsible sourcing practices while combining a balanced approach to local and global sourcing to future-proof AEON against supply chain disruptions. • Data-driven customer insights to offer customers a personalised and holistic shopping experience. • Strong supplier relationship and incentives structure to ensure healthy supply chain.

KEY BUSINESS RISKS

Risk	Rationale/Cause	Key Control and Mitigation Factors
 <p>CUSTOMER EXPERIENCE RISK Failure to continuously attract and satisfy customers' demand and preferences due to lack of personalisation.</p>	<ul style="list-style-type: none"> A combination of poor understanding of consumer preferences and lack of data-driven analysis such as past purchasing trends to deliver a personalised shopping experience. Inadequate personalisation in our e-commerce/customer relationship management of front-end retail applications, e.g. myAEON2go. 	<ul style="list-style-type: none"> Leverage e-commerce solutions such as myAEON2go to deliver an omnichannel retail experience as well as e-wallet payment options to elevate customers' shopping experience. In-house market/customer insights and customer experience/happiness team to monitor customer experience. Enhance AEON MEMBER Plus rewards through corporate partnerships and member incentives. Ongoing data enhancement of customer through purchasing trend analysis.
 <p>HEALTH, SAFETY AND SECURITY RISK Failure to provide a safe and conducive working environment for employees and a safe shopping environment for our customers. The health, safety and security of our employees, customers and stakeholders remain a top priority to our business.</p>	<ul style="list-style-type: none"> Internal threats, such as employee misconduct/negligence and poor facility management, and external threats, such as robbery, child kidnapping, fire, flood, etc. Business disruptions due to extreme weather conditions as a result of climate change, exacerbated by poor urban development and planning. 	<ul style="list-style-type: none"> In-house and dedicated health and safety team to audit stores and malls' compliance with AEON's health, safety and security requirements. Deployment of enhanced technological features such as smart CCTVs to secure malls and their people. Assessment of threats, such as floods, to cultivate a localised approach in securing our malls and their people; reviewing emergency facilities to ensure ability to operate during disruptions. Enhancing the business continuity programme, which includes the emergency response procedures and disaster recovery plan, to minimise business disruptions for customers.
 <p>SUSTAINABILITY RISK There is an increasing focus locally and globally on how businesses operate, with greater scrutiny on ESG-related risks and opportunities and their ramifications. This necessitates a truly holistic approach to understanding climate-related risks and embedding ESG into our business strategy and operations.</p>	<ul style="list-style-type: none"> Increasing focus on ESG as companies emphasise equitable and inclusive long-term value creation. Increasing demand from society and investment community to understand how companies are managing its risks and opportunities related to environmental, social, and governance criteria. Increasing interest among employees to understand and be associated with a positive work culture that values sustainability and social responsibility. 	<ul style="list-style-type: none"> Strengthen ESG governance with the establishment of Sustainability and Risk Management Committee (SRMC) to oversee and monitor the execution of AEON's ESG strategies. Clear ESG policy and structure for assignment of responsibilities, priorities, and commitments. Incorporated ESG KPI as part of AEON's corporate scorecard, strengthening the link between ESG performance and management remuneration. Develop a progressive plan that integrates and embeds sustainability practices within our business and corporate strategy.

SEEDS OF TOMORROW

Growing Responsibly Today for a Better Future

04

CHAMPIONING SUSTAINABILITY

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AEON SUSTAINABILITY CHARTER

AEON SUSTAINABILITY CHARTER

As the fundamental framework for AEON's commitment to sustainable practices, the AEON Sustainability Charter (ASC) provides a clear direction for AEON's sustainability efforts, identifying key areas of focus to guide the Company's actions now and into the future.



The ASC comprises the following five core pillars, each aimed at addressing different facets of sustainability:

Sustainable Economics

AEON aims to build sustainable economies within the communities we serve through our support for intrapreneurship, entrepreneurship, and the growth of small and local businesses. Our initiatives are designed to foster self-sustaining economies, guided by UN SDGs 4, 8, and 12.

Dynamic Customer Experience

Recognising the rapid pace of change in our customers' needs, AEON focuses on delivering dynamic and excellent customer experiences to stay agile and responsive. This commitment is aligned with UN SDGs 8 and 12, aiming to cater to a broad range of customer personas and drive organic growth.

Environmentally Focused

AEON is dedicated to fostering a sustainable world alongside our customers and partners by aligning our actions with UN SDGs 12, 13, and 15. Our environmental initiatives focus on reducing our footprint and enhancing sustainability.

Responsible Employment

Valuing our workforce, AEON is committed to fostering a diverse and inclusive workplace. We focus on employee training and development, ensuring a safe and thriving environment for all in alignment with UN SDGs 3, 8, and 10.

Efficiency & Integrity

AEON strives for operational efficiency and market leadership that is underpinned by a strong governance framework to ensure organisational integrity. Our approach includes equipping our business partners and stakeholders with the knowledge to uphold these standards thus reflecting our commitment to UN SDGs 16 and 17.

AEON SUSTAINABILITY CHARTER

Through these pillars, AEON integrates sustainability into our daily operations, striving to create long-term value for our stakeholders while contributing positively to global sustainability efforts.

To ensure the effective fulfilment of the objectives outlined in the ASC, we have developed and implemented the #AEONResponsible anchors. These anchors represent the six key focus areas through which AEON directs its sustainability efforts to ensure comprehensive coverage of its ESG commitments.



In summary, the 18 identified material matters are strategically aligned with our Focus Areas, which are intricately linked to the five foundational pillars of the ASC. This structure ensures our comprehensive and cohesive approach to sustainability by emphasising the interconnectedness of the Company's various sustainability initiatives and their collective contribution to the overarching goals of the ASC.

PARTNERSHIPS & MEMBERSHIPS

AEON emphasises collaboration and shared goals in its sustainability efforts by aligning with global standards like the GRI and UN SDGs and engaging with global sustainability leaders on various platforms.

In FY2023, AEON played a pivotal role as one of the Ministry of Natural Resources, Environment and Climate Change's (NRECC) elected panel advisors for Climate

Change within the 'Trade and Industry' cluster. This position enabled AEON to contribute at COP28 in Dubai, where it shared valuable insights on the Circular Economy and Greening the Value Chain. This in turn, strengthened our positioning as an advocate for climate actions within the Retail industry.



On the local front, AEON continues to engage with the government and non-governmental entities, including industry associations, particularly on topics relating to solid waste management and the Circular Economy. To this end, we also represented the Malaysian Retailers Association (MRA) in national efforts to manage solid waste. AEON also amplifies its sustainability impact through peer sharing and collaborative efforts via its memberships in the CEO Action Network (CAN) and the United Nations Global Compact Network Malaysia & Brunei (UNGCMYB).

STAKEHOLDER ENGAGEMENT




As one of Malaysia's leading retailer and mall operator, our operations interest and impact a diverse group of stakeholders. AEON views stakeholder engagement as an important part of our operations, enabling us to understand and obtain critical input needed to ensure our strategies, sustainability policies as well as programmes accurately reflect the interests of all stakeholders.

Regular and consistent dialogue, both formally and informally with our stakeholders, helps us better understand their expectations and perceptions. The feedback we receive from stakeholders informs our materiality analysis while enabling us to explore areas for improvement to build relationships and strengthen trust to support long-term value creation.




An overview of our key stakeholder groups, modes of engagement, matters discussed by the respective stakeholder groups, and our response to these matters are detailed in the table below:

Stakeholder	Modes of Engagement	Frequency of Engagement	Matters Discussed by Stakeholder	Our Responses
 Employees	<ul style="list-style-type: none"> Onboarding programmes Morning assembly with AEON People AEON Leadership Council meeting Head of Division and Department meeting Learning and development programmes Internal surveys Messages through email and iAEON app 	Ongoing, Monthly, Annually	<ul style="list-style-type: none"> Remuneration structure Employee benefits and welfare Learning and career development opportunities Strategic direction and business growth Conducive working environment Health and safety procedures at work Employment equality Opportunity to contribute towards sustainability initiatives 	<ul style="list-style-type: none"> Career development opportunities Employee benefits OSH training and activities Learning and development programmes Job rotations Employee engagement platforms Employee volunteering opportunities
 Customers	<ul style="list-style-type: none"> Store visits myAEON2go app AEON Members' Day Website and social media platforms Customer service counter AEON Careline QR Code Newsletters via email 	Ongoing	<ul style="list-style-type: none"> Product pricing, quality and safety Customer service, engagement, convenience, comfort and satisfaction Privileges, benefits and added value Online shopping Data privacy 	<ul style="list-style-type: none"> Customer engagement activities Timely response to customer feedback Regular surveys of Net Promoter Score (NPS) and customer satisfaction Innovative service offering on myAEON2go app Reliable customer service Compliance with Personal Data Protection Act 2010 (PDPA)

STAKEHOLDER ENGAGEMENT

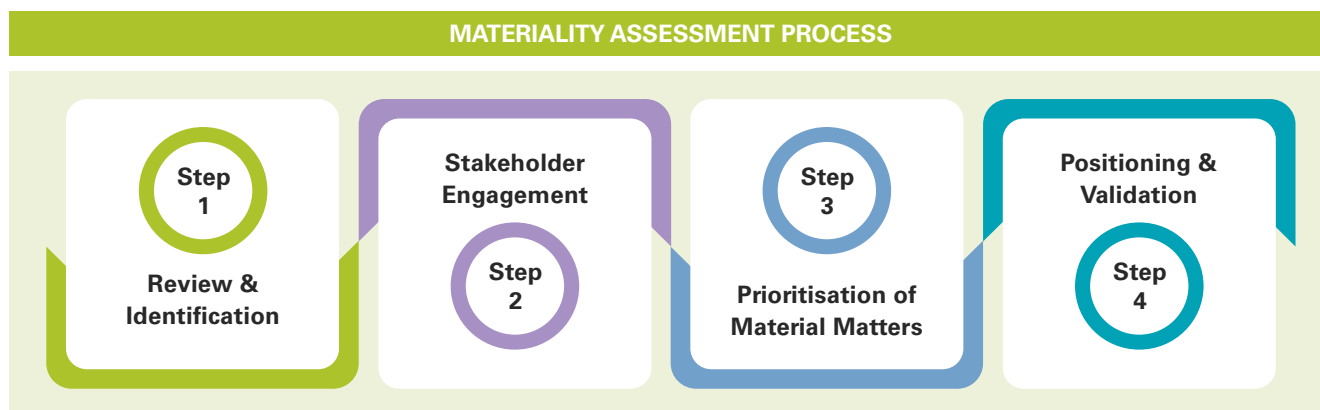
Stakeholder	Modes of Engagement	Frequency of Engagement	Matters Discussed by Stakeholder	Our Responses
 <p>Shareholders and the Investment Community</p>	<ul style="list-style-type: none"> • Annual General Meeting • Integrated Annual Reports • Results announcements and analyst briefings • Company announcements on Bursa Malaysia • Conferences and non-deal roadshows • Regular meetings and teleconference calls • Corporate website • Store visits 	<p>Ongoing, Quarterly, Annually</p>	<ul style="list-style-type: none"> • Business outlook and strategic direction • Operational efficiencies • Cash utilisation and dividends • Governance and business ethics • Returns to shareholders • Sustainable business practices 	<ul style="list-style-type: none"> • Regular investor engagements • Timely updates on material business developments, strategy and performance • Engagement with ESG rating agencies
 <p>Regulators and Governmental Authorities</p>	<ul style="list-style-type: none"> • Regular stakeholder dialogue • Review of policies and procedures • Regular engagement with government bodies • Store visits, forums, meetings, roundtables and briefings • Corporate website 	<p>Ongoing</p>	<ul style="list-style-type: none"> • Direct and indirect contributions to the local economy • Growth and challenges of the local retail industry • Compliance with laws and legal framework • Sustainable business practices • Human Rights • Governance and Business Ethics 	<ul style="list-style-type: none"> • Uphold good corporate governance through robust policies such as the AEON Code of Conduct and Anti-Bribery and Corruption Policy to ensure regulatory compliance • Adhere to responsible and sustainable practices to protect stakeholders' interests
 <p>Suppliers</p>	<ul style="list-style-type: none"> • Clear procurement and payment policies and SOPs • Whistleblowing channel • Audits and site visits • Joint-marketing collaborations • Formal and social events • Regular stakeholder dialogue 	<p>Ongoing</p>	<ul style="list-style-type: none"> • Ethical business practices • Clear and concise trading terms • Prompt and timely payments • Strategic partnerships • Product and promotion support • Human Rights • Technology and Digital Transformation • Cybersecurity 	<ul style="list-style-type: none"> • Fair and transparent dealing • Partner with suppliers on shared opportunities

STAKEHOLDER ENGAGEMENT

Stakeholder	Modes of Engagement	Frequency of Engagement	Matters Discussed by Stakeholder	Our Responses
 <p>Community</p>	<ul style="list-style-type: none"> Malaysian AEON Foundation (MAF) activities Festive celebrations Corporate Social Responsibility (CSR) events and programmes Job opportunity Kiosk and/or temporary space set-ups at shopping malls 	Ongoing	<ul style="list-style-type: none"> CSR programmes and initiatives Community support and aid Environmental awareness and education Business and job opportunities 	<ul style="list-style-type: none"> CSR engagements and donations Impactful programmes and initiatives
 <p>Media</p>	<ul style="list-style-type: none"> Media releases and conferences Media interviews Media collaborative programmes Online and offline media campaigns Editorial, advertorial and branded content 	Ongoing	<ul style="list-style-type: none"> Product offerings and launches Business performance Business milestones and industry updates Sustainable business practices Perception management and crisis communication 	<ul style="list-style-type: none"> Regular media engagements Announcements on material business developments, strategy and performance
 <p>Industry</p>	<ul style="list-style-type: none"> Meetings/forums/roundtables with Malaysia Retailers Association (MRA) and industry players Regular stakeholder dialogue Formal and social events 	Ongoing	<ul style="list-style-type: none"> Industry outlook and issues Retail sales trends Government policies Mutual interest issues 	<ul style="list-style-type: none"> Regular stakeholder engagements Partner with suppliers on shared opportunities Adhere to responsible and sustainable practices to protect stakeholders' interest

MATERIAL MATTERS

In the year under review, the Company conducted a materiality revalidation exercise to assess and prioritise issues which are significant to AEON and its related stakeholders. The issues we identified were selected based on our current priorities and strategies, as well as our stakeholders' concerns and material risks, which are all essential factors in the context of value creation. This materiality validation was conducted as per the following four-step approach:



1. Review & Identification

For FY2023, the Company refined its sustainability focus, updating its material matters to reflect the latest business environment and relevant changes. This led to our identification of 18 key sustainability areas, expanding from 12 in FY2022. The expansion mainly involved segmenting Environmental Stewardship into specific categories like 'Climate Change', 'Energy Efficiency', 'Water Efficiency', 'Waste Management', and 'Preserving Biodiversity' emphasising the significance of addressing these individual environmental issues. Additionally, 'Training & Development' and 'Business Innovation' were added under the Social and Economic pillars, respectively.

2. Stakeholder Engagement

AEON is committed to ensuring that our value creation strategies take into account the perspectives of our stakeholders. To this end, we conducted both formal and informal dialogues with our stakeholders to help us better understand their expectations and perceptions. This engagement process plays a critical role in shaping our materiality analysis, as the feedback received from stakeholders not only informs our priorities but also highlights opportunities for improvement. By actively listening and responding to our stakeholders' feedback, we aim to enhance our relationships and foster trust, thereby supporting the creation of long-term value for all parties involved.

3. Prioritisation of Material Matters

We have identified five key material matters by assessing their impact on the Company and their importance to stakeholders. This prioritisation ensures AEON focuses on areas most critical to both its operational success and stakeholder interests.

4. Positioning & Validation

Throughout 2023, we refined our materiality matrix to better reflect the current concerns of both our internal and external stakeholders. Our review process involved comparing our material issues against recognised standards and frameworks, such as Global Reporting Initiative (GRI) Standards and FTSE4Good Bursa Malaysia Index, to identify any discrepancies and emergent sustainability challenges.

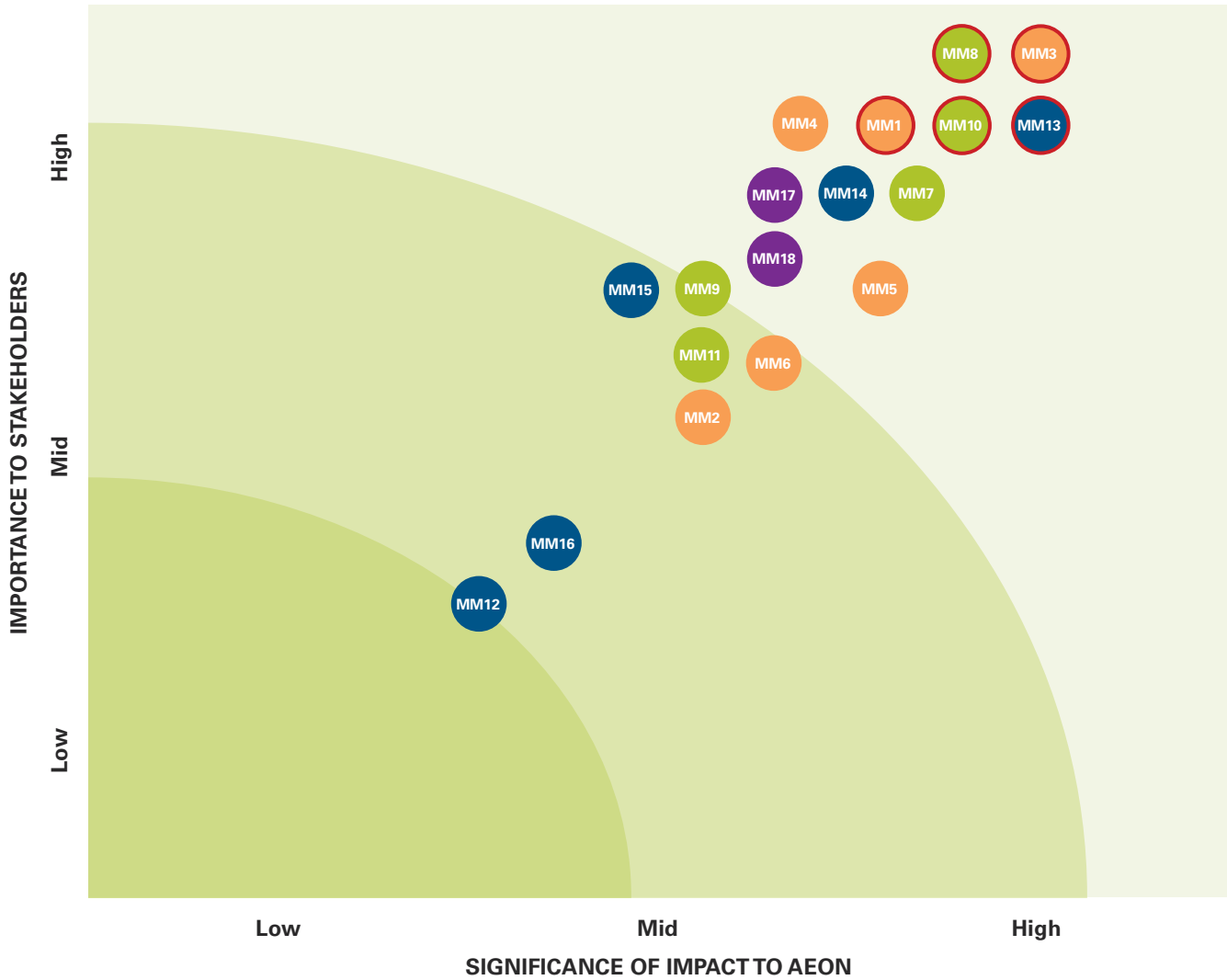
The results of the assessment revealed that the topics of 'Supply Chain Management' and 'Product Quality, Assurance and Safety' continue to be high-priority areas, particularly valued by our business partners, customers, and consumers. These areas also offer significant opportunities for AEON to generate a positive impact.

Furthermore, 'Labour Practices' has increased in importance among our stakeholders, thereby raising its impact potential on our business operations. Additionally, we have recognised 'Energy Efficiency' and 'Waste Management' as critical issues due to their associated risks and opportunities for AEON.

During the year, the Sustainability Steering Committee (SSC) also deliberated on our material sustainability matters based on their impact on the Company. This comprehensive assessment was then submitted to the Sustainability and Risk Management Committee (SRMC) and the Board for approval of the sustainability disclosures in this IAR 2023.

Moving forward, AEON is committed to staying abreast of sustainability trends and will conduct an annual review of our material matters to ensure our sustainability efforts remain aligned with both business objectives and stakeholder expectations.

MATERIAL MATTERS



MATERIAL MATTERS

- MM1 Product Quality, Assurance & Safety
- MM2 Supporting SMEs
- MM3 Supply Chain Management
- MM4 Customer Relationship Management
- MM5 Digitalisation
- MM6 Business Innovation ▲
- MM7 Climate Change ▲
- MM8 Energy Efficiency ▲
- MM9 Water Efficiency ▲
- MM10 Waste Management ▲
- MM11 Preserving Biodiversity ▲
- MM12 Diversity & Equity
- MM13 Labour Practices
- MM14 Health, Safety & Well-being
- MM15 Training & Development ▲
- MM16 Community, Contribution, Support & Engagement
- MM17 Governance, Ethics & Integrity
- MM18 Data Governance & Security

Economic
 Environmental
 Social
 Governance

Prioritised Matters
▲ New Material Matters Identified in FY2023

RISKS AND OPPORTUNITIES

The AEON Enterprise Risk Management (ERM) framework takes a comprehensive approach to addressing risks by including sustainability and climate-related risks in addition to our corporate, financial and operational risks. Through ongoing revisions and monitoring by specific risk owners and the Governance and Integrity department, AEON ensures risks are managed within acceptable limits. This process is governed by the Sustainability and Risk Management Committee (SRMC).

Our Material Matters & Why They Matter?	Risks	Opportunities
ECONOMIC		
MM1 Product Quality, Assurance & Safety <ul style="list-style-type: none"> To uphold the trust of consumers and provide peace of mind during consumption 	<ul style="list-style-type: none"> Potential backlash from consumers following incidents related to food safety and quality 	<ul style="list-style-type: none"> Enhances AEON's reputation as a brand that delivers safe and high-quality products
MM2 Supporting SMEs <ul style="list-style-type: none"> To contribute to broader economic development, job creation and social well-being in order to create economic resilience 	<ul style="list-style-type: none"> Overdependence on large suppliers may lead to supply chain vulnerability especially during events such as natural disasters and/or geopolitical tension 	<ul style="list-style-type: none"> Promotes local products and services while positioning AEON for growth and sustainability in a dynamic business environment Enhances supply resilience
MM3 Supply Chain Management <ul style="list-style-type: none"> To develop sustainable supply chain practices in order to uphold the trust of consumers who are becoming increasingly conscious of the sustainability of the products 	<ul style="list-style-type: none"> Suppliers' non-compliance with AEON's Suppliers Code of Conduct and ethical practices may inhibit the Company's ability to build a sustainable supply chain and increase costs 	<ul style="list-style-type: none"> Regular supplier assessment including environmental and social assessment improves public perception of AEON as a sustainable company
MM4 Customer Relationship Management <ul style="list-style-type: none"> To be able to connect and meet the needs of our customers to build long-lasting relationships and stay competitive in a dynamic marketplace 	<ul style="list-style-type: none"> Inability to meet customers' expectations impacts customers' confidence and loyalty 	<ul style="list-style-type: none"> Regular customer engagements facilitate continuous improvement to meet our customers' expectations
MM5 Digitalisation <ul style="list-style-type: none"> To enhance operational efficiency, customer engagement and adaptability in an increasingly technology-driven marketplace 	<ul style="list-style-type: none"> Potential loss of competitiveness and market relevance 	<ul style="list-style-type: none"> Improves operational efficiency while enhancing customer experience
MM6 Business Innovation <ul style="list-style-type: none"> To foster growth through innovation to cater to the evolving needs of our wide range of customers 	<ul style="list-style-type: none"> Costly investments in new ventures and product development 	<ul style="list-style-type: none"> Maintains AEON's brand relevance among customers

RISKS AND OPPORTUNITIES

Our Material Matters & Why They Matter?	Risks	Opportunities
ENVIRONMENTAL		
<p>MM7</p> <p>Climate Change</p> <ul style="list-style-type: none"> • AEON recognises that climate change poses both risks and opportunities • To ensure measures are taken to adapt the business to a changing climate and transition to a low-carbon economy due to the long-term threats of climate change such as global supply chain disruptions and natural disasters 	<ul style="list-style-type: none"> • Inability to manage the transition to low-carbon processes may cause physical assets damage, financial loss and business disruption <p>Mid-term (5-10 years) 2030</p> <p>Physical Risks</p> <ul style="list-style-type: none"> • Flash flood and rising sea levels can pose a threat to retail locations • Shift in temperature patterns can affect customer behaviour and change seasonal demand <p>Transition Risks</p> <ul style="list-style-type: none"> • Climate-related policies, regulations, Green Electricity Tariff (GET) and carbon pricing mechanisms may affect retail operations, product sourcing, and transportation • Customer preferences and increasing demand for sustainable products can change the way markets work <p>Long-term (over 10 years) 2050</p> <p>Physical Risks</p> <ul style="list-style-type: none"> • Extreme weather events can damage retail infrastructure, assets and disrupt supply chains • Ecosystem disruptions and biodiversity loss can have a long-term impact on supply chains <p>Transition Risks</p> <ul style="list-style-type: none"> • Increased expectations from customers and stakeholders • As manufacturers and suppliers adapt to climate change, supply chain disruptions and increased costs may occur, impacting AEON's operations and product availability 	<ul style="list-style-type: none"> • Effective mitigation and adaptation strategy ensures business continuity and cultivates the trust of our stakeholders in AEON as a company taking action against climate change <p>Mid-term (5-10 years) 2030</p> <ul style="list-style-type: none"> • Adoption of renewable energy sources • Shift towards sustainable value chain <p>Long-term (over 10 years) 2050</p> <ul style="list-style-type: none"> • Leverage latest green technology to lower our carbon footprint
<p>MM8</p> <p>Energy Efficiency</p> <ul style="list-style-type: none"> • To ensure measures are taken to reduce energy consumption as it is a significant source of GHG emissions and contributes to climate change 	<ul style="list-style-type: none"> • Increased operational costs and lack of compliance among our business partners may inhibit our ability to reduce energy consumption throughout the value chain 	<ul style="list-style-type: none"> • Leverage latest green technology to lower our carbon footprint

RISKS AND OPPORTUNITIES

Our Material Matters & Why They Matter?	Risks	Opportunities
ENVIRONMENTAL		
<p>MM9 Water Efficiency</p> <ul style="list-style-type: none"> To track and monitor our water consumption for sustainable water practices as water is essential to the health and well-being of communities and our business operations 	<ul style="list-style-type: none"> Poor water management leads to higher costs and slow adaption of business operations to more sustainable water practices 	<ul style="list-style-type: none"> Efficient water management may reduce operational costs and promote water conservation behaviour
<p>MM10 Waste Management</p> <ul style="list-style-type: none"> To ensure proper waste management practices to protect our environment for the future 	<ul style="list-style-type: none"> Non-compliance with environmental regulations may result in consequences from authorities and activists Increased capex to adopt infrastructure necessary to enhance waste management 	<ul style="list-style-type: none"> Waste reduction and increased resource efficiency may reduce operational cost
<p>MM11 Preserving Biodiversity</p> <ul style="list-style-type: none"> To protect our ecosystem in which our business operates to help preserve our natural resources 	<ul style="list-style-type: none"> Challenges in meeting sustainability regulations 	<ul style="list-style-type: none"> Improves public perception of AEON as a sustainable company Opportunities to develop new partnerships with NGOs and relevant government agencies
SOCIAL		
<p>MM12 Diversity & Equity</p> <ul style="list-style-type: none"> To promote a diverse and inclusive workplace as AEON People are our driving force and an inclusive working environment will allow them to contribute more effectively to the success of the business 	<ul style="list-style-type: none"> Discriminatory employment practices may damage AEON's reputation Lack of diversity and inclusion may impact business decision and strategy 	<ul style="list-style-type: none"> Helps to improve morale and productivity among employees and contribute towards improved employee retention
<p>MM13 Labour Practices</p> <ul style="list-style-type: none"> To respect and protect the rights of our employees to ensure no human rights violations occur within our organisation or within our value chain 	<ul style="list-style-type: none"> Unattractive benefits and remuneration may affect employees' motivation 	<ul style="list-style-type: none"> Attractive benefits packages enable us to retain and attract top-quality industry talent as well as contribute to a high-performance culture Enhances the reputation of AEON as a brand that protects people and communities
<p>MM14 Health, Safety & Well-being</p> <ul style="list-style-type: none"> To provide a healthy working environment for AEON People and empower them to choose a healthier lifestyle as our employees' health and safety are key priorities for us 	<ul style="list-style-type: none"> Accidents and injuries in the workplace may lead to productivity loss and legal repercussions such as penalties and reputational damage 	<ul style="list-style-type: none"> A strong safety culture with a conducive working environment improves employee's well-being and productivity Contributes towards improved employee retention

RISKS AND OPPORTUNITIES

Our Material Matters & Why They Matter?	Risks	Opportunities
SOCIAL		
<p>MM15 Training & Development</p> <ul style="list-style-type: none"> To support our employees to drive their own careers by providing opportunities for growth and equip them with the skills to perform their responsibilities and contribute to the success of the business 	<ul style="list-style-type: none"> Disengaged and underdeveloped employees contribute to lower productivity and performance 	<ul style="list-style-type: none"> Effective talent development and upskilling programmes enable us to retain and attract top-quality industry talent as well as contribute to a high-performance culture
<p>MM16 Community Contributions, Support & Engagement</p> <ul style="list-style-type: none"> To create positive social impacts for the communities in which we operate to enhance their quality of life and livelihoods 	<ul style="list-style-type: none"> Increased cost and challenges in scaling up programmes to achieve more impactful results 	<ul style="list-style-type: none"> Regular engagements through community impact programmes strengthen our relationship with local communities
GOVERNANCE		
<p>MM17 Governance, Ethics & Integrity</p> <ul style="list-style-type: none"> To establish a culture of integrity and robust governance for successful business operations and uphold trust of our stakeholders and investors 	<ul style="list-style-type: none"> Lack of integrity and poor governance practices may lead to corruption and mismanagement which will ultimately tarnish AEON's reputation and image 	<ul style="list-style-type: none"> Effective governance practices enhance AEON's reputation as a trustworthy company among stakeholders and investors
<p>MM18 Data Governance & Security</p> <ul style="list-style-type: none"> To prevent breaches of customer privacy and losses of customer data as this will protect our customers and enable them to continue trusting us with their data 	<ul style="list-style-type: none"> Cyber threats including breach of customers' data may lead to loss of customer trust and reputational harm 	<ul style="list-style-type: none"> Robust cybersecurity and improved data management protect critical customer data and maintain AEON's reputation as a trustworthy organisation

AEON SUSTAINABILITY PERFORMANCE

TARGETS AND PERFORMANCE

During the year, we established specific ESG performance targets aimed at driving our sustainability efforts forward in the upcoming years. These targets are aligned with our prioritised material matters, ensuring that our sustainability initiatives are focused on areas of utmost importance. By setting these aspirations and targets, we aim to enhance AEON's sustainability performance across our operations and to strengthen our capability to create long-term value for our stakeholders.

The following table defines the Company's aspirations and targets as well as our performance in FY2023:

AEON Sustainability Charter	Focus Area	Material Matters	Aspiration & Targets	FY2023 Performance
SUSTAINABLE ECONOMICS	Fostering Sustainable Business Partnership	MM2 MM3	<ul style="list-style-type: none"> Empower micro and small businesses for sustainable economic development. Integrate ethical sourcing practices throughout our supply chain. 	<ul style="list-style-type: none"> 99% proportion of spending on local suppliers. Achieved total sales from SMEs and MSMEs of RM6.4 million. (2022 : RM4.5 million) <p>Refer to pages 60 to 61 for more information.</p>
DYNAMIC CUSTOMER EXPERIENCE	Enhancing Product Quality	MM1	<ul style="list-style-type: none"> Prioritise the safety and well-being of our customers by delivering high-quality products. 	<ul style="list-style-type: none"> Achieved HACCP, Halal and BeSS certification. <p>Refer to page 62 for more information.</p>
	Enhancing Customer Loyalty & Experience	MM4	<ul style="list-style-type: none"> Achieve Net Promoter Score (NPS) of average +70. 	<ul style="list-style-type: none"> Achieved NPS of +75 in 2023 (2022 : +75). <p>Refer to page 66 for more information.</p>
	Improving AEON's Agility to Meet Customer Needs	MM4 MM5 MM6	<ul style="list-style-type: none"> Increase utilisation rate of Self-Checkout Counters (SCOs) to 40% by 2025. 	<ul style="list-style-type: none"> Achieved SCO utilisation at 28% in 2023. (2022 : 10%) <p>Refer to page 67 for more information.</p>
ENVIRONMENTALLY FOCUSED	Reducing Carbon Footprint	MM7 MM8	<ul style="list-style-type: none"> Carbon neutral by 2040. 	<ul style="list-style-type: none"> Achieved emission intensity reduction by 51% in 2023 compared to base year 2019. <p>Refer to pages 68 to 69 for more information.</p>
	Improving Energy Efficiency	MM7 MM8	<ul style="list-style-type: none"> Reduce 30% of electricity consumption compared to base year 2019 by 2030. 	<ul style="list-style-type: none"> Reduced 6% electricity consumption in 2023 compared to base year 2019. <p>Refer to page 70 for more information.</p>

AEON SUSTAINABILITY PERFORMANCE

AEON Sustainability Charter	Focus Area	Material Matters	Aspiration & Targets	FY2023 Performance
ENVIRONMENTALLY FOCUSED (CONT'D)	Minimising Water Consumption	MM9	<ul style="list-style-type: none"> Reduce 15% of water consumption compared to base year 2019 by 2030. 	<ul style="list-style-type: none"> Reduced 6% water consumption in 2023 compared to base year 2019. <p>Refer to page 71 for more information.</p>
	Reducing Waste	MM10	<ul style="list-style-type: none"> Increase recycling rate to 15% by 2030. 	<ul style="list-style-type: none"> Recycling rate in 2023 is at 11%. (2022 : 10%) <p>Refer to pages 72 to 74 for more information.</p>
	Enhancing Biodiversity Conservation	MM11	<ul style="list-style-type: none"> Protect biodiversity to minimise our environmental footprint. 	<ul style="list-style-type: none"> Completed planting 12,000 trees through Malaysia-Japan Friendship Forest in Bidor, Perak. <p>Refer to page 75 for more information.</p>
RESPONSIBLE EMPLOYMENT	Promoting Diversity & Inclusivity	MM12	<ul style="list-style-type: none"> Maintain at least 30% women representation on the Board of Directors. Maintain total ratio of women with leadership position at 50%. Increase Person With Disabilities (PWD) hiring of 2% by 2025. 	<ul style="list-style-type: none"> Achieved 40% women representation on the Board of Directors. 58% of leadership roles are held by women at management level in 2023. Achieved PWD hiring of 2.1% or 184 staff in 2023. (2022 : 1.3% or 123 staff) <p>Refer to pages 76 to 78 for more information.</p>
	Respecting Human & Labour Rights	MM13	<ul style="list-style-type: none"> Nurture a workplace that values fairness and employee well-being. 	<ul style="list-style-type: none"> Zero complaints on human rights violation in 2023. (2022 : 2 cases) <p>Refer to page 79 for more information.</p>
	Enhancing Health, Safety & Well-being	MM14	<ul style="list-style-type: none"> Zero fatalities at our operations. 	<ul style="list-style-type: none"> Zero fatality recorded in 2023. (2022 : 1 case) Lost Time Injury Rate (LTIR) of 1.23 recorded in 2023. (2022 : LTIR 1.18) <p>Refer to page 80 for more information.</p>

AEON SUSTAINABILITY PERFORMANCE

AEON Sustainability Charter	Focus Area	Material Matters	Aspiration & Targets	FY2023 Performance
RESPONSIBLE EMPLOYMENT (CONT'D)	Empowering Employee Learning & Development	MM15	<ul style="list-style-type: none"> Foster continuous learning and professional growth. 	<ul style="list-style-type: none"> Achieved average training hours per employee of 29 hours. (2022 : 16 hours) <p>Refer to pages 82 to 83 for more information.</p>
	Community Engagement & Development	MM16	<ul style="list-style-type: none"> Strive to make meaningful contributions that positively impact the community. 	<ul style="list-style-type: none"> Community investment of RM1.1 million. (2022 : RM1 million) <p>Refer to pages 83 to 85 for more information.</p>
EFFICIENCY & INTEGRITY	Promoting Integrity & Anti-Corruption	MM17	<ul style="list-style-type: none"> Maintain zero cases related to bribery and corruption. 	<ul style="list-style-type: none"> Achieved zero bribery and corruption cases for the last three years. <p>Refer to pages 86 to 87 for more information.</p>
	Improving Data Disclosure & Transparency	MM18	<ul style="list-style-type: none"> Improve disclosure practices for ongoing transparency and accountability. 	<ul style="list-style-type: none"> Achieved zero complaints concerning breaches in customer privacy for the last three years. <p>Refer to page 87 for more information.</p>
	Embedding Risk Management in Our Operations	MM17	<ul style="list-style-type: none"> To achieve ISO 37001 Certification in 2024. 	<ul style="list-style-type: none"> 100% of AEON operations underwent Enterprise Risk Management (ERM). <p>Refer to page 88 for more information.</p>

In 2024, we will continue to review our approach to sustainability, including establishing a roadmap to achieve AEON's overall sustainability vision.



FORTIFYING ECONOMIC PERFORMANCE



Sustainable Economics



Dynamic Customer Experience

AEON's robust financial performance is pivotal for the creation of long-term value and business sustainability, providing a resilient foundation to navigate dynamic market conditions. Beyond economic contributions, AEON acknowledges its role as one of the largest retailers in Malaysia by actively engaging in the creation of employment opportunities and community building initiatives. Furthermore, as part of its vision to creating smiles and connecting hearts for customers, AEON integrates sustainable practices to enhance operational resilience over the long-term. This multifaceted approach underscores AEON's dedication to fostering positive societal impact, ensuring economic growth, and strengthening its position as a responsible and sustainable business.

To ensure and uphold strong economic performance, AEON adheres to a strategic business approach, guided by staying abreast of market trends, maintaining a robust balance sheet, and cultivating strong financial foundations. The commitment to digitalisation is integral to our strategy, allowing us to adapt to evolving market landscapes and meet the changing preferences of our customers. Concurrently, AEON remains vigilant in identifying and mitigating risks pertinent to our business operations, thereby fortifying our resilience and sustaining a trajectory of success.

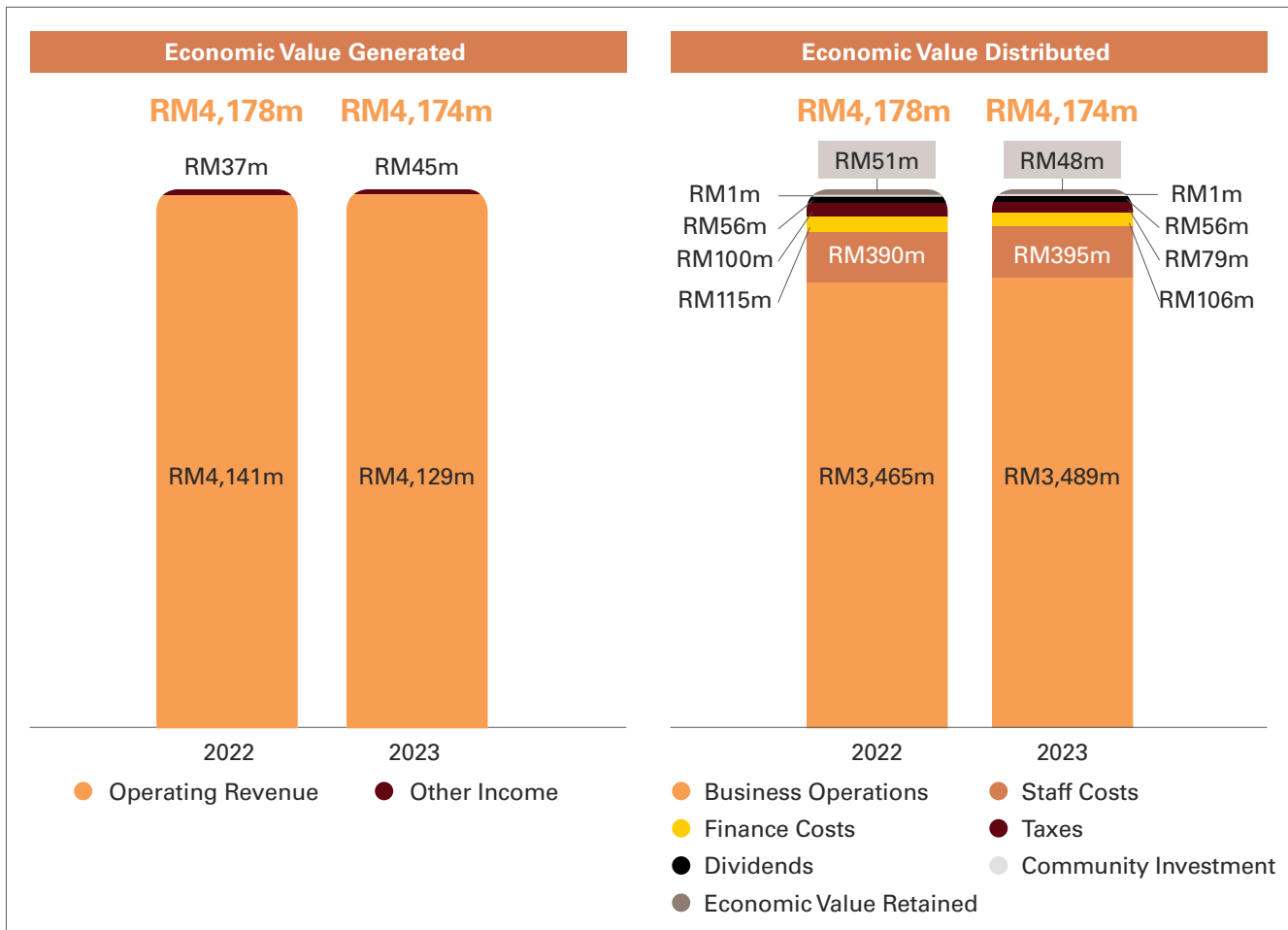
Our Value Creation Model is explained in detail on pages 32 to 33 of this IAR. AEON's economic performance depends upon six capitals – Financial, Manufactured, Intellectual, Human, Social and Natural. Our sustainability initiatives support AEON's abilities to create financial values.

ECONOMIC PERFORMANCE GRI 201-1

MM6



In 2023, AEON recorded a total revenue of RM 4.1 billion, with majority of 84% derived from our Retail segment. AEON continuously generates wealth for our stakeholders, as shown in the table below:



The financial results presented in the table are derived from the audited financial statements, which are available in our IAR 2023 on pages 140 to 193.

FORTIFYING ECONOMIC PERFORMANCE

FOSTERING SUSTAINABLE BUSINESS PARTNERSHIPS

GRI 2-6, 204-1, 414-1

MM2

MM3



Commitment:

- Empower micro and small businesses for sustainable economic development.
- Integrate ethical sourcing practices throughout our supply chain.

SUPPLY CHAIN MANAGEMENT

With over 1.3 million SKUs distributed across all stores, AEON recognises the importance of implementing a sustainable supply chain management system. This not only supports our commitment to responsible sourcing but also helps in reducing our carbon footprint while ensuring the sustainability of our operations.

AEON's commitment to effective and ethical operations is underscored by a set of policies governing our supply chain management. At the core of these principles is the AEON Supplier Code of Conduct (CoC), a guiding framework that mandates various critical aspects. The AEON Supplier CoC stipulates that the employment of workers within our supply chain must be appropriate, emphasising fair labour practices and conditions. This includes ensuring that workers are treated with respect, provided fair wages, and are subject to reasonable working hours. The AEON Supplier CoC also prioritises the creation of safe working environments for all individuals involved in our supply chain. This encompasses measures to safeguard their physical well-being, mental health, and overall workplace safety.

Lastly, compliance with laws and regulations at production bases is a fundamental requirement outlined in the AEON Supplier CoC. This involves adherence to local and international legal standards, including but not limited to environmental laws, responsible material use, and measures for pollution prevention. We currently require suppliers of TOPVALU to comply with the AEON Supplier CoC, and we improve issues through supplier audits. Please refer to page 63 on AEON's Contract Manufacturer Auditing under the 'Enhance Product Quality' section.



The AEON Supplier CoC can be viewed at <https://www.aeon.info/en/sustainability/social/coc/> and the document is made available in 18 languages

In addition to the AEON Supplier CoC, our Company relies on the following policies to guide our efforts to source materials and produce products in a responsible and ethical manner:

- AEON Responsible Sourcing Policies
- AEON Animal Health and Welfare Policy



These policies can be viewed at <https://aeongroupmalaysia.com/sustainability-policies/>

FORTIFYING ECONOMIC PERFORMANCE

Our Initiatives in 2023

1. Products Using Responsible Materials under the TOPVALU brand

The Forest Stewardship Council (FSC) certifies wood products and paper manufactured with timber from properly managed sustainable forests. In 2023, our private brand, TOPVALU converted all its paper products to FSC Certified material.



2. Cultivating a Sustainable Supply Chain for Small and Medium Enterprises (SMEs)

Continuing with this focus, we have been actively supporting SMEs to build sustainable ecosystems and promote inclusivity. In 2023, we introduced a training programme, organised by the United Nations Global Compact Network Malaysia & Brunei (UNGCMYB), aimed at enhancing sustainable supply chain practices. This programme was particularly geared towards SMEs, equipping them with the necessary knowledge to align with our sustainability goals. Launched during AEON Forward event, this initiative was a highlight of our interactions with our suppliers during the year.

Moving forward, our vision is to expand the scope of our sustainable supply chain management. This includes our plan to enhance our training modules to encompass critical elements of environmental management, such as strategies for measuring and minimising carbon emissions. To align with this vision, we will initiate sustainability assessments for our suppliers. Our aim is to ensure that every one of our suppliers, both existing and new, meets our sustainability standards. This step marks a significant stride towards integrating comprehensive environmental considerations into our supply chain, underscoring our commitment to a sustainable and environmentally conscious business model.

SUPPORTING SME

Supporting SMEs in retail is crucial for sustainability as it stimulates local economies, cultivates job creation, promotes diversity and innovation and enhances supply chain resilience. By empowering SMEs, retailers contribute to building more resilient and sustainable communities while driving positive economic, social, and environmental impacts, especially during economic downturns or crises.

Our approach includes supporting local businesses and fostering economic growth in the communities where we operate. We do this by mainly sourcing from local suppliers, as this not only supports the local economy but also helps in reducing our carbon footprint. Through initiatives like the Ramadan Bazaar and Festival Tamu Sabah, we have been aiding SMEs and Micro SMEs (MSMEs) in overcoming financial challenges and promoting their development.

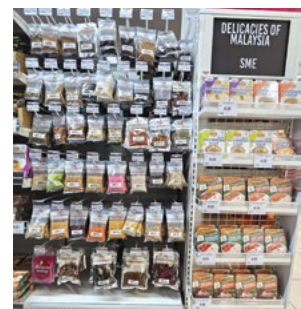
Furthermore, our commitment to local SMEs, particularly MSMEs, extends to our collaboration with various ministries and government agencies. These partnerships provide a platform for MSMEs to showcase their products across AEON's nationwide outlets and our online platforms, fostering greater visibility and growth opportunities for these local businesses.

Our Initiatives in 2023

1. Empowering SMEs and MSMEs

AEON takes pride in its commitment to empowering MSMEs by offering them prime shelf space in our supermarkets to showcase and sell their products. This strategic partnership not only provides SMEs and MSMEs with the opportunity to collaborate with a renowned brand like AEON but also encourages buyers to actively support local products.

Number	2021	2022	2023
SMEs	23	33	41
MSMEs	9	27	32
Total sales (RM mil)	4.0	4.5	6.4



FORTIFYING ECONOMIC PERFORMANCE

2. Multi-stakeholder Collaborations

In support of local SMEs and MSMEs, we also collaborated with various ministries and government agencies to provide a platform for local SMEs and MSMEs to promote their products.

Karnival Jualan Agro Madani/Jualan Terus Dari Ladang (JDTL)

Karnival Jualan Agro Madani represents a rebranding effort of the *Jualan Terus Dari Ladang* (JDTL) programme initiated by the Ministry of Agriculture and Food Security. This collaborative effort saw several AEON Malls hosting the event, facilitating direct sales of agricultural produce from farmers to consumers. By eliminating intermediaries, the initiative aimed to lower costs for both farmers and consumers while ensuring access to fresh, high-quality produce.



Ramadan Bazaar

In celebration of the fasting season, selected AEON Stores held the AEON indoor Ramadan Bazaar which offered shoppers a variety of food, beverages, clothing, accessories, and essential *Raya* preparation items. By hosting the bazaar indoors, both sellers and customers benefitted from a comfortable and controlled environment, allowing for an enjoyable shopping experience without worrying about weather conditions.



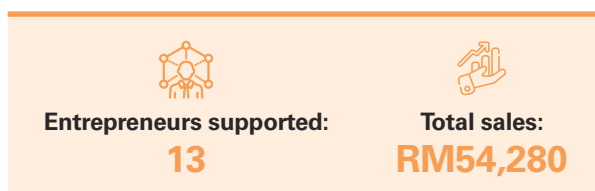
Festival Tamu Sabah

In collaboration with the Sabah State Government and the Department of Industrial Development and Research (DIDR) Sabah, we hosted the Festival Tamu Sabah at AEON Mall Shah Alam. This event provided a valuable platform for entrepreneurs from Sabah to showcase their products to a wider audience.



Karnival Usahawan myAgropreneur Perikanan (myAP) dan myKomuniti Perikanan (myKP)

AEON partnered with the Department of Fisheries Malaysia to organise the *Karnival Usahawan MyAP dan MyKP*. Held in AEON Mall Shah Alam for three days, the event aimed to help local entrepreneurs in the fisheries sector by providing them with a platform to showcase their products to visitors. The event also served to connect the entrepreneurs with potential agents, distributors, and stockists through Business Matching. The carnival is part of a nationwide roadshow by the Department of Fisheries Malaysia to showcase aquaculture and fish-based products.



Performance

In 2023, a total of RM3.4 billion was spent on procurement, out of which 99% was spent on local suppliers.

No. of Suppliers	2021	2022	2023
Local Suppliers	1,886	2,404	2,597
Foreign Suppliers	n/a	65	96

FORTIFYING ECONOMIC PERFORMANCE

ENHANCING PRODUCT QUALITY GRI 416-1, 417-1

MM1



Commitment:

- Prioritise the safety and well-being of our customers by delivering high-quality products.

Enhancing product quality, assurance and safety is crucial for AEON as it directly affects customer satisfaction, brand reputation and product longevity. By emphasising quality across the supply chain, the Company can cultivate customer loyalty, enhance AEON brand equity, prolong product lifespans, and uphold environmental and ethical standards.

Our commitment involves enhancing the reputation of AEON brands by ensuring compliance with legal standards, increasing customer satisfaction, and establishing ourselves as market leaders. We achieve this by strictly adhering to safety and quality standards, making well-informed decisions and advocating for responsible marketing and advertising practices.

ADHERING TO SAFETY AND QUALITY STANDARDS

Our Initiatives in 2023

We have taken proactive steps to align our products and services with global regulatory standards and industry best practices. Notably, we have achieved the Hazard Analysis and Critical Control Point (HACCP) Certification, distinguishing us as the sole supermarket in Malaysia to hold this certification since 2008. Our voluntary pursuit of the HACCP certification underscores our strong commitment to food safety.

In the domestic context, our operations adhere to the Food Act 1983 and the Halal Assurance Management System, as mandated by the Department of Islamic Development Malaysia (JAKIM). Within AEON, we are guided by a set of specific policies:

- AEON Food Safety and Quality Policy
- AEON Food Safety and Hygiene Policy
- AEON Halal Policy



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

The following section summarises the various certifications that AEON currently holds and the various initiatives we implemented to ensure that we continue to maintain these accreditations:

1. HACCP Certification

In upholding our HACCP Certification, we continue to conduct regular internal and external audits in our stores to ensure our ongoing adherence to the standard requirements of food safety and consumer needs. Our undertakings in this area are guided by standards such as the Good Manufacturing Practice (GMP) and Food Safety Critical Control Points. In 2023, all AEON Stores are HACCP-certified.



33*

AEON Stores certified in 2023

* AEON Putrajaya Store is in process of getting certified in 2024

2. Halal Certification

Since its implementation in 2010, AEON's Halal Policy has been deeply ingrained in the Company's daily operations. Our efforts extended to reinforcing AEON's Halal Assurance Scheme by strictly following the Halal Policy aligned with JAKIM's guidelines. We also ensured that our suppliers met these Halal standards, thereby strengthening our supply chain and upholding our commitment to ethical business practices. Halal audits are conducted internally by the Quality Management Department twice a year for all AEON Stores. We conduct Halal awareness training programmes for internal and external employees where all our outlets will have at least one Halal executive.

In 2023, the Company conducted Halal internal audits in all AEON Stores to confirm adherence to Halal standards. Additionally, we held training sessions and meetings to ensure our team was well-versed in Halal certification requirements. In 2023, we obtained Halal certification for six more outlets due to the increase in the number of outlets at our new AEON Putrajaya store.



130 certified Halal
(2021: 103 | 2022: 124)

AEON Delicatessen

La Bohème
bread · pastry · sweets

COCO
cafe

FORTIFYING ECONOMIC PERFORMANCE



3. Ensuring Excellence in the AEON TOPVALU Range

To ensure product safety and quality, AEON mandates that suppliers producing and manufacturing under the TOPVALU brand undergo the AEON Factory Audit for Food and Non-Food Products. Additionally, these suppliers are required to strictly adhere to and be audited against the AEON Supplier CoC Standard which aligns with business values.

These evaluations are crucial to ensure our suppliers continue to meet our stringent quality standards, ethical guidelines, and policies. Factory audits on Food Safety Management System (FSMS) and Quality Management System (QMS) are conducted on a yearly basis. Whereas, an audit on the AEON Supplier CoC is conducted every two years in compliance with the local regulations and requirements on Labour Practices, Environmental Management System (EMS) and Occupational Safety and Health Management System (OSHMS).

In 2023, we conducted the following audits:

Audit Type	Number of Audits Conducted
Factory Audit	67
AEON Supplier CoC Audit	52



For more information on the AEON Supplier CoC, please refer to the AEON Supplier CoC at <https://www.aeon.info/en/sustainability/social/coc/>

Orientation and Declaration of Compliance



Second-Party Audit

- Targets: All domestics and overseas factories
- Audit and assessment: AEON-certified auditors

Confirmation of Corrective Action

Step 1

Submit corrective action reports via suppliers

Step 2

Assess and confirm at the AEON Supplier CoC secretariat

Emphasis on communication



First-Party Audit

- Targets: Factories receiving superior assessments in second-party audits
- Confirmation and assessments: Suppliers and factories
- Method: Suppliers check factories based on a checklist provided by AEON. Correct findings if there is non-conformity and submit their reports to the AEON Supplier CoC secretariat

Independent management

FORTIFYING ECONOMIC PERFORMANCE

ENCOURAGING INFORMED DECISION-MAKING

At AEON, we hold a strong conviction that consumers should have access to precise and impartial information about the products and services they purchase. This transparency empowers them to make choices that align with their needs and preferences, and safeguards them against unfair or deceptive practices by businesses. To reinforce this belief, we established the AEON Customer Responsibility Policy, outlining the principles, commitment and guidance on AEON's position with regard to consumer rights.



The AEON Customer Responsibility Policy can be viewed at <https://aeongroupmalaysia.com/sustainability/policies/>

Our Initiatives in 2023

1. Nutrition Information

AEON acknowledges the rich diversity of our customers and is committed to being transparent. In the nutrition space, we focus on clear labelling of our food products, providing detailed information on content, nutritional fact, calories and allergens. This helps to empower our customers to make informed decisions about their food choices and to safeguard against potential health risks.

In ensuring full compliance with product labelling regulations, AEON meticulously adheres to a comprehensive set of guidelines across all product categories. These guidelines encompass various aspects, including the sourcing of product components, ensuring the safe use of the product or service, disclosing content (particularly substances with potential environmental or social impacts) and addressing disposal considerations along with associated environmental or social impacts. Additionally, other critical elements such as the inclusion of HACCP, and providing nutritional information are also diligently observed. In 2023, we displayed nutrition information on most of our ready-to-eat food line products.



2. Responsible Marketing and Advertising

We engage in marketing and advertising activities with a strong emphasis on ethical and responsible practices. Our commitment involves delivering accurate and balanced information about our brands and products, aiming to build trust with consumers.

In keeping with our commitment to empowering customers to make informed decisions, AEON adheres strictly to Regulation 361 of the Food Regulation 1985. In accordance with this, we ensure that all alcoholic beverages are labelled accurately, including specific details about the alcohol content of the beverage and health warning statements. This practice is part of our dedication to providing essential information that supports our customers' informed choices.

In FY2023, we maintained a steadfast commitment to compliance across our product information, labelling, and marketing communications endeavours. We are pleased to report that, to the best of our knowledge, there were no instances of non-compliance with regulations or voluntary codes, resulting in fines, penalties, or warnings. Furthermore, in 2023, we recorded zero reports of non-compliance concerning marketing communications, as well as product and service information and labelling guidelines.



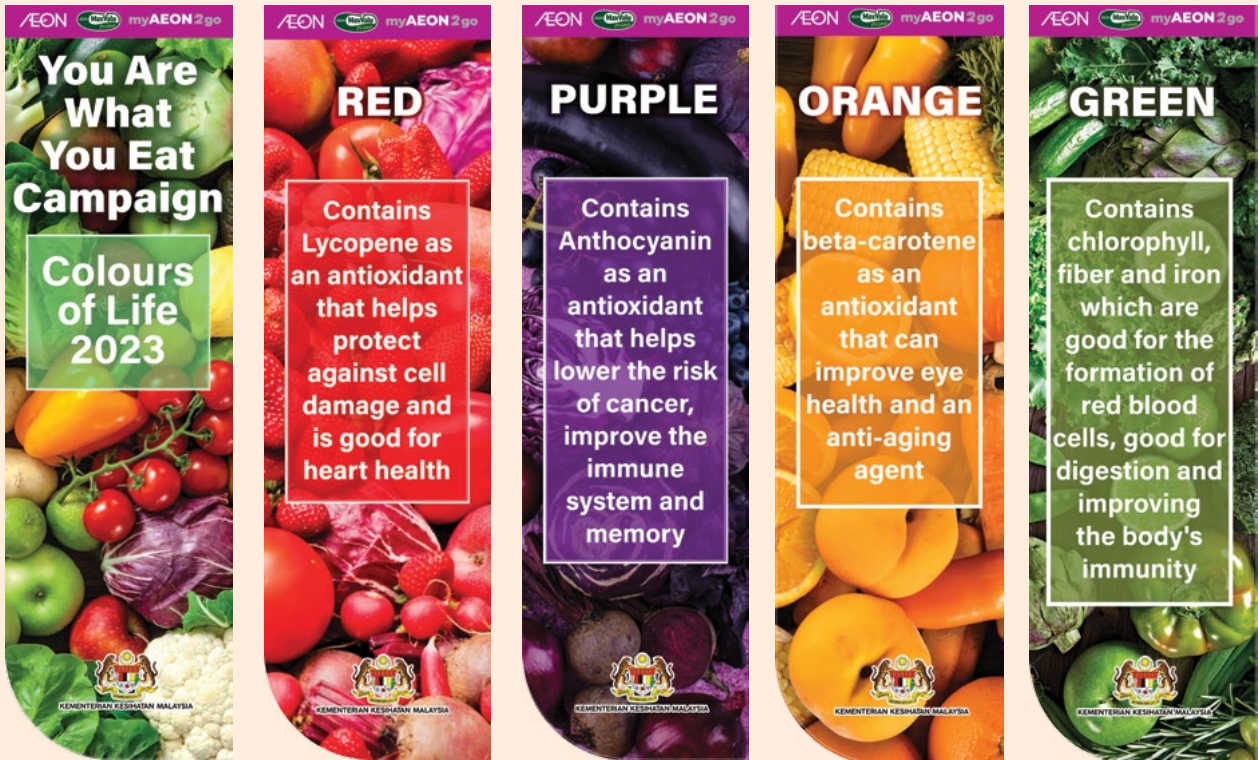
**AMARAN
MENJUAL MINUMAN
BERALKOHOL/ARAK KEPADA
ORANG DI BAWAH UMUR DUA
PULUH SATU TAHUN ADALAH
DILARANG**

FORTIFYING ECONOMIC PERFORMANCE

ACTIVE ENGAGEMENT WITH STAKEHOLDERS



YOU ARE WHAT YOU EAT: COLOURS OF LIFE 2023 CAMPAIGN



To ensure the safety and quality of our products throughout their lifecycle, we actively engage with stakeholders, including government bodies and regulators, particularly the Ministry of Health (MOH). In 2022, AEON was appointed by the MOH as one of the Nutri Hub Supermarkets, tasked with advocating for nutrition at the supermarket level. To uphold this commitment in 2023, AEON launched the 'You Are What You Eat: Colours of Life 2023' campaign in November at AEON Shah Alam. This initiative responds to concerning statistics from the National Health and Morbidity Survey 2019, revealing that 95% of Malaysians do not consume enough vegetables, contributing to health risks such as fatty liver disease, heart disease, and kidney disease. The campaign promotes nutrition awareness through colourful and balanced diet displays in the Produce section that are endorsed by the MOH. Supported by agencies like FAMA, FFM, UPM, MASO, ULAM SCHOOL, and YUMEAT (Ayam Brand), the campaign aligns with

UN SDG 3, emphasising Good Health & Well-Being. Activities included a menu innovation challenge by UPM Food Science undergraduates, pocket talks by Ulam School and Selangor Health Department officers, as well as cooking demonstrations.



FORTIFYING ECONOMIC PERFORMANCE

ENHANCING CUSTOMER LOYALTY AND EXPERIENCE

GRI 2-6, 414

MM4



Commitment:

Achieve Net Promoter Score (NPS) of average +70.

At AEON, we place our customers at the heart of our operations, ensuring that every decision is made with their needs and preferences in mind. Embracing a 'Customer First' philosophy, we are deeply committed to identifying and implementing strategies that deliver an exceptional customer experience, creating smiles and connecting hearts.

We constantly endeavour to enhance customer loyalty and the overall experience by actively considering their feedback. This approach allows us to uphold high-quality standards across all our products and services, ensuring that we not only meet but exceed our customers' expectations.

Our Initiatives and Performance in 2023

During the year under review, we fulfilled this commitment through the following dedicated programmes:

1. Net Promoter Score (NPS) Programme

In 2022, we introduced our NPS programme, a targeted survey designed to gauge the likelihood of customers returning to shop with AEON. With an initial target score of 75, which is aligned to industry benchmark for exceptional customer experience and loyalty, we conducted the survey across our malls and stores. In 2023, the same survey was carried out and we achieved a score of 75.

Net Promoter Score	
2022	2023
+75	+75

We are dedicated to improving our NPS score by expanding and enhancing our customer loyalty programme, ensuring greater satisfaction and loyalty among our valued customers.

2. AEON Careline

We have developed a comprehensive and integrated platform that captures the Voice of Our Customers (VoC) through the consolidation of feedback across four key categories, namely Enquiries, Complaints, Compliments, and Suggestions. This feedback is gathered through a variety of channels, including our AEON Careline hotline at 1300-80-2366, email, social media platforms, live chat functionalities, and QR-code enabled forms accessible at our physical stores. This multifaceted approach ensures accessibility and convenience for our customers, facilitating engagement through an omnichannel touchpoint interaction management system. Our objective is to maintain a strong connection with our customer base, demonstrating responsiveness to their evolving needs and experiences across all touchpoints.

In 2023, we recorded higher feedback, with the majority under the 'Enquiries' category. This surge aligns with the implementation of newly integrated solutions aimed at expanding the VoC capture channels.

Category	2021	2022	2023
Enquiries	15,380	40,834	57,963
Complaint	30,679	9,723	6,520
Compliments	5,005	6,428	4,302
Suggestions	625	664	546
Total	51,689	57,649	69,331

Our primary focus is on addressing complaints promptly and thoroughly, ensuring that each issue is attended to and resolved satisfactorily. Additionally, we are committed to following up with individuals who have lodged complaints to ensure their concerns are fully addressed and resolved to their satisfaction.

FORTIFYING ECONOMIC PERFORMANCE

IMPROVING AEON'S AGILITY TO MEET CUSTOMER NEEDS GRI 418-1

MM4 MM5 MM6



Commitment:

Increase utilisation rate of Self-Checkout Counters (SCOs) to 40% by 2025.

By embracing digital tools and technologies, AEON drives innovation, offering personalised and engaging services that meet evolving customer needs. This strategic move also enhances our operational efficiency by not only boosting profitability through cost reduction and market responsiveness, but also plays a key role in advancing AEON's sustainability goals. In addition, digitalisation helps us to facilitate efficient resource use and informed decision-making. This aligns with our commitment to environmental stewardship, underlining digitalisation's integral role in both improving our customer care and securing long-term business success.



Our Initiatives and Performance in 2023

1. Self-Checkout Counters (SCO)

As part of our goal to elevate customer convenience, AEON continues to install Self-Checkout Counters (SCOs) at our various stores and outlets. In 2023, AEON installed 316 number of SCOs across AEON Stores, MaxValu, DAISO and AEON Wellness outlets.



With a goal to further elevate customer convenience, AEON aims to raise the SCO utilisation rate to 40% by 2025. This reflects our commitment to modernising the shopping experience and enhancing service efficiency for our customers.

2. Digitalisation of AEON Supplier Portal

As part of AEON's digital transformation journey, we continue to utilise our e-contract functionality which we embarked on in order to digitalise our electronic trading term contracts with our suppliers. This functionality allows suppliers to create e-contracts with their trading terms as well as for online approval and authorisation of the contract in the new paperless process in our supplier portal platform.

We believe that this is a step forward in our digital transformation journey as we try to increase e-documentation usage in line with the changing environment towards sustainable paperless future.

Looking to 2024, AEON remains steadfastly committed to driving economic sustainability. We will continue to adapt and innovate, ensuring that our business strategies not only foster growth but also align with sustainable practices. By balancing our economic goals with environmental and social responsibilities, we aim to contribute positively to both the communities we serve and the broader global economy.



STRENGTHENING ENVIRONMENTAL ACCOUNTABILITY



Environmentally Focused



AEON is steadfast in its commitment to environmental stewardship, actively engaging with customers and partners to foster a more sustainable world.

To reinforce our environmental efforts, we have embraced renewable energy and installed solar photovoltaic systems at our malls thus contributing to

Malaysia's National Energy Transition Roadmap (NETR) and Malaysia's net zero aspiration by 2050. AEON's waste management initiatives include a waste disposal system at AEON Alpha Angle which converts organic waste into compost, and the 'Say No To Plastic Bags' campaign, aligning with Malaysia's Single-Use Plastic Roadmap 2018 to 2030. Additionally, we provide recycling centres and continue to partner with organisations such as Coca-Cola, Trash4Cash and Hiroyuki Industries to promote recycling in Malaysia.

The Malaysia-Japan Friendship Forest in Bidor, Perak, is a milestone in AEON's biodiversity conservation initiative. Initiated in 2014 with the Forest Research Institute Malaysia and completed in May 2023, this project has revitalised a former tin mine by planting 30,000 trees, demonstrating AEON's commitment to environmental restoration and long-term ecological sustainability. The project will be handed over to the government in September 2024.

These initiatives represent the Company's dedication to reducing our environmental impact, while also playing a crucial role in ensuring a sustainable future for all.

REDUCING CARBON FOOTPRINT

GRI 302-1, 302-4, 305-1, 305-2, 305-3, 305-4

MM7

MM8

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

Commitment:

Carbon neutral by 2040.

AEON recognises that the impact of our energy use and greenhouse gas emissions contribute to climate change. This awareness extends not only to AEON's direct business activities but also to the Company's network of suppliers. As such, we are actively committed to minimising our carbon footprint and leveraging opportunities as we transition our businesses to thrive in a low-carbon economy.

A key aspect of AEON's climate strategy is to support the growth of the renewable energy (RE) industry. This support is crucial not only within the country but also globally, as it contributes to the broader energy transition needed to combat climate change and global warming.

Our Initiatives and Performance in 2023

In alignment with the Company's Sustainability & Climate Change Policy, AEON has laid out plans to reduce its carbon footprint. The Company has set ambitious targets, aiming for carbon neutrality by 2040.

In 2023, AEON made significant strides in this direction. The Company conducted an internal assessment of Scope 1 and 2 emissions and assessed 2 out of 15 categories of Scope 3 emissions. A significant step in AEON's renewable energy strategy has been the successful installation of solar photovoltaic (PV) at AEON Taman Maluri Shopping Centre and AEON Alpha Angle in 2022, as well as seven additional malls in 2023. With AEON Taman Maluri Shopping Centre and AEON Alpha Angle already generating solar energy, the Company aims to have 13 AEON malls equipped with solar PVs by 2024. Furthering our commitment to renewable energy, the Company also subscribed to the Green Energy Tariff (GET) to reinforce our support for sustainable energy sources.

We achieved emission intensity reduction by 51% in 2023 compared to base year 2019 due to AEON's green electricity purchase via GET and solar PV generation. Total emissions in 2023 was 130,602 tCO₂e, an increase of 43% compared to 2022. This was primarily due to increase in Scope 2 emissions by 67% as we gradually reduce reliance



The Sustainability & Climate Change Policy can be viewed at <https://aeongroupmalaysia.com/sustainability-policies/>

STRENGTHENING ENVIRONMENTAL ACCOUNTABILITY

on GET subscription and shift towards renewable energy generation through solar PV. Consequently, emission intensity increased by 0.1 tCO₂e/MWh.

AEON has also installed Electric Vehicle (EV) charging stations at selected AEON malls, with plans for more EV chargers to be installed and operational in 2024. This initiative makes charging EVs more convenient and supports wider EV adoption. This step not only serves AEON's goals but also encourages sustainable practices among our customers.

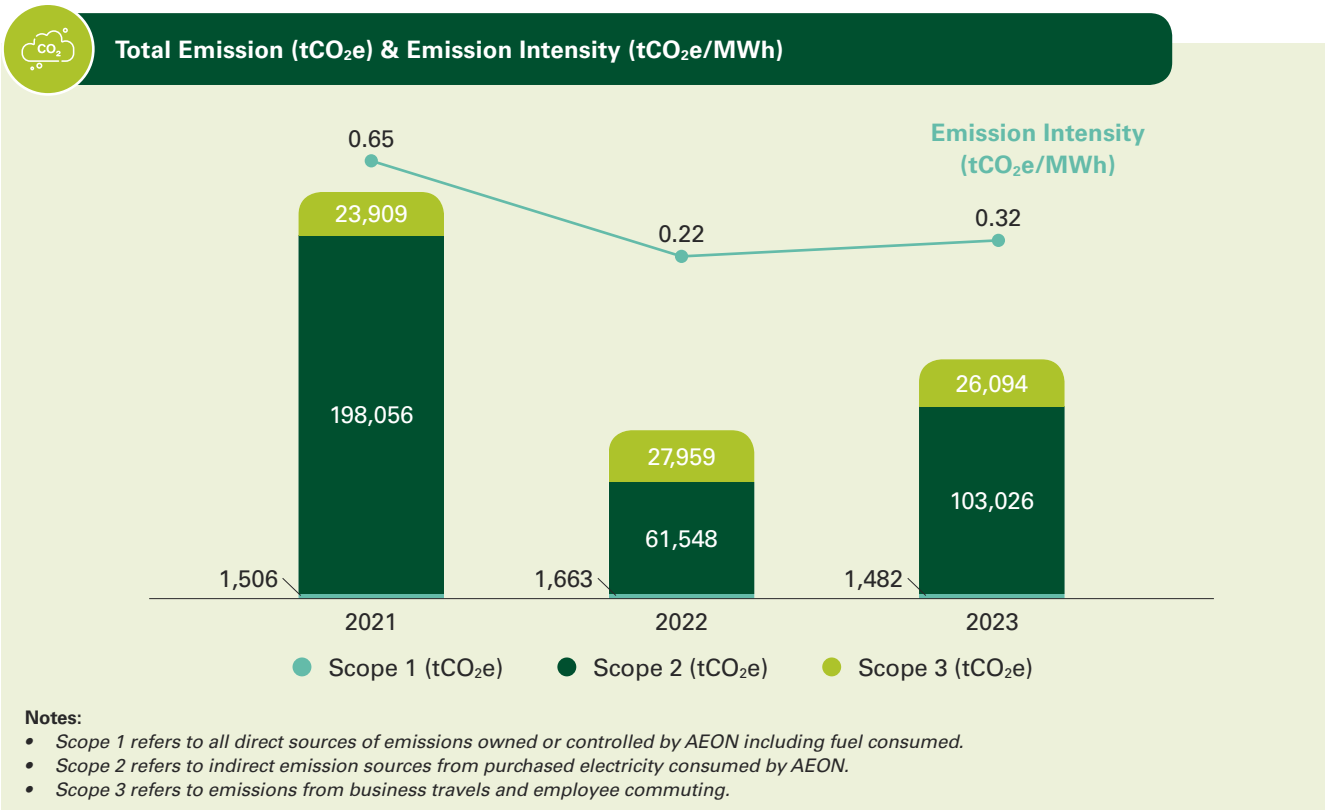


AEON's commitment extends beyond our immediate operations. The Company supports the growth of the renewable energy industry both nationally and globally. As a panel advisory member mandated by the Ministry of Natural Resources, Environment and Climate Change (NRECC) for the Trade and Industry cluster for COP28,

Dubai, AEON collaborated with entities like the Ministry of International Trade and Industry (MITI) and other retailers where it shared insights on greening the supply chain and the Circular Economy. AEON's participation in the COP28 underscores its role in broader environmental discussions and initiatives.



As we move into 2024, AEON plans to develop decarbonisation strategies and a roadmap that will help accelerate our greenhouse gas emission reduction. We will also be assessing on our Scope 3 emissions to identify opportunities to reduce our carbon emissions across our value chain. This step will further reinforce AEON's commitment to achieving its sustainability targets and contributing to the global effort against climate change.



STRENGTHENING ENVIRONMENTAL ACCOUNTABILITY

IMPROVING OUR ENERGY EFFICIENCY

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



Commitment:

Reduce 30% of electricity consumption compared to base year 2019 by 2030.

AEON acknowledges its role as a conscientious industry player. We are aware of the environmental impact of our energy-intensive operations, particularly in our malls and stores where air-conditioning and lighting are crucial for customer comfort. Furthermore, the activities at the AEON Food Processing Centre (AFPC), which include the preparation of ready-to-eat meals and the consumption of Liquefied Petroleum Gas (LPG), reinforce the necessity of adopting a forward-thinking approach to environmental management. This awareness drives AEON's commitment to sustainable practices and its dedication to reducing its ecological footprint.

The Company's efforts in environmental stewardship are guided by the Sustainability and Climate Change Policy which serves as both a declaration of commitment and a guide to AEON's stance on sustainability and climate change.



The Sustainability & Climate Change Policy can be viewed at <https://aeongroupmalaysia.com/sustainability-policies/>

Our Initiatives and Performance in 2023

To advance our energy conservation objectives, AEON has adopted a strategic approach to significantly reduce

the Company's energy consumption. We aim to cut the Company's electricity usage by 30% by 2030, using the fiscal year 2019 as our baseline. This ambitious goal has led us to implement energy-efficient strategies across our extensive network which includes AEON Malls, AEON Stores, MaxValu, DAISO, AEON Wellness and AEON Food Processing Centre (AFPC).

In 2023, AEON implemented several key initiatives to meet our target. These include optimising our air conditioning usage to operate efficiently and only during business hours, and transitioning to LED lighting to reduce power consumption. AEON also introduced the Virtual Energy Monitoring System (VEMS) at AEON Melaka Shopping Centre and AEON Mall Bandaraya Melaka which enables the Company to thoroughly audit the building's energy consumption patterns. We also installed energy saving systems across 14 malls to enhance energy efficiency and conducted company-wide energy saving counter measures to optimise electricity consumption.

Looking ahead to 2024, AEON has established plans to implement energy management system over the next 12 months, ensuring a comprehensive approach to energy conservation and sustainability.

The following table summarises the Company's energy consumption for the year under review:

Energy	Units	2021	2022	2023
Electricity				
Total Electricity Consumption	Megawatt	425,221	521,107	528,661
AEON Consumption	Megawatt	345,592	412,060	406,142*
Tenants Consumption	Megawatt	79,629	109,047	122,519
Solar PV generation	Megawatt	0	1,982	3,922
Green Electricity Purchased via Green Electricity Tariff (GET)	Megawatt	0	387,495	290,230
Fuel				
LPG Consumption by AEON	m ³	125,498	159,028	134,333
LPG Consumption by AEON's Tenants	m ³	515,072	621,504	634,692
Diesel Consumption	Litre	31	35	11
Petrol/Gasoline Consumption	Litre	207,837	210,411	227,720

Note:

* This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 205 to 208.

STRENGTHENING ENVIRONMENTAL ACCOUNTABILITY

MINIMISING WATER CONSUMPTION GRI 302-4, 303-5, 305-1

MM9



Commitment:

Reduce 15% of water consumption compared to base year 2019 by 2030.

AEON is aware of the growing issue of water scarcity, exacerbated by climate change, inadequate water management, and contamination. Recognising that fresh and clean water is a crucial resource, AEON is committed to responsibly monitoring our water footprint which extends across various facets of its operations, from raw materials and suppliers to its malls, store operations, and food preparation processes. In reducing water consumption in our operations, we also aim to generate savings in our energy use and reduce our operational costs. In response to this, we are committed to implementing water management initiatives, focusing on sustainable usage and efficiency to address the conservation of this critical resource.

Our Initiatives and Performance in 2023

As per our other Environmental initiatives, AEON’s water management strategies are guided by the Company’s Sustainability & Climate Change Policy.

In line with our objective to minimise the environmental impact of our operations, we have committed to a water reduction strategy with a goal to decrease our water usage by 15% by 2030 from our base year. To this end, we began an initiative to improve the maintenance of our water facilities throughout our operations to prevent leaks. This included retrofitting our facilities with water-efficient faucets and toilets. We also installed De-Scale systems and air-conditioning cooling towers to enhance water efficiency.

Alongside these technical upgrades, AEON also introduced company-wide energy-saving measures, which included water conservation strategies in 2023. Our water use for the year under review is as follows:

Water	Units	2021	2022	2023
Water Consumption				
AEON	Megalitres	3,413.7	3,838.3	3,854.5*
AEON’s tenant	Megalitres	622.1	918.3	957.2
Total	Megalitres	4,035.8	4,756.6	4,811.7

Note:

* This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 205 to 208.

Moving forward, AEON plans to review and update its water management plans across all operations to ensure it meets the Company’s water reduction targets. Continuous monitoring and maintenance of facilities, particularly mall and store toilets, will be a key focus to minimise water waste.

We will also continue to explore new initiatives such as implementing rainwater harvesting systems to reduce our reliance on municipal water sources as well as installing modified water taps with lower flow rates where needed. The Company will also engage in awareness campaigns to promote water-saving practices among customers and employees.



Figure 1: Water conservation initiatives at AEON facilities.

STRENGTHENING ENVIRONMENTAL ACCOUNTABILITY

REDUCING WASTE

GRI 306-1, 306-2, 306-3, 306-4, 306-5

MM10



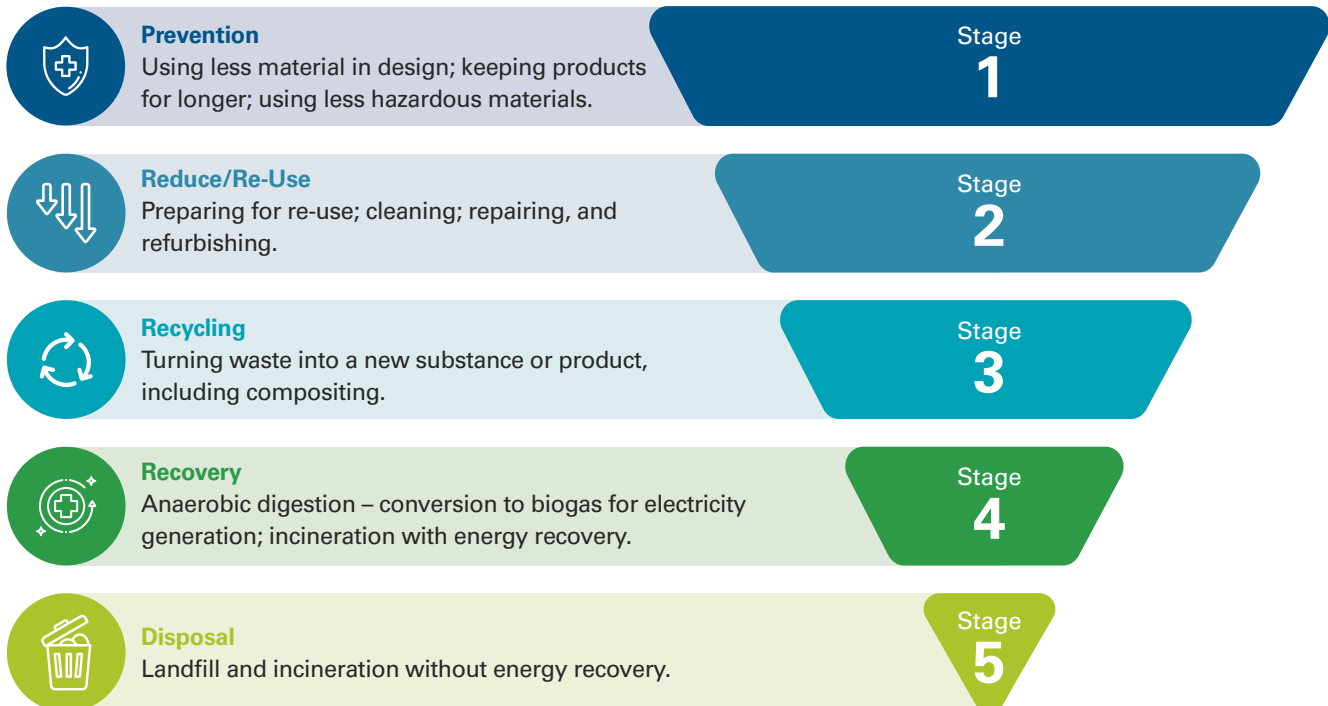
Commitment:

Increase recycling rate to 15% by 2030.

Waste management is an integral aspect of AEON's efforts to curb our contributions to environmental challenges such as pollution, resource depletion and GHG emissions. Through our efficient waste reduction strategies, we aim to drive environmental conservation while demonstrating our commitment to corporate responsibility and meeting the expectations of environmentally conscious consumers.

Effective waste management is not only beneficial for the environment but also offers tangible business advantages. It can lead to cost savings by minimising disposal expenses and enhancing overall operational efficiency. Moreover, reducing waste is integral to strengthening the resilience of AEON's supply chain. Maintaining an efficient inventory management system and reducing excess inventories enable the Company to adapt more effectively to fluctuating market demands and conditions.

AEON is also embracing the principles of the Circular Economy, focusing on streamlining processes to minimise waste and maximise the reuse, recycling, and repurposing of materials. The following illustrates the Company's waste management process:



The Company's commitment to waste reduction is a strategic move that transcends mere economic advantage. It represents our conscientious alignment with the broader objectives of environmental stewardship, societal expectations, and the pursuit of sustainable business practices. By enhancing operational efficiency, achieving cost savings, and bolstering its reputation, AEON is positioning itself as a responsible leader in the retail sector.

STRENGTHENING ENVIRONMENTAL ACCOUNTABILITY

Our Initiatives and Performance in 2023

To ensure that we are managing our waste in compliance with best practices and legal requirements, AEON stringently abides by local and national regulations such as the Solid Waste and Public Cleansing Management Act 2007 (Act 672).

Internally, the Company’s Waste Management Policy serves as a key framework to guide the Company to fulfil both its ethical and legal obligations for responsible waste management. The purpose of this Policy is to articulate AEON’s commitment and provide guidance regarding its approach to waste management. The implementation of this Policy ensures that AEON’s waste management practices are not only compliant and safe but also environmentally sound and financially viable.


 The Waste Management Policy can be viewed at <https://aeongroupmalaysia.com/sustainability/policies/>

One of our flagship projects was the installation of a compost machine at AEON Alpha Angle which successfully collected and converted organic waste into valuable compost. In FY2023, AEON undertook a series of targeted initiatives aimed at enhancing waste management to achieve a 15% recycling rate by 2030.

We also established recycling programmes across our operations to recycle carton boxes and used cooking oil. This initiative was complemented by the establishment of a buy-back centre at AEON Alpha Angle, facilitating the recycling and repurposing of various materials with our customers.

As part of this programme, AEON also launched an awareness programme for our customers with partners such as Coca-Cola, Hiroyuki Industries, Trash4Cash and Kloth Cares. This initiative involved the installation of Polyethylene Terephthalate (PET) bottles recycling bins in 15 malls. Meanwhile, 27 Kloth Cares bins for used fabric collections were placed in 17 malls, contributing to carbon dioxide (CO₂) emission avoidance and highlighting the importance of recycling of fabric.

PET Bottles Recycling Initiative



<p>44.5kg of PET bottles collected from six AEON malls in Johor over a two-month period</p>	<p>78.3kg of PET bottles collected from 15 AEON malls nationwide from October to December 2023</p>
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Fabric Recycling Initiative



Inspired by:  Key partners:   Strategic partner: 

This certificate is proudly presented to

AEON CO. (M) BHD

FOR COLLECTING **325,840.3 KG** OF UNWANTED TEXTILES AND CLOTHING FROM JANUARY 2023 - DECEMBER 2023

Let's visualise and evaluate the environmental benefits!

 Equivalent to 1,995,042 pieces of t-shirts diverted from the incinerators and landfills	 Equivalent to 728,277 kg of CO ₂ -e GHG avoided
 Equivalent to 13,034 medium suitcases full of textiles	 Equivalent to 34,680 days the average GHG emissions of a Malaysian avoided
 Equivalent to MYR 50,348.84 of landfill cost avoided	 Equivalent to 364,138 fire extinguishers filled with CO ₂

*Notes:
GHG: Greenhouse Gas
CO₂: Carbon Dioxide
CO₂-e: Carbon Dioxide equivalent

Date: 7/2/2024


Nik Suzila, Co-founder

STRENGTHENING ENVIRONMENTAL ACCOUNTABILITY

In addition to these programmes, the Company also observes waste management practices throughout its operations. The results of our endeavours for the year in review are as follows:

Waste	Units	2021	2022	2023
Waste Generation				
Total waste	Metric tonnes	45,108	58,238	62,260
Non-recycled	Metric tonnes	41,610	52,287	55,507
Recycled	Metric tonnes	3,498	5,951	6,753*
Recycling Rate	%	8	10	11

Note:

* This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 205 to 208.

In 2024, AEON is set to accelerate its waste management initiatives. As one of the leading retail companies in Malaysia, we aim to refine our waste management process throughout all our AEON Malls and Stores, with a special emphasis on effective waste segregation right from the source. This will be complemented by our exploration of new avenues in composting and biogas technology which will reaffirm AEON's dedication to the principles of the Circular Economy. Additionally, we intend to foster collaborations among our stakeholders to enhance resource efficiency in daily operations and engage all relevant parties to address existing gaps and implement innovative solutions for sustainable waste management practices.



Embracing Circularity

Compost Machine at AEON Alpha Angle

AEON Alpha Angle managed organic waste from its operations by having a compost machine with a 2-tonne capacity and an 80% reduction rate in waste volume. This move not only dealt with organic waste effectively but also produced compost that supports soil health and local farming.

This initiative reflects AEON's commitment to environmental conservation by innovating in waste management to lessen its environmental impact, decrease landfill reliance, cut greenhouse gas emissions from waste decomposition, and aid in sustainable agriculture.



A total of **3,112kg** of compost generated from **181,84kg** of organic waste collected



STRENGTHENING ENVIRONMENTAL ACCOUNTABILITY

ENHANCING BIODIVERSITY CONSERVATION

GRI 304-2, 304-3, 306-2, 306-4

MM11



Commitment:

Protect biodiversity to minimise our environmental footprint.

As consumer awareness grows, the demand for ethical and sustainable sourcing is shaping how retailers operate. Engaging in biodiversity conservation allows retailers like AEON to showcase our commitment to ethical sourcing and environmental stewardship, enhancing our brand reputation and appeal to eco-conscious consumers. Cognisant of the risks of biodiversity loss to key sectors such as agriculture, forestry, and fisheries, AEON is committed to investing in conservation efforts to ensure the sustainability and resilience of our supply chain. This not only safeguards the long-term availability of resources but also nurtures positive relationships with the local communities. By prioritising biodiversity conservation, we align our value creation initiatives with the ethical, environmental, and strategic business imperatives of retailers, thus meeting shifting consumer expectations and contributing to more responsible and resilient business practices.

Our Initiatives and Performance in 2023

In line with our commitment to enhance our environmental stewardship, AEON has set forth a series of initiatives to advance its biodiversity conservation efforts. One of the key initiatives in 2023 was the completion of the final phase of the decade-long Malaysia-Japan Friendship Forest Programme in Bidor, Perak. Initiated in 2014 with the Forest Research Institute Malaysia (FRIM), this reforestation project aimed to plant 30,000 trees by 2024 to restore a former tin mine area. The project consists of three phases, with the final 12,000 trees planted in 2023. Cumulatively to date, we have successfully planted more than 550,000 trees through various tree planting initiatives.

Japan-Malaysia Friendship Forest, Bidor, Perak

Phase 1 (2014)	Phase 2 (2019)	Phase 3 (2023)
8,000 trees planted	10,000 trees planted	12,000 trees planted

Another major step was the 'Say No To Plastic Bags' campaign which was launched on 1 January 2023, whereby AEON eliminated single-use plastic bags at all its counters nationwide. This initiative was in line with Malaysia's Single-Use Plastic Roadmap 2018-2030 and led to a dual benefit: CO₂ emissions avoided relative to the previous year and cost savings from reduced plastic bag purchases.

The Company estimates that a total of **70 million** plastic bags were avoided under the 'Say No To Plastic Bags' campaign which is equivalent of **123,000 tonnes** of carbon emission avoided.

Reducing Single-used Plastic

TOPVALU Refill machines

AEON also introduced TOPVALU bio-based cleaning detergent refill vending machines to encourage the use of reusable containers, further reducing plastic waste. The bio-based detergent refill vending machines are currently available at AEON Taman Maluri Shopping Centre and AEON Queensbay Store, and will soon be introduced to other locations nationwide. Some of the TOPVALU products available for refill include the Liquid Laundry Detergent, Floor Cleaner and Dishwashing Liquid. We plan to expand to offer more products via our refill vending machines in 2024.



Moving forward, AEON is focusing on developing an engagement plan centred around responsible sourcing. This plan involves collaborating with our stakeholders to enhance the greening of our supply chain and improving our suppliers' audit programme to include AEON's Responsible Sourcing Policy. Additionally, the Company is exploring sustainable packaging solutions for its ready-to-eat food items, reinforcing our ongoing commitment to environmental sustainability and ethical sourcing in our business operations.



EFFECTING POSITIVE SOCIAL CHANGE



Responsible Employment



Sustainable Economics



For nearly four decades, AEON has experienced sustained growth and success, a testament to the unwavering dedication of our workforce of 9,868 AEON People and the invaluable support from the communities in which we operate. Our work aligns with UN SDGs 3, 5, 8 and 10, focusing on health, decent work and reduced inequalities. Throughout these years, our employees have demonstrated commitment, innovation, and a deep sense of loyalty to our mission. AEON is committed to fostering a vibrant and supportive work environment and we achieve this by implementing a range of initiatives designed to make every employee feel valued and empowered to deliver their utmost. Central to our approach is the rigorous enforcement of health and safety standards, ensuring the well-being of our workforce. Additionally, our talent management programme is tailored to equip our employees with the skills and opportunities needed to fulfil both the Company's objectives and their own career aspirations.

In line with our commitment to diversity, we have set targets for increasing representation, aiming for 50% women in leadership roles by 2025 and a 2% employment rate for Persons with Disabilities (PWD). Upholding our Diversity Policy, we ensure fair and merit-based

employment practices and zero tolerance towards discrimination. This approach not only enriches our workplace but also enhances stakeholder engagement by incorporating diverse perspectives. By way of upholding Human Rights, we have adopted the United Nations Global Compact Malaysia & Brunei's (UNGCMYB) Ten Principles, the Universal Declaration of Human Rights, as well as the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

To give back to the communities we serve, we continue to roll out various activities under AEON's Corporate Social Responsibility (CSR) programme and via the Malaysia AEON Foundation (MAF), a joint philanthropic arm of the AEON group of companies in Malaysia. These initiatives reflect our commitment to social welfare and community development. By aligning our business practices with societal needs, we not only enhance the quality of life in our communities but also strengthen our bond with customers and stakeholders, thus embodying our philosophy of giving back and fostering a better world for all. Through these concerted efforts, our aim is to play a significant role in shaping the social landscape of our nation, fostering positive and enduring impacts for the future.



Workforce Profile

Total Employees and Composition

Year	Direct	Indirect	Total
2021	8,177	1,869	10,046
2022	9,374	1,930	11,304
2023	8,631	1,237	9,868

● Direct
(Consist of full time and part time workers)

● Indirect
(Consist of casual workers, outsourced workers and interns)

EFFECTING POSITIVE SOCIAL CHANGE

PROMOTING DIVERSITY & INCLUSIVITY

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

MM12



Commitment:

- Maintain at least 30% women representation on the Board of Directors.
- Maintain total ratio of women with leadership positions at 50%.
- Increase Persons With Disabilities (PWD) hiring to 2% by 2025.

AEON believes that embracing diversity across its operations is a key strength which enhances the Company's ability to understand and meet the needs of its diverse stakeholders. We are committed to cultivating a diverse workforce that embodies a variety of skills, perspectives, as well as ideas and mirrors the multicultural society in which we operate. AEON views its employees as invaluable assets, essential to fostering a dynamic and inclusive workplace where every individual is empowered to reach their full potential. This approach not only creates a positive work environment, it also harnesses diversity to drive innovation, effectiveness, and creativity within our organisation.

The Company's dedication to diversity and equity is encapsulated in the AEON Diversity Policy, which guides the Company in enriching the capabilities of its Board of Directors and employees. This policy ensures that decisions and progress are informed by a broad spectrum of viewpoints, without bias towards age, gender, ethnicity, cultural background, or any other personal characteristics. Through this commitment, AEON aims to build a more sustainable and inclusive future for all stakeholders.

In upholding this policy, AEON has adopted a zero-tolerance stance towards any form of discrimination or disrespectful behaviour related to gender, religion, race, nationality, and age. We are dedicated to implementing fair employment practices from the outset of our recruitment process. This commitment is aligned with our Recruitment Policy, ensuring equality is established from the beginning.

Further emphasising inclusivity, AEON actively recruits and retains employees with disabilities, ensuring their needs are met with appropriate support. The Company makes all decisions regarding career advancement, recognition, and rewards fairly and unbiasedly, based solely on performance and merit.

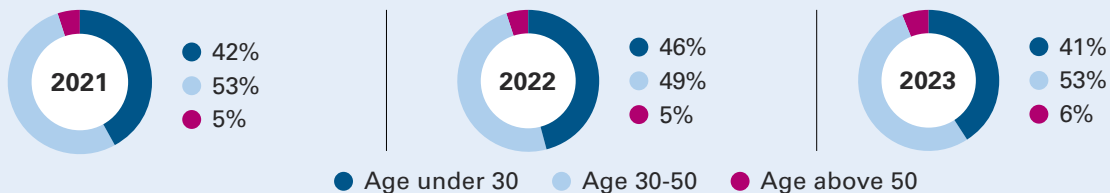
The Company has also set clear targets to champion diversity within its leadership. These include maintaining at least 30% women representation on the Board of Directors - a goal already surpassed with a current rate of 40%. We also aim to maintain the total ratio of women in leadership positions of at least 50%, of which we have already achieved in 2023 with 58% women holding leadership positions as at December 2023.

Diversity

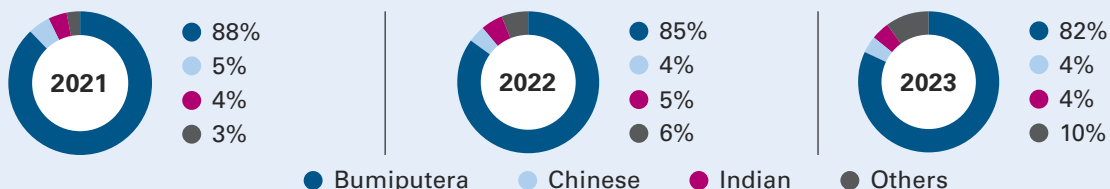
Gender



Age



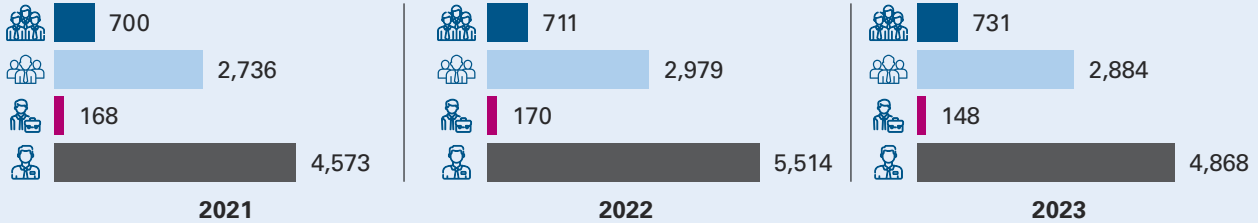
Ethnic



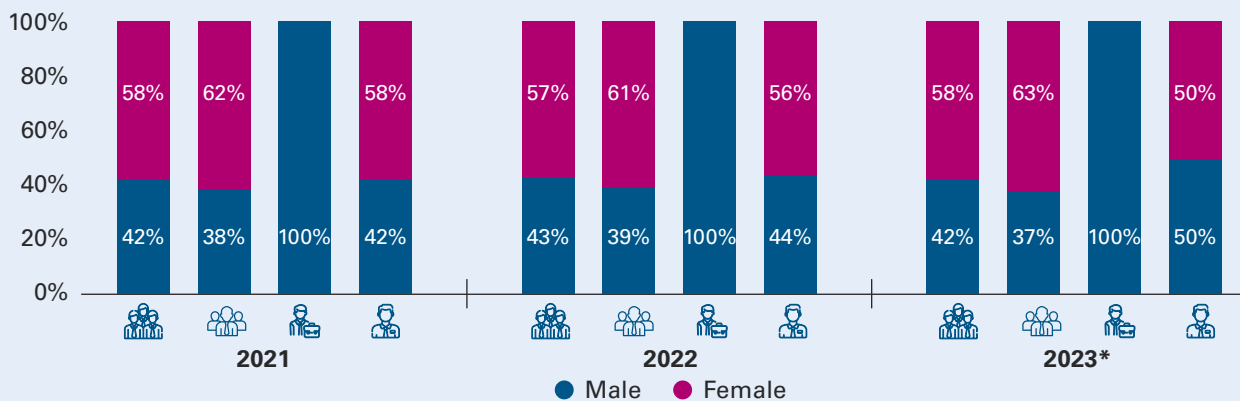
EFFECTING POSITIVE SOCIAL CHANGE



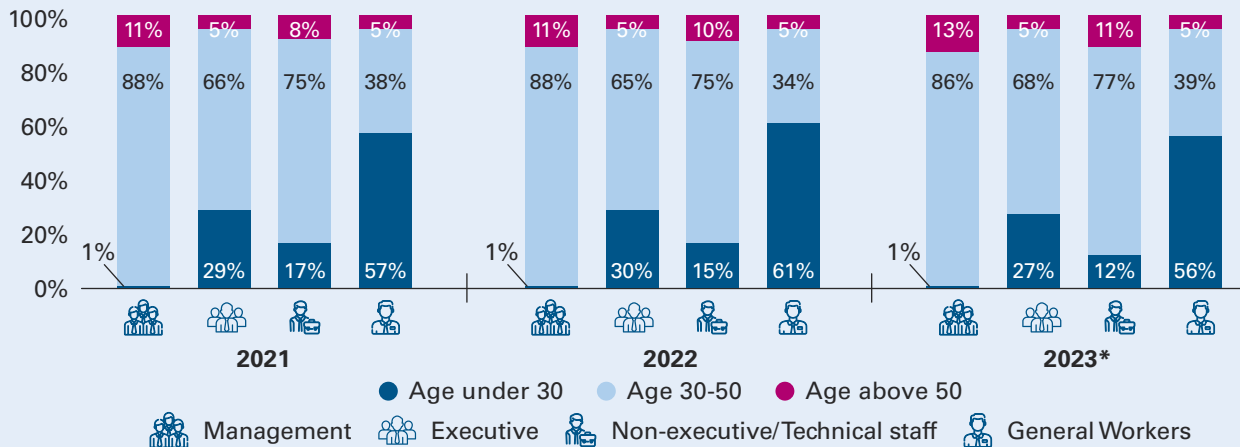
Employee Composition by Category



Gender Diversity



Age Diversity



*This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 205 to 208.

The Company also focused on increasing the recruitment of Persons with Disabilities (PWDs) as part of our commitment to achieve a PWD employment rate of 2% by 2025. To date, the Company currently holds a 2.1% employment rate for PWDs and the number of PWDs being hired has seen an uptrend in the last two years. In 2023, we conducted two trainings for PWD to provide them with essential job skills and support their professional development.



Persons with Disability (PWD)

	2021	2022	2023
Number of PWD Employed	115	123	184
% Against Total Workforce	1.4%	1.3%	2.1%

For 2024, AEON is set to closely oversee the effective incorporation of its diversity and inclusivity strategies across all facets of employment, including hiring, promotions, and professional development. Additionally, the Company is considering the establishment of a permanent incentive programme aimed at fostering the hiring of PWDs within the workplace. This move highlights AEON's unwavering commitment to nurturing a workplace environment that is both diverse and inclusive.

EFFECTING POSITIVE SOCIAL CHANGE

RESPECTING HUMAN & LABOUR RIGHTS GRI 2-7, 405-1, 406-1

MM13



Commitment:

Nurture a workplace that values fairness and employee well-being.

AEON puts a high priority on human rights within our operational framework in our aim to drive ethical practices which are key to enhancing efficiency and fostering a supportive work environment. We uphold a policy of treating all employees with dignity, ensuring they receive fair wages and are offered equal opportunities without discrimination based on gender, age, race, religion, ethnicity, or nationality. Furthermore, we are committed to the health and well-being of our staff, understanding that a healthy workforce is crucial for maintaining long-term productivity and performance standards.

Recognising the labour-intensive nature of the retail industry, we are committed to prioritising labour rights issues and adhering to all relevant laws, regulations, and employment standards, including the National Minimum Wage Policy, Minimum Retirement Age employer guidelines, and the Employment Act of 1955. AEON also supports the United Nations Global Compact's Ten Principles and the Universal Declaration of Human Rights, alongside the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

The Company upholds human and labour rights through various policies, including our Human and Labour Rights Policy, guidelines on the Minimum Retirement Age, and observance of the Trade Union Act 1959. Through these commitments, we ensure that all our workers, including foreign employees, receive fair wages, compensation, suitable living conditions, and comprehensive training for safe and effective job performance.

Furthermore, AEON's Code of Conduct (ACOC) reinforces these commitments within the Company. The ACOC sets the expected standards for corporate behaviour for both employees and external stakeholders and offers a safe platform and whistleblowing channel for employees.

With the goal of achieving zero incidents related to human rights, AEON supports freedom of association and actively collaborates with employee unions to establish equitable collective bargaining agreement. For employees not included in these agreements, the Company ensures compliance with local workforce regulations and labour standards. We continue to conduct employee experience surveys to gauge workplace satisfaction and engagement. In 2023, following the closure of AEON Bandar Sunway, we ensured that all staff were appropriately relocated to other AEON outlets.

Our Initiatives and Performance in 2023

In 2023, AEON received a total of 42 cases reported via ACOC related to complaints, attitude and misconduct. All of the cases were investigated and closed, with corrective actions and measures taken and escalated, where necessary included one dismissal case during the year. However, there were no human rights violation cases noted in 2023.

ACOC Cases by Category	2021	2022	2023
Total complaints	34	31	42

Number of Substantiated Complaints Concerning Human Rights Violation	2021	2022	2023
	0	2*	0

Note:

* relates to sexual harassment cases.

In 2024, AEON is dedicated to enhancing its management of human rights, with the goal of eliminating all substantiated complaints related to human rights violations. This commitment underscores AEON's proactive approach to ensuring ethical practices and safeguarding human rights within all aspects of its operations.

EFFECTING POSITIVE SOCIAL CHANGE

ENHANCING HEALTH, SAFETY & WELL-BEING

GRI 403-2, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10, 405-1

MM14



Commitment:

Zero fatalities at our operations.

At AEON, fostering a culture of health, safety, and well-being in the workplace is fundamental to our business. We hold a firm belief in our duty to protect the health and overall well-being of our employees, contractors, and stakeholders across our value chain. This commitment not only affirms our role as a caring employer but is also essential in attracting and retaining top talent. Our objectives include preventing injuries and illnesses among those within our premises, which in turn enhances efficiency and productivity. By prioritising the health and well-being of our workforce and partners, we are ensuring the sustainability of all members of our value chain for the long term.

FOSTERING A CULTURE OF SAFETY

The Company's health and safety initiatives are anchored by the AEON Health, Safety and Environmental (HSE) Policy. We aim to set the benchmark for health and safety in the workplace by targeting zero fatalities. To achieve these targets, AEON implements comprehensive health and safety trainings for its employees. The Company empowers employees to contribute to a safe work environment through Occupational Safety and Health Committees (OHSCs) established at AEON operation sites. These committees, co-led by the management and employee representatives, meet every quarterly

to actively identify hazards, recommend safety improvements, promote awareness through training, and ensure employee voices are valued in creating a safer workplace.

This is further supported by the incorporation of the 'store ownership' principle, empowering each business unit with a thorough understanding of risk management processes. This approach includes providing targeted training to leadership and management at every organisational level, ensuring that risk management is effectively implemented and evaluated. Complementing this, we encourage our employees to report relevant issues directly to HQ. All reports by employees are monitored according to a set schedule and discussed regularly during shift handovers as well as regular operational reviews.

The Company is committed to transparency regarding work-related incidents. We investigate all reported accidents and incidents, regardless of severity, to determine root causes and identify preventative measures. Investigation findings and any learnings are shared while maintaining confidentiality. We then implement corrective actions to address the root causes and prevent future occurrences.



The AEON Health, Safety and Environmental (HSE) Policy can be viewed at <https://aeongroupmalaysia.com/sustainability/policies/>

Our Initiatives and Performance in 2023

Parameters	2021	2022	2023
Health & Safety Training			
Number of staff trained of safety	135	1,185	888
Number of staff trained on safety as part of general training or induction	80	680	344
Lost Time Incident Rate (LTIR), including contractors**	1.08	1.18	1.23*
Number of work-related fatalities for staff	0	0	0
Number of work-related fatalities for contractor	0	1	0

Notes:

* This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 205 to 208.

** Refers to LTI Rate (times 200,000 hours) against total case and total AEON Employees.

EFFECTING POSITIVE SOCIAL CHANGE



CONDUCTIVE WORKING ENVIRONMENT

We prioritise the mental well-being of our employees as we understand the vital role mental health plays in their overall health. To support this, we organised a variety of talks and seminars aimed at addressing mental health issues. By adopting a holistic approach to the health and safety of its workforce, AEON demonstrates its unwavering commitment to creating a secure and healthy environment for all employees, contractors, and stakeholders.

In our commitment to prioritising employee well-being, we have introduced a range of initiatives aimed at improving their work-life balance and overall health, encompassing mental well-being. These include:

- Flexible Work Hours and Remote Work Options, enabling employees to tailor their work schedules to accommodate their individual preferences and personal commitments.
- Workplace Stress Mitigation, providing employees with support in handling work-related stress through informative talks and seminars.
- Wellness Programmes, encompassing events like health and wellness day.
- Improved health coverage for all AEON employees.

Employee engagement is another cornerstone of AEON's initiatives. Through various platforms such as Townhall meetings, policy discussions, and Long Service Awards, AEON strives to maintain open dialogue with its employees, ensuring their voices are heard and valued.

AEON's commitment to the welfare of its employees encompasses not only those currently employed but also extends to our retirees. The Rasa Sayang AEON Club plays a pivotal role in this endeavour. Registered with the Registrar of Societies, the club is distinctive for its membership of both current and former AEON employees aged 50 and above. In addition to providing a platform for engagement, the club is designed to promote healthy and active lifestyles among its members through a variety of health and wellness related activities.

Further reinforcing its culture of appreciation, AEON celebrates the AEON Long Service Awards which recognises and honours the dedication of employees who have contributed many years of service. This practice not only celebrates their loyalty but also ties into AEON's broader commitment to support its workforce at all stages of their careers and beyond as part of our bigger goal to create an inclusive and supportive community.

**1,225**

employees awarded Long Service Awards

**38**

Rasa Sayang AEON Club (RSAC) members

EFFECTING POSITIVE SOCIAL CHANGE

EMPOWERING EMPLOYEE LEARNING & DEVELOPMENT

GRI 401-1, 404-1, 404-2, 404-3, 405-1, 405-3, 405-6

MM15



Commitment:

Foster continuous learning and professional growth.

Empowering employee learning and development is critical for the Company to ensure it recruits, develops, and retains top talent within a supportive work environment. This focus is key to preparing employees to be competitive, innovative, and ready for future challenges. Furthermore, by prioritising employees' growth, the Company not only enhances individual capabilities but also secures its competitive edge and long-term success, emphasising the value of its people as its greatest asset.

EMPLOYEE TRAINING PROGRAMMES

AEON is deeply committed to developing a quality workforce, guided by its Agile, Genba, and Entrepreneurial (A.G.E) values. The company's 3H (Head, Hand & Heart) approach further emphasises this dedication by fostering a holistic work environment that values intellectual, practical, and emotional contributions from all employees.

Our Initiatives and Performance in 2023

In 2023, we conducted a range of training programmes to support our employees, investing over RM2.7 million in various internal and external learning and development programmes to upskill and reskill our employees.

The relevant details of the training programmes held in 2023 are presented in the following table:

Training	Description
New Staff Orientation (Onboarding) Programme	This programme is held for every new employee with the following objectives: <ul style="list-style-type: none"> To better understand the retail industry. To transition into their role, responsibilities, and working environment. To integrate with the organisational culture via The AEON Way.
ASEAN Management Programme	62 employees from across ASEAN, including 13 from Malaysia, engaged in a comprehensive learning experience. Developed by our corporate Learning & Development unit and supported by internal and external consultants, the programme utilised a blended learning approach, encompassing self-learning, face-to-face classroom sessions, industry immersions with thought leaders, personalised coaching, and real-world projects. The programme focused on fostering leadership, innovation, financial acumen, change management, problem-solving, and other vital skills, aligning with our transformation journey and ensuring a sustainable approach to talent development.
Retail Skill Programmes	We revamped our training programmes to equip our workforce with the skills needed to succeed in retail's changing landscape, ensuring long-term sustainability. A total of 15,075 sign-ups recorded in 2023, with some of the employees attending multiple programmes.

Total Hours of Training by Employee Category (in hours)	2022	2023
Management	9,920	12,012
Executive	35,336	42,269
Non-Executive/Technical Staff	0	3,696
General Workers	106,433	195,790
Total	151,689	253,767

EFFECTING POSITIVE SOCIAL CHANGE

Average Training Hours Per Employee by Employee Category (in hours)	2022	2023
Management	14	16
Executive	12	15
Non-Executive/Technical Staff	0	25
General Workers	19	40
Total Average	16	29

RETENTION AND ATTRITION

AEON's Talent Management Framework is an integral part of the Company's strategy to ensure that every employee has the opportunity to grow and succeed within the Company. Alongside the learning and development training provided to shape a high-performing culture, performance reviews and evaluation are conducted to ascertain appropriate merits and awards are accorded. The reviews and evaluations are conducted semi-annually, where Key Performance Indicators (KPIs) are an integral part of assessment tools used, based on the Company's business strategy, focus area and priorities.

Our Initiatives and Performance in 2023

In 2023, we redesigned the succession planning process where we enhanced our Talent Management with Assessment Centres and engaged with a leading global firm to implement readiness scores for AEON talent. Our talent review process was conducted and a total of 362 employees were promoted in 2023.

Performance Review	2021	2022	2023
Employees who are formally appraised (annually)	100%	100%	100%
One-on-one performance review for year-end evaluation	100%	100%	100%

COMMUNITY ENGAGEMENT & DEVELOPMENT
 GRI 2-29, 203-2, 413-1

MM16

**Commitment:**

Strive to make meaningful contributions that positively impact the community.

AEON's approach to a sustained business model involves forging strong connections and fostering the well-being of the communities where we operate via our Corporate Social Responsibility (CSR) initiatives. Our dedication to this cause also stems from our understanding that our expansion is closely tied to the prosperity and well-being of the communities where we are active. By fostering the growth of these communities, we engage in a reciprocal relationship that benefits both parties, marking a collective stride towards success.

In carrying out our commitment, the Company leverages both internal initiatives and programmes under the AEON CSR programme, as well as efforts from the Malaysian AEON Foundation (MAF). AEON's community engagement efforts span a wide array of social and sustainable development programmes, with a particular focus on education and community service.

Our Initiatives and Performance in 2023

In 2023, our CSR initiatives centred on supporting the government's *Payung Rahmah* initiative aimed at aiding the underprivileged. Alongside providing discounted products to ease the burden of customers, AEON contributed *Bakul Rahmah* packages, comprising essential items, to over 1,000 B40 families for three months. Additionally, we organised our annual *bubur lambuk* programme, distributing 31,000 packs to local communities at all AEON malls. We also extended our support to schools and youth by sponsoring their various projects.

EFFECTING POSITIVE SOCIAL CHANGE

MAF is the philanthropic arm of the AEON group of companies in Malaysia. Consecutively for the past three years, AEON had invested RM1 million annually to MAF for the implementation of community sustainability programmes. In 2023, AEON, through MAF, carried out several initiatives including AEON Mesra, AEON Bantu Flood Relief, Smart Classroom projects, and extended support to various charity homes and families.

Community Investment Performance Data	2021	2022	2023
Total amount invested where the target beneficiaries are external to AEON (in RM)	1,000,000	1,000,000	1,073,979*
Total number of beneficiaries of the investment in communities	n/a	37,471	21,489

Note:

* This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 205 to 208.

Looking ahead, AEON remains committed to contributing to, supporting, and engaging with the community through a range of sustainability programmes.



Malaysian AEON Foundation



Malaysian AEON Foundation (MAF) was established in 2004 as the corporate responsibility arm of AEON group of companies in Malaysia. To date, MAF has contributed more than RM20 million through various charitable programmes.

MAF Pillars of Activities



FUNDRAISING

RM2m Grant Fund

Fundraising Events
Coin Box Collections
Business Partner
Collaborations



EDUCATION

AEON Sayap Bagimu

Tablets
Smart Classroom
Buddy Programme
Scholarships

Best Project

School Upgrades



COMMUNITY SUPPORT

AEON Bersamamu

Outreach Programme
Homecare Boxes
Urban Poverty - KAMI Support

AEON Mesra

Social Reach
Chinese New Year
Ramadan
Deepavali
Christmas
Aidiladha

General Contribution

Donation
Living Environment
Medical Aid
Education Aid

AEON Bantu

Relief Aid
Disaster Relief
Frontliners
Support Aid

Launch of Smart Classroom Project



MAF launched a Smart Classroom Project which benefited **8,622** students in **12** schools.

EFFECTING POSITIVE SOCIAL CHANGE



Malaysian AEON Foundation (cont'd.)

Donations



MAF's donations during the year in review positively impacted the following marginalised groups:

118 Disabled individuals from homes	136 Children from charity homes	306 Families	52 Old folks	13 Individuals	2 Nations
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AEON Bantu – Flood Relief Operations



Through MAF, AEON was able to bring relief to **1,265** flood-affected families in four states.

AEON Mesra



MAF organised four festive celebrations that brought joy to **879** children.



MAINTAINING A SOUND GOVERNANCE STRUCTURE



Efficiency & Integrity

AEON strives to be a model of efficiency and integrity. We carefully plan our growth to maximise value and uphold integrity in all our operations. This pillar aligns with UN SDGs 9 and 16, focusing on industry, innovation and infrastructure as well as peace, justice, strong institutions, and partnerships.

Against the year's dynamically evolving business and regulatory landscape, AEON continued to uphold a robust governance system, supported by sound internal controls and risk management practices. Guided by the Malaysian Code on Corporate Governance 2021 (MCCG), we made the requisite policy amendments to comply with the stipulated guidelines and regulations. The responsibilities of the Board of Directors and its committees were expanded to encompass sustainability elements, as reflected in their terms of reference.

The information in the following sections pertains to the Company's Governance initiatives that are directly related to the sustainability of our operations. For the comprehensive details of our Governance Framework and practices, please refer to AEON's Corporate Governance Overview Statement.

PROMOTING INTEGRITY & ANTI-CORRUPTION

GRI 2-23, 2-24, 2-25, 2-26, 205-2, 205-3

MM17



Commitment:

Maintain zero cases related to bribery and corruption.

AEON prioritises ethical and anti-corruption practices through its strong governance framework which is essential to the Company's maintenance of transparency, integrity, and responsible business conduct. This approach ensures AEON operates in a manner that is not only compliant with laws but also aligns with high moral standards, which in turn, strengthens the Company's trustworthiness. By advocating for fairness and actively combating corruption, AEON supports the creation of a competitive and sustainable market. To ensure these values are implemented throughout our organisation, we continue to invest in educating our workforce on the importance of ethical behaviour and have implemented rigorous compliance and reporting systems to maintain these principles.

AEON has put in place several key policies and practices aimed at maintaining integrity and preventing corruption throughout its operations. The AEON Code of Ethics and the AEON Code of Conduct (ACOC) provide a solid foundation for ethical behaviour and integrity within the Company. These important guidelines are consistently shared with employees, notably through monthly virtual assemblies where employees affirm their adherence to the ACOC. This commitment is further reinforced by displaying the ACOC on the back of employee ID cards in both Bahasa Malaysia and English.

Additionally, AEON has developed a Whistleblowing Policy and an Anti-Bribery and Corruption (ABC) Policy, both of which undergo regular reviews to ensure they align with the MACC Act 2009. These policies are integral to AEON's objective of achieving a zero-case scenario

regarding anti-bribery and corruption, illustrating the Company's proactive approach to ethical governance.

Our Initiatives and Performance in 2023

As per AEON's ABC Policy, the Company is committed to conducting regular training sessions to educate employees involved in transactions with a high risk of bribery and corruption. In 2022, AEON implemented a group-wide anti-bribery e-learning programme tailored for management and operational leaders, encompassing managers and above, whereby 81% of the total participants attended this training last year.

In 2023, AEON upheld its ABC Policy, ensuring that employees involved in high-risk transactions received adequate training particularly for its employees in Customer Care and Security departments, aiming to address high-risk areas effectively.

Percentage of participants (as per their respective departments) completed the anti-bribery training in 2023 are as follows:

Employee Category	2023
Customer Care Manager	90%*
Security Assistant	10%*
Security Head & Security Officer	43%*

Note:

* This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 205 to 208.



The AEON Whistleblowing Policy and ABC Policy can be viewed at <https://aeongroupmalaysia.com/sustainability/policies/>

MAINTAINING A SOUND GOVERNANCE STRUCTURE

As at 31 December 2023, we maintained our zero-incident score in corruption-related incidents across AEON’s business operations.

Corruption Incidents	2021	2022	2023
Number of confirmed corruption incidents	0	0	0

For further information on AEON’s anti-bribery and anti-corruption measures, please refer to our Statement on Risk Management and Internal Control (SORMIC) within this IAR 2023. Moving forward, AEON is set to pursue the ISO 37001:2016 Anti-Bribery Management System (ABMS) certification, aiming to enhance its commitment to ethical practices and good governance. This certification will mark a significant milestone for AEON, reinforcing its dedication to preventing bribery and corruption while aligning its operations with international standards for integrity and transparency.

IMPROVING DATA DISCLOSURE & TRANSPARENCY GRI 418-1



Commitment:

Improve disclosure practices for transparency and accountability.

The Company prioritises enhancing data security and transparency to protect sensitive information, maintain customer trust, and preserve its reputation. As digital business operations expand and handle more customer data, implementing strong data security is imperative to prevent unauthorised access and potential breaches. Transparency in data practices fosters trust and accountability, both crucial elements for positive stakeholder relationships. These principles support AEON's sustainability and credibility, forming the foundation of its strategy in the digital era and maintaining its status as a trustworthy entity.

AEON is firmly dedicated to protecting human and labour rights, steering its efforts through its Personal Data Protection Policy and the data security benchmarks set by AEON Co., Ltd., Japan. The Company's commitment to cybersecurity aligns with industry-leading practices and standards, ensuring robust protection of sensitive information.

Our Initiatives and Performance in 2023

Throughout 2023, AEON embarked on various initiatives to bolster this commitment. We conducted thorough reviews to verify the effectiveness of our data privacy and security measures and ensured that data collection was both lawful and transparent. This included securing the necessary consent for handling customer data stored by AEON Credit Services Berhad and rigorously monitoring user access to prevent any unauthorised use. We also took

significant steps in cybersecurity and continued to raise awareness among our employees about the importance of data protection and privacy.

There were zero substantiated complaints concerning breaches in customer privacy or data loss in 2023.

	2021	2022	2023
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

Moving forward, AEON is looking to strengthen our cybersecurity framework and initiate comprehensive programmes designed to educate our employees about the importance of data protection and privacy. This strategic investment aims to fortify our defences against cyber threats and ensure that our team is well-versed in best practices for safeguarding sensitive information, reflecting our unwavering commitment to maintaining the highest standards of data security.

Additionally, we recognise the importance of sustainability assurance and are considering the adoption of an ESG data management platform to weave sustainability more tightly into our Internal Audit plan. This move aims to streamline ESG data reporting, reduce errors, and enhance the audit process, aligning with our overarching goals of sustainability and accountability.

MAINTAINING A SOUND GOVERNANCE STRUCTURE

EMBEDDING RISK MANAGEMENT IN OUR OPERATIONS GRI 2-25, 205-2

MIM17



Commitment:

To achieve ISO 37001 Certification in 2024.

A robust governance framework is pivotal for the Company, ensuring the maintenance of effective governance practices, integrity, and responsible business conduct. By embedding risk management into our operations, the Company aims to pre-emptively identify, assess, and mitigate risks that could impact our strategic goals, operational efficiency, and reputation. This proactive approach enables us to navigate the complexities of the business landscape confidently, ensuring the long-term sustainability and resilience of our operations. Through diligent risk management, we safeguard our assets, stakeholders' interests, and the Company's future, reinforcing a culture of accountability and transparency across all levels of the organisation. This strategic integration of risk management is fundamental to sustaining our operational excellence and upholding our dedication to integrity and responsible business practices.

Over the past few years, the Company has focused on fortifying AEON's Enterprise Risk Management (ERM) framework via PROJECT TRUST. This comprehensive model includes elements of risk management, Business Continuity Management (BCM), and anti-bribery and anti-corruption practices. To facilitate deeper discussions on risk identification, mitigation, and control, AEON established the Risk Champion Committee (RCC), which consists of representatives from each business unit.

AEON's overarching goal is the strategic and holistic integration of the Risk Management process within all facets of its business operations. This initiative is part of AEON's continuous effort to ensure that risk management is seamlessly woven into the fabric of its operational strategies, thereby enhancing resilience, operational efficiency, and ethical business practices.

Our Initiatives and Performance in 2023

For the year 2023, AEON conducted a comprehensive Enterprise Risk Management (ERM) that encompassed all aspects of our operations.

ERM	2021	2022	2023
Percentage of operations that underwent ERM	100%	100%	100%

As testament to our efforts, AEON was honoured with the Bronze Medal at the *Anugerah Integriti Governans dan Anti Rasuah* (AIGA) event, hosted by the *Institut Integriti Malaysia* (IIM) in Putrajaya. This accolade is part of a government initiative aimed at enhancing integrity and strengthening anti-corruption measures within organisations. Managed by IIM, AIGA serves to acknowledge and celebrate both public and private sector entities that demonstrate a strong commitment to fostering integrity, exemplary governance, and robust anti-corruption practices.



For more detailed information on AEON's Risk Management measures and initiatives, please refer to the Statement on Risk Management and Internal Control (SORMIC) included in this IAR 2023.

SUSTAINABILITY PERFORMANCE DATA TABLE

AEON CO. (M) BHD. as a listed Issuer is required to provide mandatory ESG disclosures as part of the Main Market Listing Requirements, in line with the enhanced Sustainability Reporting Guide, 3rd Edition. The following performance data table is downloaded from the Bursa ESG Reporting Platform.

Indicator	Measurement Unit	2021	2022	2023
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00	99.00	99.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	345,592.00	412,060.00	406,142.00
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	3,413.700000	3,838.300000	3,854.500000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	45,108.00	58,238.00	62,260.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	3,498.00	5,951.00	6,753.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	41,610.00	52,287.00	55,507.00
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	1,506.00	1,663.00	1,482.00
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	198,056.00	61,548.00	103,026.00
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	23,909.00	27,959.00	26,094.00
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	1.00	1.00	1.00
Management Between 30-50	Percentage	88.00	88.00	86.00
Management Above 50	Percentage	11.00	11.00	13.00
Executive Under 30	Percentage	29.00	30.00	27.00
Executive Between 30-50	Percentage	66.00	65.00	68.00
Executive Above 50	Percentage	5.00	5.00	5.00
Non-executive/Technical Staff Under 30	Percentage	17.00	15.00	12.00
Non-executive/Technical Staff Between 30-50	Percentage	75.00	75.00	77.00
Non-executive/Technical Staff Above 50	Percentage	8.00	10.00	11.00
General Workers Under 30	Percentage	57.00	61.00	56.00
General Workers Between 30-50	Percentage	38.00	34.00	39.00
General Workers Above 50	Percentage	5.00	5.00	5.00
Gender Group by Employee Category				
Management Male	Percentage	42.00	43.00	42.00
Management Female	Percentage	58.00	57.00	58.00
Executive Male	Percentage	38.00	39.00	37.00
Executive Female	Percentage	62.00	61.00	63.00
Non-executive/Technical Staff Male	Percentage	100.00	100.00	100.00
Non-executive/Technical Staff Female	Percentage	0	0	0
General Workers Male	Percentage	42.00	44.00	50.00
General Workers Female	Percentage	58.00	56.00	50.00

Internal assurance

External assurance

No assurance

(*)Restated

SUSTAINABILITY PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2021	2022	2023
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	88.00	82.00	60.00
Female	Percentage	12.00	18.00	40.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	0.00	18.00	10
Above 50	Percentage	100.00	82.00	90.00
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	-	9,920	12,012
Executive	Hours	-	35,336	42,269
Non-executive/Technical Staff	Hours	-	0	3,696
General Workers	Hours	-	106,433	195,790
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	19.00	17.00	13.00
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	-	-	62
Executive	Number	-	-	432
Non-executive/Technical Staff	Number	-	-	44
General Workers	Number	-	-	3,269
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	2	0
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	1	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.08	1.18	1.23
Bursa C5(c) Number of employees trained on health and safety standards	Number	135	1,185	888
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,000,000.00	1,000,000.00	1,073,979.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	37,471	21,489
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Customer Care Manager	Percentage	-	-	90.00
Security Assistant	Percentage	-	-	10.00
Security Head & Security Officer	Percentage	-	-	43.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

Internal assurance

External assurance

No assurance

(*) Restated

LINKS OF HARMONY

Seamless Journeys, Shared Joy

05

CORPORATE GOVERNANCE

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BOARD OF DIRECTORS

from left to right:

**PN. ZAIDA KHALIDA
SHAARI**

Independent Non-Executive
Director

MS. CHONG SWEE YING

Non-Independent
Non-Executive Director

**EN. HISHAM ZAINAL
MOKHTAR**

Senior Independent
Non-Executive Director

MR. NAOYA OKADA

Managing Director

**DATUK ISKANDAR
SARUDIN**

Independent Non-Executive
Chairman



BOARD OF DIRECTORS

**MR. HIROAKI
EGAWA**

Non-Independent
Non-Executive Director

**DATO' MERINA
ABU TAHIR**

Independent
Non-Executive Director

**MS. JENIFER THIEN
BIT LEONG**

Independent
Non-Executive Director

**MR. TSUGUTOSHI
SEKO**

Executive Director

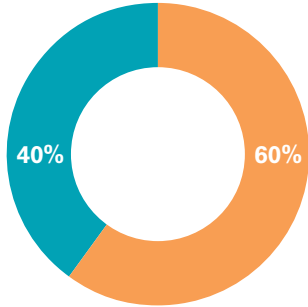
**EN. MOHAMAD ABDUL
NASER MD JAAFAR @
YUNUS**

Independent
Non-Executive Director



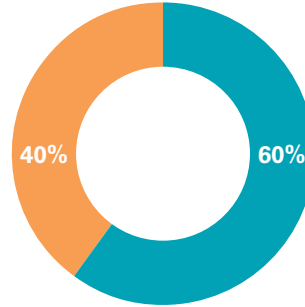
BOARD OF DIRECTORS' PROFILE

INDEPENDENCE



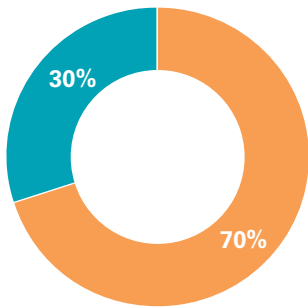
- Independent Directors
- Non-Independent Directors

GENDER



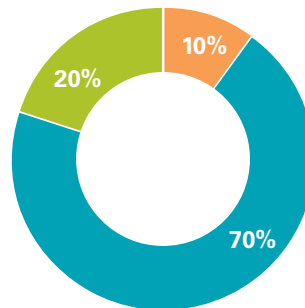
- Female
- Male

NATIONALITY



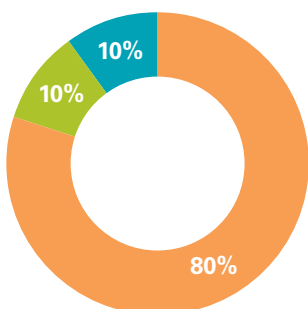
- Malaysian
- Japanese

AGE



- < 50 Years Old
- 50 - 59 Years Old
- 60 - 69 Years Old

TENURE



- 0 - 3 Years
- 3 - 6 Years
- > 6 Years

Note: Save as disclosed in this annual report, all the Directors mentioned in pages 92 to 99 have no conflict of interest or potential conflict of interest, including interest in any competing business with AEON CO. (M) BHD. or any family relationship with any Director and/or major shareholder or any convictions for offenses within the past 5 years and any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year, except for traffics summons, if any.

BOARD OF DIRECTORS' PROFILE



DATUK ISKANDAR SARUDIN

Independent Non-Executive Chairman

68

M



Date of Appointment: 27 February 2017

Board Committee:

- Nil

Directorship(s) in other Public Companies/Listed Companies:

- Hextar Retail Berhad (formerly known as Classic Scenic Berhad)

Academic/Professional Qualification:

- B.A. (Hons) of Malay Studies in University of Malaya
- Diploma of Public Administration (INTAN)



Datuk Iskandar Sarudin joined the Administrative and Diplomatic Service of Malaysia in 1979, initially serving as Assistant Secretary (ASEAN) at the Ministry of Foreign Affairs. Over the years, he held various diplomatic roles, including Second Secretary in Jakarta, First Secretary in Lagos, Principal Assistant Secretary (East Asia and CHOGM), and Counsellor in Chile and Sarajevo. Notably, he served as Deputy Director General (ASEAN) and later became the High Commissioner of Malaysia to Sri Lanka and the Republic of Maldives from 2000 to 2004. Subsequently, he served as the Ambassador of Malaysia to the Republic of the Philippines from 2004 to 2006. In 2006, he took on the role of Deputy Secretary General (Management Affairs) at the Ministry of Foreign Affairs, overseeing service, finance, administration, security, ICT, and consular development. In 2010, he served as the Ambassador of Malaysia to the People's Republic of China and has been the President of Persatuan Muafakat One Belt One Road Malaysia since 2016.



MR. NAOYA OKADA

Managing Director

40

M



Date of Appointment: 1 July 2022

Board Committee:

- Nil

Directorship(s) in other Public Companies/Listed Companies:

- Nil

Academic/Professional Qualification:

- Master of International Public Policy and Management, University of Southern California
- Bachelor of Laws, Keio University



Mr. Naoya Okada started his career at JP Morgan Securities Japan Co., Ltd after obtaining his Master of International Public Policy and Management from the University of Southern California, USA. After seven years in the Investment Banking Division as an Analyst and later as an Associate, he joined AEON Co., Ltd., in 2015. He has had an illustrious seven-year career ranging from Management Trainee to Store Manager in AEON, managing sales and operation planning. Before coming to Malaysia, Mr. Okada headed the Project Team for AEON Co., Ltd., Japan. which conducted research and business planning and eventually led to the establishment of Bio C'Bon Japon, a joint-venture (JV) company with a French company. Bio C'Bon Japon operates an organic speciality supermarket business in Japan as Managing Director between 2019 to mid-2022. Mr. Okada joined AEON CO. (M) BHD. as Deputy Managing Director/Chief Operating Officer in July 2022 before his appointment to Managing Director on 1 March 2024.

BOARD OF DIRECTORS' PROFILE



EN. HISHAM ZAINAL MOKHTAR

Senior Independent Non-Executive Director

61

M



Date of Appointment: 1 July 2022

Board Committee:

- Chairman of Audit Committee
- Member of Sustainability and Risk Management Committee

Directorship(s) in other Public Companies/Listed Companies:

- KPJ Healthcare Berhad
- Telekom Malaysia Berhad

Academic/Professional Qualification:

- Chartered Financial Analyst, CFA Institute, USA
- Master of Business Administration, Massachusetts Institute of Technology - Sloan School of Management
- Master of Science, Mathematics, Illinois State University
- Bachelor of Science, Mathematics, Illinois State University



En. Hisham Zainal Mokhtar began his career in 1987 at Universal Life and General Insurance, followed by William M. Mercer Sdn. Bhd. in 1988. He transitioned to investment analysis in 1991 with Crosby Research (M) Sdn Bhd, later moving to Barings Research (Malaysia) Sdn Bhd in 1994 and UBS Research (Malaysia) Sdn Bhd in 1996. In 1998, he became a financial consultant at Sithe Pacific LLC before co-founding the boutique investment advisory firm KE Malaysia Capital Partners Sdn Bhd. He joined Tricubes Berhad in 2001 and subsequently progressed to assumed the role of Chief Financial Officer. From 2005 to 2014, he served at Khazanah Nasional Bhd, concluding as Director in the Investments Division. Following his role as Chief Operating Officer at Astro Overseas Ltd until 2018, he held his final management position as a Director in MIDF Bhd's Group Managing Director's Office until 2019. Since August 2018, he has served as a Business Coach at Asia School of Business.



PN. ZAIDA KHALIDA SHAARI

Independent Non-Executive Director

56

F



Date of Appointment: 1 July 2022

Board Committee:

- Chairman of Nomination and Remuneration Committee
- Member of Audit Committee

Directorship(s) in other Public Companies/Listed Companies:

- UEM Sunrise Berhad
- Cement Industries of Malaysia Berhad
- MNRB Holdings Berhad
- Pelaburan Hartanah Nasional Berhad

Academic/Professional Qualification:

- MBA, University of Strathclyde
- Barrister-at-Law, Gray's Inn
- Bachelor of Laws - LLB, University of Warwick



Pn. Zaida Khalida Shaari commenced her career as an Advocate & Solicitor in Zain & Co in 1991. In 1997, she joined PNB as a Senior Compliance Officer, moving up the ranks over a nine-year stint to positions such as Head of Legal and Company Secretary. She later joined Khazanah Nasional Bhd in 2007 as an Executive Director. In 2020, she was appointed as the Chief Executive Officer of Yayasan AMIR which is an education-focused not-for-profit organisation incorporated by Khazanah before being appointed as their Advisor in 2022. Zaida is also currently an advisor to MeReka, an alternative education entity that aims to upskill the youth on the necessary digital and other skills for the future. She was recently appointed as a member of the Investment Panel of KWAP.

BOARD OF DIRECTORS' PROFILE



DATO' MERINA ABU TAHIR

Independent Non-Executive Director

57

F



Date of Appointment: 18 May 2023

Board Committee:

- Member of Audit Committee
- Member of Sustainability and Risk Management Committee

Directorship(s) in other Public Companies/Listed Companies:

- Tenaga Nasional Berhad
- S P Setia Berhad

Academic/Professional Qualification:

- Fellow, Association of Chartered Certified Accountants (FCCA)
- Member, Malaysian Institute of Accountants (MIA)
- Member, Malaysian Institute of Certified Public Accountants (MICPA)
- Member, ASEAN Chartered Professional Accountant
- Member, Institute of Internal Auditors Malaysia (IIAM)



Dato' Merina has over 30 years of experience in finance and accounting locally and internationally. Her extensive experience includes past roles as Chief Financial Officer of Tabung Haji (TH) and senior management roles at Malaysia Airlines Berhad/Malaysian Airline System Berhad, Amanah Capital Partners Berhad, and Sime Darby Berhad, covering finance, business development, audit, governance, and ethics. Actively contributing to the accounting profession, Dato' Merina is currently a Council Member of ACCA, member of ACCA Global Forum on Governance Risk & Performance and MIA Education Board. She is the past Chairperson of the ACCA Malaysia Advisory Committee and former Council member of MIA. Dato' Merina does not have any other conflict of interest except which may arise by virtue of her being a Director of S P Setia Berhad.



EN. MOHAMAD ABDUL NASER MD JAAFAR @ YUNUS

Independent Non-Executive Director

59

M



Date of Appointment: 18 May 2023

Board Committee:

- Member of Nomination and Remuneration Committee
- Member of Audit Committee

Directorship(s) in other Public Companies/Listed Companies:

- Trustee of Steinbeis Malaysia Foundation (Non-Profit Foundation under MoF)

Academic/Professional Qualification:

- Master of Business Administration (Finance), University of North Texas
- Bachelor of Business Administration (Finance), University of North Texas



En. Naser Jaafar is an accomplished executive with a distinguished career in banking, investment, finance, venture capital, and sustainability. As the former CEO and COO of Agensi Inovasi Malaysia, he played a key role in driving national innovation strategies. With a decade-long tenure as the CEO of Bank of America, Malaysia, En. Naser demonstrated strategic leadership in navigating dynamic market conditions. His extensive banking experience includes roles at Deutsche Bank Malaysia and regional positions at Bank of America in Singapore.

BOARD OF DIRECTORS' PROFILE



MS. JENIFER THIEN BIT LEONG

Independent Non-Executive Director

56

F



Date of Appointment: 18 May 2023

Board Committee:

- Member of Sustainability and Risk Management Committee
- Member of Nomination and Remuneration Committee

Directorship(s) in other Public Companies/Listed Companies:

- UEM Edgenta Berhad
- Malaysian Pacific Industries Berhad
- Sime Darby Plantation Berhad

Academic/Professional Qualification:

- Bachelor of Science - BS, Food Science and Technology, Universiti Putra Malaysia



Ms. Jenifer Thien is the Founder and Principal of Grit and Pace, through which she advises corporations on Environmental, Social and Governance (ESG) strategy and what it takes to drive change in supply chain, procurement, operational excellence and organisation development. She has over 30 years of international senior executive experience in the consumer-packaged goods industry and had the opportunity to live and work in several countries across Asia and the US throughout her career. This includes 25 years with Mars, Incorporated, where she last served as the Global Chief Procurement Officer. Ms. Jenifer has successfully led complex business transformation, M&A and sustainability programmes through her deep understanding of the business enterprise, the ability to mobilise required capabilities, as well as intensive stakeholder engagement. She is also an alumnus of executive programmes at the Global Competent Boards, London Business School, Harvard Business School and Centre for Creative Leadership.



MR. HIROAKI EGAWA

Non-Independent Non-Executive Director

57

M



Date of Appointment: 1 July 2022

Board Committee:

Nil

Directorship(s) in other Public Companies/Listed Companies:

Nil

Academic/Professional Qualification:

- Bachelor of Economics, University of Tokyo



Mr. Hiroaki Egawa hails from a strong corporate financial banking background, kickstarting his career in The Dai-Ichi Kangyo Bank in 1989. He then joined the Mizuho Corporate Bank Ltd., Japan and served under many positions as well as portfolios including Counselor and later, Deputy General Manager of the Americas Audit Office Business Audit Department; General Manager of Yokohama Branch and General Manager of the Corporate Finance Division in Mizuho Americas. Moving into new horizons, Mr. Egawa joined AEON Co., Ltd., Japan in 2021 serving as the Chief Affiliate Companies Officer of AEON Co., Ltd., Japan before serving as the Executive Officer, Finance and Business Management of AEON Co., Ltd., Japan since March 2022.

BOARD OF DIRECTORS' PROFILE



MS. CHONG SWEE YING

Non-Independent Non-Executive Director

59

F



Date of Appointment: 23 August 2018

Board Committee:

- Chairman of Sustainability and Risk Management Committee
- Member of Nomination and Remuneration Committee

Directorship(s) in other Public Companies/Listed Companies:

- Kerjaya Prospek Group Berhad

Academic/Professional Qualification:

- Tunku Abdul Rahman College, Kuala Lumpur



Ms. Chong Swee Ying started her journey with AEON CO. (M) BHD. in 1985 as an Administration staff. In 1990, she was the pioneer staff selected to undergo a year-long on-job training in Japan. From 1985 to 2002, she led various departments including Hardline Merchandiser, Softline Group Leader and Leasing Manager. In 2003, she was appointed General Manager of Shopping Centre Management, New Business Development, Store Operations and Marketing. In 2011, she was appointed Executive Director for AEON Fantasy (Malaysia) Sdn Bhd and promoted to Managing Director in 2012. She retired from the same position in July 2018. Subsequently, she served as Advisor to AEON Fantasy (Malaysia) Sdn Bhd for over three years. She has over three decades of diverse experience in the retail business, property management and new business development, picking up numerous Executive of the Year awards along her way.



MR. TSUGUTOSHI SEKO

Executive Director

54

M



Date of Appointment: 1 July 2022

Board Committee:

- Nil

Directorship(s) in other Public Companies/Listed Companies:

- Nil

Academic/Professional Qualification:

- Bachelor of Arts, Kansai University



Mr. Tsugutoshi Seko started his career with AEON Co., Ltd., Japan in 1993. In 2004, Mr. Seko became the Human Resource Manager in the Kanto Division of AEON Co., Ltd., Japan and subsequently was posted to AEON Co., Ltd., Japan's Human Resource Planning Department. Mandated to spearhead the department, he was appointed as Group Human Resource Department Manager and progressed to General Manager of Group Human Resource Department in 2015. Before his appointment in AEON CO. (M) BHD., Mr. Seko served in AEON (Cambodia) Co., Ltd. as Senior General Manager from 2018-2021 and later, as Chairman and Managing Director of AEON (Cambodia) Co., Ltd.

AEON LEADERSHIP COUNCIL

from left to right:

MR. LEE BENG BENG
Chief Property Officer

**DR. KASUMA SATRIA
MAT JADI**
Chief Human Resources Officer

MR. TSUGUTOSHI SEKO
Deputy Managing Director/
Chief Governance Officer

MS. LOW NGAI YUEN
Chief Merchandising and
Marketing Officer

MS. AUDREY LIM SUAN IMM
Acting Co-Chief Operating
Officer Retail



AEON LEADERSHIP COUNCIL

**MR. NAOYA
OKADA**
Managing Director

PN. MUNIRAH AZMI
Acting Co-Chief Operating
Officer Mall

MS. TAN AI LEE
Chief Financial Officer


**MR. DJONI
HERLAMBANG**
Chief Technology Officer



AEON LEADERSHIP COUNCIL'S PROFILE




MR. NAOYA OKADA
Managing Director

40 **M**  **Date of Appointment:**
 1 March 2024

For more information, please refer to page 95.




MR. TSUGUTOSHI SEKO
Deputy Managing Director/Chief Governance Officer

54 **M**  **Date of Appointment:**
 1 July 2022

For more information, please refer to page 99.



MS. AUDREY LIM SUAN IMM
Acting Co-Chief Operating Officer Retail

53 **F**  **Date of Appointment:**
 1 March 2024

Directorship(s) in other public companies/listed companies:

- Nil

Responsibilities:

- Overall management of AEON Retail Business Units (Departmental Stores and Supermarket, AEON MaxValu, AEON Wellness and DAISO)
- Overall management of AEON Operation
- Oversee operational capability and commercial strategy across Retail business

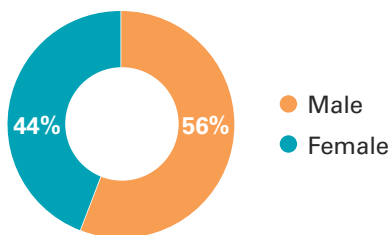
Academic/Professional Qualification:

- Executive Master of Business Administration (Retail Management), Open University Malaysia

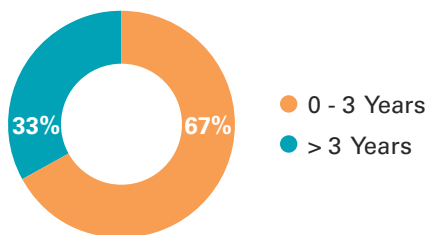
Experience:

- Division Head, GMS Operations, AEON CO. (M) BHD.
- Head, New Business, AEON CO. (M) BHD.
- Head, GMS Operations, Merchandising, Human Resources and Marketing, AEON CO. (M) BHD.

GENDER



TENURE



AEON LEADERSHIP COUNCIL'S PROFILE



45

F



Date of Appointment:
1 March 2024

Directorship(s) in other public companies/listed companies:

- Nil

Responsibilities:

- Overall management of AEON Mall Leasing
- Oversee operational capability and commercial strategy across Mall business

Academic/Professional Qualification:

- Degree of International Business, Universiti Utara Malaysia

Experience:

- Head, Mall Operations, Leasing & Marketing, AEON CO. (M) BHD.
- General Manager, Mall Operations, AEON CO. (M) BHD.
- Assistant General Manager, Human Resources Division, AEON CO. (M) BHD.
- Senior Manager, Mall Operations & Credit Control, AEON CO. (M) BHD.



40

F



Date of Appointment:
21 January 2024

Directorship(s) in other public companies/listed companies:

- Nil

Responsibilities:

- Oversee the strategic execution of business plans to deliver on our operating and financial goals to create long-term value for our shareholders
- Oversee finance function that encompasses planning, forecasting, management reporting, financial reporting and finance business partners
- Lead key functions in finance, investment and investor relations to support overall strategic goals

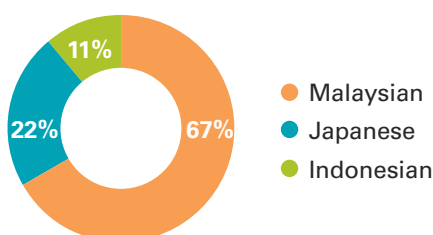
Academic/Professional Qualification:

- Fellow Member of the Association of Chartered Certified Accountants (FCCA)

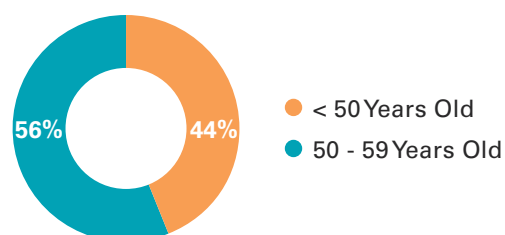
Experience:

- Head of Business Finance, AEON CO. (M) BHD.
- Vice President Finance, Silverlake Symmetri Malaysia
- Head of Management Reporting and Corporate Planning, Astro Malaysia Holdings Berhad
- Assistant Vice President, Finance Business Partner, Astro Malaysia Holdings Berhad
- Transaction Services Manager, PricewaterhouseCoopers Malaysia

NATIONALITY



AGE



AEON LEADERSHIP COUNCIL'S PROFILE



DR. KASUMA SATRIA MAT JADI

Chief Human Resources Officer

51

M



Date of Appointment:
1 April 2020

Directorship(s) in other public companies/listed companies:

- Nil

Responsibilities:

- Overall management and operations of Human Resources, Corporate Communications, Corporate Services and Sustainability divisions
- Setting, executing and operationalising AEON's people, business and branding strategies
- Oversee AEON's effort on sustainability with focuses on Environmental, Social and Governance

Academic/Professional Qualification:

- Doctorate in Business Administration, Multimedia University
- MBA, University of Huddersfield
- Degree in Business Administration (Hons.), Universiti Utara Malaysia

Experience:

- General Manager, Education Operations, LeapEd Services Sdn Bhd
- Director and Vice President, Sales and Business Development, Onshore and Offshore, Malaysia and Brunei, TechnipFMC
- Vice President, East Malaysia and Brunei, Technip
- Regional Vice President, Human Resources and Corporate Development, Asia Pacific, Technip
- Group Vice President, Global Sourcing and Recruitment, France, Technip



MR. LEE BENG BENG

Chief Property Officer

54

M



Date of Appointment:
12 March 2020

Directorship(s) in other public companies/listed companies:

- Nil

Responsibilities:

- Overall strategy, planning and management of the Property division
- Develop strategy, planning and setting directions for property and related scopes including business development, retail planning, concept and design and project management
- Oversee property management, planning, maintenance and operations of facilities of the properties

Academic/Professional Qualification:

- Diploma in Business and Management, UK
- Registered Property Manager (PM0352) with the Malaysian Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP/LPPEH)
- Certified Centre Manager (CCM) with Persatuan Pengurusan Kompleks Malaysia (PPKM)

Experience:

- Director of Retail at Malaysia Land Properties Group, Malaysia
- Director of Retail at OSK Property Bhd. Malaysia
- Head of Retail and Commercial at Belleview Group Malaysia
- Various senior management positions with property development companies and shopping centres throughout Malaysia

AEON LEADERSHIP COUNCIL'S PROFILE



MS. LOW NGAI YUEN

Chief Merchandising and Marketing Officer

47

F

Date of Appointment:
1 July 2021

Directorship(s) in other public companies/listed companies:

- GDEX Berhad
- OSK Group Berhad

Responsibilities:

- Develop strategic initiatives to expand market presence across physical stores and online platforms for a consistent and seamless customer experience
- Create and implement scalable partnerships and community-centric loyalty system, leveraging data and analytics to enhance customer journeys and lifestyles
- Identify new opportunities and implement innovations for sustainable growth of private brands and labels, aligning with evolving customer demands

Academic/Professional Qualification:

- Bachelor of Science in Biology and Chemistry, Campbell University, North Carolina
- Filmmaking, University of Melbourne

Experience:

- Elected to the Pahang Economic Advisory Council 2024/5
- President, Persatuan Kakiseni
- Founder and President, WOMENgirls - Pertubuhan Pembangunan Kendiri Wanita dan Gadis
- Executive Director/CEO, Global Entrepreneurship Movement Association
- Co-founder of Makespace, Fearless Ideas and Garang Pictures
- Executive Officer for Special Development, The Melium Group Sdn Bhd
- Marketing and Communications Director, Carrefour Malaysia-Singapore
- Executive Producer and Content Creator, New Vision Media
- Film/TV/Radio Producer and Director



MR. DJONI HERLAMBAANG

Chief Technology Officer

57

M

Date of Appointment:
15 April 2020

Directorship(s) in other public companies/listed companies:

- Nil

Responsibilities:

- Oversee digital transformation initiative
- Oversee the set-up of AEON IT Department as a profit-centric business unit
- Advise the best suitable technology for the Company
- Overall management of the design and deployment of several customised technology system and platforms to improve customer experience
- Analyse the costs, value and risks of technology to advise management and suggest actions

Academic/Professional Qualification:

- Master's Degree in Information System

Experience:

- More than 30 years of experience in the retail industry, specialising in digital transformation
- Held various senior management positions leading the IT Divisions in several retail organisations throughout Asia

Note: Save as disclosed in this annual report, all the Senior Management mentioned in pages 100 to 105 have no conflict of interest or potential conflict of interest, including interest in any competing business with AEON CO. (M) BHD. or any family relationship with any Director and/or major shareholder or any convictions for offences within the past 5 years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, except for traffic summons, if any.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (Board) of AEON CO. (M) BHD. (AEON or the Company) believes that sound Corporate Governance (CG) practices are vital for enhancing business integrity, accountability and transparency while maintaining effective oversight of management, investors' confidence as well as delivering shareholder value.

Our CG Framework is based on the following key statutory provisions, best practices, policies and guidelines:

- Companies Act 2016;
- Malaysian Code on Corporate Governance 2021 (MCCG); and
- Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities)

This Corporate Governance Overview Statement presents key governance highlights for the financial year 2023 and up to the date of publication of this Integrated Annual Report, outlining AEON's application of the 3 principles, 43 practices and 5 Step-up practices of the MCCG, during the year under review.

This statement is complemented with a Corporate Governance Report (CG Report) that is prepared based on a prescribed format pursuant to paragraph 15.25 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), which is made available on the Company's website <http://aeongroupmalaysia.com> as well as via an announcement on the website of Bursa Securities. This statement should also be read in conjunction with the Statement on Risk Management and Internal Control (SORMIC) and the Audit Committee (AC) Report as well as other accompanying information in this Integrated Annual Report.

The Board is committed to maintaining the highest standards of good governance to promote quality decision-making and the execution of those decisions within a disciplined framework of policies and procedures, in respect of the following principles:

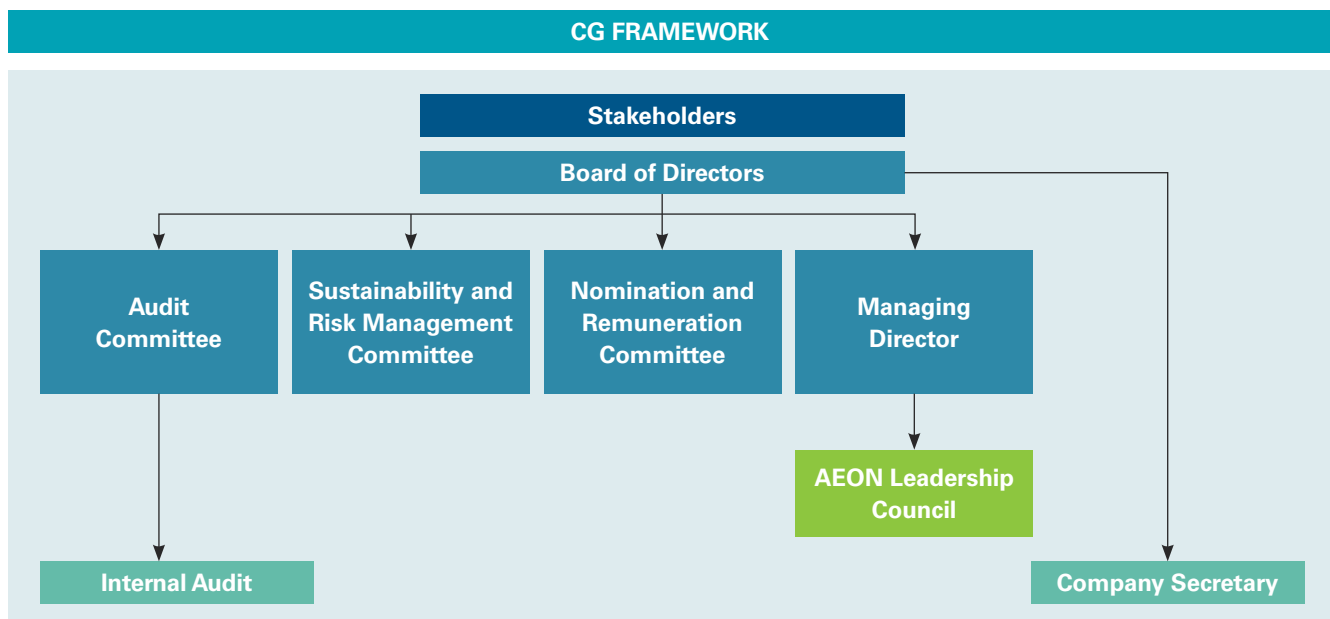
Principle A – Board Leadership and Effectiveness;

Principle B – Effective Audit and Risk Management; and

Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

CG Framework

AEON has in place a robust CG framework that is reviewed annually to ensure relevance and fitness for purpose. The Board is assisted by three Board committees in exercising active oversight over the day-to-day management of the Company, led by the Managing Director.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

The Board is accountable and responsible for the performance and affairs of the Company by overseeing and appraising the Company's strategies, policies, and performance. The Board abides by the principles of stewardship and manages the business and affairs of the Company in accordance with the Board Charter with the objective of delivering long-term growth and a sustainable business.

The Board Charter sets out the roles, functions, composition, operations, and processes of the Board, having regard to the principles of good corporate governance and requirements of MMLR of Bursa Securities. It further defines the matters that are reserved for the Board and its Committees as well as the roles and responsibilities of the Chairman and the Managing Director.

Under the Chairman's leadership, Board members share collective responsibility for corporate governance arrangements. The Board's roles and responsibilities are detailed in the Board Charter which is published on the Company's website at <https://aeongrouomalaysia.com/>. The latest revision of the Board Charter was on 24 November 2023.

I. BOARD ROLES AND THEIR RESPONSIBILITIES

Chairman

The Chairman is responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda. The profile of the Chairman is set out in page 95 of this Integrated Annual Report.

Managing Director

The Managing Director is responsible for leading and managing the Company's business within a set of authorities delegated by the Board and for the implementation of the Company's strategies and policies. The profile of the Managing Director, is set out in page 95 of this Integrated Annual Report.

Independent Non-Executive Directors

The primary responsibility of an Independent Non-Executive Director is to protect the interests of minority shareholders and other stakeholders. In addition, the Independent Non-Executive Directors play a key role in monitoring the implementation of the Company's strategy and business performance. The profiles of the Independent Non-Executive Directors are set out in pages 95 to 99 of this Integrated Annual Report.

Company Secretaries

The Company Secretaries play an advisory role to the Board, particularly with regards to the Company's Memorandum and Articles of Association, the Board policies and procedures, and its compliance with regulatory requirements and legislations. The Company Secretaries also advise the Board on the adoption of corporate governance best practices as recommended under the MCCG.

The Company Secretaries ensure that deliberations at the Board and Board Committees meetings are well-minuted, and matters arising from the Board and Board Committees meetings are subsequently communicated to the Management for appropriate actions.

The Company Secretaries, Ms. Tai Yit Chan and Ms. Tan Ai Ning, both from Boardroom Corporate Services Sdn. Bhd. are fellow members of the Malaysian Institute of Chartered Secretaries and Administrators and have more than 20 years of experience as Company Secretaries.

II. BOARD COMPOSITION

1. Board Composition and Balance

Currently, our Board comprised 10 Directors, comprising the Chairman (Independent Non-Executive), 5 Independent Non-Executive Directors, 2 Non-Independent Non-Executive Directors, and 2 Executive Directors. The Company fulfils Paragraphs 15.02(1) of the MMLR of Bursa Securities which stipulates that at least 2 Directors or one-third of the Board, whichever is the higher, are Independent Directors. The Company has at least half of the board comprised of Independent Directors which is sufficient to provide effective oversight of Management.

The profile of each Director is set out on pages 95 to 99 of this Integrated Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A (CONT'D)

2. Board Independence

The Board is mindful of the importance of independence and objectivity in its decision-making process in line with MCCG, which is one of its focus areas on corporate governance.

The Board delegates to the Managing Director who is supported by the AEON Leadership Council (ALC), which implements the Company's strategic plan, policies, and decisions adopted by the Board to achieve the Company's objective of creating long-term value for its stakeholders through excelling in customer service and providing sustainable best-in-industry performance in the retail sector.

The Company's Independent Directors are independent of the Management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement considering the interest, not only of the Company but also of shareholders, employees, customers, partners and communities in which the Company conducts businesses. The Board, via the Nomination and Remuneration Committee, assesses each Director's independence to ensure ongoing compliance with this requirement annually. On 24 November 2023, En. Hisham Zainal Mokhtar is appointed as the Senior Independent Director to whom concerns on matters relating to the corporate governance of the Company can be conveyed.

Any Director who considers that he/she has or may have a conflict of interest or potential conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decision in any matter concerning the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of 9 years as recommended by MCCG and 12 years as mandated under the MMLR. An Independent Director may continue to serve the Board if

the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of 9 years tenure. If the Board intends to retain the Director as an Independent Director after the Director has served a cumulative term of 9 years but less than 12 years, the Board must justify the decision and seek shareholders' approval at general meeting as prescribed under MCCG. Once an Independent Director has served a cumulative term of his/her 12th year, he/she will either be re-designated as a Non-Independent Non-Executive Director or retire as Director of the Company.

During the 38th AGM, Datuk Syed Ahmad Helmy Syed Ahmad, Dato' Tunku Putra Badlishah Ibni Tunku Annuar and En. Abdul Rahim Abdul Hamid who had served the Company as Independent Directors for more than 9 years, had expressed their intention for not seeking for re-election. Hence, they had retired at the conclusion of the 38th AGM.

Subsequently, the Board had on 18 May 2023, appointed Dato' Merina Abu Tahir, En. Mohamad Abdul Naser Md Jaafar @ Yunus and Ms. Jenifer Thien Bit Leong as Independent Non-Executive Directors of the Company.

3. Board Committees and Delegation

The Board delegates the implementation of its strategy to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company. While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide it with recommendations and advices:

- Audit Committee (AC);
- Nomination and Remuneration Committee (NRC); and
- Sustainability and Risk Management Committee (SRMC).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A (CONT'D)

The following diagram shows a brief overview of the main Board Committees of the Company, each of which is explained in further detail as below:

Board of Directors		
NRC	AC	SRMC
<p>Responsibilities:</p> <ul style="list-style-type: none"> • Board size and composition • Selection and recruitment of Directors • Board performance evaluation • Committee performance evaluation • Directors' training • Remuneration policy • Directors' fees and benefits • Performance-related pay schemes • Fit and proper criteria 	<p>Responsibilities:</p> <ul style="list-style-type: none"> • Internal audit • External audit • Financial reporting • Audit reports • Related party transaction • Internal controls • Conflict of interest • Legal matters 	<p>Responsibilities:</p> <ul style="list-style-type: none"> • Risk management • Whistleblowing and integrity matters • Sustainability Management and ESG • Risk Management Committee (RMC) performance evaluation • Sustainability Steering Committee (SSC) performance evaluation

Each Committee operates in accordance with the written Terms of Reference approved by the Board. The Board reviews the Terms of Reference of each Committee from time to time. The terms of office and performance of the AC is reviewed on regular basis by the NRC. The Board approves the appointment of the members and the Chairman of each Committee.



The Terms of Reference of each of the Board Committee are published on the Company's website at <http://ir2.chartnexus.com/aeon/corporate-governance.php>

4. Sustainability Governance

At AEON, we embed sustainability in the way we do business, encompassing our entire organisation, strategic planning and governance framework. We believe that a sound governance structure is important as it clearly defines the roles and responsibilities across the Company. We uphold the highest level of accountability and integrity to deliver on our sustainability commitments and realise our aspirations.

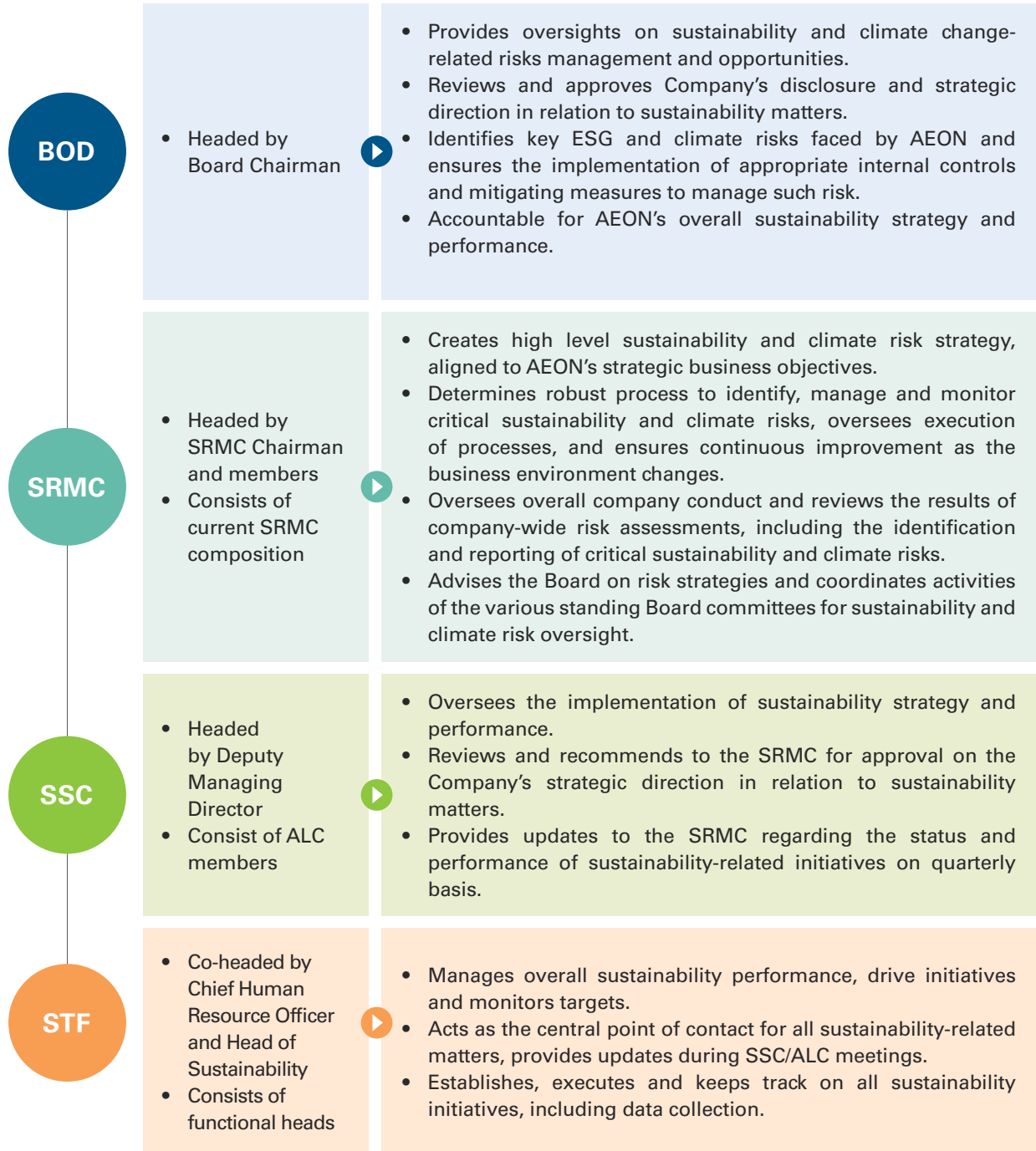
In realising our sustainability initiatives, we have in place a robust governance structure that is outlined in our Board Charter, with the Board providing oversight on AEON's overall sustainability strategy. The Board is responsible for ensuring adequate measures for systems and processes are in place. This is supported by the SRMC.

The SRMC was established in 18 May 2023 to provide sustainability and climate risk strategy, aligned to AEON's strategic business objectives. The SRMC is chaired by Ms. Chong Swee Ying and supported by the Sustainability Steering Committee (SSC), whose role is to oversee the implementation of sustainability strategy and performance. Sustainability Task Force (STF) drives the overall ESG initiatives and keeps track of our ESG performance against targets set.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A (CONT'D)

AEON's Sustainability Governance structure and Key Responsibilities



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A (CONT'D)

5. Directors' Commitment

The Board endeavours to meet at least four times a year, at quarterly intervals which are scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedules for the year. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities. All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries. The Board met six times during the financial year under review. The details of Directors' attendance are set out as follows:

No.	DIRECTOR	NO. OF MEETINGS ATTENDED
1.	Datuk Iskandar Sarudin (Independent Non-Executive Chairman)	6/6
2.	Mr. Naoya Okada (Appointed as Managing Director on 1 March 2024)	6/6
3.	Mr. Tsugutoshi Seko (Deputy Managing Director/Chief Governance Officer)	6/6
4.	En. Hisham Zainal Mokhtar (Senior Independent Non-Executive Director)	6/6
5.	Pn. Zaida Khalida Shaari (Independent Non-Executive Director)	5/6
6.	Dato' Merina Abu Tahir (Appointed as Independent Non-Executive Director on 18 May 2023)	3/3
7.	Ms. Jenifer Thien Bit Leong (Appointed as Independent Non-Executive Director on 18 May 2023)	2/3
8.	En. Mohamad Abdul Naser Md Jaafar @ Yunus (Appointed as Independent Non-Executive Director on 18 May 2023)	3/3
9.	Ms. Chong Swee Ying (Non-Independent Non-Executive Director)	6/6
10.	Mr. Hiroaki Egawa (Non-Independent Non-Executive Director)	5/6
11.	Datuk Syed Ahmad Helmy Syed Ahmad (Retired as Independent Non-Executive Director on 17 May 2023)	3/3
12.	Dato' Tunku Putra Badlishah Ibni Tunku Annuar (Retired as Independent Non-Executive Director on 17 May 2023)	2/3
13.	En. Abdul Rahim Abdul Hamid (Retired as Independent Non-Executive Director on 17 May 2023)	2/3
14.	Mr. Keiji Ono (Resigned as Managing Director on 29 February 2024)	6/6

It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the MMLR allows a Director to sit on the Board of five Listed Issuers.

In order to enable Directors to sustain active participation in the Board deliberations, Directors have access to continuing education programmes or trainings. During the financial year under review, Directors have devoted sufficient time to update their knowledge and enhance their skills by attending various trainings. Details of trainings attended by the Directors are set out on pages 114 to 117 of this Statement. Furthermore, the Directors visit existing stores and/or new sites/business outlets from time to time to familiarise themselves and have thorough understanding and insights of the Company's operations and strategies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A (CONT'D)

6. NRC – Board Nomination and Appointment of Directors

The Company's NRC comprises exclusively of Non-Executive Directors, a majority of whom are independent and comprises four members in total. The composition of the NRC is as follows:

DIRECTOR	STATUS OF DIRECTORSHIP
Pn. Zaida Khalida Shaari	Chairman (Independent Non-Executive Director)
Ms. Chong Swee Ying	Member (Non-Independent Non-Executive Director)
Ms. Jenifer Thien Bit Leong (Appointed on 18 May 2023)	Member (Independent Non-Executive Director)
En. Mohamad Abdul Naser Md Jaafar @ Yunus (Appointed on 18 May 2023)	Member (Independent Non-Executive Director)
Dato' Tunku Putra Badlishah Ibni Tunku Annuar (Retired on 17 May 2023)	Member (Independent Non-Executive Director)
Datuk Syed Ahmad Helmy Syed Ahmad (Retired on 17 May 2023)	Member (Independent Non-Executive Director)
En. Abdul Rahim Abdul Hamid (Retired on 17 May 2023)	Member (Independent Non-Executive Director)

The NRC is responsible for making recommendations to the Board on the most appropriate Board size and composition. This responsibility includes making recommendations on the desirable competencies, experience, and attributes of the Board members and strategies to address Board diversity. In discharging its responsibilities, the NRC develops certain criteria used in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the NRC considers the following factors:

- skills, knowledge, expertise and experience;
- professionalism and integrity;
- commitment (including time commitment) and contribution;
- background, character and competence;
- fit and proper criteria;
- boardroom diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the NRC also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.



The details are stated in the Terms of Reference of the NRC that is available on the Company's website at <http://ir2.chartnexus.com/aeon/corporate-governance.php>

The Board may appoint an individual to be a Director by having a selection process for the new appointee as recommended by the NRC to the Board. The appointed individual will stand for election at the next Annual General Meeting (AGM) in accordance with the Articles of Association of the Company. The Board had utilised independent sources and recommendations from the Directors, Management and shareholders of the Company to identify suitable qualified candidate to be appointed as Director of the Company during the year. The NRC will assess and consider the suitability of the candidate based on the criteria set before recommending it to the Board for appointment.

The NRC arranges induction for newly appointed Directors such as visits to the Company's significant businesses and meetings with the ALCs, as appropriate, to enable the new appointee to have a full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A (CONT'D)

7. Board Assessment and Annual Evaluation

On an annual basis, the NRC reviews the required mix of skills and experience of Directors, the effectiveness of the Board as a whole, succession plans, Board diversity, including gender, age, ethnicity, backgrounds training courses for Directors and other qualities of the Board such as core competencies, which Directors should bring to the Board. A questionnaire was circulated to the Directors for the Directors to carry out self and peer evaluation on the effectiveness of the Board.

The results of the assessment and comments by Directors regarding the effectiveness of the Board and its Board Committees were tabled and discussed at the NRC meeting, thereafter reported at the Board meeting by the NRC Chairman. All assessments and evaluations carried out by the NRC are properly documented.

The NRC meets at least once a year with additional meetings to be convened, if necessary. During the financial year under review, the NRC held five meetings to:

- (i) Evaluate the suitability of candidates and recommend to the Board for appointment of new Directors and changes to the Board's and Board Committee's composition;
- (ii) Review and assess the mix of skills, expertise, composition, size and experience of the Board, including the core competencies of both Executive and Non-Executive Directors;
- (iii) Review the contributions of each Director (including the Managing Director and Executive Directors);
- (iv) Review the effectiveness of the Board and Board Committees;
- (v) Fit and proper of Directors who are retiring pursuant to the Articles of Association of the Company at the forthcoming 38th Annual General Meeting of the Company;
- (vi) Review the appointment of the new Directors and their remuneration packages;
- (vii) Review and recommend the changes in the composition of Board Committees to the Board;
- (viii) Review and recommend the segregation of Audit and Risk Management Committee into the Audit Committee and the Sustainability & Risk Management Committee to the Board;
- (ix) Review and recommend the Directors' Fees and benefits payable to the Directors including meeting allowance to the Board for shareholders' approval;
- (x) Review and approve Managing Director's Scorecard and Company Scorecard for 2023;
- (xi) Review and approve succession planning framework for Key Senior Management; and
- (xii) Review and recommend the appointment of Senior Independent Director to the Board.

8. Re-election to the Board

The NRC reviewed the Directors' re-election to the Board and in accordance with the Company's Articles of Association, all the Directors are subject to retirement at the AGM every year.

9. Directors' Training

The Board, via the NRC, continues to identify appropriate briefings, seminars and courses for the Directors to attend in order to keep abreast with changes in legislations and regulations affecting the Company. All Directors have completed the Mandatory Accreditation Programme (MAP) Part I and will endeavour to attend MAP Part II within the stipulated timeline given by Bursa Securities. The Directors are mindful of the need to continue enhancing their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually being updated on the Company's business and regulatory requirements.



The Fit and Proper Policy can be viewed on our website at <http://ir2.chartnexus.com/aeon/corporate-governance.php>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A (CONT'D)

During the financial year under review, the Board members attended briefings, conferences, forums, seminars and training programmes as follows:

Directors	Briefing/Conference/Forum/Seminar/Training attended	Date
Datuk Iskandar Sarudin	AEON Policy Meeting in Japan	26 October
	AEON Top Seminar in Japan	26 – 27 October
	Strategies of Sustainable Business for Future	11 December
Mr. Naoya Okada	AEON Compliance Training for Executives	26 January
	AEON Policy Meeting in Japan	26 October
	AEON Top Seminar in Japan	26 – 27 October
	Strategies of Sustainable Business for Future	11 December
Mr. Tsugutoshi Seko	AEON Compliance Training for Executives	26 January
	AEON Policy Meeting in Japan	26 October
	AEON Top Seminar in Japan	26 – 27 October
	Strategies of Sustainable Business for Future	11 December
En. Hisham Zainal Mokhtar	Mobile World Capital Barcelona: Velocity Unleashing Tomorrow's Technology – Today	27 February – 2 March
	Sustainability Leadership Programme (Session 3: The End of Business-as-Usual and Evolving Board Duties)	14 April
	Malaysia Retailers Association Conference 2023 – Retail Insights	15 June
	Awareness Session on Corporate Liability Provision by MACC Officer	25 July
	Khazanah Megatrends Forum 2023	2 – 3 October
	BPMB – 50 th Anniversary Forum – Development Financing: The Next 50 Years	22 November
	Strategies of Sustainable Business for Future	11 December
Pn. Zaida Khalida Shaari	Decarbonisation in the Cement Industry by Roland Berger	3 February
	Presentation of Gap Assessment Report on MNRB Group Sustainability Roadmap	8 May
	Cybersecurity Trends & Development	22 May
	MFRS17 Insurance Contracts: Understanding its Impact and Consequences	30 May
	Base Erosion and Profit Shifting Pillar 2 and Tax Corporate Governance Framework Briefing	31 May
	Revving up the Race for Sustainability	21 – 22 June
	Key Provisions and Compliance Requirements under the Companies Act 2016 by Suruhanjaya Syarikat Malaysia	27 June
	Sustainability Awareness: Sustainability at Work	7 July
	2023 UEM Sunrise's Anti-Corruption Talk	24 July
	PNB Knowledge Forum I: "Harnessing Innovation and Technology for Sustainable Business"	27 July
	Values as a Source of Competitive Advantage	28 July
	Green Tour Series 1	31 July

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A (CONT'D)

Directors	Briefing/Conference/Forum/Seminar/Training attended	Date
Pn. Zaida Khalida Shaari (cont'd)	MFRS 17: Impact & Changes	16 August
	Beyond Box-Ticking: Enhancing Effectiveness of Nominating Committees	5 September
	AEON Policy Meeting in Japan	26 October
	AEON Top Seminar in Japan	26 – 27 October
	Board and Senior Management's Leadership Role in Enhancing AML/CFT Compliance Culture	7 November
	Anti-Money Laundering & Anti-Bribery & Corruption	10 November
	PNB Knowledge Forum II: Education Reimagined	15 November
	Sustainability Developments & Outlook	30 November
	2023 Group Shariah Committee Engagement Session with the BOD FORUM: An Insight from the Maqasidi Perspective	7 December
Dato' Merina Abu Tahir	Sustainability Transition – Innovation As Change Drivers	19 May
	ICDM PowerTalk Advancing Cyber Resilience: Board's Top 3 Must-Knows	25 May
	16 th Asia Pacific Thought Leadership Forum (APTL)	25 May
	A leadership agenda: Driving trust from the top	31 May
	MIA Conference 2023	13 – 14 June
	Eliciting Participation in Workshop/Discussion	22 June
	Just Transition: Asia Pacific roundtable	28 June
	CGM Chairperson Masterclass Series: Scaling Up the Circular Economy	30 June
	Webinar on Assessment of the Board, Board Committees & Individual Directors	6 July
	Stepping up to The Role: Objective Assurance & Advisory On ESG	13 July
	Beyond box ticking – Essentials for effective Remuneration Committees	7 August
	Remaking Corporate Governance for an ESG World	14 August
	The Energy Transition Conference 2023: Accelerating a responsible energy transition	28 – 29 August
	The law behind corporate governance	4 September
	The Arrival of ISSB Standards and the Continued Relevance of Integrated Reporting	4 September
	Sustainability briefing to the Board	8 September
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	19 – 20 September
	ACCA Technical Symposium 2023	21 September

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A (CONT'D)

Directors	Briefing/Conference/Forum/Seminar/Training attended	Date
Dato' Merina Abu Tahir (cont'd)	Khazanah Megatrends Forum 2023	2 – 3 October
	In-house Directors' Training: Decarbonisation Workshop	11 October
	What Amounts to a Conflict of Interest by Directors	13 October
	AEON Policy Meeting in Japan	26 October
	AEON Top Seminar in Japan	26 – 27 October
	PNB Knowledge Forum 2023: Education Reimagined	15 November
	Enlit Europe 2023	28 – 30 November
	Strategies of Sustainable Business for Future	11 December
	In-house Directors' Training: Conflicts of Interest	15 December
Ms. Jenifer Thien Bit Leong	Advancing Cyber Resilience – Board's Top 3 Must-Knows	25 May
	Top in Tech – Setting ESG at the Forefront	25 May
	Are you providing what your employees value	27 June
	ESG and Climate Governance International Conference – What Directors Need to Know	28 June
	Advance Strategy for Directors	7 July
	Climate Reporting & Disclosure: How Boards can Prepare for Success	13 July
	Generative AI – An Opportunity or Risk?	20 July
	Nominating Committee Essentials	25 July
	Board NRC Committee Dialogue	26 July
	Bridging the Gap: Metaverse, Board of Directors, Net Zero & NFT	2 August
	Chairperson Masterclass: The Concept of Double Materiality	3 August
	National Climate Governance Summit	5 September
	Climate Governance Workshops for SME	6 September
	Navigating the Rising Tide of Financial Crime & Technology	8 September
	CIMB Cooler Earth Summit	11 September
	Mandatory Accreditation Programme Part II – Leading for Impact	19 – 20 September
	Khazanah Megatrends Forum 2023	2 – 3 October
	Board Oversight of Climate Risks and Opportunities	10 October
	The Board & Talent, Culture and Sustainability	10 October
	RRA Board Leadership Forum	17 – 18 October
	AEON Policy Meeting in Japan	26 October
	AEON Top Seminar in Japan	26 – 27 October
	Managing Turnaround for PLCs	2 November
	The New Era of Board Duties	16 November
	The Wirecard Scandal – A Whistleblower's Perspective	4 December
	Strategies for Sustainable Business for Future	11 December

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A (CONT'D)

Directors	Briefing/Conference/Forum/Seminar/Training attended	Date
En. Mohamad Abdul Naser Md Jaafar @ Yunus	Malaysia Retailers Association Conference 2023 - Retail Insights	15 June
	AEON Malaysia Supplier Conference	23 June
	MAP by ICDM	28 – 30 August
	Bursa Malaysia's Enhanced Conflict of Interest Disclosure Requirement – Understanding and Navigating its Changes	17 October
	AEON Policy Meeting in Japan	26 October
	AEON Top Seminar in Japan	26 – 27 October
	Strategies of Sustainable Business for Future	11 December
Ms. Chong Swee Ying	FTSE4Good Sustainability Reporting and Management	14 April
	Advancing Cyber Resilience: Board's Top 3 Must-Knows	25 May
	Malaysia Retailers Association Conference 2023 - Retail Insights	15 June
	Scaling up the Circular Economy	30 June
	The Concept of Double Materiality	3 August
	AEON Policy Meeting in Japan	26 October
	AEON Top Seminar in Japan	26 – 27 October
	New Era of Board Duties	16 November
	COI Seminar	6 December
Strategies of Sustainable Business for Future	11 December	
Mr. Hiroaki Egawa	AEON Compliance Training for Executives	26 January
	AEON Policy Meeting in Japan	26 October
	AEON Top Seminar in Japan	26 – 27 October
	Strategies of Sustainable Business for Future	11 December

The Company Secretaries brief and highlight the relevant guidelines on statutory and regulatory requirements from time to time to the Board, among others, the amendments to the MMLR of Bursa Securities, the requirements of MCCG and the Companies Act 2016. The External Auditors also brief the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Company's financial statements.

III. DIRECTORS' REMUNERATION

The NRC also establishes sets of policies and frameworks as well as reviews the remuneration of Directors that is linked to the strategy and/or performance or long-term objectives of the Company to ensure that the Company is able to attract and retain capable Directors. The NRC adopts the ultimate holding company's employee compensation plan to set the remuneration of its Executive Directors. The Executive Directors' remunerations are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken.

The determination of the remuneration packages is a matter for the Board as a whole. The concerned Executive Directors are abstained from deliberating their own remuneration but may attend the NRC meetings at the invitation of the Chairman of the NRC if their presence is required.

During the financial year under review, the NRC reviewed and recommended the remuneration of the Managing Director and Executive Directors of the Company for Board's approval pursuant to the Terms of Reference of the NRC. Directors' fees and benefits payable to the Non-Executive Directors had also been reviewed and recommended by the NRC to the Board to seek shareholders' approval at the Company's forthcoming AGM pursuant to the Articles of Association of the Company. No Director is involved in deciding his/her own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE (AC)

The Board had on 18 May 2023, segregated the Audit and Risk Management Committee into Audit Committee and Sustainability and Risk Management Committee. The segregation is to allow the Board Committees to focus on its dedicated roles respectively.

The Board upholds the integrity of financial reporting. The AC is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, compliance systems and practices, financial statements, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business.

The AC is also responsible for ensuring that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia.

The AC in its Terms of Reference provides that a former key audit partner has to observe a cooling-off period of at least three years before being appointed as a member of AC. The AC comprises four members all of whom are Independent Non-Executive Directors, with En. Hisham Zainal Mokhtar as the AC Chairman. The composition of the AC, including its roles and responsibilities, the number of meetings and attendance of AC, a summary of AC activities and Internal Auditors' activities during the financial year under review are set out on pages 122 to 125 under the Audit Committee Report of this Integrated Annual Report.

II. SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE (SRMC)

The Sustainability & Risk Management Committee (SRMC) was established by the Board on 18 May 2023 to assist the Board in fulfilling its governance and oversight responsibilities on risk management and internal control systems as well as AEON's overall sustainability journey and strategy.

The SRMC has clear mandates and oversight responsibilities which are formally documented in its Terms of Reference which was reviewed and approved by the Board on 18 May 2023 and published on our website <https://aeongroupmalaysia.com>.

The establishment of the SRMC complies with Practice 10.1 and 10.2 of MCCG requirements of having an effective risk management and internal controls framework as well as its disclosure of adequacy and effectiveness of the framework.

AEON's risk management framework is aligned to the principles and guidelines under ISO 31000:2018 - Risk Management, a standard relating to risk management codified by the International Organisation for Standardisation for the setting of objectives, risk identification, assessment, prioritisation, mitigation and monitoring. The SRMC assists the Board to discharge these responsibilities by overseeing and reviewing the risk management framework and its adequacy and effectiveness with the support of the Risk Management Committee (RMC), which is led by the Chief Governance Officer. The SRMC processes are designed to establish a proactive framework and dialogue in which the SRMC and the Management are able to review and assess the risk management framework.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B (CONT'D)

The SRMC receives updates on key business risk, mitigation actions and initiatives across the Company at each Committee meeting. The SRMC also reviews and reports to the Board on significant matters encompassing risk management, sustainability and anti-corruption initiatives, and how these matters are addressed. These include (i) Effectiveness of Enterprise Risk Management (ERM) structure and process; (ii) Maintaining a fit-for-purpose Business Continuity Management Framework; (iii) Strengthening of Anti-Bribery and Corruption Policy (ABC); and (iv) Assessment of current business processes and procedures. During the financial year under review, the SRMC had convened two meetings. The attendance records of the SRMC are as follows:

DIRECTOR	NO. OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE (%)
Ms. Chong Swee Ying (Chairman)	2/2	100%
Ms. Jenifer Thien Bit Leong (Member)	2/2	100%
Dato' Merina Abu Tahir (Member)	2/2	100%
En. Hisham Zainal Mokhtar (Member)	2/2	100%

The Chief Governance Officer were invited to attend all SRMC meetings to facilitate deliberations as well as provide clarification on risk and sustainability-related matters in respect of the Company's operations. Where required, the relevant Management representatives were invited to present and/or provide an explanation to the SRMC on specific control lapses. The Company Secretary acts as the Secretary of the SRMC and was present in all the meetings.

The summary of activities that the SRMC carried out during the financial year under review are described below:

Risk Management

- Reviewed the adequacy of Company's risk management framework
- Reviewed and monitored principal risks and recommended corrective measures undertaken to mitigate such risks.
- Reviewed whistleblowing report and ensured effective implementation of whistleblowing practices and appropriate structures, resources and systems are in place.

The details of the risk management are reported separately under the Statement on Risk Management and Internal Control on pages 126 to 132 of this Integrated Annual Report.

Sustainability

- Reviewed the implementation of procedures for identifying, assessing, monitoring, and managing ESG and/or sustainability risks related to the Company's business.
- Reviewed the integration of ESG and/or sustainability policies, practices, and goals into its business strategy and decision-making.
- Continuous monitor and ensure ESG and/or sustainability risks are adequately addressed with actions and measures, aligning with the strategies and corporate objectives of the Company.

More information on our sustainability progress are reported separately under the Sustainability Section on pages 44 to 90 of this Integrated Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Board recognises that stakeholder engagement is an important component of good corporate governance. The Board maintains an open and constructive relationship with all its stakeholders – large and small, institutional and private. The Board does not distinguish between institutional and private investors and treats all shareholders equally. In line with this, steps are taken to ensure that all investors have access to the same information and disclosures.

The Chairman, supported by the Management, has the overall responsibility of ensuring that the Company listens to, and effectively communicates with its stakeholders. The Company's Investor Relations (IR) team, headed by the Chief Financial Officer, facilitates communication between the Company and the investment community. The IR team conducts regular meetings, conference calls and site visits with investors to keep the investment community abreast of the Company's operations, strategic developments and financial performance. A comprehensive investor relations programme, designed for institutional investors and private shareholders, addresses these matters on a regular basis.

The Company also maintains a dedicated section for corporate information disclosure on the Company's website where information on the Company's announcements, quarterly financial results, share prices and the Company's annual reports can be accessed. Contact details of designated persons to address queries are also published on this website.

Communication lines with local and foreign investors were kept open throughout the financial year under review. IR engagements are fronted by authorised spokesperson to ensure credibility and effective communication with the Company's shareholders and the investment community.

I. PROACTIVE AND ENGAGEMENT WITH THE INVESTMENT COMMUNITY

AEON is committed to high levels of corporate disclosure and transparency in line with the MMLR. We disseminate financial and strategic business updates in a timely manner, ensuring equal access to information and unbiased treatment of shareholders while maintaining open communications lines and engaging regularly with the investment community.

We maintain an active dialogue with the investment community, with our Chief Financial Officer and IR team engaging throughout the year via both in-person and virtual meetings. These meetings provide institutional investors and analysts with a clear understanding of our business developments, financial performance, strategies and prospects. Sustainability is also a topic of growing interest, as investors integrate ESG factors within their investment assessment.

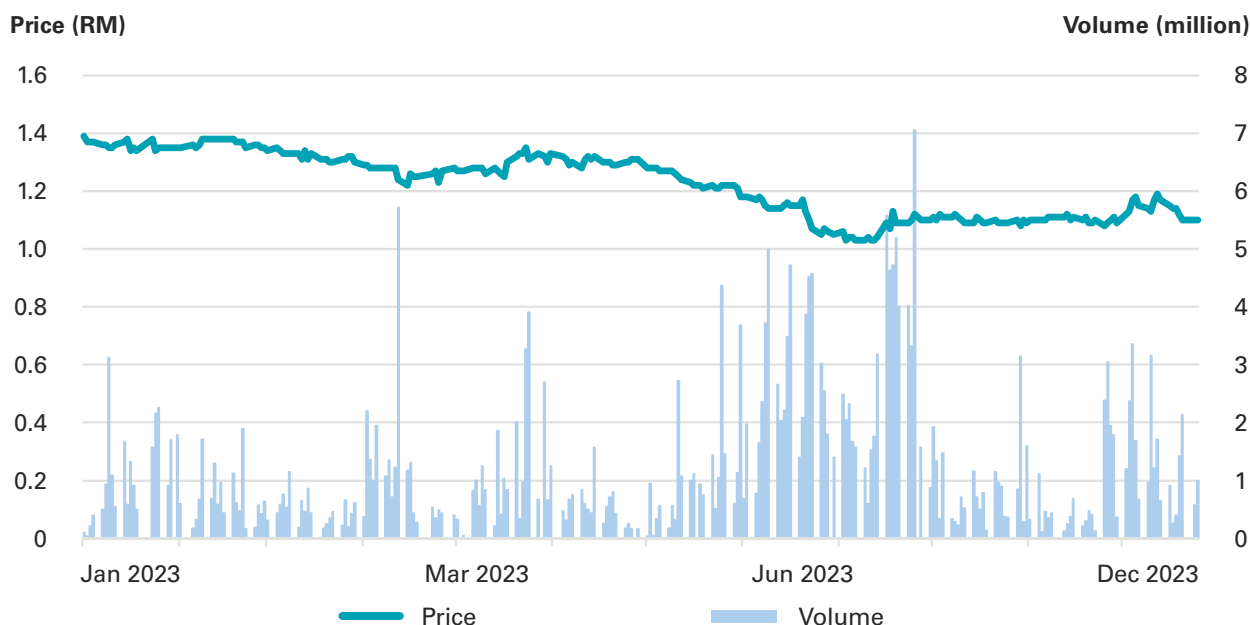
Analyst briefings were conducted to facilitate interactions between the analysts, institutional investors and the Management. These sessions were chaired by Chief Financial Officer and supported by the IR team and other relevant management representatives. The quarterly announcements to Bursa Securities as well as the results presentations and press releases were published on the Company's website.

The public and media are also kept abreast of our Company's latest developments by our Corporate Communications team via regular updates on our Company's website, social media platforms, press releases and press conferences.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C (CONT'D)

SHARE PRICE



Coverage

AEON's stock is covered by nine research houses as follows:

- | | |
|---------------------------------------|---------------------------------------|
| 1. Affin Hwang Investment Bank Berhad | 6. Maybank Investment Bank Berhad |
| 2. BIMB Securities Sdn Bhd | 7. MIDF Amanah Investment Bank Berhad |
| 3. Hong Leong Investment Bank Berhad | 8. RHB Investment Bank Berhad |
| 4. KAF Equities Sdn Bhd | 9. TA Securities Holdings Berhad |
| 5. Kenanga Investment Bank Berhad | |



For more information on Quarterly Financial Results Announcements, please refer to AEON's corporate website at https://ir2.chartnexus.com/aeon/quarterly_report.php

II. ANNUAL GENERAL MEETING

AGM provides a platform for the shareholders to interact or engage directly with the Board. At the AGM, an overview on the Company's performance and major activities carried out during the financial year under review is presented. Shareholders are encouraged to enquire or comment about the Company's financial performance and business operations in general. Additionally, shareholders who participate in the deliberations of the proposed resolutions are given opportunities to seek clarification before proceeding to poll voting.

The Company's Thirty-Eighth (38th) AGM was conducted on 17 May 2023 through live streaming and online remote participation by using Remote Participation and Voting Facilities (RPV), which followed Section 327 of the Companies Act 2016. During the 38th AGM, the Managing Director provided shareholders with a brief review on the operating environment, financial highlights, business performance, ecosystem, key strategies and key priorities of the Company. The Chief Financial Officer also addressed all questions received from the Minority Shareholder Watchdog Group (MSWG). The Chairman of the Board, and the Board Committees were present at the 38th AGM.

Notice of the 38th AGM was circulated at least 28 days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed, which is in line with Section 316(2) of Companies Act 2016 and paragraph 7.15 of MMLR of Bursa Securities. Notice of AGM was also circulated in a national newspaper alongside an announcement on the website of Bursa Securities. This allowed shareholders to have immediate access of the notice of AGM and make necessary preparations for the AGM.

This CG Overview Statement was approved by the Board on 23 February 2024.

AUDIT COMMITTEE REPORT

On 18 May 2023, the Audit and Risk Management Committee has been segregated into Audit Committee (AC) and Sustainability and Risk Management Committee. The segregation is to allow the Board Committees to focus on its dedicated roles respectively. The role of AC is to assist the Board in fulfilling its oversight responsibilities encompassing a review of the financial reporting process as well as overall compliance with relevant applicable legal and regulatory requirements.

In discharging its responsibilities, the AC is guided by the Terms of Reference of AC, which was reviewed and approved by the Board on 18 May 2023 and subsequently revised on 23 February 2024, which is available on the Company's website at <https://aeongroupmalaysia.com>. The Board is pleased to present the AC Report for the financial year ended 31 December 2023.

COMPOSITION

The AC comprises the following members:

Name	Appointment Date	Directorship
En. Hisham Zainal Mokhtar (Chairman)	1 July 2022	Senior Independent Non-Executive Director
Dato' Merina Abu Tahir (Member)	18 May 2023	Independent Non-Executive Director
En. Mohamad Abdul Naser Md Jaafar @ Yunus (Member)	18 May 2023	Independent Non-Executive Director
Pn. Zaida Khalida Shaari (Member)	18 May 2023	Independent Non-Executive Director
En. Abdul Rahim Abdul Hamid (Member) (Retired on 17 May 2023)	-	Independent Non-Executive Director
Dato' Tunku Putra Badlishah Ibni Tunku Annuar (Member) (Retired on 17 May 2023)	-	Independent Non-Executive Director
Datuk Syed Ahmad Helmy Syed Ahmad (Member) (Retired on 17 May 2023)	-	Independent Non-Executive Director

The composition of the AC complies with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements in the following respects:

- at least three members and Non-Executive Directors with majority being Independent Director. The AC currently has four members, all of whom, including the Chairman are Independent Non-Executive Directors.
- at least one member of the AC fulfils the qualification criteria. Dato' Merina Abu Tahir is a member of the Malaysian Institute of Accountants, Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Certified Public Accountants and therefore fulfils the qualification criteria.

The composition of the AC also complies with Practice 9.2 of the MCCG which states that a former key audit partner shall not be appointed as a member of the AC until the expiry of a three-year cooling-off period. This practice is adopted by the Company and none of our AC members are former audit partners. The Step-up Practice 9.4 of the MCCG where the AC is to be comprised solely of Independent Directors had also been adopted.

AUDIT COMMITTEE REPORT

Additionally, the Nomination and Remuneration Committee (NRC) reviews the terms of the office and performance of the AC and each of its members annually to distinguish whether the AC and its members have carried out their duties in accordance with the Terms of Reference. The AC composition has further complied with additional stipulations in the Terms of Reference of AC that:

- a. each member shall be financially literate and must be able to understand matters under the purview of the AC including the financial reporting process; and
- b. the Chairman of the Board shall not be the Chairman of the AC.

MEETINGS AND ATTENDANCE

During the financial year under review, the AC had convened four meetings. The attendance records of the AC are as follows:

	ATTENDANCE	
En. Hisham Zainal Mokhtar (Chairman)	4/4	100%
Dato' Merina Abu Tahir (Member)	2/2	100%
En. Mohamad Abdul Naser Md Jaafar @ Yunus (Member)	2/2	100%
Pn. Zaida Khalida Shaari (Member)	2/2	100%

The Chief Financial Officer or Acting-Chief Financial Officer and Chief Governance Officer were invited to attend all AC meetings to facilitate deliberations as well as provide clarification on audit and risk-related matters and the Company's operations. The Head of Internal Audit also attended all AC meetings to table internal audit reports. Where required, the relevant Management representatives were invited to present and/or provide an explanation to the AC on specific control lapses and issues noted from audit reports as well as clarification on their respective areas of responsibilities.

The representatives of the external auditor, Messrs KPMG PLT have attended two meetings for the financial year ended 31 December 2023 to present their reports on external audit and review matters. The Company Secretary acts as the Secretary of the AC and was present in all the meetings.

SUMMARY OF KEY ACTIVITIES DURING THE YEAR UNDER REVIEW

During the year under review, the AC performed its duties in accordance with its Terms of Reference. The summary of activities that the AC carried out are described below:

Financial Reporting Results

- a. Reviewed compliance by the Company with the accounting standards issued by International Financial Reporting Standards (IFRS) and incorporated in Malaysian Financial Reporting Standards (MFRS). The AC also focused on changes to accounting policies and adoption of new accounting standards; and
- b. All quarterly financial results and the annual audited financial statements for FY2023 were reviewed and recommended to the Board for approval.

External Audit

- a. Reviewed and approved the appointment of external auditors, taking into consideration their competencies, commitments, objectivity, and independence;
- b. Reviewed and approved the scope of work and audit plan for FY2023;
- c. Reviewed External Auditors' term of reference of their appointment and their audit and non-audit related fees for FY2023 for recommendation to the Board for approval;
- d. Reviewed and discussed the External Auditors' audit report of the Financial Statement and key audit matters;
- e. Reviewed External Auditors' management letters and management responses;
- f. Completed the annual external auditor assessment prior to the recommendation for re-appointment to the Board for approval; and
- g. In FY2023, the AC held two meetings with the External Auditors on 21 February 2023 and 21 November 2023 without management's presence, to allow the External Auditors to discuss issues arising from the audit exercise and/or any other matters.

AUDIT COMMITTEE REPORT

Internal Audit

- a. Reviewed and approved the annual internal audit plan for FY2023 based on the risk assessment conducted to ensure adequate scope and comprehensive coverage of the Company's activities;
- b. Reviewed and deliberated on internal audit reports tabled during the year, the audit recommendations made, and Management's response to these recommendations. Significant issues were discussed at length with the presence of relevant Management representatives to ensure satisfactory response to address identified risks;
- c. Monitored the implementation of mitigating actions by Management on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses were properly and timely addressed;
- d. In FY2023, the AC held two meetings with the Head of Internal Audit on the 21 February 2023 and 21 November 2023 without management's presence for discussion on the audit related matters and activities of the Internal Audit Department; and
- e. Reviewed and approved the performance, competency and resources of the Internal Audit functions for FY2023 to ensure that it has the required expertise and professionalism to discharge its duties.

Related Party Transaction (RPT) and Recurrent Related Party Transactions (RRPT)

- a. Reviewed RPTs and RRPTs of the Company on a quarterly basis and also the Internal Audit reports detailing the results of review on proposed RPTs to ensure compliance with the Companies Act 2016, Main Market Listing Requirement (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) and the Malaysian Financial Reporting Standards (MFRS). From the approved RRPT mandate, the AC is satisfied that there were reasonable controls in monitoring the amounts transacted during the year.
- b. Reviewed the RPTs entered into by the Company with related parties to ensure that:
 - (i) RPTs were conducted based on the Company's normal commercial terms and are not detriment to the Company's minority shareholders;
 - (ii) Proposed disclosures were made in compliance with the MMLR; and
 - (iii) Actual transaction values for the RRPTs are within the mandate approved by the shareholders.
- c. Reviewed the estimated RRPT mandate for the ensuing year and the Circular to Shareholders in respect of the proposed shareholders' mandate for RRPTs prior to seeking Board approval.

Governance and Regulatory Compliance

- a. Monitored the compliance requirements in line with the new updates of Bursa Securities, Securities Commission, Malaysian Accounting Standards Board and other legal and regulatory bodies.
- b. Reviewed and discussed the Japanese Sarbanes Oxley (J-SOX) Compliance Assessment Progress Report for the Company.
- c. Reviewed all legal matters of the Company and report to the Board.
- d. Reviewed and discussed the final dividend in respect of the financial year ended 31 December 2023 for the Board to recommend to the shareholder for approval.

Annual Report

Reviewed and endorsed the following:

- Audited Financial Statements for FY2023;
- Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, Corporate Governance Report and Audit Committee Report prior to Board's approval for inclusion in this Integrated Annual Report 2023.

Other Activities

- Reported to the Board on its activities and significant findings and results of the External and Internal Audit recommendations.

KEY MATTERS CONSIDERED

The AC receives updates on key governance matters, audit initiatives and issues across the Company at each Committee meeting. The AC also reviews and reports to the Board on significant matters including financial reporting, significant judgements made by the Management, significant and unusual events or transactions, and how these matters are addressed.

INTERNAL AUDIT FUNCTION

Audit activities are carried out by the Internal Audit Department led by the Head of Internal Audit, Cik Nur Suriya Selasiya Mohamad Omar. She has a Bachelor of Mathematics and Management with Honors, is an Associate Member of the Institute of Internal Auditors Malaysia (IIAM) and is currently pursuing Certified Internal Auditors Certification (Part 3).

The Internal Audit Department provides independent and reasonable assurance to add value and improve the operations of AEON. The Head of Internal Audit is guided by its Charter which specifies functional reporting to the AC and administrative reporting to the Managing Director,

AUDIT COMMITTEE REPORT

to allow an appropriate degree of independence from the operations of the Company. The AC reviews and approves the annual Internal Audit plan with periodic reviews to ensure business alignment, appropriate risk assessment and audit methodology, and to ensure robustness in the audit planning process.

The Internal Audit function in AEON is guided by its Charter. The Internal Audit Charter sets out the purpose, authority, responsibilities and reporting of the Internal Audit function which encompasses:

- a. Examination and evaluation of the adequacy, integrity and effectiveness of the Company's overall system of internal control, risk management and governance;
- b. Review RRPT and reports to ascertain that the review procedures established to monitor the Recurrent Related Party Transactions have been complied with the Main Market Listing Requirements of Bursa Securities;
- c. Review J-SOX Compliance as part of the Company's requirement;
- d. Monitor and evaluate governance processes in accordance to the requirement of the current MCCG 2021; and
- e. Investigate and report on suspicious and fraud cases, if any.

Reviews are carried out based on the approved Internal Audit Plan for FY2023, which was developed using a risk-based approach and in line with the Company's direction. The Internal Audit Plan was assessed on a quarterly basis in alignment with the business and risk environment.

The Internal Audit function is based along the principles and guidelines promulgated by the Institutes of the Internal Auditors (IIA) in International Professional Practices Framework (IPPF) for an Internal Audit function. AEON is a corporate member of IIA Malaysia.

The Internal Audit functions in a manner that is consistent with the International Standards for the Professional Practice of Internal Auditing (ISPPA) together with its Code of Ethics that encompass all the mandatory

elements of the International Professional Practices Framework (IPPF), which demonstrate its practices are in line with a recognised framework. The principles to have an effective Internal Audit function has been outlined in the Internal Audit Charter and the Internal Audit Manual. The Internal Audit Manual outlines risk-based auditing approach in accordance with the ISSPIA.

For each audit, a systematic methodology is adopted, which primarily includes performing risk assessment, developing audit planning memorandum, conducting audit, convening exit meeting and finalising audit report. The audit reports detail out the objectives, scope of audit work, findings, management responses and conclusion in an objective manner and are distributed to the responsible parties.

For the financial year under review, 103 audits were completed on various operations units at stores, malls and head office. All audit findings were highlighted to relevant Management team members responsible for ensuring that corrective actions on reported weaknesses are taken within the required timeframe. Summary of the audit reports were issued to the AC every quarterly, incorporating the findings and Management's remediation actions.

The Internal Audit Department comprises eight auditors with mix level of expertise. During the year, the Internal Auditors attended various external training programmes, aimed at maintaining and enhancing the desired competency levels. The Internal Auditors also attended training programmes on Code of Conducts and the Head of Internal Audit has signed on Annual Declaration for Assessment of Conflict of Interest in adherence to AEON Code of Conducts. In order to maintain its independence and objectivity, the Internal Audit Department has no operational responsibility and authority over the audited activities. The total costs incurred for the Internal Audit function for FY2023 was RM 865,000 (FY2022: RM 797,000).

The AC Report is approved by the Board on 23 February 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is pleased to present the Statement on Risk Management and Internal Control (SORMIC or This Statement) which outlines the nature of risk management and internal controls within the Company for the financial year ended 31 December 2023.

This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements and guided by the 'Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers' issued by Bursa Securities. Risk management and internal controls are embedded in all business activities within the Company.

RESPONSIBILITIES AND ACCOUNTABILITIES

BOARD'S RESPONSIBILITIES

The Company is led by the Board. The Board has delegated the governance and risk management responsibilities to the Audit Committee (AC) and Sustainability and Risk Management Committee (SRMC) which ensures independent oversight of internal controls and risk management. Notwithstanding the delegated responsibilities, the Board affirms its responsibility for overseeing and ensuring a sound system of risk management and internal control for the Company. Such a system covers not only controls on the financial aspects, but also matters relating to operational, investment, risk management, and compliance with applicable laws, regulations and guidelines. Effective risk management helps the Company achieve its optimal performance and profitability targets by incorporating risk information for decision-making. The Board has an established ongoing process for identifying, evaluating, prioritising and managing the significant risks encountered by the Company. The Board through the AC and SRMC reviews this process every quarter. The Board is cognisant of the importance of having in place an integrated approach to manage key risks in achieving the Company's business objectives. The Board also recognises the fact that internal control systems are designed to manage and minimise rather than eliminate and avoid the occurrence of material misstatements, unforeseeable circumstances, fraud or losses.

Audit Committee

The key responsibility of the AC is to assist the Board in fulfilling the Board's statutory and fiduciary responsibilities of monitoring the Company's management of financial risk processes and quality of the Company's accounting function, financial reporting and the internal control

systems. The AC reviews the Company's financial statements to enable a true and fair view of our financial position and compliance with applicable financial reporting standards.

The responsibilities of the AC are detailed on page 118 of this Integrated Annual Report.

Sustainability and Risk Management Committee

The key responsibility of the SRMC is to assist the Board in fulfilling the Board's fiduciary responsibilities in fulfilling its governance, risk management and its related internal control systems as well as AEON's overall sustainability journey and strategy. This involves the implementation of an effective ethics programme and monitoring compliance with established policies and procedures.

The SRMC also assists the Board in providing oversight, direction and counsel on the overall risk management process; establishing and reviewing the risk management framework, processes and responsibilities, as well as assessing whether they provide reasonable assurance that risks are managed within tolerable ranges. The SRMC is also entrusted to set the tone and culture towards effective risk management and control within the Company.

The Board has received assurance from the Managing Director and Chief Governance Officer that the Company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company during the financial year under review and up to the date of This Statement. In discharging its duties, the SRMC is supported and assisted by the Sustainability Steering Committee (SSC) and the Risk Management Committee (RMC).

The responsibilities of the SRMC are detailed on pages 118 to 119 of this Integrated Annual Report.

MANAGEMENT'S RESPONSIBILITIES

The Management via the Risk Management Committee (RMC) acknowledges their responsibilities to identify, evaluate, prioritise, mitigate and continuously monitors the risks faced by the Company's system of internal controls. The RMC is responsible for implementing Board-approved frameworks, policies and procedures related to risk management and internal controls. The RMC is also accountable for identifying, assessing and monitoring the risks that may impede the Company's goals and objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE RMC'S RESPONSIBILITIES INCLUDE BUT ARE NOT LIMITED TO:

- To ensure that at least four meetings are held during the financial year to deliberate on existing risk profiles and continuously embedding the risk management process to identify emerging risks and propose actions to mitigate and thereafter monitor;
- Annual review of Enterprise Risk Management (ERM) Manual, including framework, process, risk appetite statement and policies;
- Identify and determine ERM risks to maximise opportunity based on AEON's risk appetite statement;
- To ensure adequate controls and management action plans are in place and aligned to achieve the Company's Objective Key Results (OKR);
- Overall assessment of the effectiveness of internal controls;
- Periodical review on major and serious workplace incidents and/or accidents to deliberate on additional preventive measures;
- Review and discussion of internal audit findings and reporting; and
- Periodical updates on disciplinary, code of conduct and integrity related cases (if any).

Risk Governance Structure

The Risk Governance set out the roles and responsibilities of the Board, the SRMC and the risk owners involved in the three lines model for risk management which consist of operation and business unit heads as the first line of defence, the Governance and Integrity Department (GID) as second line of defence and Internal Audit Department as the third line of defence.

Risk Appetite

The Company's risk appetite defines the level of risk that the Company is prepared to accept to achieve its objectives. The risk appetite statement serves as a guide for the Company in formulating and planning the risk-taking activities in line with the Company's mission and strategy.

AEON's Risk Appetite Statement includes measurable guidelines demonstrating AEON's risk tolerance levels. Risk tolerance is the boundary of risk taking; outside of which, AEON is not prepared to accept. Any critical breach of risk tolerance limits will be reported immediately to the Board directly by the Chairman of the SRMC. Any breach will warrant one of the following:

- Review effectiveness of internal control/mitigation action; or
- Recalibrate appetite or limits if they no longer reflect AEON's actual risk appetite

Key Risk	Risk Appetite Statement	Impact on Policy and Procedures
Product Quality	AEON does not tolerate any sub-standard/ defective products which are sold by its business or its tenants which may cause any harm to its users or those who come in contact with it.	Policy on sourcing criteria, evaluation of product and suppliers. Dedicated in-house subject matter expert resources in monitoring requirements on critical areas such as food safety and hygiene and product compliance for Private Brand.
Health and Safety	AEON regards health and safety as a core indicator of its business success. AEON does not tolerate any activities where adequate measures in preventing foreseeable death/debilitating injuries were not deployed effectively.	Defines AEON's tolerance with regard to health and safety risk. Reinforces the significances of AEON's Safety and Security, especially in terms of clarifying overall direction with regard to Health and Safety standards.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Risk	Risk Appetite Statement	Impact on Policy and Procedures
People	<p>AEON does not tolerate any labour exploitations within its business and among its suppliers and tenants.</p> <p>AEON commits itself in adhering to international standards on ethical labour standards, which is at minimum guided by local laws and regulations.</p>	<p>Reinforces communication and monitoring of compliance to AEON's standards on ethical labour practices within the Company.</p>
Integrity	<p>AEON will not tolerate any bribery, fraud or other acts of corruption by its employees, agents, vendors and tenants when acting for or on behalf of AEON.</p>	<p>Reinforces significance of AEON's MACC Integrity Pledge which was undertaken by top management in the Company.</p> <p>Defines the stance undertaken and communicated to its stakeholder via AEON Employee Handbook and Supplier Code of Conduct.</p> <p>AEON Industrial Relations Manual Guideline stipulates the categories of misconduct, the internal process and procedures in managing employee misconduct.</p>
Regulatory	<p>AEON endeavours to comply with all relevant legislation and does not tolerate any significant non-compliance that led to the loss of trust/reputation and/or imprisonment of officials in relation to their duty in/for AEON.</p>	<p>Various policies and procedures provide clarification and guidance in preventing any significant non-compliance, and where applicable, reference to provisions of laws deemed significant.</p>
Natural Environment	<p>AEON does not tolerate significant non-compliance practices that pollute the environment or endanger any wildlife contrary to environmental and conservation standards prescribed by local laws and/or which may cause public outrage.</p>	<p>Defines AEON's tolerance with regard to the impact of its operations and practices which may harm the environment.</p>
Technology Disruption	<p>AEON will seek to minimise the risk of technological disruption by continuously exploring synergetic opportunities with technological partners or other means in order to innovate its product offering as part of its digital-proofing strategies.</p>	<p>Defines AEON's tolerance towards technology disruption arising from failure in embracing digitalisation.</p>
Data Security	<p>AEON does not tolerate any leakages of confidential information and/or illegal manipulation of legal information (e.g. customer and employees personal data).</p>	<p>Defines AEON's tolerance to data leakages and/or illegal manipulation of information such as accounting records, personal data etc.</p> <p>Clarifies AEON's mandate and direction in adopting best practices in strengthening cybersecurity.</p>
Sustainability	<p>AEON has established the AEON Sustainability Charter (ASC) which serves as a blueprint and guides AEON to embed sustainability in its operation and does not tolerate any practices that runs counter to this.</p>	<p>Clarifies AEON's emphasis on sustainability by incorporating it into corporate vision and mission statement.</p>

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Governance & Integrity Department (GID)

The Head of GID reports directly to the Chief Governance Officer and he has been assigned as the secretary of the RMC. GID has four staff including the Head of GID.

Risk Management Policy

AEON Risk Management Policy covers four key areas which govern the implementation of Enterprise Risk Management (ERM) defined in the ERM Manual. The four key areas are as follows:

- General Risk Policies – relevance of ERM framework, compliance of ERM framework, awareness and capabilities, risk culture, application of risk management, ERM process, consultation and communication, and confidentiality and use of risk information.
- Risk Identification – triggers for risk identification and review, frequency of risk identification and review, approval of new risk and changes, and appointment of risk owners.
- Risk Analysis and Assessment – risk analysis, review of risk analysis, risk assessment, aggregation of company-level risks, objectivity and robustness of risk analysis and assessment, approval of risk register, risk treatment action plan and key risk indicators.
- Risk Monitoring and Reporting – risk monitoring and risk reporting.

Key Activities of FY2023

Some of the key activities of GID for FY2023 includes but are not limited to:

a. Project management

- Leading, planning, coordinating and continuously communicating with management, business units and operational leaders to facilitate and ensure anti-bribery and integrity matters are well-informed.
- E-Buletin communication to share and update matters relating to anti-bribery and integrity with all AEON employees. The information was emailed to all AEON employees and also uploaded onto the iAEON platform (intranet application) for easy access by all employees.

b. Operation Support

- Store visits, risk assessment, provide advice and guideline to operation leaders for matters related to risk management and business continuity plan.

Risk Management Process

The risk management process adopted by the Company are as follows:



The above section outlined the establishment of the understanding of the business and operating environment, establishing risk ownership, identifying risks that will have an adverse impact on the Company's objectives, analysing root causes, developing the appropriate risk treatment, and continuously monitoring and report risks on a quarterly basis.

The Company adopts the Risk and Control Self-Assessment (RCSA) method to regulate the risk management process at corporate and operational levels. Through the implementation of a risk profile, it allows the respective business units, including the individual stores and shopping malls to perform risk activities, such as identify, prioritise, undertake adequate mitigation strategies, and plan, evaluating and keep monitoring the controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONTROL STRUCTURE AND ENVIRONMENT

THE INTERNAL CONTROL PROCESSES

The main key aspects of internal control processes are:

- The management structure of the Company formally defines lines of responsibility and delegation of authority for all aspects of the Company's affairs. Senior management and business unit managers submit and present their operational performance reviews, business plans and strategic measures to AEON Leadership Council (ALC);
- The Board approves the annual budget and reviews key business indicators and monitors the achievements of the Company's performance on a quarterly basis;
- The authorisation limits and approvals authority threshold of the Company encompasses internal control procedures. These procedures are subject to review by the Management to incorporate changing business risks and operational efficiency;
- The AC is responsible to support the Board in evaluating the effectiveness of the Company's internal control systems and overseeing financial reporting processes. The AC reviews the adequacy and integrity of our internal control and management information systems including compliance with relevant Malaysian laws, regulations, directives, and guidelines, primarily through the Internal Audit Department;
- The Internal Audit Department (IAD) conducts regular reviews to assess the effectiveness and operational integrity of the organisation's internal control system, ensuring alignment with established control procedures and company policies. The Head of IAD provides the AC with quarterly reports detailing the status and effectiveness of internal control systems;
- The AC is responsible for reviewing the statutory annual financial statements. The AC also reviews the quarterly report and recommends the quarterly report to the Board for approval prior to the announcement to Bursa Securities;
- The IAD periodically audits the effectiveness and evaluates the functionality of the internal control system to ascertain compliance with the control procedures and policies of the Company. The Head of IAD reports to AC on the conditions of internal control systems on a quarterly basis; and
- Project teams are set up from time to time to address business and operational issues to meet the business objectives and operational requirements of the Company.

The Company has established an internal control structure and is committed to continuously evaluating, enhancing and maintaining the structure to ensure effective control over the Company's business operations as well as to safeguard the value and security of the Company's assets. There is a clearly defined operating structure with lines of responsibility and delegated authority to assist the Board to maintain proper control. The key elements that support the control structure and environment are described as follows:

1. INTERNAL AUDIT

The IAD which is an integral part of the Company's internal control systems, reports directly to the AC. The IAD's primary role is to provide independent and objective assurance designed to add value and improve efficiency of operations within the Company. It assists the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The mission for internal auditing is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The annual internal audit plan, established on a risk-based approach, is reviewed and approved by the AC annually. The IAD's performance and conduct is guided by The International Standards for the Professional Practice of Internal Auditing (the Standards) and the International Professional Practices Framework (IPPF). IPPF is the conceptual framework that organises authoritative guidance promulgated by the Institute of Internal Auditors (IIA). The IAD is also guided by the Malaysian Code on Corporate Governance (MCCG) 2021.

2. DOCUMENTED INTERNAL POLICIES AND PROCEDURES

The Company periodically reviews, updates and establishes the internal policies and standard operating procedures for improvement and to reflect the changes in the business structure and processes as and when necessary. The main policies and procedures are as follows:

2.1 Whistleblowing Policy and Guidelines

As part of the Company's continuous effort to ensure good corporate governance practice, the Company has established a Whistleblowing Policy and Procedures with avenue for AEON People and members of the public to disclose any improper conduct or irregularity within the Company with assurance that they will

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

be protected from possible reprisals or victimisation. The Company is committed to the highest standard of integrity, openness and accountability in the conduct of its business and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner.



The Whistleblowing Policy and Procedures can be found on the Company's website at <https://aeongroupmalaysia.com/sustainability-policies/>

2.2 Anti-Bribery and Corruption Policy

Pursuant to the amendments to the Main Market Listing Requirements (MMLR) of Bursa Securities in relation to anti-corruption measures, the Company has established an Anti-Bribery and Corruption (ABC) Policy in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission (MACC) (Amendment) Act 2018 on corporate liability for corruption with effect from 1 June 2020. The development of the ABC policy and procedures, at a minimum is guided by the Adequate Procedures issued pursuant to Section 17A(5) of the MACC (Amendment) Act 2018. The Company is committed towards implementing the necessary actions to meet the requirements of the Adequate Procedures and will continuously enhance and promote measures for better governance and ethical culture at the workplace.



The ABC Policy can be found on the Company's website at <https://aeongroupmalaysia.com/sustainability-policies/>

2.3 AEON Code of Conduct (ACOC)

ACOC which was established by AEON Co., Ltd., Japan has been adopted by the Board to support the Company's objectives, vision and values. The basic principles have been carried out by having appropriate regards to the interests of the Company's customers, shareholders, AEON people, business partners and the broader community in which the Company operates. All employees are briefed and provided with a copy of the ACOC on the commencement of their employments. The principles of ACOC are constantly made aware to employees through citation in employees assemblies. The Board recognises the importance on adherence to the

ACOC by all personnel of the Company and has put in place the citation process to ensure its compliance. The Company further encourages its employees to provide feedback on any concerns regarding illegal or unethical conduct via its existing Code of Conduct Hotline.



Details of ACOC can be found on the Company's website at <https://aeongroupmalaysia.com/corporate-profile-governance/>

2.4 Procurement Policy (Non-Trade)

The procurement policies and guidelines have been duly reviewed in FY2023. As part of our ongoing journey to digitalise of our procurement process, we are going to roll out the digital procurement platform to all vendors by FY2024.

2.5 Sustainability Policy

As part of the Company's continuous effort to ensure good corporate governance practice, the Company established the Sustainability Policy in FY2022. The aim of the Policy is to embed sustainability practices across the organisation, support the Company's ability to meet its sustainability expectations and needs of its stakeholders as well as provide guidelines on the Company's sustainability agenda.

2.6 Disaster Recovery Plan

The Company has an established Disaster Recovery Plan (DRP) to strengthen IT security and safety as well as business continuity management. As part of our internal controls monitoring, we will work with our service providers to ensure that their DRP annual exercise and controls are in place.

3. MONITORING AND REVIEW

The processes adopted to monitor and review the effectiveness of the internal control system are as follows:

- a. All business units submit monthly Management Reports to their respective members of the ALC. The reports include a review of actual results against the preceding year as well as against the budget, with significant variance being explained and necessary actions taken.
- b. Quarterly risk report are tabled and deliberated at the SRMC meetings for onward submission to the Board for deliberation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- c. Quarterly financial performance reports from the Management are tabled to the AC for deliberation and thereafter recommended to the Board for approval.
- d. The AC meets at least once every quarter to review internal audit findings and ensure that highlighted weaknesses in internal controls are appropriately addressed by Management. The AC Meeting is supported by the Internal Audit Department in terms of the following:
 - Audit issues are discussed with auditees and respective ALCs with recommendations provided to address the issues;
 - Submission of reports to the AC at quarterly intervals containing improvement opportunities, audit findings, management response, and corrective actions in areas with significant risks and internal control deficiencies; and
 - Continuous review of the AC and SRMC Terms of Reference to reflect updates to the current business environment, including Malaysian Institute of Accountants by-laws requirements and the formation of the GID in relation to investigation functions.

Continuous efforts are undertaken to ensure standardisation, timeliness and comprehensiveness of key internal control procedures. The system of internal controls has clear management support, including the involvement of the Board, and is designed to address the risks to which the Company is exposed.

4. ASSOCIATES

The disclosures in this Statement do not include the risk management and internal controls practices of the Company's associates.

5. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the annual report of the Company for the year ended 31 December

2023, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Company, in all material respects:

- a. has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b. is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Company's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

6. CONCLUSION

For FY2023, the Board has monitored and reviewed the risk management practices and effectiveness of the internal control structure, based on the adopted ERM framework which includes processes for identifying, evaluating and managing significant risks faced by the Company. This is an ongoing process which includes enhancement of the relevant key internal controls when there are changes in the business environment. The Board is also assisted by the Management in the implementation of the Board's policies and procedures on risk and control. This includes the identification of risk control measures to address pertinent and relevant risks affecting the Company. Where weaknesses are identified, rectification steps have been put in place. Based on the assurances provided by the Managing Director and Chief Governance Officer and with the implementation of a risk management framework as well as the adoption of an internal control system, the Board is of the opinion that the risk management and internal control system for the year under review, up to the date of the issuance of the Company's financial statements, are adequate and effective in safeguarding shareholders' investments and all stakeholders' interests.

ADDITIONAL COMPLIANCE INFORMATION

(PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

MATERIAL CONTRACTS

There were no material contracts entered into by the Company involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year (not being contracts entered into in the ordinary course of business) except as disclosed below and in Note 29 to the financial statements on pages 180 to 181 of this Integrated Annual Report.

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2023, the amount of audit and non-audit fees paid by the Company to the External Auditors and its affiliates are as follows:

	RM'000
Audit service rendered	310
Non-audit services rendered	197
Total	507

During the financial year, the amount incurred in respect of non-audit related fees amounted to RM197,000 which comprised assignments for tax consultation advisory fee, Statement on Risk Management and Internal Control review and also ESG independent limited assurance fee.

UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the 38th Annual General Meeting ("AGM") held on 17 May 2023, the Company obtained shareholders' mandate to allow the Company to enter into recurrent related party transactions of a revenue or trading nature. The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2023 is set out on pages 180 to 181 of this Integrated Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY

PURSUANT TO PARAGRAPH 15.26(A) OF THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

The Board of Directors is responsible for ensuring that the annual audited financial statements of the Company are prepared with reasonable accuracy from the accounting records so as to give a true and fair view of the financial position of the Company as at 31 December 2023, and of their performance and cash flows for the year then ended.

The Board is also responsible for ensuring that the annual audited financial statements of the Company are drawn up in accordance with the requirements of the approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards, the requirements of the Companies Act 2016, the Listing Requirements of Bursa Malaysia Securities Berhad and other regulatory bodies.

In preparing the annual audited financial statements, the Directors have ascertained that the relevant accounting policies and reasonable prudent judgement and estimates have been consistently applied. The Directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

TRANSACTIONS OF TRUST

Simplifying Payments, Amplifying Smiles



06

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2023.

Principal activities

The Company is principally engaged in the operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation. There has been no significant change in the nature of these activities during the financial year.

Ultimate holding company

The Company is a subsidiary of AEON Co., Ltd., of which is incorporated in Japan and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Results

	RM'000
Profit for the year	114,832

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividend

Since the end of the previous financial year, a final dividend of 4.00 sen per ordinary share totalling RM56,160,000 has been paid/payable by the Company in respect of the financial year ended 31 December 2022 as reported in the Directors' Report of that year on 15 June 2023.

A final dividend recommended by the Directors in respect of the financial year ended 31 December 2023 is 4.00 sen per ordinary share totalling RM56,160,000 subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Datuk Iskandar bin Sarudin	
Chong SweeYing	
Hiroaki Egawa	
Hisham bin Zainal Mokhtar	
Naoya Okada	
Tsugutoshi Seko	
Zaida Khalida binti Shaari	
Dato' Merina binti AbuTahir	(appointed on 18 May 2023)
JeniferThien Bit Leong	(appointed on 18 May 2023)
Mohamad Abdul Naser bin Md Jaafar @ Yunus	(appointed on 18 May 2023)
Datuk Syed Ahmad Helmy bin Syed Ahmad	(retired on 17 May 2023)
Dato' Tunku Putra Badlishah Ibni Tunku Annuar	(retired on 17 May 2023)
Abdul Rahim bin Abdul Hamid	(retired on 17 May 2023)
Keiji Ono	(resigned on 29 February 2024)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Directors' interests in shares

The interests and deemed interests in the ordinary shares and options over shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouse or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2023/ date of appointment	Bought/ Bonus Issue	Sold	At 31.12.2023
Shareholdings in which Directors have direct interests				
Interest of Chong Swee Ying in:				
AEON CO. (M) BHD.	42,600	-	-	42,600
AEON Credit Service (M) Berhad	13,440	13,440	-	26,880
Interest of Naoya Okada in:				
AEON Co., LTD.	19,900	-	-	19,900
Interest of Keiji Ono in:				
AEON Co., LTD.	3,238	-	-	3,238
Shareholdings in which Directors have deemed/ indirect interests				
Interest of Chong Swee Ying in*:				
AEON CO. (M) BHD.	11,000	-	-	11,000
AEON Credit Service (M) Berhad	3,220	3,220	-	6,440

* Deemed interest through her spouse's shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

None of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits received or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	RM'000
Directors of the Company:	
Fees	1,049
Remuneration	1,704
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	234
	2,987

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Directors' benefits (continued)

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

The Directors and officers of the Company are covered by Directors and Officers Liability Insurance ("D&O Insurance") for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of D&O insurance effected for the Directors and Officers of the Company was RM11,000,000. The total amount of premium paid for D&O insurance effected for the Directors and Officers of the Company was RM27,040. There were no indemnity given to/insurance effected for the auditors of the Company during the year.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts; and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.



DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

During the year, total fees for statutory audit services provided by the auditors amounted to RM310,000, while total fees for non-audit services amounted to RM197,000.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Datuk Iskandar bin Sarudin
Director

.....
Naoya Okada
Director

Kuala Lumpur

Date: 15 March 2024

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Assets			
Property, plant and equipment	3	3,090,244	2,951,699
Right-of-use assets	4	1,071,108	1,211,173
Intangible assets	5	39,288	51,778
Investment in associates	6	913	676
Other investments	7	51,734	58,422
Other assets	8	17,915	18,238
Deferred tax assets	9	183,148	180,639
Total non-current assets		4,454,350	4,472,625
Inventories	10	553,375	605,479
Contract assets	11	16,390	17,169
Receivables, deposits and prepayments	12	98,070	93,577
Tax recoverable		1,529	-
Cash and cash equivalents	13	99,829	237,473
Total current assets		769,193	953,698
Total assets		5,223,543	5,426,323
Equity			
Share capital	14	702,000	702,000
Fair value reserve	14	50,704	57,392
Retained earnings		1,106,308	1,047,636
Equity attributable to owners of the Company		1,859,012	1,807,028
Liabilities			
Borrowings	15	370,000	49,995
Lease liabilities		1,441,672	1,612,564
Payables and accruals	16	4,881	13,060
Other liabilities	17	48,447	23,615
Total non-current liabilities		1,865,000	1,699,234
Borrowings	15	49,995	447,781
Lease liabilities		182,232	166,847
Payables and accruals	16	1,185,653	1,213,984
Contract liabilities	11	81,651	84,619
Current tax liability		-	6,830
Total current liabilities		1,499,531	1,920,061
Total liabilities		3,364,531	3,619,295
Total equity and liabilities		5,223,543	5,426,323

The notes on pages 146 to 193 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Revenue	18	4,129,038	4,141,094
Other operating income		44,934	36,848
Changes in inventories		(52,104)	4,303
Net purchases		(2,330,270)	(2,424,856)
Staff costs		(394,841)	(389,551)
Depreciation of property, plant and equipment	3	(259,756)	(263,504)
Depreciation of right-of-use assets	4	(146,644)	(157,549)
Amortisation of intangible assets	5	(14,143)	(15,750)
Net impairment of trade receivables	30.4	(3,028)	(2,460)
Operating expenses		(683,565)	(605,447)
Profit from operations	19	289,621	323,128
Finance income	20	9,017	3,121
Finance costs	20	(105,613)	(114,781)
Share of profit of an equity-accounted associate, net of tax		913	-
Profit before tax		193,938	211,468
Tax expense	22	(79,106)	(100,236)
Profit for the year		114,832	111,232
Other comprehensive income, net of tax			
Item that will not be reclassified subsequently to profit or loss			
Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	23	(6,688)	(4,829)
Total comprehensive income for the year		108,144	106,403
Basic earnings per ordinary share (sen)	24	8.18	7.92

The notes on pages 146 to 193 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	← Attributable to owners of the Company →			
		← Non-distributable →		Distributable	
		Share capital	Fair value reserve	Retained earnings	Total equity
		RM'000	RM'000	RM'000	RM'000
At 1 January 2022		702,000	62,221	978,524	1,742,745
Net change in fair value of equity investments designated at FVOCI	23	-	(4,829)	-	(4,829)
Profit for the year		-	-	111,232	111,232
Total comprehensive (expense)/income for the year		-	(4,829)	111,232	106,403
Final dividend in respect of year ended 31 December 2021	25	-	-	(42,120)	(42,120)
At 31 December 2022/At 1 January 2023		702,000	57,392	1,047,636	1,807,028
Net change in fair value of equity investments designated at FVOCI	23	-	(6,688)	-	(6,688)
Profit for the year		-	-	114,832	114,832
Total comprehensive (expense)/income for the year		-	(6,688)	114,832	108,144
Final dividend in respect of year ended 31 December 2022	25	-	-	(56,160)	(56,160)
At 31 December 2023		702,000	50,704	1,106,308	1,859,012
		Note 14	Note 14		

The notes on pages 146 to 193 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Cash flows from operating activities			
Profit before tax		193,938	211,468
Adjustments for:			
Amortisation of intangible assets	5	14,143	15,750
Depreciation of property, plant and equipment	3	259,756	263,504
Depreciation of right-of-use assets	4	146,644	157,549
Dividend income	7	(2,299)	(2,252)
Impairment loss on property, plant and equipment	3	1,734	1,410
Impairment loss on right-of-use assets	4	19,248	19,760
Impairment loss on intangible assets	5	18	-
Net impairment loss on trade receivables		3,028	2,460
Bad debts written off		2	2,088
Net gain on lease derecognition		(15,354)	(10,025)
Net gain on disposal of property, plant and equipment		(14)	(106)
Loss on liquidation of an associate		42	-
Finance costs	20	105,613	114,781
Finance income	20	(9,017)	(3,121)
Net unrealised foreign exchange loss		11	-
Property, plant and equipment written off		5,008	4,387
Intangible assets written off		-	55
Share of profit of equity-accounted associate		(913)	-
Operating profit before changes in working capital		721,588	777,708
Changes in working capital:			
Inventories		52,104	(4,303)
Receivables, deposits and prepayments and other assets		(7,211)	32,630
Payables and accruals and other liabilities		(44,398)	41,735
Contract assets		779	(2,684)
Contract liabilities		(2,968)	(7,837)
Cash generated from operations		719,894	837,249
Tax paid		(89,974)	(132,521)
Net cash from operating activities		629,920	704,728
Cash flows from investing activities			
Acquisition of:			
- Property, plant and equipment	3	(376,568)	(113,754)
- Intangible assets	5	(4,018)	(4,620)
Proceeds from disposal of:			
- Property, plant and equipment		1,325	1,068
Proceeds from liquidation of an associate		634	-
Dividend received		2,299	2,252
Gain on disposal of unit trusts		2,880	-
Interest received		6,137	3,121
Net cash used in investing activities		(367,311)	(111,933)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Cash flows from financing activities			
Proceeds from borrowings		400,000	264,600
Repayment of borrowings		(477,781)	(495,157)
Dividend paid to owners of the Company		(55,968)	(42,120)
Payment of lease liabilities		(165,980)	(162,817)
Interest paid		(100,524)	(113,390)
Net cash used in financing activities		(400,253)	(548,884)
Net (decrease)/increase in cash and cash equivalents		(137,644)	43,911
Cash and cash equivalents at beginning of year		237,473	193,562
Cash and cash equivalents at end of year	13	99,829	237,473

Cash outflows for leases as a lessee

	2023 RM'000	2022 RM'000
Included in net cash from operating activities:		
Payment relating to short-term leases	746	221
Payment relating to low-value leases	1,682	1,017
Included in net cash from financing activities:		
Payment of lease liabilities	165,980	162,817
Interest paid in relation to lease liabilities	85,307	95,894
Total cash outflows for leases	253,715	259,949

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January 2022 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Remeasurement of lease RM'000	Derecognition of lease RM'000	At 31 December 2022/1 January 2023 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Remeasurement of lease RM'000	Derecognition of lease RM'000	At 31 December 2023 RM'000
Bank loans											
- unsecured Islamic Medium Term Notes and Islamic Commercial Papers	183,333	(55,557)	-	-	-	127,776	(77,781)	-	-	-	49,995
- unsecured	545,000	(175,000)	-	-	370,000	-	-	-	-	-	370,000
Lease liabilities	2,064,988	(162,817)	561	(71,606)	1,779,411	(165,980)	35,575	73,826	(98,928)	1,623,904	
Total liabilities from financing activities	2,793,321	(393,374)	561	(71,606)	2,277,187	(243,761)	35,575	73,826	(98,928)	2,043,899	

The notes on pages 146 to 193 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AEON CO. (M) BHD. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office which is also the principal place of business is as follows:

3rd Floor, AEON Taman Maluri Shopping Centre
Jalan Jejaka, Taman Maluri
Cheras
55100 Kuala Lumpur

The financial statements of the Company for the financial year ended 31 December 2023 comprise of the Company and the Company's interest in an associate.

The Company is principally engaged in the operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation.

The ultimate holding company during the financial year is AEON Co., Ltd., a company incorporated in Japan.

These financial statements were authorised for issue by the Board of Directors on 15 March 2024.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- *Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback*
- *Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- *Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- *Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- *Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2024 for those amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for those amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned accounting standards and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2. As at 31 December 2023, the Company's current liabilities exceeded its current assets by RM730,338,000 (2022: RM966,363,000).

In 2016, the Company has established an Islamic Commercial Papers Programme with a limit of up to RM300.0 million and an Islamic Medium Term Notes Programme with a limit of up to RM1.0 billion, under a combined master limit of up to RM1.0 billion in nominal value based on the Shariah principle of Murabahah via Tawarruq arrangement ("Sukuk Programme"). In 2023, Islamic Commercial Papers Programme has expired. The Directors are of the opinion that the Company will be able to meet its liabilities as and when they fall due as there are sufficient unutilised facilities arising from the Sukuk Programme and other financing facilities as at the year end, coupled with the ability of the Company to generate sufficient operating cash flows based on the historical trend of positive operating cash flows.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand ('000), unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 & 4 - Measurement of the recoverable amounts of cash-generating units
- Note 4 - Extension options and incremental borrowing rates in relation to leases
- Note 2.7 & 10 - Inventories
- Note 17 - Other liabilities

1.1 Changes in material accounting policies

Material accounting policy information

The Company has adopted *Amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 – Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of "material," rather than "significant" accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand in the financial statements.

The amendments did not result in significant changes to the Company's accounting policies. The material accounting policies are disclosed in Note 2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

2.1 Accounting for investment in associate

Investments in associates are accounted for in the Company's financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The financial statements include the Company's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has obligation or has made payments on behalf of the associate.

When the Company ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Company's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2.2 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income which are recognised in other comprehensive income.

2.3 Financial instruments

2.3.1 Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.3 Financial instruments (continued)

2.3.2 Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2.3.2.1 Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2.10.1) where the effective interest rate is applied to the amortised cost.

2.3.2.2 Fair value through other comprehensive income - Equity investments

This category comprises investment in equity that is not held for trading, and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

2.3.2.3 Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is designated and effective hedging instrument). On initial recognition, the Company may irrevocably designates a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for equity investments measured at fair value through other comprehensive income and investments measured at fair value through profit or loss, are subject to impairment assessment (see Note 2.10.1).

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.3 Financial instruments (continued)

2.3.2 Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

2.3.3 Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.3.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2.4 Property, plant and equipment

2.4.1 Recognition and measurement

Freehold land and construction work-in-progress are stated at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "operating expenses" respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.4 Property, plant and equipment (continued)

2.4.2 Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2.4.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	74 - 97 years
• Buildings	25 - 50 years
• Structures	10 years
• Office equipment	10 years
• Machinery and equipment	3 - 10 years
• Furniture, fixtures and fittings	5 years
• Motor vehicles	5 years
• IT equipment	3 - 5 years

2.5 Leases

2.5.1 Recognition and initial measurement

2.5.1.1 As a lessee

The Company recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.5 Leases (continued)

2.5.1 Recognition and initial measurement (continued)

2.5.1.1 As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Company has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.5.1.2 As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Company applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

2.5.2 Subsequent measurement

2.5.2.1 As a lessee

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property, plant and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.5 Leases (continued)

2.5.2 Subsequent measurement (continued)

2.5.2.1 As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

2.5.2.2 As a lessor

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

2.6 Intangible assets

2.6.1 Recognition and measurement

Intangible assets represent software acquired by the Company and are measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.6.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

2.6.3 Amortisation

Intangible assets are amortised from the date they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

- Information technology software 5 years

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.7 Inventories

Inventories are measured at the lower of cost and net realisable value with weighted average cost being the main basis for cost. Cost comprises the weighted average cost of merchandise derived at by using the Retail Inventory Method. Weighted average cost includes related charges incurred in purchasing such merchandise.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.8 Contract asset/Contract liability

A contract asset is recognised when the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2.10.1).

A contract liability is stated at cost and represents the obligation of the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

2.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of its short term commitments.

2.10 Impairment

2.10.1 Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.10 Impairment (continued)

2.10.1 Financial assets (continued)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

2.10.2 Other assets

The carrying amounts of other assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.11 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

2.12 Employee benefits

2.12.1 Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.12.2 State plans

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

2.13 Revenue and other income

2.13.1 Retail sales - goods sold and commission earned

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to customer. An asset is transferred when the customer obtains control of the asset.

The Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Company performs;
- (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

When the Company acts in a capacity of an agent rather than as the principal in a transaction, the revenue is recognised upon the sale of goods and is the net amount of commission made by the Company.

For items that are not sold separately – e.g. customer loyalty programme – the Company estimates stand-alone selling prices as follow:

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.13 Revenue and other income (continued)

2.13.1 Retail sales - goods sold and commission earned (continued)

Customer loyalty awards

The Company operates the customer loyalty programme and has transitioned this program to be managed by its related company. This program allows customers to accumulate points when they purchase products at the Company's stores and these points are redeemable for gift vouchers.

Revenue is recognised net of costs attributable to loyalty points earned by members who purchase the goods.

2.13.2 Property management services

Revenue from shopping mall operation which include fixed and variable rental income (including sales commission), service charge and car park charges. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as "revenue".

2.13.3 Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

2.13.4 Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2.14 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.15 Income tax

Current tax and deferred tax expense are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.16 Earnings per ordinary share ("EPS")

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

2.17 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case are the Managing Director and Board of Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.18 Other liabilities

Provision for restoration costs

Provision for site restoration is recognised when there is a projected cost of dismantlement, removal or restoration as a consequence of using a leased property during a particular period. The provision is measured at the present value of the restoration cost expected to be paid upon termination of the lease agreement. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

2. Material accounting policies (continued)

2.19 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.20 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment

Cost	Land ^a RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
At 1 January 2022	643,002	2,134,609	746,118	17,748	1,791,451	631,611	7,221	89,736	63,817	6,125,313
Additions	-	24	17,317	183	24,731	18,260	522	10,054	42,663	113,754
Disposals	-	-	-	(24)	(2,966)	(1,051)	(371)	(1,198)	-	(5,610)
Written off	-	(231)	(2,429)	(144)	(8,449)	(5,407)	-	(387)	-	(17,047)
Transfer between classes	-	-	8,549	25	7,833	3,819	-	50	(20,276)	-
At 31 December 2022/ 1 January 2023	643,002	2,134,402	769,555	17,788	1,812,600	647,232	7,372	98,255	86,204	6,216,410
Additions	175,806	34,966*	50,442	270	72,150	36,211	1,006	6,636	34,047	411,534
Disposals	-	-	(390)	-	(1,673)	(364)	(960)	(560)	-	(3,947)
Written off	-	(579)	(26,545)	(622)	(36,069)	(34,784)	-	(1,765)	-	(100,364)
Adjustment #	-	(7,653)	-	-	-	-	-	-	-	(7,653)
Transfer between classes	-	-	18,411	178	19,940	3,220	137	364	(42,250)	-
Transfer to intangible assets (Note 5)	-	-	-	-	-	-	-	-	(530)	(530)
At 31 December 2023	818,808	2,161,136	811,473	17,614	1,866,948	651,515	7,555	102,930	77,471	6,515,450

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

	Land ^A RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
Depreciation and impairment loss										
At 1 January 2022										
- Accumulated depreciation	55,225	472,315	485,401	14,207	1,298,976	554,187	6,699	75,328	-	2,962,338
- Accumulated impairment loss	-	602	21,810	681	17,716	13,134	15	809	-	54,767
Depreciation for the year	55,225	472,917	507,211	14,888	1,316,692	567,321	6,714	76,137	-	3,017,105
Disposals	3,498	50,244	51,508	707	117,438	33,935	322	5,852	-	263,504
Written off	-	-	-	(22)	(2,248)	(809)	(371)	(1,198)	-	(4,648)
Impairment	-	(71)	(1,007)	(135)	(6,172)	(4,952)	-	(323)	-	(12,660)
At 31 December 2022/ 1 January 2023	-	-	602	-	808	-	-	-	-	1,410
- Accumulated depreciation	58,723	522,488	535,902	14,757	1,407,994	582,361	6,650	79,659	-	3,208,534
- Accumulated impairment loss	-	602	22,412	681	18,524	13,134	15	809	-	56,177
Depreciation for the year	58,723	523,090	558,314	15,438	1,426,518	595,495	6,665	80,468	-	3,264,711
Disposals	4,464	48,994	57,770	608	112,396	29,183	387	5,954	-	259,756
Written off	-	-	(6)	-	(1,275)	(236)	(960)	(159)	-	(2,636)
Adjustment [#]	-	(579)	(25,599)	(619)	(32,525)	(34,449)	-	(1,585)	-	(95,356)
Impairment	-	(3,003)	-	-	-	-	-	-	-	(3,003)
At 31 December 2023	-	251	415	13	797	179	-	79	-	1,734
- Accumulated depreciation	63,187	567,900	568,067	14,746	1,486,590	576,859	6,077	83,869	-	3,367,295
- Accumulated impairment loss	-	853	22,827	694	19,321	13,313	15	888	-	57,911
	63,187	568,753	590,894	15,440	1,505,911	590,172	6,092	84,757	-	3,425,206

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

	Land [^] RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
Carrying amounts										
At 1 January 2022	587,777	1,661,692	238,907	2,860	474,759	64,290	507	13,599	63,817	3,108,208
At 31 December 2022/ 1 January 2023	584,279	1,611,312	211,241	2,350	386,082	51,737	707	17,787	86,204	2,951,699
At 31 December 2023	755,621	1,592,383	220,579	2,174	361,037	61,343	1,463	18,173	77,471	3,090,244

[^] Included leasehold land defined under National Land Code 1965, with carrying amounts as at 31 December 2023 amounting to RM434,388,000 (2022: RM263,044,000) with remaining lease terms ranging from 60 to 91 years (2022: 61 to 87 years).

* Addition under buildings consist of capitalisation of provision for restoration costs of RM34,966,000.

Relates to the reversal of provision for restoration costs during the year.

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

3.1 Impairment loss

At the end of the reporting period, the Company determined whether its retail stores and shopping malls have indication of impairment. For retail stores and shopping malls that are loss-making during the reporting period, their assets' recoverable amounts were being estimated for impairment testing.

For each identified retail store and shopping mall, their property, plant and equipment and ROU assets were assessed as a group of assets that generates cash inflows for the retail store and shopping mall, respectively. The identified retail stores and shopping malls' recoverable amounts were determined based on their value in use. Impairment loss was recognised when the carrying amounts of the identified retail stores and shopping malls exceed their recoverable amounts.

During the year, impairment loss with respect to the plant and equipment for retail stores amounting to RM1,734,000 (2022: RM1,410,000) was recognised in operating expenses in profit or loss.

The recoverable amounts, determined by way of value in use, were calculated by discounting the future cash flows expected to be generated from the continuing use of the retail stores and shopping malls and were based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and business plan of the Company for a period up to the maximum lease term of the retail stores and shopping malls. This maximum lease term is consistent with the tenure used in the calculation of right-of-use assets as disclosed in Note 4. Management believes that this forecast period was justified due to management's intention to renew and operate the retail stores and shopping malls up to the maximum lease term.
- The anticipated annual revenue growth rates included in the cash flow projections were between 1.8% to 14.2% (2022: 2.1% to 14.2%) based on average growth levels experienced over the years and management's assessment of future trends in the retail industry.
- A pre-tax discount rate of 9.77% (2022: 8.48%) was applied in determining the recoverable amount of the stores and shopping malls.

The values assigned to the key assumptions represent management's assessment of future trends in the retail industry and are based on both external sources and internal sources (historical data) of information.

The above estimates are particularly sensitive to annual revenue growth rate and discount rate. A decrease of 1% of the annual revenue growth rate or increase of 1% of discount rate would result in additional impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

4. Right-of-use assets

	Note	Land and buildings RM'000	Equipment RM'000	Total RM'000
At 1 January 2022		1,499,418	1,799	1,501,217
Addition		561	-	561
Depreciation		(156,377)	(1,172)	(157,549)
Remeasurement		(71,606)	-	(71,606)
Derecognition		(41,690)	-	(41,690)
Impairment	4.4	(19,760)	-	(19,760)
At 31 December 2022/1 January 2023		1,210,546	627	1,211,173
Addition		35,575	-	35,575
Depreciation		(146,017)	(627)	(146,644)
Remeasurement		73,826	-	73,826
Derecognition		(83,574)	-	(83,574)
Impairment	4.4	(19,248)	-	(19,248)
At 31 December 2023		1,071,108	-	1,071,108

The Company leases a number of retail stores and shopping malls that run between one year and twelve years, with an option to renew the lease after that date. Lease payments are increased every three to five years to reflect current market rentals.

4.1 Variable lease payments based on sales

Some leases of retail stores contain variable lease payments that are based on sales that the Company makes at the store. Those payments are common in retail stores operated by the Company. Fixed and variable rental payments were as follows.

	Fixed payments RM'000	Variable payments RM'000	Total payments RM'000	Estimated annual impact on rent of a 1% increase in sales RM'000
Leases with lease payments based on sales				
2023	47,969	6,062	54,031	61
2022	44,037	6,243	50,280	62

NOTES TO THE FINANCIAL STATEMENTS

4. Right-of-use assets (continued)

4.2 Extension options

Some leases of retail stores and shopping malls contain extension options exercisable by the Company of up to thirteen years (2022: thirteen years) before the end of the non-cancellable contract period. Where applicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. Remeasurement during the year arose from reassessment of extension options affecting lease term.

	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000
2023		
Land and buildings	622,777	928,421
2022		
Land and buildings	682,486	921,485

4.3 Significant judgements and assumptions in relation to leases

The Company assesses at lease commencement by applying judgement whether it is reasonably certain to exercise the extension options. The Company considers all facts and circumstances including past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help determine the lease term.

The Company also applied judgement and assumptions in determining the incremental borrowing rates of the respective leases. The Company first determines the closest available borrowing rates before using judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.4 Impairment loss

During the year, impairment loss on ROU assets for retail stores and shopping malls amounting to RM19,248,000 (2022: RM19,760,000) was recognised in operating expenses in profit or loss.

Details on the impairment testing approach and key assumptions of the recoverable amounts are disclosed in Note 3.1.

The key assumptions as disclosed in Note 3.1 are sensitive to annual revenue growth rate and discount rate. A decrease of 1% of the annual revenue growth rate or increase in 1% of discount rate would result in additional impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

5. Intangible assets

	Information technology software RM'000
Cost	
At 1 January 2022	118,913
Additions	4,620
Written off	(237)
At 31 December 2022/1 January 2023	123,296
Additions	4,018
Transfer from property, plant and equipment (Note 3)	530
Rebate from service provider	(2,877)
Written off	(270)
At 31 December 2023	124,697
Amortisation and impairment loss	
At 1 January 2022	
- Accumulated amortisation	55,810
- Accumulated impairment loss	140
	55,950
Amortisation for the year	15,750
Written off	(182)
At 31 December 2022/1 January 2023	
- Accumulated amortisation	71,378
- Accumulated impairment loss	140
	71,518
Amortisation for the year	14,143
Written off	(270)
Impairment	18
At 31 December 2023	
- Accumulated amortisation	85,251
- Accumulated impairment loss	158
	85,409
Carrying amounts	
At 1 January 2022	62,963
At 31 December 2022/1 January 2023	51,778
At 31 December 2023	39,288

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in associates

	2023 RM'000	2022 RM'000
Unquoted shares	8,800	9,200
Share of post-acquisition reserves	(7,887)	(8,524)
	913	676

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
AEON Fantasy (Malaysia) Sdn. Bhd. ("AFM")	Malaysia	Operating indoor amusement park business	20	20
AEONTopValu Malaysia Sdn. Bhd. ("ATVM")*	Malaysia	Product development of AEON private brand	-	20

All associates are audited by another firm of accountants and equity accounted based on management accounts.

* On 1 January 2022, ATVM lodged the Notice of Resolution for Members' Voluntary Winding Up to Companies Commission of Malaysia. In 2023, the winding up procedures are completed and the Company received final distribution of RM634,000 in cash. Correspondingly, investment in ATVM amounting RM676,000 is de-recognised and loss on liquidation of an associate amounting RM42,000 is recognised in profit or loss.

The summarised financial information of the Company's investments in associates are as follows:

2023	AFM RM'000
Summarised financial information	
As at 31 December	
Non-current assets	101,549
Current assets	50,283
Non-current liabilities	(45,352)
Current liabilities	(85,989)
Net assets	20,491
Year ended 31 December	
Revenue	140,366
Profit from continuing operations	12,268
Reconciliation of net assets to carrying amount as at 31 December	
Company's share of net assets	4,098
Share of gain of disposal of business	(3,185)
Carrying amount in the statement of financial position	913
Company's share of results for the year ended 31 December	913

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in associates (continued)

The summarised financial information of the Company's investments in associates are as follows (continued):

2022	AFM RM'000	ATVM RM'000	Total RM'000
Summarised financial information			
As at 31 December			
Non-current assets	95,892	283	
Current assets	53,289	3,427	
Non-current liabilities	(75,322)	(200)	
Current liabilities	(65,635)	(130)	
Net assets	8,224	3,380	
Year ended 31 December			
Revenue	106,360	-	
Profit from continuing operations	9,952	-	
Reconciliation of net assets to carrying amount as at 31 December			
Company's share of net assets	1,645	676	2,321
Share of gain of disposal of business	(3,185)	-	(3,185)
Unrecognised share of losses	1,540	-	1,540
Carrying amount in the statement of financial position	-	676	676
Company's share of results for the year ended 31 December	-	-	-

7. Other investments

	Note	2023 RM'000	2022 RM'000
Non-current			
Quoted equity in Malaysia - Fair value through other comprehensive income	7.1	51,734	58,422

7.1 Equity investments designated at fair value through other comprehensive income

The Company designated the investments in equity security shown below as fair value through other comprehensive income because this equity security represents investment that the Company intends to hold for long-term strategic purposes.

	Fair value at 31 December 2023 RM'000	Dividend income recognised during 2023 RM'000	Fair value at 31 December 2022 RM'000	Dividend income recognised during 2022 RM'000
AEON Credit Service (M) Berhad	51,734	2,299	58,422	2,252

NOTES TO THE FINANCIAL STATEMENTS

8. Other assets

Other assets are rental and utility deposits relating to leased properties. These rental and utility deposits are in substance prepayments as they are offset against the rental payable towards the end of the lease term under the usual circumstances.

9. Deferred tax assets**Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment						
- capital allowance	21,530	14,061	-	-	21,530	14,061
- revaluation	-	-	(5,862)	(5,986)	(5,862)	(5,986)
Right-of-use assets	-	-	(257,082)	(290,682)	(257,082)	(290,682)
Lease liabilities	388,461	426,183	-	-	388,461	426,183
Provisions	16,529	16,912	-	-	16,529	16,912
Contract liabilities	19,572	20,151	-	-	19,572	20,151
Net deferred tax assets/(liabilities)	446,092	477,307	(262,944)	(296,668)	183,148	180,639

Movement in temporary differences during the year

	Recognised in profit or loss		Recognised in profit or loss		At 31.12.2023 RM'000
	At 1.1.2022 RM'000	(Note 22) RM'000	At 31.12.2022/ 1.1.2023 RM'000	(Note 22) RM'000	
Property, plant and equipment					
- capital allowance	3,217	10,844	14,061	7,469	21,530
- revaluation	(6,110)	124	(5,986)	124	(5,862)
Right-of-use assets	(363,532)	72,850	(290,682)	33,600	(257,082)
Lease liabilities	495,597	(69,414)	426,183	(37,722)	388,461
Provisions	15,800	1,112	16,912	(383)	16,529
Contract liabilities	23,292	(3,141)	20,151	(579)	19,572
	168,264	12,375	180,639	2,509	183,148

NOTES TO THE FINANCIAL STATEMENTS

9. Deferred tax assets (continued)

Global minimum top-up tax

The Company has adopted *Amendments to MFRS 112, Income Taxes - International Tax Reform – Pillar Two Model Rules* upon their release on 2 June 2023.

The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure. The temporary mandatory relief applies retrospectively.

The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The initial application of this amendment is not expected to have any material financial impact to the current period and prior period financial statements of the Company.

10. Inventories

	2023 RM'000	2022 RM'000
Retail merchandise	281,355	294,636
Food and others	272,020	310,843
	553,375	605,479
Recognised in profit or loss:		
Inventories recognised as an expense	2,380,778	2,421,285
Write-down/(reversal of write-down) of inventory	1,596	(732)

The write-down and reversal of write-down of inventory are included in changes in inventories.

11. Contract assets/(liabilities)

	2023 RM'000	2022 RM'000
Contract assets	16,390	17,169
Contract liabilities	(81,651)	(84,619)

The contract assets primarily relate to the Company's rights to consideration for the rental earned but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 90 days.

The contract liabilities primarily relate to unutilised cash vouchers. The amount will be recognised as revenue when cash vouchers are utilised by customers, which is expected to occur over the next two years.

	2023 RM'000	2022 RM'000
Unutilised cash vouchers	81,651	84,619

NOTES TO THE FINANCIAL STATEMENTS

11. Contract assets/(liabilities) (continued)

Movement in contract liabilities

The following table shows reconciliation from the opening balance to the closing balance for contract liabilities and its components.

	Customer rebates RM'000	Unutilised cash vouchers RM'000	Total RM'000
At 1 January 2022	1,822	90,634	92,456
Additions	-	143,494	143,494
Utilisation/Expired	(1,822)	(149,509)	(151,331)
At 31 December 2022/1 January 2023	-	84,619	84,619
Additions	-	151,114	151,114
Utilisation/Expired	-	(154,082)	(154,082)
At 31 December 2023	-	81,651	81,651

12. Receivables, deposits and prepayments

	Note	2023 RM'000	2022 RM'000
Trade			
Trade receivables		54,987	51,122
Amount due from a related company	12.1	21,493	12,411
		76,480	63,533
Non-trade			
Other receivables		3,662	2,251
Prepayments		7,762	15,317
Amounts due from related companies	12.1	10,166	12,476
		21,590	30,044
		98,070	93,577

12.1 Amounts due from related companies

The trade amount due from a related company is unsecured, interest free and subject to normal trade terms.

The non-trade amounts due from related companies are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

13. Cash and cash equivalents

	2023 RM'000	2022 RM'000
Cash and bank balances	49,829	47,173
Deposits placed with licensed bank	50,000	190,300
	99,829	237,473

14. Capital and reserves

Share capital

	2023		2022	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January/31 December	1,404,000	702,000	1,404,000	702,000

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investment designated at fair value through other comprehensive income until the investments are derecognised or impaired.

15. Borrowings

	Note	2023 RM'000	2022 RM'000
Non-current			
Bank loans - unsecured	15.1	-	49,995
Islamic Medium Term Notes - unsecured	15.2	370,000	-
		370,000	49,995
Current			
Bank loans - unsecured	15.1	49,995	77,781
Islamic Medium Term Notes - unsecured	15.2	-	370,000
		49,995	447,781
		419,995	497,776

NOTES TO THE FINANCIAL STATEMENTS

15. Borrowings (continued)

- 15.1 The bank loans are unsecured, bear interest ranging from 2.99% to 3.03% (2022: 2.99% to 3.03%) per annum and are repayable on quarterly basis up to 29 July 2024.
- 15.2 The unsecured Islamic Medium Term Notes bear interest ranging from 4.28% to 4.41% (2022: 3.15% to 3.65%) per annum and are repayable 3 to 5 years (2022: 1 to 2 years) from issuance date.
- 15.3 Significant financial covenant in connection with the unsecured Islamic Medium Term Notes includes the Company maintaining a debt to equity ratio not exceeding 1.0 time (2022: 1.0 time) throughout the programme tenure. As at the end of the reporting period, the Company has complied with these requirements.

16. Payables and accruals

	Note	2023 RM'000	2022 RM'000
Non-current			
Non-trade			
Amount due to a related company	16.1	4,881	13,060
Current			
Trade			
Trade payables		632,428	698,114
Amount due to an associate	16.1	-	1
Amount due to a related company	16.1	236	226
		632,664	698,341
Non-trade			
Other payables and accrued expenses	16.2	231,225	203,959
Rental and utility deposits		257,471	246,987
Amount due to holding company	16.1	17,374	18,399
Amount due to an associate	16.1	1,796	2,100
Amount due to related companies	16.1	45,123	44,198
		552,989	515,643
		1,185,653	1,213,984
		1,190,534	1,227,044

16.1 Amounts due to holding company, an associate and related companies

The trade amounts due to an associate and a related company are unsecured, interest free and subject to normal trade terms.

The non-trade amounts due to holding company, an associate and related companies are unsecured, interest free and repayable on demand.

Included in non-trade amounts due to related companies is the deferred payment plan of RM11,035,000 (2022: RM19,590,000) for acquisition of intangible assets in Note 5 and are unsecured, interest free and repayable on annual basis up to year 2025.

16.2 Other payables and accrued expenses

Included in other payables and accrued expenses is accrued interest of RM8,466,000 (2022: RM4,419,000) and dividend payable of RM192,000 (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

17. Other liabilities

Provision for restoration costs

	2023 RM'000	2022 RM'000
At 1 January	23,615	22,299
Provision made during the year	34,966	24
Provision utilised during the year	(6,286)	(33)
Provision reversed during the year	(4,890)	-
Unwinding of discount	1,042	1,325
At 31 December	48,447	23,615

Under the provision of lease agreements, the Company has an obligation to dismantle and remove structures on the site and restore those sites at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 4.41% (2022: 5.11%).

18. Revenue

	2023 RM'000	2022 RM'000
Sale of goods	2,982,350	3,033,127
Net commission from concessionaire sales	413,810	437,600
Property management services	682,920	623,532
Others	49,958	46,835
	4,129,038	4,141,094

Nature of goods and services

The following information reflects the typical transactions of the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds
Sale of goods and net commission from concessionaire sales	Revenue is recognised at the point in time when the goods are accepted by the customers at the stores of the Company. When the Company acts in the capacity of an agent rather than as principal, the revenue recognised at the point in time when the goods are accepted by the customers and is the net amount of commission made.	Cash term.	Customers may earn loyalty points where the costs attributed to the loyalty points will be recognised net of revenue.	The Company allows returns for exchange with new goods under normal circumstances within 14 days from the date of purchase.
Property management services	Revenue is recognised on a straight-line basis over the term of the lease.	Credit period of 30 days from invoice date.	Gross turnover rent is recognised as revenue in the period in which they are earned.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS

19. Profit from operations

	2023 RM'000	2022 RM'000
Profit from operations is arrived at after charging/(crediting):		
Auditors' remuneration		
- Audit fees		
- KPMG PLT Malaysia	310	310
- Non-audit fees		
- KPMG PLT Malaysia	56	38
- Local affiliates of KPMG PLT in Malaysia	141	93
Material expenses/(income)		
Amortisation of intangible assets	14,143	15,750
Bad debts written off	2	2,088
Depreciation of property, plant and equipment	259,756	263,504
Depreciation of right-of-use assets	146,644	157,549
Dividend income	(2,299)	(2,252)
Intangible assets written off	-	55
Net (gain)/loss on foreign exchange		
- Realised	(708)	(491)
- Unrealised	11	-
Net gain on lease derecognition	(15,354)	(10,025)
Net gain on disposal of property, plant and equipment	(14)	(106)
Personnel expenses (including key management personnel):		
- Contributions to Employees Provident Fund	45,335	47,594
- Wages, salaries and others	349,506	341,957
Property, plant and equipment written off	5,008	4,387
Net impairment loss on:		
- Intangible assets	18	-
- Property, plant and equipment	1,734	1,410
- Right-of-use assets	19,248	19,760
- Trade receivables	3,028	2,460
Royalty expense	18,543	19,840
Expenses arising from leases		
Expenses relating to short-term leases	746	221
Expenses relating to low-value leases	1,682	1,017

NOTES TO THE FINANCIAL STATEMENTS

20. Finance income and finance costs

	2023 RM'000	2022 RM'000
Finance income		
Interest income of financial assets that are carried at amortised cost	6,137	3,121
Gain on disposal of unit trusts	2,880	-
	9,017	3,121
Finance costs		
Interest expense:		
- Financial liabilities that are carried at amortised cost	19,264	17,562
- Lease liabilities	85,307	95,894
- Other finance costs	1,042	1,325
	105,613	114,781

21. Key management personnel compensation

The key management personnel compensations are as follows:

	2023 RM'000	2022 RM'000
Directors:		
Fees	1,049	884
Remuneration	1,704	3,633
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	234	160
	2,987	4,677

22. Tax expense

	2023 RM'000	2022 RM'000
Current tax expense		
- Current year	78,754	114,044
- Under/(over) provision in prior year	2,861	(1,433)
	81,615	112,611
Deferred tax expense		
- Reversal of temporary differences	(3,439)	(10,595)
- Under/(over) provision in prior year	930	(1,780)
	(2,509)	(12,375)
Tax expense	79,106	100,236
Reconciliation of tax expense		
Profit before tax	193,938	211,468

NOTES TO THE FINANCIAL STATEMENTS

22. Tax expense (continued)

	2023 RM'000	2022 RM'000
Tax calculated using Malaysian tax rate of 24% (2022: 24%)	46,545	50,752
Effect of changes in Malaysia tax rates*	-	26,771
Non-deductible expenses	30,232	26,468
Non-taxable income	(1,462)	(542)
	75,315	103,449
Under/(over) provided in prior year		
- Current tax expense	2,861	(1,433)
- Deferred tax expense	930	(1,780)
Tax expense	79,106	100,236

* The current year tax and the deferred tax assets and liabilities in respect of temporary differences that were realised in 2022 were originated at blended rates. The blended rates were measured at 24% on the first RM100 million of estimated chargeable income and 33% on the remaining estimated chargeable income for the year of assessment 2022 in accordance with the Malaysian Finance Act 2021.

23. Other comprehensive income

	2023		2022	
	Before tax RM'000	Net of tax RM'000	Before tax RM'000	Net of tax RM'000
Item that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity investments at fair value through other comprehensive income	(6,688)	(6,688)	(4,829)	(4,829)

24. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period.

	2023 RM'000	2022 RM'000
Profit for the year attributable to owners of the Company	114,832	111,232
	2023 '000	2022 '000
Weighted average number of ordinary shares at 31 December	1,404,000	1,404,000
	2023 Sen	2022 Sen
Basic earnings per ordinary share	8.18	7.92

NOTES TO THE FINANCIAL STATEMENTS

24. Earnings per ordinary share (continued)

Diluted earnings per ordinary share

There is no dilution in earnings per share as there is no potential dilutive ordinary shares.

25. Dividend

Dividend recognised by the Company is as follows:

	Sen per share	Total amount RM'000	Date of payment
2023			
Final 31.12.2022 dividend	4.00	56,160	15 June 2023
2022			
Final 31.12.2021 dividend	3.00	42,120	20 June 2022

After the end of the reporting period, the following dividend was recommended by the Directors. The dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
Final 31.12.2023 dividend	4.00	56,160

26. Operating segments

The Company has two main reportable segments, as described below, which are based on the Company's management and internal reporting structure. Results from each of the segments are reviewed regularly by the Managing Director and the Board of Directors of the Company.

Reportable segments

The two main reportable segments are:

Retailing	The operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods and other merchandise.
Property management services	Shopping mall operation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and interest income, loans and borrowings and unallocated common expenses and tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, right-of-use assets and intangible assets.

As part of the Company's re-alignment of segmental operating result, certain comparatives are restated by re-allocating expenses across the segments.

NOTES TO THE FINANCIAL STATEMENTS

26. Operating segments (continued)

	Retailing		Property management services		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business segments						
Revenue from external customers	3,454,311	3,525,563	674,727	615,531	4,129,038	4,141,094
Total revenue	3,454,311	3,525,563	674,727	615,531	4,129,038	4,141,094
Segment profit	68,943	144,707	255,796	214,246	324,739	358,953
Less: Unallocated expenses					(35,118)	(35,825)
Profit from operations					289,621	323,128
Finance income					9,017	3,121
Finance costs					(105,613)	(114,781)
Share of results of equity-accounted associates, net of tax					913	-
Profit before tax					193,938	211,468
Tax expense					(79,106)	(100,236)
Profit for the year					114,832	111,232
Segment assets	1,334,988	1,338,108	3,653,878	3,717,276	4,988,866	5,055,384
Unallocated assets					234,677	370,939
Total assets					5,223,543	5,426,323
Segment liabilities	(1,183,282)	(1,252,418)	(1,712,807)	(1,838,656)	(2,896,089)	(3,091,074)
Unallocated liabilities					(468,442)	(528,221)
Total liabilities					(3,364,531)	(3,619,295)
Additions to non-current assets other than financial instruments and deferred tax assets	184,478	70,040	266,649	48,895	451,127	118,935
Depreciation and amortisation	134,342	139,244	286,201	297,559	420,543	436,803
Impairment of intangible assets	18	-	-	-	18	-
Impairment of property, plant and equipment	1,734	1,410	-	-	1,734	1,410
Impairment of right-of-use assets	1,374	4,349	17,874	15,411	19,248	19,760
Write-down/(reversal of write-down) of inventory	1,596	(732)	-	-	1,596	(732)

Geographical segment

There is no geographical information as the Company is predominantly operating in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

27. Capital management

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio and meet regulatory requirement.

There were no changes in the Company's approach to capital management during the year. Under the requirement of Bursa Malaysia Practice Note 17, the Company is required to maintain shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

28. Capital commitments

	2023	2022
	RM'000	RM'000
Property, plant and equipment		
<i>Contracted but not provided for and not payable:</i>	13,780	13,906

29. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company.

The Company has related party relationship with its holding company, related companies and associates.

NOTES TO THE FINANCIAL STATEMENTS

29. Related parties (continued)

Significant related party transactions

The significant related party transactions of the Company (other than key management personnel compensation as disclosed in Note 21) are shown below. The balances related to the below transactions are shown in Notes 12 and 16.

	Transactions amount for the		Balance outstanding at	
	year ended 31 December		31 December	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Holding company:				
Royalty expenses	(18,236)	(19,491)	(16,561)	(17,539)
Related companies:				
Sales collected through AEON Credit Service payment services	1,389,962	1,285,046	21,452	12,557
Rental income	9,234	8,958	3,208	349
Sale of goods	3,710	2,288	701	515
Support services	281	2,723	168	356
Management fee	18,244	17,716	7,955	4,658
Trustee fee	31	30	-	-
Credit card sales commission expenses	(8,492)	(7,576)	-	-
Supply chain and distribution centre management fee	(61,639)	(60,361)	(10,375)	(15,968)
Purchase of inventories	(9,332)	(5,765)	(1,682)	(749)
Facility management services	(57,224)	(49,375)	(7,300)	(8,850)
Rental expenses	(17,647)	(17,377)	(13)	(36)
Royalty expenses	(307)	(349)	(236)	(349)
Loyalty point cost and service cost	(13,862)	(13,676)	(1,998)	(909)
Associates:				
Purchase of inventories	(39)	-	-	-
Rental income	11,760	9,646	304	-

The related party transactions described above were carried out on agreed terms with related parties. All the amounts outstanding are unsecured and expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC"); and
- (b) Fair value through other comprehensive income ("FVOCI")
 - Equity investment designated upon initial recognition ("EIDUIR")

	Carrying amount RM'000	AC RM'000	FVOCI - EIDUIR RM'000
2023			
Financial assets			
Other investments	51,734	-	51,734
Receivables and deposits (excluding prepayments)	90,308	90,308	-
Cash and cash equivalents	99,829	99,829	-
	241,871	190,137	51,734
Financial liabilities			
Borrowings	(419,995)	(419,995)	-
Payables and accruals	(1,190,534)	(1,190,534)	-
	(1,610,529)	(1,610,529)	-
2022			
Financial assets			
Other investments	58,422	-	58,422
Receivables and deposits (excluding prepayments)	78,260	78,260	-
Cash and cash equivalents	237,473	237,473	-
	374,155	315,733	58,422
Financial liabilities			
Borrowings	(497,776)	(497,776)	-
Payables and accruals	(1,227,044)	(1,227,044)	-
	(1,724,820)	(1,724,820)	-

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (continued)

30.2 Net gains and losses arising from financial instruments

	2023 RM'000	2022 RM'000
Net gains/(losses) on:		
Equity investment designated at fair value through other comprehensive income		
- recognised in other comprehensive income	(6,688)	(4,829)
- recognised in profit or loss	2,299	2,252
Financial assets measured at fair value through profit or loss mandatorily	2,880	-
Financial assets at amortised cost	1,479	(1,427)
Financial liabilities at amortised cost	(18,567)	(17,071)
	(18,597)	(21,075)

30.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer, tenant or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arise from its shopping mall tenants and credit card receivables. There are no significant changes as compared to prior periods.

Trade receivables and contract assets*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on shopping mall tenants. The Company requires all tenants to place adequate security deposits as stipulated under the tenancy agreement. In terms of its credit card receivables, which are from financial institutions, the Company has in place an ongoing process to monitor closely and ensure risk exposure is always minimal.

At each reporting date, the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (continued)

30.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Exposure to credit risk and credit quality and collateral

As at the end of the reporting period, the Company does not have any major concentration of credit risk and the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statement of financial position.

These receivables are credit card receivables from financial institutions and receivables from shopping mall tenants. The tenants are required to place adequate security deposits as stipulated under the tenancy agreement which act as collateral if receivables due from the tenants are not settled or in case of breaches of contract. Hence, credit risk with respect to receivables from shopping mall tenants is limited to amounts beyond the collaterals.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Company manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 120 days. The Company's debt recovery process is as follows:

- a) Above 90 days past due after credit term, the Company will start to initiate a structured debt recovery process which is monitored by the tenant management team; and
- b) Above 180 days past due, the Company will commence a legal proceeding against the customer.

The Company uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past two years. The Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the year.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (continued)

30.4 Credit risk (continued)

*Trade receivables and contract assets (continued)**Recognition and measurement of impairment losses (continued)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance* RM'000	Net balance RM'000
2023			
Current (not past due)	46,334	-	46,334
1 – 30 days past due	2,737	(741)	1,996
31 – 60 days past due	1,944	(527)	1,417
61 – 90 days past due	1,492	(404)	1,088
	52,507	(1,672)	50,835
Credit impaired			
More than 90 days past due	25,106	(6,800)	18,306
Individually impaired	14,538	(12,302)	2,236
	92,151	(20,774)	71,377
Trade receivables	75,761	(20,774)	54,987
Contract assets	16,390	-	16,390
	92,151	(20,774)	71,377
Collateralised trade receivables			
- Where no loss allowance recognised	21,176	-	21,176
- Where loss allowance recognised	21,136	(10,135)	11,001
	42,312	(10,135)	32,177

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (continued)

30.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM'000	Loss allowance* RM'000	Net balance RM'000
2022			
Current (not past due)	36,418	-	36,418
1 – 30 days past due	2,894	(740)	2,154
31 – 60 days past due	1,959	(501)	1,458
61 – 90 days past due	1,109	(284)	825
	42,380	(1,525)	40,855
Credit impaired			
More than 90 days past due	32,292	(8,258)	24,034
Individually impaired	15,413	(12,011)	3,402
	90,085	(21,794)	68,291
Trade receivables	72,916	(21,794)	51,122
Contract assets	17,169	-	17,169
	90,085	(21,794)	68,291
Collateralised trade receivables			
- Where no loss allowance recognised	17,229	-	17,229
- Where loss allowance recognised	32,577	(14,009)	18,568
	49,806	(14,009)	35,797

* *The Company takes into account security deposits in determining the loss allowance to be provided as at financial year end.*

Trade receivables which are credit impaired amounting to RM21,136,000 (2022: RM32,577,000) are partially collateralised in the form of security deposit as stipulated in the lease agreement. Impairment loss has been provided after taking into consideration of the collateral value of the security deposit of RM11,001,000 (2022: RM18,568,000).

There are trade receivables where the Company has not recognised any loss allowance as the trade receivables are supported by security deposits in managing exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (continued)

30.4 Credit risk (continued)

*Trade receivables and contract assets (continued)**Recognition and measurement of impairment losses (continued)*

The movements in loss allowance in respect of trade receivables and contract assets during the year are shown below:

	Trade receivables		Contract assets	Total
	Lifetime ECL	Credit impaired		
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2022	14,705	5,232	-	19,937
Net (reversal)/impairment	(4,319)	6,779	-	2,460
Written off	(603)	-	-	(603)
Balance at 31 December 2022/ 1 January 2023	9,783	12,011	-	21,794
Net impairment	2,650	378	-	3,028
Written off	(3,961)	(87)	-	(4,048)
Balance at 31 December 2023	8,472	12,302	-	20,774

Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These licensed banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Amount due from related companies

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Generally, the Company considers balances with related companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a related company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the related company balance when they are payable, the Company considers the balances to be in default when the related companies are not able to pay when demanded.

At the end of the reporting period, the Company does not recognise any allowance for impairment loss.

Other receivables

Credit risks on other receivables are mainly arising from sundry receivable. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. The Company does not consider it necessary to recognise any allowance for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (continued)

30.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arise principally from its various payables, loans and borrowings.

Risk management objectives, policies and processes for managing the risk

The Company monitors and maintains a level of cash and cash equivalents, and banking facilities that are deemed adequate by management for the Company's operational needs and mitigate effects of fluctuations in cash flows and liquidity. The Company's deposits are also placed with a licensed bank which is highly liquid.

In 2016, the Company has established an Islamic Commercial Papers Programme with a limit of up to RM300.0 million and an Islamic Medium Term Notes Programme with a limit of up to RM1.0 billion, under a combined master limit of up to RM1.0 billion in nominal value based on the Shariah principle of Murabahah via Tawarruq arrangement ("Sukuk Programme"). In 2023, Islamic Commercial Papers Programme has expired. The Directors are of the opinion that the Company will be able to meet its liabilities as and when they fall due as there are sufficient unutilised facilities arising from the Sukuk Programme and other financing facilities as at the year end; coupled with the ability of the Company in generating sufficient operating cash flows based on the historical trend of positive operating cash flows.

It is not expected that the cash flows included in maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	2 to 5 years RM'000	After 5 years RM'000
2023						
Bank loans	49,995	2.99 – 3.03	50,686	50,686	-	-
Islamic Medium Term Notes	370,000	4.28 – 4.41	440,409	16,062	424,347	-
Lease liabilities	1,623,904	3.20 – 5.35	2,185,396	257,864	833,032	1,094,500
Payables and accruals	1,190,534	-	1,190,534	1,185,653	4,881	-
	3,234,433		3,867,025	1,510,265	1,262,260	1,094,500
2022						
Bank loans	127,776	2.99 - 3.03	131,430	80,744	50,686	-
Islamic Medium Term Notes	370,000	3.15 - 3.65	382,522	382,522	-	-
Lease liabilities	1,779,411	2.95 - 10.59	2,473,925	253,419	890,745	1,329,761
Payables and accruals	1,227,044	-	1,227,044	1,213,984	13,060	-
	3,504,231		4,214,921	1,930,669	954,491	1,329,761

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (continued)

30.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and other prices that will affect the Company's financial position or cash flows.

30.6.1 Interest rate risk

The Company's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. Interest-earning financial assets are mainly deposits placed with licensed bank that generates interest income.

Risk management objectives, policies and processes for managing the risk

The management monitors closely the prevailing interest rates at regular intervals and ensure that the Company obtains competitive rates for its banking facilities, interest earning deposits, long term and short term borrowings.

In view of the competitive rates that are available from the prevailing banking facilities granted to the Company to finance its working capital requirements and the prevailing low interest rate scenario, the interest rate risk is not expected to have a material impact on the Company.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	2023 RM'000	2022 RM'000
Fixed rate instruments		
<i>Financial asset</i>		
Deposits placed with licensed bank	50,000	190,300
<i>Financial liabilities</i>		
Bank loans	(49,995)	(127,776)
Islamic Medium Term Notes	(370,000)	(370,000)
Lease liabilities	(1,623,904)	(1,779,411)
	(2,043,899)	(2,277,187)
	(1,993,899)	(2,086,887)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (continued)

30.6 Market risk (continued)

30.6.2 Foreign currency risk

The Company does not have any significant exposure to foreign currency risk as its transactions and balances are substantially denominated in Ringgit Malaysia.

30.6.3 Other price risk

Equity price risk arises from the Company's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

The Company's equity investments are monitored regularly and subject to periodical review. Transaction decisions are approved by the Board of Directors.

Equity price risk sensitivity analysis

A 1% (2022: 1%) increase in the market price of the investment as at the end of the reporting period would have increased equity by RM517,000 (2022: RM584,000). A 1% (2022: 1%) decrease in market price would have had equal but opposite effect on equity.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (continued)

30.7 Fair value of financial instruments

30.7.1 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, short term borrowings and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments. The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2023										
Financial asset										
Investment in quoted equities	51,734	-	-	51,734	-	-	-	-	51,734	51,734
Financial liability										
Borrowings	-	-	-	-	-	-	(429,664)	(429,664)	(429,664)	(419,995)
2022										
Financial asset										
Investment in quoted equities	58,422	-	-	58,422	-	-	-	-	58,422	58,422
Financial liability										
Borrowings	-	-	-	-	-	-	(496,040)	(496,040)	(496,040)	(497,776)

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments (continued)

30.7 Fair value of financial instruments (continued)

30.7.1 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Investment in quoted equities

The fair value of investment in quoted equities is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2022: no transfer in either directions).

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Borrowings	Discounted cash flows using a rate based on the current market rate of similar borrowings of the Company at the reporting date.

31. Material litigation

On 2 March 2021, the Company received a legal suit from Betanaz Properties Sdn. Bhd. ("Plaintiff"). The Plaintiff alleged that the Company did not comply with its obligations under the Tenancy Agreement dated 24 August 2017 ("Tenancy Agreement") to fulfill the conditions precedent under the Tenancy Agreement and had wrongfully terminated the Tenancy Agreement. The Plaintiff is seeking for, among others, the following reliefs:

- (i) Rental payment payable to the Plaintiff for the tenancy period between 1 April 2020 to 17 December 2021 and for the initial term of ten (10) years of the lease amounting to a total sum of RM59,302,302.97; or
- (ii) Expenditure allegedly incurred by the Plaintiff for the project, including but not limited to site clearance and earthworks, consultancy fees, financing costs and other incidental costs arising from the banking facilities and others costs amounting to RM18,936,207.76.

On 29 March 2021, the Company filed the defence against the Plaintiff. Further, the Company, as the plaintiff, filed a counterclaim against Betanaz Properties Sdn. Bhd. as the first defendant, and Ahmad Zaki Resources Berhad ("AZRB") as the second defendant due to the non-fulfillment of the conditions precedent on the part of the defendants prior to the expiry of the respective conditional periods and the Tenancy Agreement dated 24 August 2017 and Commercial Agreement dated 24 August 2017 had been rendered void due to the expiry of the conditional period on 23 October 2020 and 23 January 2020 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31. Material litigation (continued)

The Company is claiming, among others, the return or payment of approximately RM2,303,087.00 being the consultation fees for the project from the Plaintiff as first defendant and approximately RM28,415,094.44 being the contribution towards the construction of the bridge connecting Bandar Kuantan to Bandar Putra, Tanjung Lumpur, Pahang ("Bridge"), from AZRB as the second defendant.

AZRB further filed the application to strike out the Company's counterclaim against AZRB on 7 May 2021 and on 22 October 2021, the High Court allowed AZRB's application to strike out the Company's counterclaim against AZRB on the basis that the bridge across the Kuantan River, connecting Bandar Kuantan to Bandar Putra, Tanjung Lumpur ("Bridge") was completed and the Company's counterclaim is not sustainable.

On 26 October 2021, the Company filed and served the Notice of Appeal against the decision of the High Court judge and the hearing date is fixed on 9 May 2022.

Pursuant to the Company's appeal against the High Court's decision to allow AZRB's application to strike out the Company's counterclaim against AZRB on 9 May 2022, the Court of Appeal has decided in favor of the Company, and as a result, AZRB will be reinstated as a party to the Company's counterclaim as the second defendant in the trial for the Main Suit. Subsequently on 13 June 2022, the Court agreed to bring forward the trial dates for the Main Suit to 6 to 7 July 2023 and 3 to 4 August 2023, respectively.

The trial for the Main Suit has commenced on 6 and 7 July 2023 and the Court has vacated the trial dates fixed on 3 and 4 August 2023. The Court has subsequently fixed further trial dates for the continuation of the trial from September 2023 to July 2024.

Based on the advice by the Company's legal counsel, the Directors are of the view that the Plaintiff is not entitled to the reliefs because the Tenancy Agreement and Commercial Agreement dated 24 August 2017 had been rendered void due to the expiry of the conditional periods on 23 October 2020 and 23 January 2020 respectively. In addition, the damages sought by the Plaintiff in relation to the rental are contradictory to the Rules of Court as the said category of claim is general damages which should not have been quantified as if it were special damages. Hence, provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 140 to 193 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Datuk Iskandar bin Sarudin
Director

.....
Naoya Okada
Director

Kuala Lumpur

Date: 15 March 2024

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Tan Ai Lee, the officer primarily responsible for the financial management of AEON CO. (M) BHD., do solemnly and sincerely declare that the financial statements set out on pages 140 to 193 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Tan Ai Lee, at Kuala Lumpur in the Federal Territory on 15 March 2024.

.....
Tan Ai Lee

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AEON CO. (M) BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AEON CO. (M) BHD., which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 140 to 193.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) **Impairment of property, plant and equipment and right-of-use assets**

Refer to Note 2.4 – Material accounting policy: Property, plant and equipment, Note 2.5 – Material accounting policy: Leases, Note 3 – Property, plant and equipment and Note 4 – Right-of-use assets.

The key audit matter

In light of the industry and business environment which the Company operates in, there were significant balances of property, plant and equipment and right-of-use assets amounting to RM3,090,244,000 and RM1,071,108,000 which represented approximately 59% and 21% of the Company's total assets, respectively as at 31 December 2023. There is a risk that the carrying amounts of certain assets may be higher than the recoverable amount as a result of certain loss making stores and malls. The determination of whether or not an impairment charge for property, plant and equipment and right-of-use assets is necessary involved significant judgement about the future results of the business and assessment of future plans for the Company's property, plant and equipment and right-of-use assets.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Evaluated the assessment performed by the Company on the indicators of impairment of property, plant and equipment and right-of-use assets to determine whether the relevant internal and external factors have been considered.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AEON CO. (M) BHD.

Key Audit Matters (continued)

i) Impairment of property, plant and equipment and right-of-use assets (continued)

How the matter was addressed in our audit (continued)

- Assessed the discounted cash flow projections for stores and malls with indicators of impairment prepared by the Company by performing the following procedures:
 - evaluated the impairment test model by comparing it with the requirements of the relevant accounting standards;
 - evaluated the appropriateness of the key assumptions used in particular those relating to revenue growth rate and discount rate with reference to internal and external sources of information;
 - tested historical forecasting accuracy by comparing the forecasted results used in the discounted cash flow prepared in the prior year against current year performance; and
 - performed sensitivity analysis on the key assumptions such as revenue growth rate and discount rate to consider the extent of change in those key assumptions that either individually or collectively would require the property, plant and equipment or right-of-use assets to be impaired or further impaired, if any.
- Assessed the adequacy of the Company's disclosures in respect of impairment of property, plant and equipment and right-of-use assets including those key assumptions to which the outcome of the impairment test is most sensitive.

ii) Costing and valuation of inventory

Refer to Note 2.7 – Material accounting policy: Inventories and Note 10 – Inventories.

The key audit matter

The Company held significant inventory balances as at 31 December 2023 of RM553,375,000 which represented approximately 11% of the Company's total assets. Inventory is valued using weighted average cost of merchandise derived using the Retail Inventory Method ("RIM"). Allowance is made against inventory on the estimated losses related to shrinkage and slow moving or obsolete inventory. The valuation of inventory is a key audit matter because of the judgement involved in assessing the level of allowance required. The use of RIM in inventory costing requires certain assumptions on the consistent mark up across all products in current and prior periods.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Tested the design and implementation and assessed the operating effectiveness of system calculation controls over the weighted average cost of inventory derived using RIM.
- Assessed the relevant inputs used in the computation of weighted average cost of inventory derived using RIM by vouching to supporting documents or by comparing to historical data and other collaborative evidence available.
- Evaluated the design and implementation and operating effectiveness of the controls over the approval process for retail price alteration of merchandise as well as approval process for stock loss adjustments.
- Obtained an understanding of the Company's process in identifying inventories which value required to be written down and assessed on a sampling basis, the adequacy of the amount written down by reference to historical data and current retail prices.
- On a sampling basis, compared the carrying value of the inventory items at reporting date to retail price subsequent to year end to ascertain that the value is at the lower of carrying amount and net realisable value.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AEON CO. (M) BHD.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in Directors' report (but does not include the financial statements of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AEON CO. (M) BHD.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Malaysia

Date: 15 March 2024

Chan Chee Keong
Approval Number: 03175/04/2025 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

AS AT 25 MARCH 2024

Issued Share Capital : RM702,000,000 comprising 1,404,000,000 Ordinary Shares
 Voting Rights : 1 vote per Ordinary Share

Analysis by Size of Shareholdings

(Based on the Record of Depositors of the Company)

Size of Shareholdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares held	% of Shares held
1 – 99	886	7.97	6,398	0.00
100 – 1,000	2,947	26.50	1,728,786	0.12
1,001 – 10,000	5,080	45.68	23,502,738	1.67
10,001 – 100,000	1,831	16.47	58,002,735	4.13
100,001 – 70,199,999*	375	3.37	604,719,343	43.07
70,200,000 and above**	1	0.01	716,040,000	51.00
Total	11,120	100.00	1,404,000,000	100.00

* Less than 5% of issued shares

** 5% and above of issued shares

Substantial Shareholders

(Based on Register of Substantial Shareholders of the Company)

No.	Name	No. of Shares			
		Direct Interest	%	Indirect Interest	%
1	AEON Co., Ltd.	725,640,000	51.68	-	-
2	Employees Provident Fund Board	127,584,000	9.09	-	-

Directors' Interest

(Based on Register of Directors' Shareholdings of the Company)

No.	Name	No. of Shares			
		Direct Interest	%	Indirect Interest	%
1	Datuk Iskandar Sarudin	-	-	-	-
2	Mr. Naoya Okada	-	-	-	-
3	Mr. Tsugutoshi Seko	-	-	-	-
4	En. Hisham Zainal Mokhtar	-	-	-	-
5	Pn. Zaida Khalida Shaari	-	-	-	-
6	Dato' Merina Abu Tahir	-	-	-	-
7	Ms. Jenifer Thien Bit Leong	-	-	-	-
8	En. Mohamad Abdul Naser Md Jaafar @ Yunus	-	-	-	-
9	Ms. Chong Swee Ying	42,600	0.003	11,000*	0.001
10	Mr. Hiroaki Egawa	-	-	-	-

* Indirect interest pursuant to Section 59(11)(c) of the Companies Act, 2016

ANALYSIS OF SHAREHOLDINGS

AS AT 25 MARCH 2024

List of Thirty (30) Largest Shareholders

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares Held	% of Shares Held
1	AEON CO., LTD	716,040,000	51.00
2	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	68,762,500	4.90
3	LEMBAGATABUNG HAJI	56,738,200	4.04
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AHAM AM)	51,881,700	3.70
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	32,728,983	2.33
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	21,061,100	1.50
7	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	19,088,800	1.36
8	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FORTAN BOON SENG (7928-1102)	15,150,000	1.08
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	14,639,300	1.04
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	11,931,617	0.85
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM AM EQ)	11,834,500	0.84
12	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	10,730,800	0.76
13	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	10,408,100	0.74
14	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	10,116,900	0.72
15	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156TR01)	10,097,300	0.72
16	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR NOMURA SECURITIES CO LTD (CLIENT AC)	9,600,000	0.68
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM ABSR EQ)	9,598,000	0.68
18	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR PORTFOLIO EMERGING MARKETS ETF	9,528,648	0.68
19	ROSHAYATI BINTI BASIR	9,240,000	0.66
20	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEWYORK (NORGES BANK 22)	8,980,000	0.64
21	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	7,796,100	0.56

ANALYSIS OF SHAREHOLDINGS

AS AT 25 MARCH 2024

No.	Name	No. of Shares Held	% of Shares Held
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	7,655,600	0.55
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	7,611,700	0.54
24	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA	6,300,000	0.45
25	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	5,596,400	0.40
26	HIDENORI FUTAGI	4,800,000	0.34
27	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH LENG PHEOW	4,700,000	0.33
28	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD LEMBAGA TABUNG HAJI (AL -WARA')	4,649,900	0.33
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	4,429,400	0.32
30	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (ACF-AFFIN-EQ)	4,274,700	0.30
	TOTAL	1,165,970,248	83.05

PARTICULARS OF PROPERTIES

AS AT 31 DECEMBER 2023

Location	Description/ Existing Use	Land/ Built-up Area (sq ft)	Date of Acquisition (A)/ Completion (C)/ Revaluation (R)	Approx. Age of Building (Years)	Tenure	Net Book Value as at 31 December 2023 (RM '000)
Lot 7041, Mukim of Bukit Baru, District of Melaka Tengah, Melaka.	Leasehold land/	436,036/	February 1995 (R)	30	99 years expiring on 19 December 2089	35,651
	Existing two-storey shopping centre	200,316				
	Extension/Renovation with rooftop car park	179,989	23.5			
Lot 23551, Mukim of Setapak, District and State of Wilayah Persekutuan.	Leasehold land/	368,516/	February 1995 (R)	29.5	95 years expiring on 28 March 2085	56,560
	Two-storey shopping centre and three- storey car park	666,694				
Lot PT 21441 Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Leasehold land/	643,753/	June 1994 (A)/	26	99 years expiring on 9 May 2093	37,547
	Two-storey shopping centre and two-storey car park	691,414	October 1995 (C)			
Lot 49045, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim.	Freehold land/	377,490/	April 2002 (A)/	19.5	Freehold	18,934
	Two-storey shopping centre including covered car park	483,299	August 2002 (C)			
Lot 62232, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan.	Leasehold land/	409,577/	January 2004 (C)	18	99 years expiring on 25 August 2103	65,942
	Two-storey shopping centre and three- storey car park	906,497				
Lot 102076, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim.	Freehold land/	1,308,035/	March 2004 (A)/	16	Freehold	307,473
	Three-storey shopping centre with basement car park	1,468,693	January 2006 (C)			
	Extension/Renovation	2,854,623	October 2016 (C)	5.5		
Lot PT 41977 Lot 3144, Mukim of Cheras, District of Ulu Langat, Selangor Darul Ehsan.	Leasehold land/	550,910/	April 2004 (A)/	15	99 years expiring on 12 April 2103	63,382
	Freehold land/	113,451/	April 2004 (A)/			
	Two-storey shopping centre and two-storey car park	893,819	December 2006 (C)	Freehold		
Lot 5106, Mukim Ulu Kelang, Kuala Lumpur.	Leasehold land/	631,620/	March 2007 (A)/	13	87 years expiring on 5 April 2083	106,311
	Two-storey shopping centre with basement car park	895,449	December 2008 (C)			
Lot 136962, Mukim Pulai, District of Johor Bahru, Johor Darul Takzim.	Freehold land/	1,645,671/	October 2007 (A)/	13	Freehold	206,742
	Three-storey shopping centre with open car park	845,634	December 2008 (C)			

PARTICULARS OF PROPERTIES

AS AT 31 DECEMBER 2023

Location	Description/ Existing Use	Land/ Built-up Area (sq ft)	Date of Acquisition (A)/ Completion (C)/ Revaluation (R)	Approx. Age of Building (Years)	Tenure	Net Book Value as at 31 December 2023 (RM '000)
PT 239099, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan.	Leasehold land/ Three-storey shopping centre with two-storey car park	755,855/ 1,287,504	June 2010 (A)/ March 2012 (C)	10	99 years expiring on 3 November 2109	103,384
Lot 106273, Mukim Kulai, Daerah Kulaijaya, Johor Darul Takzim.	Freehold land/ Two-storey shopping centre with two-storey car park	793,623/ 911,842	December 2011 (A)/ November 2013 (C)	8	Freehold	88,640
Lot 31009, Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold land/ Three-storey shopping centre with rooftop and open car park	784,834/ 750,235	August 2011 (A)/ June 2014 (C)	7.5	Freehold	131,968
Lot 2437 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan.	Leasehold land/ Three-storey shopping centre, entertainment hub with rooftop & basement car park	818,273/ 1,573,114	December 2012 (A)/ March 2016 (C)	5.25	99 years expiring on 26 October 2103	236,296
PTD 181046, Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim.	Freehold land/ Three-storey shopping centre, entertainment hub with rooftop & two-storey car park	910,235/ 1,294,639	December 2015 (A)/ September 2017 (C)	3.25	Freehold	264,585
PN 12273, Lot 10048, Seksyen 17, Bandar Kota Bharu, Daerah Jajahan Kota Bharu, Kelantan Darul Naim.	Leasehold land/ Three-storey shopping centre with rooftop, basement and open car park	935,491 1,337,469	27 July 2023 (A)/ 28 April 2016 (C)	7	99 years Leasehold expiring on 20 June 2114	298,373

CORPORATE INFORMATION AND DIRECTORY

BOARD OF DIRECTORS

- Datuk Iskandar Sarudin (Chairman)
- Mr. Naoya Okada
- Mr. Tsugutoshi Seko
- En. Hisham Zainal Mokhtar
- Pn. Zaida Khalida Shaari
- Dato' Merina Abu Tahir
- Ms. Jenifer Thien Bit Leong
- En. Mohamad Abdul Naser Md Jaafar @ Yunus
- Ms. Chong Swee Ying
- Mr. Hiroaki Egawa

SECRETARIES

- **Tai Yit Chan**
(SSM PC No. 202008001023) (MAICSA 7009143)
- **Tan Ai Ning**
(SSM PC No. 202008000067) (MAICSA 7015852)

REGISTERED OFFICE AND HEAD OFFICE

3rd Floor, AEON Taman Maluri Shopping Centre
Jalan Jejaka, Taman Maluri
Cheras, 55100 Kuala Lumpur

Tel : 03 – 9207 2005
Fax : 03 – 9207 2006/2007

DATE OF INCORPORATION

15 September 1984

STOCK EXCHANGE LISTING

The Company is a public listed company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad

Stock Name: AEON
Stock Code: 6599

PRINCIPAL BANKERS

- **Malayan Banking Berhad**
[Registration No. 196001000142(3813-K)]
- **MUFG Bank (Malaysia) Berhad**
[Registration No. 199401016638(302316-U)]
- **Mizuho Bank (Malaysia) Berhad**
[Registration No. 201001039768(923693-H)]
- **CIMB Bank Berhad**
[Registration No. 197201001799(13491-P)]
- **RHB Bank Berhad**
[Registration No. 201001039768(923693-H)]

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya

Tel : 03 – 7721 3388
Fax : 03 – 7721 3399

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
[Registration No. 197101000970(11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : 03-2783 9299
Fax : 03-2783 9222
Email : is.enquiry@my.tricorglobal.com

CORPORATE CALENDAR

NOTICE OF 38TH ANNUAL GENERAL MEETING

- 18 April 2023

38TH ANNUAL GENERAL MEETING

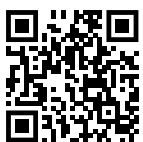
- 17 May 2023

PAYMENT OF DIVIDEND

- Book Closure – 31 May 2023
- Payment – 15 June 2023

FY2023 QUARTERLY RESULTS ANNOUNCEMENTS

- 1st Quarter 19 May 2023
- 2nd Quarter 22 August 2023
- 3rd Quarter 24 November 2023
- 4th Quarter 23 February 2024



Scan the QR Code for:

1. Notice of 39th Annual General Meeting
2. Proxy Form
3. Administrative Details for the 39th Annual General Meeting

INDEPENDENT LIMITED ASSURANCE REPORT



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

The Board of Directors

AEON CO. (M) BHD

3rd Floor, AEON Taman Maluri Shopping Centre
Jalan Jejaka, Taman Maluri
Cheras, 55100 Kuala Lumpur

Dear Sirs,

Independent Limited Assurance Report on Selected Sustainability Information of AEON CO. (M) BHD (“the Company”) for the financial year ended 31 December 2023

We, KPMG PLT (“KPMG”), were engaged to provide limited assurance on the Company’s Selected Sustainability Information (the “Subject Matter”), published in AEON CO. (M) BHD’s Integrated Annual Report for the financial year ended 31 December 2023 (the “Integrated Annual Report”), in the form of an independent limited assurance conclusion as to whether anything has come to our attention that would cause us to believe that the Subject Matter, in all material respects, has not been prepared in accordance with AEON CO. (M) BHD’s definition and calculation methodologies, including any significant inherent limitations (the “Applicable Criteria”).

Subject Matter

The Selected Sustainability Information covered by our limited assurance engagement for the financial year ended 31 December 2023 are as follows:

- (i) Total energy consumption - electricity (Megawatt (MW));
- (ii) Total water withdrawal (Megalitres (ML));
- (iii) Total waste diverted from disposal (Metric tonnes (Mt));
- (iv) Total amount invested in community (RM);
- (v) Loss time incident rate (Rate);
- (vi) Percentage of employees by gender and age group (for each employee group) (%); and
- (vii) Percentage of employees who have received training on anti-corruption by employee category (%)

The boundary of the limited assurance engagement by KPMG on the Selected Sustainability Information covers the Company’s operations in Malaysia.

INDEPENDENT LIMITED ASSURANCE REPORT



AEON CO. (M) BHD (the "Company")
*Independent Limited Assurance Report on Selected Sustainability Information of
 AEON Co. (M). BHD for the financial year ended 31 December 2023
 25 March 2024*

Board of Directors and Management's Responsibilities

The Board of Directors of AEON CO. (M) BHD (the "Directors") and the management of AEON CO. (M) BHD (the "Management") are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining that the criteria is appropriate to meet their needs; and for establishing and maintaining appropriate performance management and internal control systems from which the Subject Matter is derived.

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter in the Integrated Annual Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

The Directors and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter; and (ii) allegations of or suspected fraud or dishonesty committed against the Company.

The Directors and the Management are responsible to make available to us the Subject Matter and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter, of which they may become aware up to the date of the independent limited assurance report.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Subject Matter, in all material respects, is not prepared in accordance with the Applicable Criteria.

Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Enquired Management to gain an understanding of the processes established from which the Subject Matter is derived;
- Interviewed relevant staff responsible for preparing and presenting the Subject Matter in the Integrated Annual Report;
- Compared the Subject Matter presented in the Integrated Annual Report to underlying sources on a sample basis to determine whether all the relevant information has been appropriately disclosed; and
- Read the Subject Matter presented in the Integrated Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

INDEPENDENT LIMITED ASSURANCE REPORT



AEON CO. (M) BHD (the "Company")
*Independent Limited Assurance Report on Selected Sustainability Information of
AEON Co. (M) BHD for the financial year ended 31 December 2023
25 March 2024*

Procedures Performed (continued)

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Integrated Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Integrated Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that would lead us to believe that the Subject Matter for the financial year ended 31 December 2023, in all material respects, is not prepared in accordance with the Applicable Criteria.

INDEPENDENT LIMITED ASSURANCE REPORT



AEON CO. (M) BHD (the "Company")
*Independent Limited Assurance Report on Selected Sustainability Information of
AEON Co. (M). BHD for the financial year ended 31 December 2023
25 March 2024*

Restriction on distribution and use of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Directors for the purpose as described in the first paragraph of this report and for no other purpose. Our report should also not be regarded as suitable to be used or relied on by any party.

We consent to the inclusion of this report in AEON CO. (M) BHD's Integrated Annual Report in respect of the financial year ended 31 December 2023, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter. We will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

A handwritten signature in black ink, appearing to be 'KPMG' with a stylized flourish.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 25 March 2024



AEON CO. (M) BHD.

Registration No. 198401014370 (126926-H)

3rd Floor, AEON Taman Maluri Shopping Centre
Jalan Jejaka, Taman Maluri, Cheras
55100 Kuala Lumpur, Malaysia

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For more information, please visit:



www.aeongroupmalaysia.com



AEON Group Malaysia



AEON Retail Malaysia



AEON Retail Malaysia



AEON Retail Malaysia