



June 28, 2024

Company name: AEON CO., LTD.
 Name of representative: Akio Yoshida, President and Representative Executive Officer (Securities code: 8267; Tokyo Stock Exchange (Prime Market))
 Inquiries: Hiroaki Egawa, Executive Officer, Finance and Business Management (Telephone: +81-43-212-6042)

Notice Concerning Determination of Issue Terms of Sustainability Linked Bonds

AEON CO., LTD. (the 'Company') hereby announces that it has determined the issue terms of Sustainability Linked Bonds (*1) (the "Bonds") announced on June 3, 2024.

(1) Name of the bonds	AEON CO., LTD. 26 th &27 th series of unsecured bonds (with limited inter-bond pari passu clause) (Sustainability-Linked Bonds)	
(2) Maturity	5 years	10 years
(3) Issuance Amount	36 billion yen	14 billion yen
(4) Interest rate	1.133%	1.992%
(5) Determination date of issuance terms	June 28, 2024 (Friday)	
(6) Issue date	July 4, 2024 (Thursday)	
(7) Redemption date	July 4, 2029 (Wednesday)	July 4, 2034 (Tuesday)
(8) Rating acquired	A - (Rating and Investment Information, Inc.)	
(9) Key Performance Indicator (KPI)	For the Bonds, KPI 2, KPI 3, and KPI 4 are adopted from the following KPI 1: Reduction rate of CO ₂ emissions KPI 2: Reduction rate of disposable plastic usage* ¹ (usage per 100 million yen in sales) KPI 3: Reduce food waste generation (per million yen in sales) KPI 4: CDP Climate Change Score (*3)	
(10) Sustainability Performance Targets (SPT)	<10-year bond> SPT2: 50% reduction by 2030 (compared to FY 2018) SPT4: Maintain final CDP Climate Change score of "A" on the assessment date <5-year bond> SPT3: 50% reduction by 2025 (compared to FY2015) SPT4: Maintain final CDP Climate Change score of "A" on the assessment date	

(11) Bond characteristics	<p>5-year bond assessment date (SPT3 and SPT4: end of March 2028) 10-year bond assessment date (SPT2 and SPT4: end of March 2033) If the SPT is not achieved, the contribution will be made from the assessment date to the redemption of the Bonds. The amount shall be equal to 0.1% of the amount of bonds issued if the 5-year SPT3 is not achieved, 0.1% of the amount of bonds issued if the 5-year SPT4 is not achieved, 0.1% of the amount of bonds issued if the 10-year SPT2 is not achieved, and 0.1% of the amount of bonds issued if the 10-year SPT4 is not achieved.</p> <p>The Environment and Social Contribution Department will carefully examine the factors behind the failure to achieve the SPT and select appropriate donation recipients, which will include public interest incorporated associations, public interest foundations, international organizations, NPOs certified by local governments, local governments, and similar organizations that are engaged in activities that contribute to decarbonization.</p> <p>(Assuming the AEON Environmental Foundation (*4) as a current candidate)</p>
(12) Lead underwriters*2	<p>Mizuho Securities Co., Ltd. (Lead Managing Underwriter), Nomura Securities Co., Ltd., SMBC Nikko Securities Inc., Daiwa Securities Co. Ltd.</p>
(13) Structuring agent (*5)	<p>Mizuho Securities Co., Ltd.</p>
(14) Compliance of Sustainability-Linked Bonds	<p>The Company obtained Second Party Opinion from Rating and Investment Information, Inc(R&I), for its conformity with the International Capital Markets Association's (ICMA) "Sustainability Linked Bond Principles" and other relevant principles, for the bond issue.</p>

*1Used amount per 100 million yen in sales as the total weight of plastic containers and packaging and PET bottles (kg)

*2The company submitted an amended shelf registration statement on June 14, 2024, and changed Lead underwriters.

(*1) Sustainability Linked Bonds

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

(*2) Sustainability Performance Targets (SPT)

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

(*3) CDP

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

(*4) AEON Environmental Foundation

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

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

(*5) Structuring Agent

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

Reference

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

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