

Profession Change System for Fostering Empathy and Innovation

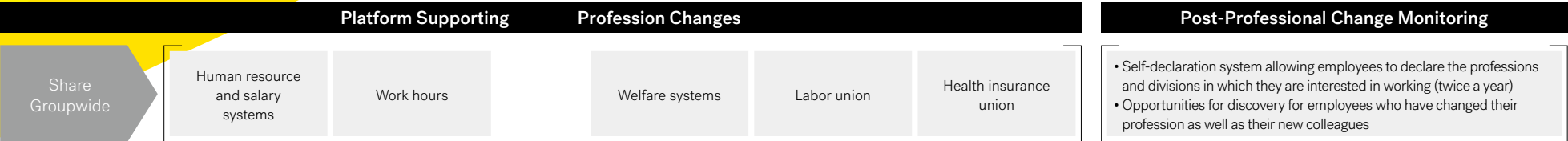
MARUI GROUP's profession change system is a unique human resource system that is shared throughout the Group and that allows for relocations between the Company and 11 Group companies. This system enables employees to experience a wide range of businesses, including retail at stores, IT, logistics, and credit card services through a program that is almost like changing one's profession. As of April 1, 2018, approximately 2,200 employees, or 43% of our entire employee base, had undergone profession changes.

After joining MARUI GROUP, all employees are first appointed to positions such as sales floors to allow them to experience face-to-face interactions with customers. This is done to foster a capacity for empathy—the ability to comprehend the position of others and build shared understanding to be more sympathetic to them—by having them engage with customer needs first-hand. Once this capacity has been cultivated, they are allowed to experience various professions in order to develop a propensity for innovation, which will inspire them to enjoy differences and changes and drive them to autonomous action. Moreover, being placed in a new profession can enable employees to escape preconceptions. Such transitions thus contribute to the growth of the employees undergoing profession changes as well as to transformations in the new workplaces in which they are placed. Through this profession change system, we aim to cultivate employees that embody a customer-first mentality and are adept at responding to change in order to make the Group a more fertile ground for innovation.

By experiencing various professions, employees develop a propensity for innovation that inspires them to enjoy changes and drives them to autonomous action.

Employees experience face-to-face customer service at MARUI CO., LTD., sales floors, and other positions to foster a capacity for empathy by engaging with customer needs.

All employees first join MARUI GROUP CO., LTD.



Profession Changes through Shared Human

OIOI
Retailing

AIM CREATE
Space Production,
Commercial Facility Management,
and Advertising

M&C
SYSTEMS
IT Systems

OIOI HOME SERVICE
Real Estate Rental

EPOS
SSI
Small-Amount Short-Term
Insurance Policy Business

OIOI Kit Center
Support for Group Companies

Made Possible Resource System

EPOS
CARD
FinTech

Moving
Apparel Distribution
Internet Sales Support

MARUI FACILITIES
Total Building Management

MRI
SERVICER
Loan Collection

tsumiki
Securities Business

OIOI
MARUI GROUP

Employees that embody a customer-first mentality and are adept at responding to change enact proposals from a Groupwide perspective.

Human resources with a capacity for empathy and a propensity for innovation make proposals that are not bound by industry conventions or preconceptions.





Cultivation of an Organization That Creates Innovation through Diversity

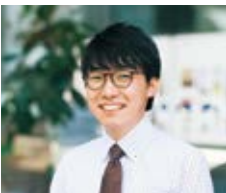
MARUI GROUP believes that, when its approximately 6,000 unique employees are accepting toward one another and able to merge their values, it will be able to cultivate a corporate culture that is conducive to innovation. Promoting diversity has been defined as one of the strategies of the medium-term management plan launched in the fiscal year ended March 31, 2015, and we are therefore pursuing diversity with regard to individual talents, gender, and age. A distinctive characteristic of our diversity initiatives is our Groupwide project teams, which recruit members through open application and in which any employee may volunteer to participate. Rather than division, age, or position, members are selected based on essays. These members discuss various themes that are important to Group management.



Groupwide Project Teams Engaged in Deep, Forward-Looking Discussion

MARUI GROUP has established four official project teams that engage in deep, forward-looking discussion on themes that are related to the Company or society as a whole from a medium-to-long-term perspective. After participating, members utilize the knowledge and ideas they gained to formulate and implement action plans for incorporating this insight into the business, procedures, or other aspects of their workplace. Project members are changed on an annual basis, producing a new set of autonomous employees with increased knowledge and awareness each year and thereby cultivating a corporate culture emphasizing autonomous thought and action.

Message from an Employee



Natsuki Yano
Sustainability Project Team Member
Women's Shoes,
Yurakucho Marui,
MARUI CO., LTD.

Through my participation in the Sustainability Project Team, I gained a clear idea of the inclusive society we envision for the future. I feel strongly that addressing poverty, environmental, and other social issues will become a core element of the business and the growth of MARUI GROUP going forward. In the future, I want to engage in co-creation with everyone on the planet. I hope to create innovation within MARUI GROUP that will be more impactful and that will spread across the globe.



Marui Future Project Team
Launched in 2011, the Marui Future Project Team is currently discussing concrete ideas for bringing joy to all customers through products and services.



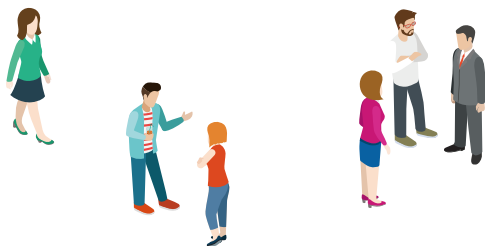
Diversity Project Team
Created in 2015, the Diversity Project Team now promotes the development of a comfortable workplace that is conducive to innovation with a focus on the diversity of individual talents and ages.



Healthcare Promotion Project
Established in 2016, the Healthcare Promotion Project is working toward its vision of ensuring that 100% of employees can proudly proclaim they are healthy in 2050.



Sustainability Project Team
The Sustainability Project Team was created in 2018 to form a vision for MARUI GROUP in 2050 based on a broad perspective examining various scenarios for the future.



Medium-Term Management Visionary Committee Receiving 1,000 Applications for Participation with Each Iteration

The Medium-Term Management Visionary Committee is a forum for discussing various topics that will be important to the future of Group management, which are selected from a long-term perspective. While this committee was previously only open to members of Group management, in January 2016 we made the committee open to any interested employee, and meetings have been held almost every month since. Active discussion is conducted among the roughly 300 members that are selected from the approximately 1,000 applications received for each iteration.



Employee Participants
2,768
(Approx. 50% of all employees)



Committee Meeting Discussion Topics in 2017

Social environment as it pertains to MARUI GROUP and future outlook

Long-term operating environment changes and new growth initiatives

MARUI GROUP's ESG: Forward-Looking Initiatives for Transforming Our Main Business into a Socially Contributing Undertaking—Lecture by Abe Chiyo, Fumino Sugiyama, and Toshiya Kakiuchi

The Digital Industrial Revolution: Era of Redefining Industries—Lecture by Tak Miyata of Scrum Ventures

Innovation Creation Approach Apparent in Global Management Practices—Lecture by Professor Akie Iriyama of Waseda Business School

Committee Meeting Discussion Topics in 2018

Corporate Strategies for Realizing a Sustainable Society—Lecture by Peter David Pedersen of PricewaterhouseCoopers Sustainability LLC

Hello! Miraijin—A Look at the Sensibilities of the Future

Singularity and Exponential Thinking: Characteristics of Companies and People That Can Survive in Volatile Times—Lecture by Kazunori Saito of Exponential Japan

Long-Term Operating Environment and Impact on MARUI GROUP—Lecture by Peter David Pedersen of PricewaterhouseCoopers Sustainability LLC

Joy Brought to Customers through Cumulative Investment—Lecture by Ken Shibusawa of Commons Asset Management, Inc., Haruhiro Nakano of Saison Asset Management Co., Ltd., and Hideto Fujino of Rheos Capital Works Inc.



Work Style Reforms Creating a Venue for Contributions of All Employees

MARUI GROUP's corporate philosophy calls for us to "continue evolving to better aid our customers" and "equate the development of our people with the development of our company." Accordingly, we see a company as a venue for the contributions of all its employees. We are therefore cultivating a comfortable workplace environment in which all employees are accepting toward one another, regardless of their age, gender, lifestyle, or sexual preference, and that is conducive to innovation in order to create a venue in which all employees are able to grow and access opportunities.

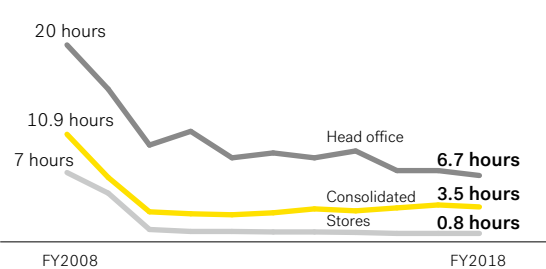


Average Monthly Overtime Lowered to 3.5 Hours

MARUI GROUP began implementing work style reforms in 2008, and the Company now boasts one of the lowest levels of overtime in Japan as a result.

As part of these reforms, overtime reduction policies and targets have been set for each position and shifts are formulated systematically for stores using up to 50 working patterns defined in 10-minute increments. In addition, processes related to delivering and returning products to storage and other back-office procedures at stores are handled by Group companies to enable store employees to be primarily positioned in customer service roles. As a result, average monthly overtime hours per person were down to 3.5 in the fiscal year ended March 31, 2018, while average annual overtime hours decreased to 42. Average monthly overtime among head office employees was 6.7 hours in the fiscal year ended March 31, 2018, representing a roughly two-thirds reduction compared with the fiscal year ended March 31, 2008, while average monthly overtime at our 26 stores nationwide was 0.8 hours, making for an approximately 90% reduction from the same year. These reductions have improved productivity along with personnel expense efficiency.

Average Monthly Overtime Hours per Person



Overtime Reduction and Benefits

	FY2008	FY2018	Benefit
Average annual overtime hours per person	130 hours	42 hours	-88 hours
Total overtime payments	¥3.4 billion	¥0.8 billion	-¥2.6 billion
Employee turnover rate (excluding mandatory retirement)	6.8%	2.3%	-4.5 ppt

Healthcare Management Energizing Employees

In MARUI GROUP's healthcare management, we strive to encourage employees to think through the lens of health and act accordingly in order to thereby increase corporate value. For this reason, it is important to take the perspectives of preventing health issues and also energizing employees and enabling them to work happier. We are promoting healthcare management on a Groupwide basis. These activities have earned us much praise, leading the Company to earn the highest rank in Development Bank of Japan Inc.'s DBJ Employees' Health Management Rated Loan Program in 2016 and to be included in the Excellent Enterprise of Health and Productivity Management—White 500 for two consecutive years beginning with 2017. Furthermore, MARUI GROUP was the only retail industry company included in the 2018 Health & Productivity Stock Selection.

In March 2018, we began encouraging employees to take Japan's healthcare master certification test to improve health literacy. To date, approximately 1,000 employees have applied to take this test. A resounding 97% of all test takers have stated that studying for the test spurred changes in their awareness or behavior. MARUI GROUP is committed to advancing healthcare initiatives in terms of both systems and its corporate culture going forward.



Evolution of Healthcare Promotion Activities

- 1962 Establishment of MARUI GROUP's health insurance union
- 1970 Opened Marui Health Insurance Union Building
- 2008 Commencement of overtime reduction project
- 2011 Start of Health Improvement Program by MARUI GROUP's health insurance union
 - Established Health Management Division and appointed dedicated Company physicians
- 2013 Introduced physical and mental health consultation hotline
- 2014 Began analyzing health examination data of all employees and relationship between lifestyle patterns and attitudes toward work
 - Started holding self-care training sessions for all employees
 - Appointed wellness leaders nationwide to help alleviate women's health concerns
- 2016 Introduced Resilience Program to energize senior managers in terms of their body, mood, mental state, and thinking
 - Incorporated new healthcare management items into labor agreements
 - Established outside advisory board and began analyzing healthcare management practices and data
 - Formulated Groupwide Healthcare Management Project Team
- 2017 Established MARUI GROUP Occupational Health and Safety Policy and declared Companywide commitment to improving occupational health and safety and advancing voluntary initiatives to this end
- 2018 Appointed chief health officer

Message from an Employee



Tomohiro Niikura
Health Management Division
MARUI GROUP CO., LTD.

Encouraging employees to exercise autonomy in improving their own health has proven beneficial for improving life and exercise habits. These efforts have also led to a big increase in employees' self-efficacy, which refers to their confidence in their own abilities. I anticipate that these benefits will have a positive impact on invigorating our people and organization. I also expect that this energy will become a driving force accelerating our growth.

Desired characteristics we look for in employees
www.0101maruigroup.co.jp/recruit/2019newgraduate/recruit/personality.html
(Japanese only)

Revision of Evaluation Systems and Desired Characteristics in Employees

MARUI GROUP seeks to help create a flourishing and inclusive society offering happiness to all. We recently revised our human resource evaluation systems and the desired characteristics we look for in employees based on our corporate philosophy and our vision for the future of MARUI GROUP. This revision was based on discussions with employees and students scheduled to join the Company.



Evaluation Systems Revised Based on Discussion among Employees

In October 2017, MARUI GROUP revised its personnel evaluation systems to assess employees based on value evaluations and performance evaluations. The revision process was initiated in December 2015 with the establishment of a Groupwide committee tasked with examining the possibilities for new human resource and evaluation systems. This committee has held discussions on the implementation of these systems and their quantitative and qualitative targets with an aggregate total of approximately 2,900 employees.

Value evaluations assess the self-guided actions of employees based on the Company's corporate philosophy and values. Through these evaluations, we aim to develop strong organizations. These organizations should not simply focus on how to achieve the targets handed to

them at the beginning of each year. Rather, they should create new ideas and pursue lofty goals to respond to social change and customer needs. These evaluations will be conducted from various perspectives, through self-evaluations and evaluations by supervisors, coworkers, and subordinates, based on the desired characteristics defined for each position. A goal of involving all employees in evaluations is to encourage employees to take interest in the work habits of others, to think together, and to engage in more active communication.

Performance evaluations look at the results created by teams as opposed to by individuals. We hope that these evaluations will help us develop an organization that makes use of diversity and in which employees coordinate their differing strengths and compensate for their shortcomings, teach each other, and continue growing as teams dedicated to serving customers.

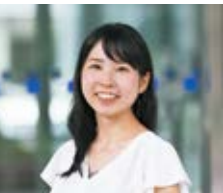
Human Resource Systems for Utilizing Diversity

In September 2017, labor agreements were updated to include a clear declaration that individuals are not to suffer discrimination on the basis of sexual identity or sexual orientation. Moreover, an internal helpline was established to allow employees to receive consultation with regard to LGBT issues related to work, themselves, or their families. This helpline added to the previously existing external helpline. In addition, the scope of application of human resource systems pertaining to spouses was expanded in April 2018 to include spouses from legal marriages as well as spouses from common-law marriages and same-sex partners. In conjunction with this change, the word "spouse" was replaced with "partner" in these systems. This change was applied to leave, compensation, welfare, and other systems.

Desired Characteristics of Understanding and Innovation

We have redefined the desired characteristics we look for in employees to include capacity for empathy and a propensity for innovation. A capacity for empathy refers to the ability of employees to adopt the viewpoints of our various stakeholders to understand their thinking and their pain. This understanding gives rise to the propensity for innovation that drives our employees to seek resolutions to the issues faced by customers, society, and the environment. All MARUI GROUP employees should strive to develop these characteristics to support the Company in practicing co-creation sustainability management.

Message from an Employee



Moe Yamashita
MARUI GROUP CO., LTD.
(Joined in April 2018)

I feel that working as a member of society is a way to repay one's debt to society and the people around them. MARUI GROUP's corporate philosophy aligned with my view. MARUI GROUP is a company aimed at creating innovation that goes beyond the boundaries of industries or positions. My decision to join was based on the belief that this aspect of the Company will ensure it is always necessary to society, no matter how times may change. I hope to experience lots of professions to gain the skills needed to leave an impression on all the customers I help.

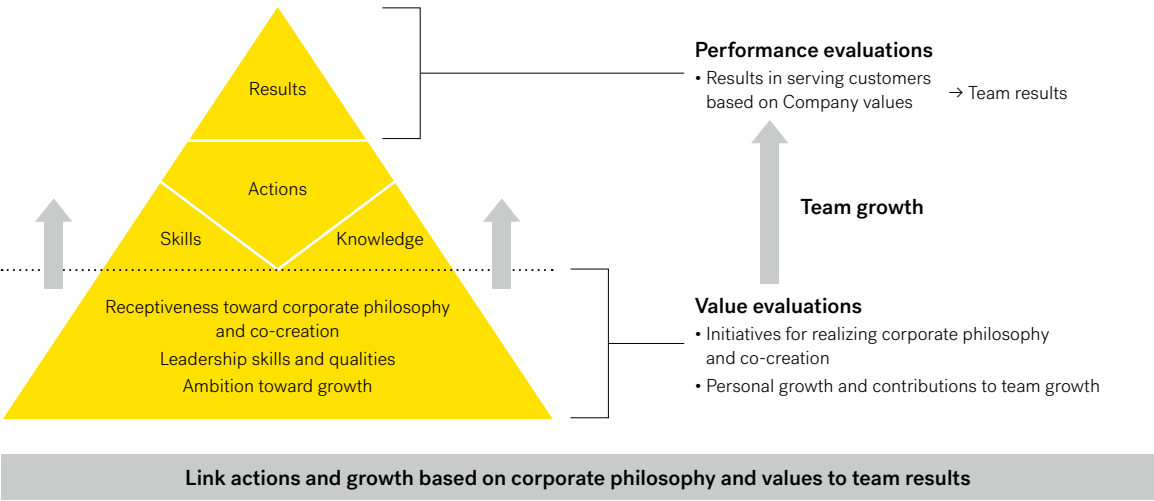
Message from an Employee



Takuma Ishikawa
MARUI GROUP CO., LTD.
(Joined in April 2018)

The goal of my job hunt was to find a position where I could be of help to people. I decided on MARUI GROUP because of how its corporate philosophy matched this goal. During my job hunt, I was reminded of the truly large number of friendly and understanding people working at MARUI GROUP. I believe that I possess the capacity for empathy the Company seeks, but I still lack the propensity for innovation. I therefore aim to acquire this trait as I work going forward.

New Personnel Evaluation Systems



Unique Integrated Group Management Enabling Co-Creation Sustainability Management

MARUI GROUP's integrated Group management has given rise to the profession change system, project teams encompassing employees of all ranks, and various other new initiatives and businesses. The following is a discussion between Masao Nakamura and Toshikazu Takimoto, the segment representatives who underwent MARUI GROUP's most prominent profession changes, and Junko Tsuda and Miyuki Kawara, who are knowledgeable on the start of Groupwide project teams. These individuals discuss the potential for MARUI GROUP to create further innovation through its practice of integrated Group management.



Realization of Integrated Group Management through Adoption of Pure Holding Company System

Nakamura: President Aoi took the helm in 2005 and we adopted the pure holding company system in 2007. Prior to that, we used an operating holding company system in which MARUI CO., LTD., led the retailing business while housing corporate functions. Hiring was performed by individual operating companies.

Takimoto: In 2003, each business established its own sales company, which engaged in relentless sales activities to create higher numbers to tally. The result was a corporate culture that was counteractive to employee happiness and growth. In the past, we had a system in which all employees were hired by MARUI CO., LTD. Today, it feels like we have finally returned to those days.

Kawara: The atmosphere was more hostile at that time. The person who sold the most would be the most highly evaluated and receive the highest salary. Rather than helping or teaching others, everyone was preoccupied with their own interests. I remembered when President Aoi wrote a letter to all employees in 2007. This letter explained the reason behind the transition to the pure holding company system and the sentiments that had been incorporated into the corporate philosophy. The letter described a corporate culture in which employees and businesses worked and grew together. This culture has finally been achieved.

Tsuda: The attitude within the Company has undergone a 180-degree turn. Today, employees have a strong commitment to developing their businesses as a member of the Group, a stark contrast to the past obsession with heightening individual skills and results.

Nakamura: In the past, we had also hired everyone through the same company. However, it was a bit different in that when you were placed in a specific field, products or systems, for example, you would stay there until retirement. These specializations were kind of like separate operating companies. Today's system feels like we returned to that point and then took a step in the right direction.

Profession Changes as a Wellspring for New Ideas

Nakamura: Currently, 43% of our employee base has undergone profession changes by being relocated to a different Group company. The profession change system was launched around 2007, when we began co-creation activities with customers. Those of us on the sales floor at that time had each developed our own image of customers, and nothing short of a profession change would have enabled us to change our thinking.

Kawara: The greatest benefit of my profession change was that, by expanding my network and subsequently broadening my perspective, I was able to come up with new ideas. I was recently transferred from Epos Card Co., Ltd., to a retail position. After this change, I began to naturally link ideas related to retailing, FinTech, and technologies in my mind. Profession changes truly are a wellspring of new initiatives to be enacted by overlapping the strengths of the Group.

Tsuda: I agree completely. I spent a number of years in retail. However, after experiencing positions in purchasing and sales promotion and later store management and new business development, my range of knowledge became substantially more varied. In these different positions, I have formed an ever wider network with



business partners, community members, and other outside individuals. This has given me confidence in new undertakings. The value to be found in these reciprocal relationships is multifaceted and something that other companies cannot imitate.

Nakamura: In 2017, Mr. Takimoto and I switched places; I assumed his role in leading the FinTech segment and he took over my position of heading the Retailing segment. This change left a strong impression on people both inside and outside of the Company. As we were in the midst of encouraging people throughout the Group of all ages to undergo profession changes, I felt that this symbolic swap of the representatives of the Retailing and FinTech segments would send an important message to the rest of the Company.

Takimoto: In my case, I did not feel that this relocation would put me in a completely unfamiliar position, as I had held positions in sales, sales promotion, and planning in the past. However, after the change, I immediately recognized possibilities for EPOS cards that had eluded me previously as well as new initiatives we could implement from a retailing perspective. I have no doubt that this change was a positive development for the Group.

Nakamura: After switching positions with Mr. Takimoto, I found myself working together with him more often as we sought means to further integrate retailing and FinTech. Come to think of it, we have had a past of such switches. Yoshinori Saito, current president and representative director of Epos Card Co., Ltd., used to be a director of MARUI CO., LTD., and Hajime Sasaki, current president and representative director of MARUI CO., LTD., was previously a director of Epos Card Co., Ltd. In the future, I look forward to periodically changing positions so that I can make new discoveries to incorporate into new initiatives for the Group.

Groupwide Project Teams Allowing Exchanges between Employees of All Ages and Ranks

Takimoto: Even if we have allowed for intra-Group profession changes, it did not change the fact that almost all MARUI GROUP employees join right out of university and are cultivated in the same environment. There was thus a need for further change in our corporate culture.

Tsuda: I think it was in 2013 when we decided to establish Groupwide project teams that examine important management themes through a bottom-up approach

with management acting in a supportive role. These project teams drove steady change in our corporate culture and atmosphere.

Kawara: Project teams assemble members from all businesses of all ages and ranks, and members are able to voice opinions without concern for hierarchy. I therefore believe that these meetings provide good stimulation for all in attendance. Those of us representing management are also made aware of previously elusive insights regarding the future through the opinions of new employees.

Tsuda: Whether participating in Groupwide project teams or changing professions, the decision is based on employee volition, and these undertakings allow for discussions that transcend rank to give rise to new ideas. When I think about it, our efforts to reduce overtime and the healthcare management initiatives of today can be traced back to the Work Style Project Team formed in 2008 to involve younger employees in discussions with management. These efforts have gradually led to more proactive thinking, evolving into the quest to make employees healthier and more energetic in their work.

Kawara: The first task of the Diversity Project Team was supporting female employees working shortened hours for childcare purposes, which entailed entrenching an evaluation process that looked at the quality of output as opposed to the length of work hours. Another facet of these efforts was to encourage male employees to get involved in childrearing. As men taking childcare leave became commonplace, the project team's activities evolved to the current focus on building lifestyles that empower employees in their private and professional lives and contribute to higher productivity.

Nakamura: In the past, there were many who simply did overtime to match the work hours of their supervisors. Today, we evaluate people based on their accomplishment of goals and their exercise of the corporate philosophy. It has therefore become important to think about how to create results without overtime.

Takimoto: I want to eliminate unnecessary work to give people more time to think about customers and human resource development. Profession changes can be good experiences. However, employees can find themselves needing specialized knowledge at companies like M & C SYSTEMS CO., LTD., and in businesses such as credit card services. This need and the fast pace of progress mean that significant study is necessary to compete in these areas.



Kawara: It is also important to get enough sleep and exercise and to eat right in order to deliver the best performance. These healthy habits help you clear your mind and can give rise to new ideas. Healthcare management has formed the foundations for such habits.

Nakamura: Health is crucial to creativity in work, and innovation is impossible without such creativity. In this manner, the positioning of health has not always matched its fundamental purpose.

DNA of MARUI GROUP Attracting Younger Generations

Kawara: A major strength of MARUI GROUP is employees who find happiness in helping others. This fact is readily apparent if you take a step outside of the Company. I therefore think that the idea of inclusion, or not excluding anyone, is a perfect match for us. Identifying issues as we seek out those who are troubled and resolving these issues through our business is a process sure to create innovation.

Takimoto: Our growth up until now has been driven by providing joy to those who were at risk of being excluded and making them appreciate our existence. This quest is part of our very DNA. The securities business we launched in 2018 was a product of our desire to prevent

younger generations from being excluded from financial services. This undertaking is in line with our DNA. I hope that customers who start cumulative investments through Tsumitate NISA when young will be grateful that they used their EPOS card to partake in this program when they turn 60.

Nakamura: It used to be the case that new graduates were interested in specific businesses. Now, they seem to be drawn to our corporate philosophy. In addition, many state a desire to test the limits of their potential through profession changes in light of MARUI GROUP's wide range of businesses.

Tsuda: Younger employees were not at all resistant toward the profession change system, and this system has come to be recognized as an opportunity for growth. This system is now a normal part of our business, but to students it is a source of appeal. The cultivation of a culture of tackling new challenges contributes to growth for individuals and businesses while also nurturing the seeds of innovation.

Nakamura: At the moment, we are searching for means of growing the seeds of innovation into new businesses for the Group. By fostering a culture of tackling new challenges, I want to create an ecosystem in which the development of our people equates to development of the Company.

Strong Support for Inclusion

Inclusion Fes 2018—Co-Creation of Happiness for Everyone

The Inclusion Fes event has been held since 2017 to provide a venue for fostering awareness among employees and allowing them to experience their differences firsthand. The second iteration of this event took place in 2018. Over a three-day period, this event spread support for inclusion among the approximately 1,700 employees and family members that attended.



Customer Diversity and Inclusion



Booths were set up that allowed attendees to use wheelchairs and otherwise experience the difficulties of differently abled individuals that are inconvenienced by our society together with such individuals, and booths for experiencing para-sports. We also planned forums for discussing life and lifestyles with members of the LGBT community and differently abled individuals that enabled participants to learn about their differences.



Promotion of Diversity of Individuals' Talents and Ages



To give employees a glimpse of the diverse range of sensibilities found outside of the Company, lectures and panel discussions on the topics of conditions outside of the Group were held by former MARUI GROUP employees and employees seconded to other companies that are active outside of the Group. We also arranged business mixers with representatives from other companies to promote discussion with people from outside of the Group.



Tai chi workshops for relaxing the mind and body were conducted along with programs using the JINS MEME motion tracking glasses to teach participants about the deep world of meditation. In addition, special presentations were held on the RIZAP Method of exercise, and organic vegetables were sold to get people thinking about healthy eating. These events were meant to allow employees to experience health in terms of the body, mind, food, and everything else.

Health of Body, Mind, and Everything Else



Inclusion Fes 2018 was planned and administered by members of Groupwide project teams based on themes of MARUI GROUP's future, diversity, and health.

