



Development of Autonomous Organizations That Continuously Produce Innovation

MARUI GROUP's corporate philosophy of striving to "continue evolving to better aid our customers" and "equate the development of our people with the development of our company" inspires us to view companies as a platform for the growth of their employees. We are therefore fostering human resources who are accepting toward one another, regardless of their age, gender, lifestyle, or sexual preference, and who can support our business model of co-creating happiness. We adopted a unique pure holding company system in 2007, granting our more than 5,000 employees access to shared Groupwide human resource systems. This move made it possible to realize such systems as intra-Group company profession changes and Groupwide project teams open to voluntary participation. To accelerate its business merging retailing, fintech, and now co-creative investment, MARUI GROUP is transforming its corporate culture based on three points. Through these transformations, we aim to develop autonomous human resources and a corporate culture founded on communication that can facilitate the continuous production of innovation via means such as co-creation with start-up companies.

Corporate Culture Transformations Enabling New Business Strategies

Ongoing growth by today's companies requires them to be able to respond to sudden operating environment changes by constantly evolving their business models and structures after they have become obsolete. However, changes in business strategies will prove ineffectual if the corporate culture that drives those strategies remains the same. Corporate cultures should not be built on the commitment of management but should rather be shaped from the bottom up by the autonomous action

of employees. The shaping of such corporate cultures takes place naturally over long periods of time, and this process requires creativity. Accordingly, there is no order or instruction that can stimulate this process. For this reason, we feel that corporate culture transformations should be spurred in conjunction with business strategies after having taken the time to cultivate the necessary foundations.

Mathematical Relationship Between "Corporate Cultures" and "Business Strategies"

New Business Strategies



Improvement of Corporate Value

New Corporate Cultures

Intra-Group Company 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 12 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. We have been promoting this system since April 2013, and 2,626 employees, or 61% of our entire employee base, had undergone profession changes as of April 1, 2020. A survey of employees that had undergone profession changes conducted in November 2016 revealed that 86% of such employees felt they had experienced personal growth after the change, indicating that this system is contributing to the cultivation of highly resilient employees.

The longer one works in the same position, the more they will be susceptible to being trapped in the preconceptions of that position. Being placed in a new profession, however, 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. Moreover, cross-Group relocations form connections throughout the Group, contributing to the enhancement of integrated Group management.

Going forward, we will complement these relocations by ramping up the secondment of employees to co-creative investees and other companies. We thereby aim to foster human resources that are adept at responding to change along with a corporate culture founded on open communication that is a fertile ground for innovation.

Number of Employees Changing Positions Between Group Companies

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees changing positions (aggregate)	1,418	1,833	2,210	2,541	2,626
Ratio of employees changing positions (aggregate)	25%	34%	43%	52%	61%

Note: Figures use the total of employees changing positions in April and October of each year (excluding officers and managers).

Number of Employees Undergoing Secondment to Co-Creative Investees and Other Companies

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees undergoing secondment (aggregate)	0	1	9	19	35
Number of companies receiving seconded employees (aggregate)	0	1	6	12	17

MESSAGE FROM AN EMPLOYEE

One of the human resource policies under MARUI GROUP's business model merging retailing, fintech, and co-creative investment is the cultivation of co-creative human resources. We therefore must develop frameworks for fostering human resources who, armed with a deep understanding of our core values, are able to create new businesses. Our ultimate goal is to develop a corporate culture in which co-creative human resources influence those around them, generating a virtuous cycle in which their actions lead to the development of new co-creative human resources, who in turn stimulate the growth of additional co-creative human resources. We began seconding employees to D2C brand and other strategic companies in 2018, and approximately 40 employees have undergone secondment over the roughly three years that followed. When these employees return to the Company, they actively apply the lessons learned through their secondment from the perspectives of both business and corporate culture. Some employees are seconded primarily to facilitate co-creation activities. By positioning these employees in divisions in fields relevant to their secondment upon their return, they can continue to promote co-creation from within the organization to accelerate our co-creation initiatives. Furthermore, the venture company perspectives these employees bring back with them are being incorporated into organizational management to co-create a new work communication culture.



Masami Endoh

Chief Manager
Human Resources Section
Human Resources Department
MARUI GROUP CO., LTD.

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Autonomous Organization Founded on Voluntary Employee Participation

Over the more than a decade since the Company underwent a management crisis in 2007, we have continued to promote a culture of voluntary participation by employees. Undertaking a new endeavor or creating something completely new can place a great burden on employees. The potential to create innovation is much greater when an employee has chosen to tackle such a challenge of their own volition, as opposed to being ordered to do so by supervisors. It is for this reason that MARUI GROUP has established Groupwide project teams and the Medium-Term Management Visionary Committee, which function as forums

for discussion of important management themes. Employees, who are the main driving force behind our business, can participate regardless of their age and rank. With each iteration, the number of applicants greatly exceeds the number of available slots, and we have thus chosen to select members based on essays. Furthermore, as all Group employees are provided access to the same human resource systems, employees from across the Group can apply, and those selected can participate in meetings during workhours from wherever they work in Japan.

Groupwide Project Teams Encouraging Autonomous Thought and Action

Members selected for Groupwide project teams discuss the given themes together with their colleagues and propose ideas over a period of one year, and take the knowledge and ideas learned while on the project teams back to their workplaces. This insight is used to formulate and implement action plans for shaping the business and work styles of their workplaces. Project members are changed on an annual basis, producing a new set of autonomous employees with increased knowledge and awareness each year and fostering a corporate culture that is conducive to business innovation. In the fiscal year ending March 31, 2021, project team activities will include a combination of online and offline events.



Please refer to the following website for details.
www.0101maruigroup.co.jp/en/sustainability/theme02/development_01.html



Diversity & Inclusion Project Team

Launched in 2011, the Diversity & Inclusion Project Team's activities are aimed at fostering respect and contributing to the happiness of all people by encouraging receptiveness to the diversity of all stakeholders.



Wellbeing Promotion Project Team

Established in 2016, the Wellbeing Promotion Project Team believes it is important to go beyond the basic approach of preventing illness to foster more energized and happy employees. It is thus promoting wellness management that combines these approaches inside and outside of the Company.

MESSAGE FROM AN EMPLOYEE

I applied for the Wellbeing Promotion Project Team because the Misato Web Sales Distribution Center, where I work, ranked among the worst 10 in the Group in the stress check conducted in 2019. I volunteered because I figured that involvement in the project team would give me insights into how we could reform our organization. In the project team activities, Dr. Reiko Kojima, a company physician and general manager of the Wellbeing Promotion Department, held a lecture teaching us how to manage energy related to the body, mood, mental state, and thinking. This lecture was easy to understand and very interesting, and I learned a lot. Apparently, Dr. Kojima has been giving this lecture since the inception of the Wellbeing Promotion Project Team, which is probably why wellness management is such an entrenched concept at MARUI GROUP. This lecture made me more committed to fully engaging with both my work and my family and enabled me to respond more positively to challenges. I am currently focusing my efforts on future generations. I want children to be able to learn and experience the fun and motivation of working so that they will have big dreams for the future.



Masaki Kimoto

Wellbeing Promotion
Project Team Member
MARUI Fulfillment Department
Solutions Business Division
MOVING CO., LTD.



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

The Medium-Term Management Visionary Committee is an internal forum for discussing various topics that will be important to the future of Group management. Discussions are not limited to in-house personnel as external experts are also called to give lectures. At both online and offline events, active discussion is conducted among the roughly 300 members that are selected from the 1,000–1,500 applications received from employees of various ranks and divisions for each iteration.



Future View by kono yubi to-mare

MARUI GROUP posts summaries of the lectures by external lecturers conducted at meetings of the Medium-Term Management Visionary Committee

on its community site. We invite you to learn about the future course of MARUI GROUP through the maxims of experts shaping the future.



Please refer to the following website for summaries of the lectures by external lecturers (Japanese only).
www.to-mare.com/fv/

Committee Meeting Discussion Topics in 2019

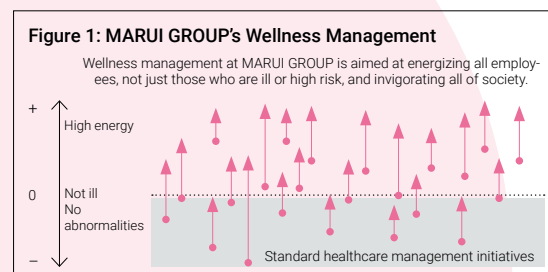
Feb.	Happiness x AI—Lecture by Dr. Kazuo Yano, Fellow and Director and Happiness Project Leader of Future Investment Division of Hitachi, Ltd.
Mar.	Venture Companies and New Businesses Viewed from the Perspective of Venture Capital—Lecture by Soichi Tajima, CEO and General Partner of Genesia Ventures, Inc.
Jun.	Financial Inclusion through Insurance—Lecture by Tooru Ushiroda, Representative of Office Baton Insurance Consultation Office
Jul.	Background for Direct-to-Consumer Brands, Physical Stores in a Digital Society, and Retail as a Service—Lecture by Yuichiro Mori, CEO/Founder of FABRIC TOKYO Inc.
Oct.	Japan's First Employee-Driven Effort to Source 100% of Electricity from Renewable Power with Visibility of Producers: Familiarity with the SDGs through the World's First Venture Combining Power and Blockchain—Eiji Oishi, Representative Director CEO of Minna-denryoku, Inc.
Nov.	Equal Opportunities Offered through Financial Access—Lecture by Taejun Shin, Co-Founder, Representative Director & CEO of Gojo & Company, Inc.
Dec.	Activity report by ultralong-term management research committee—Report by Yutaka Matsuo, Professor from the Department of Technology Management for Innovation; Artifacts, Center for Engineering; Graduate School of Engineering, Tokyo University; and Yoshiaki Ishikawa, Co-Founder and Executive Vice President of Campus for H Inc.
	Development of a Comfortable Society That Bridges the Gap Between Ideals and Reality—Lecture by Shoji Marukawa, Representative Director of Nature Innovation Group Co., Ltd.
	Panel discussion by employees having undergone profession changes or secondment

Committee Meeting Discussion Topics in 2020

Feb.	Businesses That Contribute to Sustainable Societies—Lecture by Akihiko Nagata, Executive Vice President and Head of the Healthcare Company at euglena Co., Ltd.
Mar.	Forum for sharing information on activities of the Wellbeing Promotion Project Team
Jun.	Life After the COVID-19 Pandemic: How to Realize Ideals and Happy Living—Lecture by Yoshiki Ishikawa, Representative Director of Well-being for Planet Earth Foundation
Jul.	Panel discussion by employees having undergone profession changes or secondment and work forum
Aug.	D2C Brands Shaping the Future—Lecture by Yasuhiro Sasaki, Director and Business Designer of Takram Inc. and Yuichiro Mori, CEO/Founder of FABRIC TOKYO Inc.
Sep.	Co-Creation with the Future Generations That Will Shape the Future—Lecture by Yusuke Mizuno, Representative Director and CEO of Life is Tech, Inc.
	Investor relations information sharing forum

Wellness Management Energizing Employees and Improving Happiness

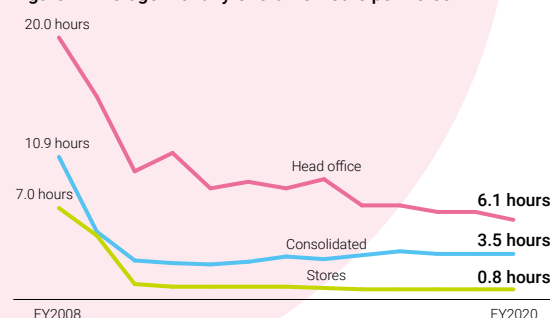
The goal of MARUI GROUP's wellness management is not just ensuring that all of our employees are healthy; we aim to make all of society a happier place by creating new value from the perspectives of wellness and well-being. Wellness management has been positioned as an important element of our strategies under the medium-term management plan and is thus being practiced on a Groupwide scale through coordination between the Wellbeing Promotion Department and MARUI GROUP's health insurance union (see Figure 1).



Work Style Reforms Creating a Venue for Contributions of All Employees

Recognizing that healthcare management is one facet of work style reforms, MARUI GROUP has been advancing reforms pertaining to work hour management and work system diversification since 2008. As a result, average annual overtime hours decreased to 42 and average monthly overtime decreased to 3.5 hours in the fiscal year ended March 31, 2020, representing notable increases in productivity (see Figure 2).

Figure 2: Average Monthly Overtime Hours per Person

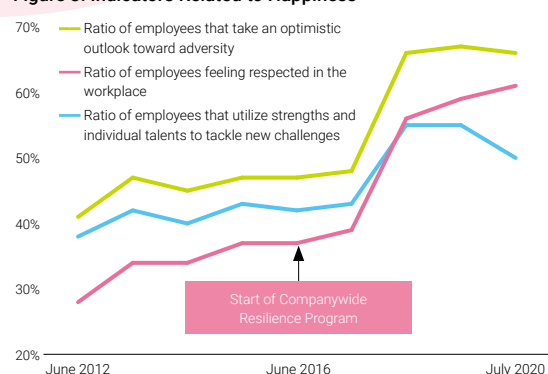


Wellbeing Promotion Project Team and Resilience Program

Established in 2016 as an official Groupwide project team, the Wellbeing Promotion Project Team is now in its fourth year. In the first and second years of its activities, this project team primarily focused on spreading awareness and understanding of wellness management. In its third year, this project team extended its activities to outside of the Company. The fourth year of this project team's activities kicked off in the midst of the COVID-19 pandemic. Members are thus highly motivated to make contributions from the perspective of wellness and well-being, and they continue to pursue this goal through a process of trial and error together with various stakeholders. The project team members received strong support from senior managers who have participated in the Resilience Program, which targets officers and managers. These managers are incredibly understanding of the autonomous activities of project team members, and they offer proactive support. As of September 2020, approximately 100 officers and managers had taken part in the Resilience Program, enabling them to better support internal wellness and well-being activities.

As a result of these activities, we have since seen massive improvements in self-efficacy and other indicators related to happiness in Companywide surveys. Specific items for which scores have improved include "I take an optimistic outlook toward adversity," "I feel as though I am respected in the workplace," and "I utilize my strengths and individual talents to tackle new challenges" (see Figure 3).

Figure 3: Indicators Related to Happiness



Members of Fourth Wellbeing Promotion Project Team

Self-Care Training

MARUI GROUP conducts a variety of self-care training programs, including one that stresses the diverse thought patterns of people and how awareness of this fact and different perspectives can prevent mental health issues. A characteristic of this program is how workplace supervisors play a central role while employees teach one another. To date, a total of 5,400 employees have taken part in these programs, representing more than 80% of all full-time employees (see Figure 4).

Improvement of Organizational Engagement through Stress Checks

The results of organization analyses via stress checks are being used to institute targeted measures aimed at items identified as important for specific workplaces (items that will contribute to improve work engagement). Committees are assembled to examine the results at individual workplaces so that each workplace can take proactive measures to address any issues. These efforts have led to four consecutive years of improvements in stress and work engagement scores (see Figure 5). In addition, 24 workplaces have volunteered to conduct two stress checks a year. Almost all of these workplaces showed improvements in the second check, with lower stress and higher work engagement (see Figure 6). Successful measures will be shared throughout the Company in the future to energize other workplaces.

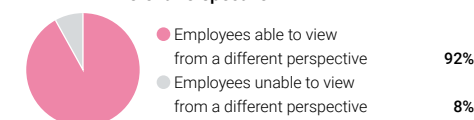
Translation of Psychological Capital into Corporate Value

Energizing employees is of utmost importance to improving corporate value. One facet of MARUI GROUP's efforts for energizing employees is to track employee happiness. With the help of Hitachi, Ltd., we began measuring data on the movements of employees' bodies using the sensors installed in their smartphones to measure their degree of happiness. Employees use this data to change their behavior while assessing the types of work styles that contribute to improved scores. After a three-week experiment on raising the happiness score of employee teams, we administered surveys to employees to measure their psychological capital.*² These surveys showed a 0.27 percentage point increase in psychological capital. Analyses based on massive quantities of data have found that this improvement translates to a rise of 5.3% in operating income (approximately ¥2.1 billion).

These wellness management initiatives have been highly evaluated, resulting in MARUI GROUP being included in the Health & Productivity Stock Selection arranged by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for three consecutive years. In addition, the Company has received the highest rank of A in Development Bank of Japan Inc.'s DBJ Employees' Health Management Rated Loan Program.

*² Indicator proposed by U.S. management researcher Fred Luthans that represents employees' work confidence and overall positivity and that correlates with business profitability

Figure 4: Employees Able to View Their Thought Patterns from a Different Perspective

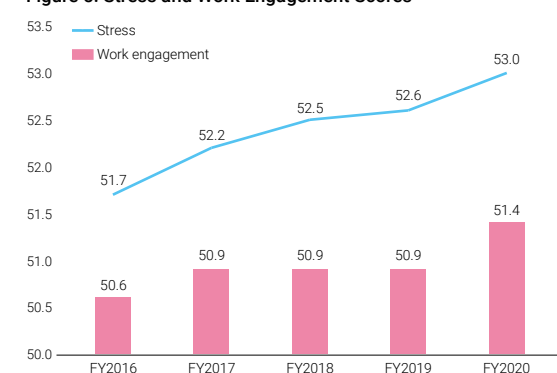


Employees Deepening Their Understanding Regarding Self-Care



Note: Based on September 2020 employee survey

Figure 5: Stress and Work Engagement Scores*¹



*¹ The nationwide average is 50.0. Larger figures represent more favorable results.

Figure 6: Changes at Workplaces After Conducting Two Stress Checks in One Year

