

It has been nine years since I became an external director at MARUI GROUP. The Company has continued to practice management driven by a strong passion and a commitment to innovation. The concept of co-creation management and other benefits that are appearing now are the products of reforms that MARUI GROUP has been implementing for years.

For example, the transition toward shopping centers and fixed-term rental contracts in the Retailing business may appear to have been a sudden change to those outside of the Company. On the contrary, however, the ideal form for MARUI GROUP's Retailing business had long been percolating in President Aoi's mind. When he was able to feel confident that the aforementioned transition was the appropriate course, the gears spun into motion. The redefinition of the Credit Card Services business as the FinTech business was a similar process. The Company was not likely aware of the term "FinTech" seven or eight years ago. However, a business model merging retailing and finance has always been important to MARUI GROUP. When searching for means of creating new businesses, several options were explored. In the end, the Company was able to affirm that FinTech was the appropriate approach. Even among the Board of Directors, the emergence of the word "FinTech" felt like a natural progression.

The role of external directors is viewed to be monitoring and supervising management. I personally have been managing a company for several years, and I primarily seek to help management exercise restraint, for example, by suggesting that we consider timing a little more, rather than focusing on spurring management forward. MARUI GROUP has a corporate culture of listening to customer input that dates back to its founding. As such, meetings of the Board of Directors are very frank with discussions based on an atmosphere of mutual respect. The Nominating and Compensation Committee is membered by President Aoi, External Director Okajima, and myself, meaning that officer nominations and compensation are checked by a committee comprising a majority of external directors. I feel as though the Company's compensation systems have been clear and appropriately linked to role and performance since I was appointed. However, another step forward was taken when the Company introduced a new medium-to-long-term incentive system based on the 2016 evaluation of the Board of Directors' effectiveness. MARUI GROUP is truly a company characterized by its ability to evolve with the times.

August 2017

Realized Benefits of Past Reforms

Koichiro Horiuchi

External Director



Strategic Development of Prospective Leaders through the Start of the Co-Creation Management Academy

Etsuko Okajima

External Director

I see MARUI GROUP's co-creation management as a highly sophisticated social experiment through which a sort of "MARUI GROUP ecosystem" may be created. MARUI GROUP's stakeholder management, which entails creating needs together with the Company's stakeholders to provide value, is an undertaking that has significant meaning to society. MARUI GROUP has also recently been working together with venture companies to create new value. All of these initiatives would not be possible without President Aoi's keen foresight.

However, the type of leadership exercised by President Aoi is not the traditional type of leadership that essentially involves issuing orders. Rather, it is a gentler type of leadership that involves cultivating understanding within employees to inspire them to act voluntarily. President Aoi accomplishes this by holding frequent forums for explaining his strategies, establishing several Groupwide project teams based on volunteer participation, and involving employees that interact directly with customers and are highly knowledgeable about frontline operations in the process of producing innovation through co-creation. MARUI GROUP's corporate philosophy contains the phrase "equate the development of our people with the development of our company." This philosophy drives the Company to foster employees capable of thinking and acting autonomously, which contributes to the propensity for decisive action and the swift exploration of options that are characteristics of MARUI GROUP.

My background is in supporting the development of leadership skills. I am active in discussions regarding the strategic cultivation of future presidents and other members of management at meetings of the Nominating and Compensation Committee and the Board of Directors, and I have helped create the future leader development program. When it becomes time to appoint a new president in 10 or 20 years, the requirements of management will have grown more complicated, making the position even more challenging. Bold structural reforms require the foresight necessary to conduct management from a long-term perspective, looking at least 10 or 15 years into the future. The Co-Creation Management Academy was established with an eye to long-term management. Through this program, we will select around 20 employees aged 20 to 49 from among applicants with the aim of strategically cultivating a total of 200 prospective leaders over the next 10 years. After completing the program, participants will put the concepts they learned to practical application as they are given opportunities to make management decisions under uncertain circumstances.

August 2017

Appropriate Risk Taking Supporting Ongoing Growth Strategies

Masahiro Muroi

External Director



I was appointed as an external director at MARUI GROUP in June 2017. My background is in the IT industry, and I hope that my experience at the forefront of advanced technology and digital innovation will be helpful to the Group in formulating growth strategies.

At Nomura Research Institute, Ltd., over the course of more than 20 years, I experienced large-scale IT system development projects, cutting-edge technology-related research and business alliances at Silicon Valley in the United States, the creation of new businesses and services utilizing IT, and solutions development projects conducted through collaboration with IT venture companies. After that, I spent 13 years as an officer in the head office, where I worked in back-office areas including corporate planning, human resources, public relations, investor relations, risk management, and CSR. In the investor relations department, I spent eight years speaking directly with countless institutional investors from Japan, Europe, the Americas, and Asia. That experience proved invaluable in conducting corporate governance reforms later on.

The strength of MARUI GROUP lies in its ability to pursue self-improvement even when faced with a highly volatile operating environment. The needs of consumers, of course, change with the times, and, globally, we are seeing the rapid advance of a digital revolution. In the midst of such trends, MARUI GROUP is undertaking bold business reforms to make omni-channel retailing, FinTech, and digital content central aspects of its business. It is also moving forward with governance reforms, including the establishment of the Nominating and Compensation Committee, the revision of officer compensation systems, and the implementation of a future leader development program, which demonstrate just how progressive the Company is.

Self-improvement entails risks. Transforming business models and introducing state-of-the-art IT technologies, in particular, are accompanied by exposure to new and difficult-to-predict risks. As an external director that is also designated as an independent director, I will rigorously evaluate the appropriateness of MARUI GROUP's strategies and the extent of new risks that may accompany these strategies. At the same time, I will adopt an objective and balanced approach toward my duties and toward voicing opinions, recognizing that appropriate risk taking can support ongoing growth strategies.

August 2017