


Appointment of New Wellness-Field Advisor

MARUI GROUP appoints external experts with insight into business strategies and various business areas as advisors. We anticipate that such advisors will be powerful assets in the establishment of strategies for Groupwide efforts to accomplish the targets of the medium-term management plan and to improve corporate value over the medium-to-long term as we seek to address the rapidly changing operating environment and an ever-diversifying society. Regular meetings of advisors are held once every two or three months, at which the president, pertinent directors, and representatives from relevant areas attend; advice is also sought on specific themes.

In addition, ESG specialists were appointed in January 2019 to strengthen the advisor team and support MARUI GROUP in conducting co-creation sustainability management while responding to operating environment changes over the long term. One additional advisor with expertise in the wellness field was appointed in July 2020.

Advisors




Appointed in July 2020

**Yoshiki Ishikawa**  
Doctor of Medicine; Preventative Medicine Researcher; Representative Director, Well-being for Planet Earth Foundation

Reason for appointment: Yoshiki Ishikawa possesses a wealth of experience and broad-ranging insight as a preventative medicine researcher. He is also one of Japan's foremost researchers of well-being and the representative director of Well-being for Planet Earth Foundation. MARUI GROUP anticipates that he will offer valuable suggestions and advice pertaining to the Company's management.

Wellness Specialist




Appointed in July 2016

**Masakazu Masujima**  
Partner, Mori Hamada & Matsumoto

Reason for appointment: Masakazu Masujima is a leading expert in the field of fintech with robust insight and experience. MARUI GROUP anticipates that he will offer proposals of specific growth investment targets, advice and proposals regarding entry into the securities business, and advice on fintech-related laws and regulations for use in the development of new FinTech businesses.

Fintech Specialist




Appointed in July 2017

**Meyumi Yamada**  
Director, istyle Inc.

Reason for appointment: MARUI GROUP anticipates that Meyumi Yamada will provide up-to-date information on D2C ecosystems and customer success strategies and stimulate meaningful discussion in this regard to drive new value creation in the post-digital world.

D2C Specialist



Appointed in October 2019

**Yutaka Matsuo**  
Professor, Department of Technology Management for Innovation; Artifacts, Center for Engineering; Graduate School of Engineering; Tokyo University

Reason for appointment: Yutaka Matsuo possesses a wealth of insight and experience as a leading authority in AI research. In addition, he has devoted his efforts promoting the use of AI and the cultivation of human resources in this field. One such effort was the establishment of the Japan Deep Learning Association, an organization tasked with improving the competitiveness of industry in Japan with deep learning. MARUI GROUP anticipates that he will offer valuable suggestions and advice for utilizing AI to improve corporate value.

AI Specialist

Sustainability Advisors



Appointed in January 2019

**Peter David Pedersen**  
Representative Director, Next Leaders' Initiative for Sustainability; Professor, Shizenkan University

Reason for appointment: As a corporate consultant, Peter David Pedersen has provided environmental and CSR consulting through various projects with leading Japanese companies, universities, economic organizations, and government agencies and has taken part in international symposiums. MARUI GROUP anticipates that he will offer valuable suggestions and advice for addressing future operating environment changes and improving corporate value based on his world-leading experience and insight in the environmental and sustainability fields.

Environmental Specialist



Appointed in January 2019

**Masayoshi Suzuki**  
Executive Vice President, BORDERLESS JAPAN CORPORATION

Reason for appointment: Masayoshi Suzuki co-founded BORDERLESS JAPAN, one of the few companies in the world that only engages in social businesses, through which this company has addressed social issues pertaining to poverty, discrimination, prejudice, and the environment. MARUI GROUP anticipates that he will offer valuable suggestions and advice for resolving social issues to help create a flourishing and inclusive society.

Social Specialist

Risk Management



Committee Membership

[www.0101maruigroup.co.jp/pdf/committee\\_members\\_en.pdf](http://www.0101maruigroup.co.jp/pdf/committee_members_en.pdf)

Risk management system

The Group maintains five committees, i.e., the Public Relations IR Committee, Internal Control Committee, Information Security Committee, Safety Control Committee, and Insider Trading Prevention Committee to control high-risk areas in business operations and strive for speedy operational improvement and the prevention of accidents. At the same time, the Compliance Promotion Board, chaired by the Representative Director, is set up to coordinate the functions of all the committees.

The Group enhances the effectiveness of risk management by holding regular meetings participated by Executive Officers as well as holding and establishing the meetings of the above committees and subcommittees to realize close coordination, risk information sharing, and speedy decision making and implementation of countermeasures.

Business and other risks

Matters stated in the business overview and financial information of our securities report that may affect the judgment of investors are as follows. Forward-looking statements in this document are based on the judgment of the Group at the end of the fiscal year under review.

1. Risks concerning business strategies

1-1. Risks concerning Retailing and FinTech environments		
<div>• Changes in consumption trends</div> <div>• Occurrence and intensification of competition</div> <div>• Expansion of the e-commerce market, and diversification of settlement methods</div> <div>• Revision of the taxation system and relevant laws</div>	Impact	<p>The Group's operations integrate Retailing and FinTech. The Group conducts operations at sales offices centered on the Tokyo metropolitan area and sales offices located throughout the country. We anticipate to see a decline in the number of visiting customers and transactions at stores due to changes in markets causing sluggish consumer spending, such as fluctuations in business conditions, changes in economic conditions, the declining population, intensifying competition, the expansion of the e-commerce market, and the rise in the sharing economy. In addition, the share of credit card usage in the market is expected to shrink as a result of the technological advances such as the diversification of settlement means associated with the transition to cashless payments, or changes in consumer behaviors. If these risks become apparent, the financial position and business results of the Group may be affected.</p> <p>In store operations, the Group has been building a stable earnings structure by transitioning to a business structure focused on shopping centers and fixed-term rental agreements. However, the financial position and business results of the Group may be affected by cancellation of fixed-term rental agreements with tenants and increased vacant floor space, both of which will lead to a decline in rental revenue, posting of impairment loss due to fluctuations in land prices, increased tax burden due to a revision of the taxation system, and other factors.</p> <p>Furthermore, allowance for doubtful accounts is provided with respect to operating receivables (accounts receivable-installment and operating loans) of cards that account for a large share of the Group's total assets, based on the occurrence of receivables in arrears, historical bad debt ratios, etc. However, payments in arrears and uncollected receivables could increase due to worsening economic conditions, changes in relevant laws, or other factors. The financial position and business results of the Group may be affected by a sharp increase in bad debt expenses or allowance for doubtful accounts, etc. Provision for loss on interest repayment has been provided to prepare for the repayment of interest on cash advances, by projecting the amount of future repayments based on the past actual repayments. However, if the amount of provision is insufficient for the amount of future claims for interest repayment, additional costs may be incurred.</p>
	Countermeasures	<p>We are pushing ahead with a marriage of internet and physical venues centered on our e-commerce site "MARUI web channel." Marui and Modi stores have been working to realize the co-existence of physical venues with e-commerce and to constantly improve facility value by working to promote "digital native stores" to accommodate the post-digital era. The Group is working to diversify touchpoints with customers by having stores also play a complementary role to digital. Moreover, we endeavor to broaden our customer base and increase the number of customers by advancing "Customer Diversity and Inclusion," providing products and services that bring joy to all customers, regardless of their age, physical characteristics, or gender.</p> <p>Recognizing the promotion of the transition to cashless payments as a big opportunity, the FinTech segment responds to diversified payment methods by increasing EPOS Gold and Platinum cardholders and encouraging them to use their EPOS card as their main card by implementing the strategy of maximizing the share of EPOS card payments among household finances, such as the rent guarantee services business. Moreover, aiming to realize financial inclusion with the goal of providing everyone with the financial services they need when they need them, regardless of income or age, we provide initial credit by utilizing big data based on credit expertise acquired from the time of our founding, as well as credit monitoring under the belief that "creditability should be built together with customers." We have achieved a low ratio of delinquent debt by increasing credit limits based on usage frequency and transaction amounts and payment history.</p>

1-2. Risks concerning Co-Creative Investment		
<ul style="list-style-type: none"> <li>• Uncertainty of return on investment</li> <li>• Risk of impairment loss on investment in unlisted companies</li> <li>• Fluctuations in prices of investment securities</li> </ul>	Impact	The Group is promoting "Co-Creative Investment," investing in growing companies as part of its measures to accelerate investments in intangible assets. We aim to create value greater than the sum of individual businesses by building a business model integrating Retailing and FinTech with "Co-Creative Investment." In executing investments, we conduct a preliminary detailed review through confirmation of the financial conditions and contracts of prospective investees, etc., and interviews with their management, to fully examine risks. However, in cases where a problem that cannot be identified through preliminary investigation is found, e.g., the occurrence of a contingent liability or the discovery of unrecognized debt, or depending on future business performance or changes in business policies of the investees, the expected outcome may not be achieved, leading to the recording of an impairment loss. Furthermore, listed shares held by the Group may be affected by price fluctuations depending on stock market trends.
	Countermeasures	In selecting investees, we prepare our own plan based on a business plan obtained from the investee, and make investment decisions after checking profitability including not only financial returns but also cooperative returns to be generated from cooperation with the Group. Most importantly, in "Co-Creative Investment," we believe that we can contribute to mitigating investment risks and increasing returns by realizing "co-creation" by uniting resources of the credit card business, the retailing business, and human resources involved in them, with intangible assets such as investees' know-how and skills, and by greatly contributing to the achievement of their business plans and development as a corporation. In principle, we will not engage in cross-shareholdings except for cases in which such holdings are deemed necessary for maintaining or building upon collaborative or transactional relationships that are strategically critical for improving corporate value. At a meeting of the Board of Directors held in February 2016, it was determined that the Company had already established sufficiently strong business relationships with cross-shareholding counterparties, and it was therefore decided to undertake a phased reduction in cross-shareholdings out of consideration for asset efficiency and stock price fluctuation risks.

## 2. Risks concerning natural disasters, infectious disease, etc.



2-1. Risks concerning large-scale disasters		
<ul style="list-style-type: none"> <li>• Stagnation of economic activities and decline in consumption activities</li> <li>• Damage to assets held and occurrence of repair costs</li> <li>• Suspension of business activities due to damages to offices and systems, and adverse impact on employees</li> </ul>	Impact	The Group conducts operations at sales offices centered on the Tokyo metropolitan area and sales offices located throughout the country. In the event of a natural disaster such as a large-scale earthquake or storm/flood, or a terrorist attack in areas where sales offices are located, the sales offices may be forced to suspend business activities due to the disruption of social infrastructure, etc., and this may affect the financial position and business results of the Group.
	Countermeasures	The Group prepares against various disasters and accidents by taking measures such as introducing an employee safety confirmation system, formulating a disaster counter-measures manual, implementing earthquake-resistant measures for buildings, facilities, systems, etc. (including data backup), fire, disaster, and flood prevention drills, and stocking necessities. In the event of an earthquake, etc., the Group Earthquake Disaster Response Headquarters is established and Group companies work together to establish systems that enable business continuity.
2-2. Risks concerning climate change		
<ul style="list-style-type: none"> <li>• Damages to stores and facilities from typhoons, torrential rains, etc.</li> <li>• Introduction of carbon taxes, etc., along with the tightening of regulations</li> </ul>	Impact	The financial position and business results of the Group may be affected by damage to stores from flooding caused by typhoons and torrential rains, and an increase in costs due to the introduction of carbon taxes, etc.
	Countermeasures	The Group believes it is important to capture opportunities for growth and respond appropriately to relevant risks resulting from climate change. Please refer to "Initiatives Related to Climate Change and Endorsing the TCFD" on page 91 for information on MARUI GROUP's climate change response measures and initiatives based on the recommendations of the Task Force on Climate-related Financial Disclosures.

2-3. Risks concerning infectious disease		
<ul style="list-style-type: none"> <li>• Stagnation of economic activities and decline in consumption activities</li> <li>• Refraining from or suspending business activities at stores due to the spread of infection</li> <li>• Suspension of business activities due to infection of employees</li> </ul>	Impact	The Group conducts operations at sales offices centered on the Tokyo metropolitan area and sales offices located throughout the country. If an infectious disease is prevalent in areas where sales offices are located or if measures such as voluntary restraints on going out are taken to prevent the spread of infection, the financial position and business results of the Group may be affected by restrictions on business activities such as suspension of store operations. Furthermore, it may become difficult to continue business due to the spread of infection among employees. Please refer to "Response to COVID-19" on page 93 for information on MARUI GROUP's response to the global COVID-19 pandemic.
	Countermeasures	In order to prevent the spread of infectious diseases, employees mainly based at offices are encouraged to remotely work from home as much as possible, while those in charge of logistics, such as e-commerce, work in shifts. In addition, we are taking infection preventative measures for our customers and employees at sales offices, such as installing alcohol antiseptic solution dispensers, requiring the wearing of masks, and ensuring the adherence to social distancing. In response to the spread of COVID-19, placing top priority on the health and safety of our customers, business partners and employees, opening hours of our stores were shortened and urban stores were temporarily closed in March to prevent the spread of infection. After a state of emergency was declared in April, all stores were closed except for food corners and certain tenants. Please refer to "Response to COVID-19" on page 93 for information on MARUI GROUP's response to the global COVID-19 pandemic.

## 3. Risks concerning corporate operations

3-1. Risks concerning fund procurement		
<ul style="list-style-type: none"> <li>• Constraining fund procurement</li> <li>• Raising fund procurement interest rates</li> </ul>	Impact	The FinTech segment is expected to grow, with card shopping transactions increasing and financial services including rent guarantee expanding. Amid this situation, the Group expects to see an expansion of cash demand owing to an increase in operating receivables (accounts receivable—installment and operating loans). Accordingly, new funds will be needed in addition to handling repayments and redemption of funds previously procured. We anticipate that risks concerning fund procurement will grow as the procurement amount will gradually increase in the future. In the case of turmoil in the financial market, fund procurement may be constrained. Furthermore, a substantial deterioration of the business results of the Group or a rapid decline in its creditability would make it difficult to borrow from financial institutions and hinder issuance of corporate bonds. If these risks become apparent, they may materially affect the financing of the Group. In addition, as fund procurement interest rates fluctuate depending on the market environment or other factors, procurement costs may sharply rise depending on such trend, and this may affect the financial position and business results of the Group.
	Countermeasures	The Group seeks to maintain a level of interest-bearing debt to around 90% in order to control the risk arising from an increase in debts. In raising fund procurement interest rates necessary for operating activities, we will diversify the procurement methods we use by indirectly procuring funds from financial institutions, directly procuring funds through issuance of corporate bonds and commercial paper, as well as liquidating operating receivables. We also utilize these procurement methods in a balanced manner. In order to cope with the risk of refinancing, we maintain consistent annual repayment and/or redemption levels by controlling the years of procurement. We have established a system to ensure procurement even if fund procurement is restricted, by executing commitment line contracts or establishing overdraft facilities with financial institutions for such amounts to ensure liquidity. As for the procurement interest rate, we minimize the impact of an increase in procurement costs due to the fluctuations in market interest rates by maintaining the procurement methods with fixed interest rates at a rate of 50% to 60%.

3-2. Risks concerning information security

<ul style="list-style-type: none"><li>• System failure due to an accident, defect, etc.</li><li>• Unauthorized entries and access from outside, and virus infection</li><li>• Leakage of customer information</li></ul>	Impact	1. System-related
		The Group employs a variety of computer systems and communication networks. In the event of a system error due to a hardware or software defect, or a communication network failure, a system delay, a service outage or the alteration of a website due to unauthorized access from outside, etc., it may affect the financial position and business results of the Group.
	2. Personal information-related	
	The Group maintains EPOS cardholder information and other personal information of many customers and stakeholders. If, by any chance, customer information is leaked or fraudulent use occurs, the Group may suffer the risk of losing social credibility and incurring liability for damages, which may affect the business performance of the Group.	
Countermeasures	1. System-related	
	The Group operates systems aiming at stable operation by duplicating computer systems and communication networks, replacing systems regularly, as well as preventing computer viruses or unauthorized entries. In addition, the Group strives to further strengthen information security by utilizing risk assessment by outside consultants.	
	2. Personal information-related	
The Group recognizes the enhancement of Groupwide information security, such as the protection of customer information and other information assets held by the Group against unauthorized access or cyber attack, as a top management priority. By establishing the MARUI GROUP Information Security Policy and the MARUI GROUP Privacy Policy, we are working to properly manage and protect all the personal information obtained.		
Specifically, based on the Act on the Protection of Personal Information, other laws and regulations, and relevant guidelines, standards, etc., we take safety management measures concerning personal information. At the same time, we continue to properly protect personal information by constant improvement through implementation and operation of the personal information protection management system.		
Specifically, our Group companies handling large amounts of personal information have acquired the "PrivacyMark" and practice appropriate handling of personal information.		
	Management Policies  <a href="http://www.0101maruigroup.co.jp/en/sustainability/theme04/risk.html">www.0101maruigroup.co.jp/en/sustainability/theme04/risk.html</a>	

3-3. Risks concerning human resources

<div>• Shortage of management personnel</div> <div>• Intensified competition for securing human resources</div>	Impact	We believe that growth of the Group can be attained by the development and contribution of each employee. If competition intensifies for the securing of human resources, an outflow of human resources occurs, and a consequent shortage in future management personnel becomes apparent, these may affect the evolution and continuity of our business.
	Countermeasures	The Group emphasizes the importance of human resource investments to accumulate the intangible assets that are a wellspring of future corporate value, based on the culture where all of our employees can tackle new challenges. We are currently creating an environment where employees can fully realize personal growth and are highly motivated owing to our conducting of systematic human resource investments from a variety of angles. These investments include education and training programs based on open application, and the Groupwide project teams that engage in discussions on important topics for Group management. These efforts also include the establishment of the Co-Creation Management Academy (CMA) future leader development program, which cultivates human resources capable of promoting management reforms, as well as the secondment of employees to start-up companies. Please refer to "Future Leader Development Program" on page 85 for details.



MARUI GROUP's 2050 Vision and Its Three Businesses  
[www.0101maruigroup.co.jp/en/sustainability/vision2050/3business\\_01.html](http://www.0101maruigroup.co.jp/en/sustainability/vision2050/3business_01.html)



MARUI GROUP Environmental Policy  
[www.0101maruigroup.co.jp/en/sustainability/theme03/environment\\_01.html#environment1](http://www.0101maruigroup.co.jp/en/sustainability/theme03/environment_01.html#environment1)

CASE STUDY

Initiatives Related to Climate Change and Endorsing the TCFD

Climate change should be considered as a climate crisis today. Recognizing climate change as one of its most important management priorities, MARUI GROUP aims to "limit the rise in the global temperature to below 1.5°C above pre-industrial levels," as presented in the Paris Agreement. The Group has strengthened its governance system to actively engage in creating a low-carbon society based on the long-term targets of the Paris Agreement in accordance with the MARUI GROUP Environmental Policy as revised in April 2020. At the same time, the Group has analyzed the potential impact of climate change on business, and is promoting initiatives in capturing opportunities for growth and responding appropriately to relevant risks resulting from climate change. The Group endorsed the recommendations of the TCFD, which was established by the Financial Stability Board, and disclosed information in its annual securities report for the fiscal year ended March 31, 2019, based on these recommendations. We conducted repeated analyses at this time to elaborate on opportunities and physical risks due to climate change. As we continue to focus on enhancing our information disclosure in the future, we will benchmark the appropriateness of the Group's responses to climate change using the TCFD recommendations to promote co-creation sustainability management.



**Governance**  
The Sustainability Committee was established in May 2019 as an advisory body to the Board of Directors, chaired by the Representative Director, for the purpose of examining and discussing the Group's basic policies and major items related to climate change. In addition, the Environment and CSR Committee was established as a subordinate of the Sustainability Committee for carrying out duties pertaining to the management of relevant risks and other matters based on its instructions. In formulating business strategies and implementing investment and financing, we will strengthen our governance related to climate change based on this system by comprehensively discussing and making decisions with considerations for the MARUI GROUP Environmental Policy and other major items related to climate change.

**Business strategies**  
(Business risks and opportunities)  
Recognizing that a 4°C rise in the global temperature resulting from climate change would have an enormous impact on society, we believe it is important to work together to contribute to the movement seeking to limit global warming to below 1.5°C above pre-industrial levels. In order to strengthen our ability to respond to scenarios below 2°C (with a target of 1.5°C), we will identify the impact of climate-related risks and opportunities on our business, and proceed to formulate relevant strategies.  
The Group aims to create a new business model integrating Retailing and FinTech with "Co-Creative Investment" that leads to mutual development, by investing in start-ups, etc., with which we can share our corporate philosophy or visions. Climate change would pose such risks as damages to stores, facilities, etc., from floods caused by typhoons and torrential rains, and an increase in costs due to the introduction of carbon taxes along with tightened regulations. On the other hand, we view the provision of goods and services responding to increased consumer environmental awareness and investing in eco-friendly companies as the Group's business opportunities.

(Analysis and calculation of financial impacts)  
Financial impacts on businesses are analyzed based on our climate change scenario, etc., and calculated by item as the amount of impact on income anticipated within the period through 2050. As physical risks, even if a rise in temperature is held below 1.5°C, we anticipate that flood damage will abruptly occur due to typhoons, torrential rains, etc. These risks are expected to affect rent revenues, etc., due to suspension of store operations (¥1.9 billion) and cause building damages (¥3.0 billion). We assessed the transition risks by estimating increases in future energy-related costs, which are expected to be renewable power procurement costs (¥0.8 billion) and the introduction of carbon taxes (¥2.2 billion). The relevant opportunities are expected to have an impact on store revenue as a result of proposing lifestyles to highly environmentally conscious consumers (¥1.9 billion), long-term revenue due to an increase in credit cardholders (¥2.6 billion), and return from investment in environmentally friendly companies (¥0.9 billion). We project long-term revenue owing to an increase in recurring payments due to credit cardholders using electrical power from renewable energy, leading to the conversion of cardholders to Gold cardholders (¥2.0 billion), a reduction of procurement costs resulting from entering the power retailing business (¥0.3 billion), and exemption from carbon taxes (¥2.2 billion). We will conduct analysis regularly based on various future trends, and continue to review our evaluations and disclose relevant information.

Assumptions	
Period covered	Present to 2050
Scope	All businesses of MARUI GROUP
Calculation requirements	<div>• Analyses based on climate change scenarios (IPCC, IEA, etc.)</div> <div>• Calculation of financial impacts assumed during the period by item</div> <div>• Calculation of risks in the amount of impact if an event occurs</div> <div>• Calculation of opportunities for lifetime value (LTV), in principle</div> <div>• Not considering infrastructure enhancements such as public works and technology advancements, etc.</div>



Please refer to the following website for information on recent activities (Japanese only).  
[www.0101maruigroup.co.jp/together/](http://www.0101maruigroup.co.jp/together/)

Response to COVID-19

With stakeholders' health and safety as a first priority, the Group is taking various measures. We would like to reflect on our relationships and further strengthen our partnerships in order to overcome the coronavirus crisis.

Customers

Marui and Modi stores shortened business hours and some of them temporarily closed for two days in March. After a state of emergency was declared, all stores were closed except for food corners and certain tenants. In the regions where the emergency declaration was lifted, stores gradually resumed operations by taking infection prevention measures, and all of the stores have resumed operations since June. With regard to EPOS cards, we determine any necessary changes to payment due dates, as well as inform customers using the card for rent settlement of the government's Housing Security Benefit system.

Business partners

Based on our co-creation philosophy aiming to enhance stakeholders' interests, the Group implemented measures for strengthening partnerships such as exemption of rent in its full amount during the stores' temporary closings. We will overcome this unprecedented crisis by strengthening partnerships with our business partners, and strive to enhance our corporate value over the medium-to-long term.

Shareholders and investors

The global situation is greatly changing and the outlook is uncertain due to the spread of COVID-19. We will, however, disclose information in a timely and appropriate manner. We will facilitate management trusted by shareholders and investors by securing business continuity and stability.

Employees

Employees placed on standby at home due to the temporary closing of stores were treated as taking special leave. At departments requiring employees to come to the office, such as call centers and logistics centers, we created an environment where staff can work with peace of mind by decentralizing offices and taking thorough measures to prevent droplet infection. At the head office, the implementation rate of teleworking has risen since laptop computers had been already introduced as part of work style reforms. A new work style has become common along with the infection prevention measures.

Initiatives for Building Stronger Relationships with Business Partners—Efforts to Overcome the Global COVID-19 Pandemic

10%–15% reduction of fixed rent and common area charges (for March)

Exemption of rent and common area charges in full amount for business partners' closing period

Removal of minimum guaranteed sales of business partners of consignment sales (for a period from March to August)

Return one to two months' worth of security deposits at their request (for business partners who had deposited for six months or longer)

Postponement of payments for a period from May to July by six months at their request

Assist customers in filing an "application for rent support grant"

### Crowdfunding Support through EPOS Cards

Epos Card Co., Ltd., started accepting donations to help combat the global COVID-19 pandemic in April 2020. These efforts were expanded upon in July 2020 through the establishment of a special website showcasing crowdfunding projects that customers can support on an individual basis. Through coordination with three crowdfunding companies, we allow customers to support crowdfunding through EPOS cards.

[www.to-mare.com/recent/2020/-action.html](http://www.to-mare.com/recent/2020/-action.html) (Japanese only)

Risks and opportunities associated with climate change				
	Changes in society	Risks faced by MARUI GROUP	Description of risks	Financial impacts
Physical risks	Flood damage due to typhoons, torrential rains, etc.*1	Suspension of store operations	Impact on rent revenues, etc., due to business suspension	Approx. ¥1.9 billion
			Building damages due to flooding (recovery of power supply facilities, etc.)	Approx. ¥3.0 billion
		Suspension of system centers	Groupwide suspension of business activities due to downed systems	Response completed*2
Transition risks	Increase in demand for renewable energy	Rise in renewable energy prices	Increase in energy costs due to renewable energy procurement	Approx. ¥0.8 billion (Annual)
	Tightening of government's environmental regulations	Introduction of carbon taxes	Tax increase due to carbon taxes	Approx. ¥2.2 billion (Annual)
	Changes in society	MARUI GROUP's opportunities	Description of opportunities	Financial impacts
Opportunities	Enhanced environmental consciousness and change in lifestyles	Propose sustainable lifecycles	Revenue from bringing in eco-friendly tenants, or other efforts	Approx. ¥1.9 billion*3
			Increase in sustainability-minded credit cardholders	Approx. ¥2.6 billion*4
			Returns from investments in eco-friendly companies	Approx. ¥0.9 billion
		Response to demand from general households for renewable energy	Revenue from credit cardholders using electrical power from renewable energy	Approx. ¥2.0 billion*5
	Diversification of electricity procurement	Entry into the power retailing business	Reduced intermediary costs due to direct procurement of electricity	Approx. ¥0.3 billion (Annual)
	Tightening of government's environmental regulations	Introduction of carbon taxes	Exemption from carbon taxes from achieving zero greenhouse gas emissions	Approx. ¥2.2 billion (Annual)

\*1 Assuming flooding of a river that will have the most significant effects based on hazard maps (Arakawa River) (three-month effect on two stores in the watershed areas)  
\*2 Assuming no financial impacts as a backup center has been established  
\*3 Increased rent revenues and credit card usage  
\*4 Calculated revenue from credit card admission and usage  
\*5 Calculated revenue from increased Gold cardholders due to recurring payments, etc.

Risk management

MARUI GROUP performs scenario analyses to track and assess the impacts of climate change on its business and identify climate change-related risks and opportunities. The identified risks and opportunities are managed in terms of strategy formulation and individual business operations through a promotion system centered on the Sustainability Committee. The content of deliberations by the Environment and CSR Committee, which comprises officers of Group companies (retailing, facility management, distribution, building management, etc.), is regularly reported and discussed at the Sustainability Committee, and reports and advice are provided to the Board of Directors as necessary for specific items. Going forward, strategies and measures will be examined based on a myriad of factors. External factors on which information will be shared include climate change and other trends that may impact corporate strategies as well as legal and regulatory revisions. Internal factors examined will include progress in the measures of Group companies and future risks and opportunities.

Indicators and targets

- The Group has set environmental efficiency (ratio of operating income to CO<sub>2</sub> emissions) and the ratio of circular revenue (ratio of circular sales/transactions to total Retailing segment transactions) as indicators for green businesses.
- Our Groupwide greenhouse gas emission reduction targets are as follows: an 80% reduction in emissions attributable to Scope 1 and Scope 2 and a 35% reduction attributable to Scope 3 from the level in the fiscal year ended March 31, 2017 by 2030 (a 90% reduction in emissions attributable to Scope 1 and Scope 2 from the level in the fiscal year ended March 31, 2017 by 2050); and they were certified as "targeting 1.5°C" by the SBT initiative in September 2019.
- The Group has set a target of procuring 100% of the electricity used in its business activities from renewable power sources by 2030 (medium-term target: 70% by 2025) and became a member of RE100 in July 2018.

