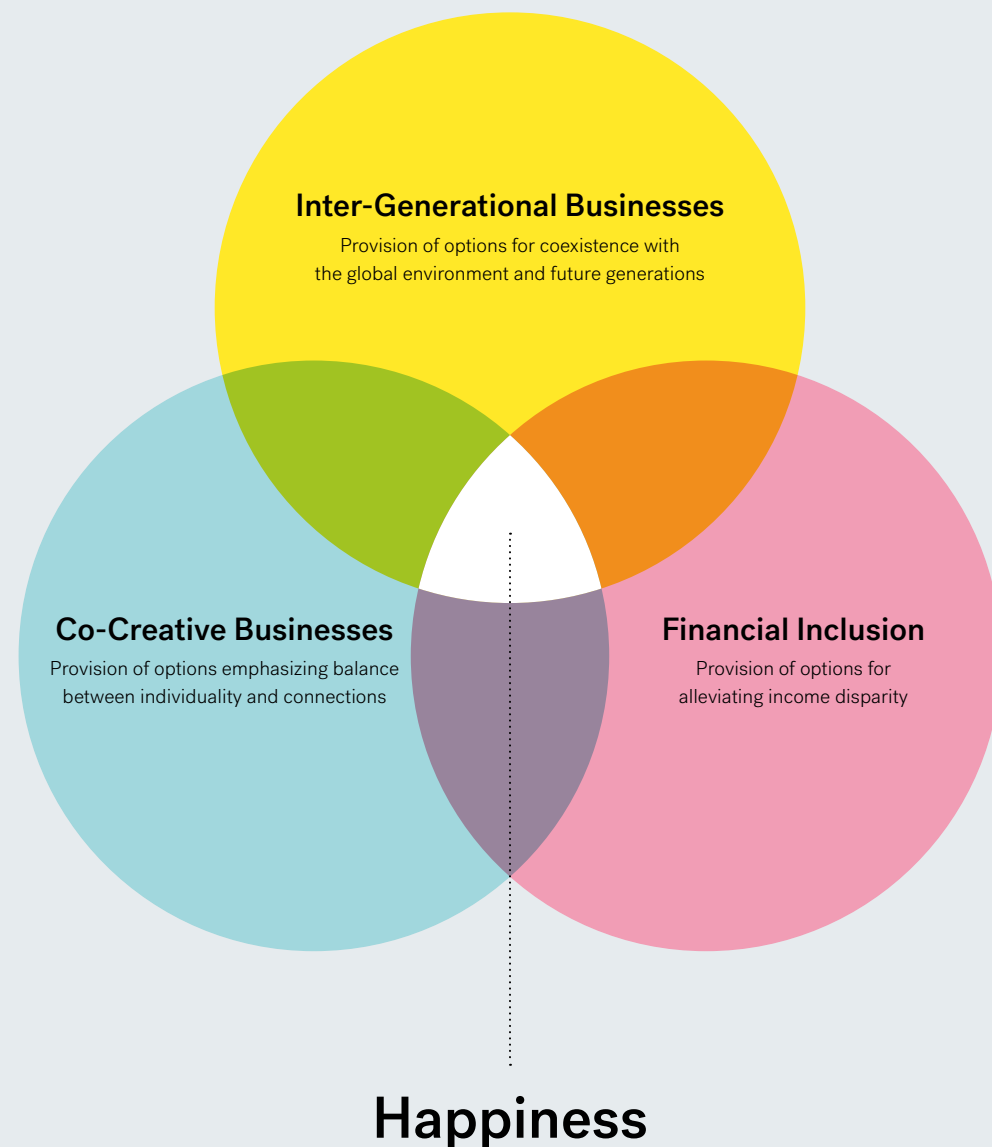


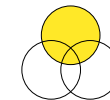
How can MARUI GROUP
help transcend dichotomies?

Three Businesses Founded on Co-Creation for Generating Happiness



By expanding the intersection between these three businesses and thereby generating happiness
for all people, MARUI GROUP's 2050 Vision can be realized.

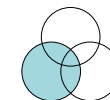
With eyes to 2050, MARUI GROUP has defined three businesses founded on co-creation as the instruments for realizing its vision of “harnessing the power of business to build a world that transcends dichotomies.” These three businesses capitalize on MARUI GROUP's core value—the co-creation of creditability—as well as on the strengths and platforms cultivated through existing businesses. Furthermore, the businesses overlap with one another, as opposed to being completely isolated. By expanding the intersection between these three businesses and thereby generating happiness for all people, including future generations, MARUI GROUP's 2050 Vision can be realized.



Inter-Generational Businesses

See pages 16–23

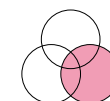
In the world of 2050, we expect only those businesses that coexist with the global environment will be able to survive. Moreover, forging a sustainable future in harmony with the global environment for future generations will require us to cultivate the younger generations that will shape society 30 years from now, growing them into leaders that can guide society. Recognizing this fact, MARUI GROUP has subdivided its inter-generational businesses into green businesses and human businesses, through which it will provide options for coexistence with the global environment and future generations.



Co-Creative Businesses

See pages 24–27

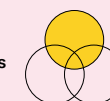
The rapid expansion of virtual space and the backlash against raw individualism will likely make the world of 2050 a world that emphasizes individuality while also finding value in connections that transcend the boundaries of country and race. MARUI GROUP functions as a platform to society, enabling it to provide spaces and services emphasizing balance between individuality and connections through co-creation with all the stakeholders that touch its value chain.



Financial Inclusion

See pages 28–31

We predict that a massive global market catering to low- and middle-income individuals will appear in the world of 2050. MARUI GROUP intends to extend its financial inclusion initiatives, which involve supplying financial services for everyone, beyond their current home in the domestic market into overseas markets. Through this undertaking, we aim to provide options for alleviating income disparity and other concerns regarding money felt by people around the world.



Inter-Generational Businesses

MARUI GROUP is developing inter-generational businesses that cater to the interests of both current and future generations. We recognized that building a sustainable society and global environment through business requires co-creation with the stakeholders that are future generations. When looking at environmental issues, one can avoid taking action if they only think of current generations. However, if one considers children and future generations, it is clear that immediate action is required. MARUI GROUP views this action as an ethical responsibility.

MARUI GROUP's PROMISE

MARUI GROUP promises to develop businesses by 2050 that increase the interests of both current and future generations.

PROVIDE WHAT?

Options for coexistence with the global environment (green businesses)

Options for coexistence with future generations (human businesses)

TO WHOM?

People dreaming of a sustainable society and global environment

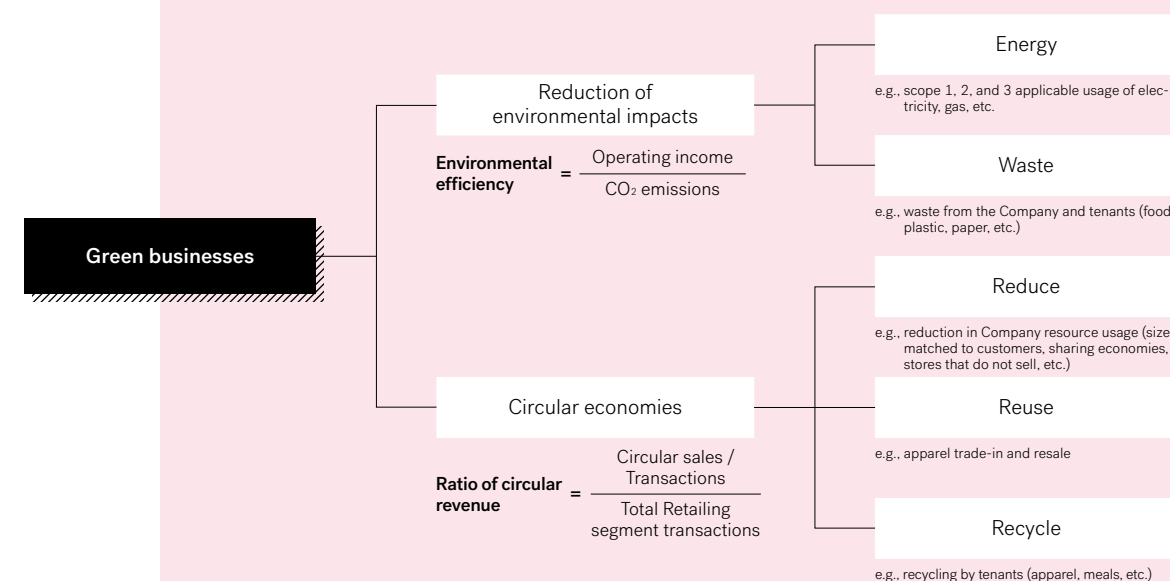
All members of current and future generations



Options for Coexistence with the Global Environment

MARUI GROUP defines inter-generational green businesses as businesses that provide sustainable options for coexistence with the global environment which transcend the current and future generations. Activities and investments for reducing environmental impacts can place downward pressure on short-term earnings in the form of costs. However, if we avoid these actions, we will burden future generations with the disadvantages of environmental issues. Adopting renewable energy, for example, requires short-term costs to make the necessary initial investments. Viewed from a long-term perspective,

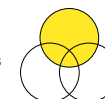
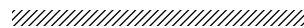
however, these investments will create sustainable value for future generations. Initiatives for reducing CO₂ emissions, meanwhile, are themselves sources of innovation for creating new green businesses and thus have the potential to increase long-term earnings. In recognition of this fact, MARUI GROUP has set key performance indicators (KPIs) for its long-term targets that are linked to activities for reducing environmental impacts and to earnings. By managing these KPIs, we will advance environmental issues as a business.



Long-Term Targets

Medium-Term Targets (5 years in the future)	Long-Term Targets (10 years in the future)	Ultralong-Term Targets (30 years in the future)
Environmental efficiency 10.2 <ul style="list-style-type: none"> 20% reduction in greenhouse gas emissions* 70% of electricity sourced from renewable energy 60% rate of resource recycling 	Environmental efficiency 15 or more <ul style="list-style-type: none"> 40% reduction in greenhouse gas emissions 100% of electricity sourced from renewable energy 70% rate of resource recycling 	Environmental efficiency 20 or more <ul style="list-style-type: none"> 80% reduction in greenhouse gas emissions 100% rate of resource recycling
Ratio of circular revenue 30% or more	Ratio of circular revenue 40% or more	Ratio of circular revenue 50% or more

* Approximately 99% of greenhouse gas emissions from MARUI GROUP were in the form of CO₂ emissions in the fiscal year ended March 31, 2018.

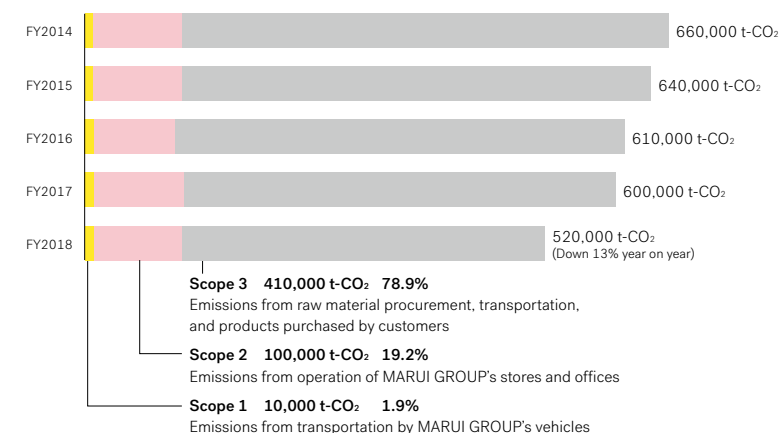


Overview of CO₂ Emissions and Priority Issues

Utilizing defined standards for calculating CO₂ and other greenhouse gas emissions, MARUI GROUP has been calculating emissions based on Scope 1 and Scope 2 (emissions from MARUI GROUP) and Scope 3 (emissions from the value chain outside of MARUI GROUP) since the fiscal year ended March 31, 2014. Third-party verification has been received for these emissions calculations since the fiscal year ended March 31, 2017.

Emissions applicable under Scope 1 and Scope 2 are CO₂ emitted from MARUI GROUP itself while emissions applicable under Scope 3 represent CO₂ emitted throughout the Company's value chain. The Company has realized reductions in total CO₂ emissions across the value chain for five consecutive years. Seeking to prioritize the reduction of its own CO₂ emissions (Scope 1 and 2), MARUI GROUP has established clear reduction targets based on scientific rationale, which were certified by the Science Based Targets initiative. We are making steady progress toward lowering environmental impacts based on our long-term targets.

MARUI GROUP's CO₂ Emissions across the Value Chain



In 2018, MARUI GROUP became the first Japanese retailing company to be included in the Climate A-List, signifying that it engages in superior climate change response initiatives. Approximately 7,000 companies from across the globe were investigated during the process of compiling the 2018 Climate A-List, and a total of 126 companies were selected.



In the fiscal year ended March 31, 2018, MARUI GROUP established the targets of achieving a 40% reduction in Groupwide total greenhouse gas emissions attributable to Scope 1 and Scope 2 from the level in the fiscal year ended March 31, 2017, by the fiscal year ending March 31, 2031, and a 35% reduction in Scope 3 emissions over the same period. In addition, we have set a long-term target of pursuing an 80% reduction in the combined volume of Scope 1 and Scope 2 emissions from the level in the fiscal year ended March 31, 2017, by the fiscal year ending March 31, 2051. These targets have been certified by Science Based Targets.

Decision to Change Source of Electricity

Roughly 80% of MARUI GROUP's CO₂ emissions (Scope 1 and 2) are attributable to electricity use. To lower these emissions, we have proceeded to implement electricity conservation activities, including the introduction of electricity-saving equipment at Marui and Modi stores and offices and the reduction of overtime through work style reforms.

At the same time, it can be expected that electricity use will increase as business model reforms result in the installation of additional kitchens and refrigerators in stores to accommodate increased food vendors and as distribution centers are operated 24 hours a day through the AutoStore robotic warehouse system to accommodate the trend toward e-commerce. MARUI GROUP has thus chosen to pivot away from reducing electricity use to changing the source of its electricity to renewable energy, setting the targets of sourcing 70% of its electricity from renewable energy by 2025 and sourcing 100% by 2030.

Evolution from Reducing Environmental Impacts to Providing Options for Coexistence with the Global Environment

MARUI GROUP's CO₂ emissions reduction activities go beyond simply lowering environmental impacts to function as green businesses that provide options for coexistence with the global environment through co-creation with customers, business partners, and investors.

For example, MARUI GROUP procured ¥10.0 billion through its issuance of the first green bonds to be offered by a Japanese retailer in October 2018 to further it toward its goal of sourcing 100% of its electricity from renewable sources.* The seven domestic institutions that expressed intent to invest in these bonds praised them as "options for ESG investment."

Furthermore, MARUI GROUP is examining the possibility of providing EPOS cardholders with electricity generated from renewable sources through co-creation with Minna Denryoku Co., Ltd. Moreover, by encouraging customers to pay their monthly electricity bills with their EPOS card, we provide sustainable options while developing MARUI GROUP's business.

* MARUI GROUP has received a second opinion regarding the eligibility of its initiatives for green bonds in the form of a third-party evaluation from ESG evaluation company Sustainalytics. This evaluation verified that the Company's initiatives were highly reliable, contributed to meaningful improvements, and conformed to the four conditions of the 2018 Green Bond Principles.



In July 2018, MARUI GROUP became a member of the international initiative RE100 to more effectively pursue its target of sourcing 100% of its electricity from renewable energy by 2030.



MARUI GROUP helped establish a framework for a stable and prioritized supply of renewable energy through a business and capital alliance with Minna Denryoku, the first company in Japan to realize power supply traceability.



MARUI GROUP was the first Japanese retailer to declare its endorsement of the Task Force on Climate-related Financial Disclosures. The Company plans to begin disclosing information pertaining to climate-related risks, opportunities, and financial impacts in March 2019.

Message from a Green Business Representative



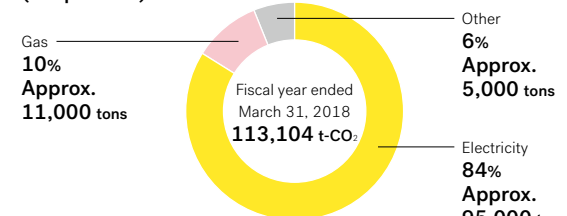
Hirotugu Kato

Director and Senior Executive Officer
Chief Digital Officer,
General Manager, IR Department
In charge of Corporate Planning
and ESG Promotion
MARUI GROUP CO., LTD.

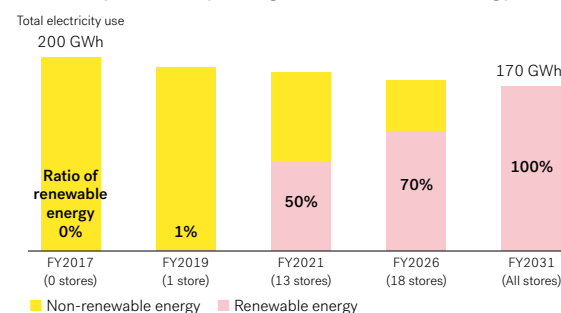
Transcending of the Dichotomy between the Interests of Current Generations and Future Generations

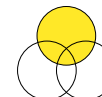
MARUI GROUP engages with all of its stakeholders while practicing co-creation management to expand the intersection between the interests of different stakeholders. We recently added future generations to the groups of stakeholders that we consider. This move clarifies our intent to focus on the interests of not just current generations but also future generations or, in other words, to conduct management with an eye toward increasing lifetime value. This move is thus crucial to upgrading our co-creation management approach to co-creation sustainability management. Moreover, the perspective this move brings is vital to green businesses. In 2016, we were basing energy procurement decisions purely on price, which led to ESG-minded investors pointing out that our CO₂ emissions had increased. This decision may have seemed rational when only considering the interests of current generations. However, it likely came at the expense of the interests of future generations and thus risked saddling them with environmental issues and other substantial burdens. It was for this reason that the KPIs for green businesses were set to transcend the dichotomy between the interests of current generations and future generations and to increase lifetime value without becoming overly preoccupied with the interests of either party. I am confident that achieving the targets for these KPIs will effectively enhance our co-creation sustainability management.

Breakdown of MARUI GROUP's CO₂ Emissions (Scope 1 & 2)



Roadmap to Accomplishing 100% Renewable Energy Goal





Circular Economy for Transcending Dichotomy between Apparel Supply and Demand

In Japan, approximately 1 million tons of apparel items are thrown away each year, and less than 30% of apparel items are reused or recycled.* MARUI GROUP's efforts to address this social issue started in 2010 when it began accepting trade-ins of clothing and shoes that customers no longer needed and reusing these items. We later expanded our efforts to reduce waste by developing products that were matched to customer needs.

Today, however, the apparel supply and demand gap is widening (see graph below). The nearly 1.5 billion apparel items produced in excess of consumer demand are not purchased and are therefore disposed of as waste. If this serious social issue is left unchecked, the social costs of these wasted resources will become the burden of future generations. MARUI GROUP seeks to overcome this issue by creating sharing and other new businesses and promoting a circular economy model to turn wasted resources into profits.

* Source: Organization for Small & Medium Enterprises and Regional Innovation

Shift from Ownership to Use Offering Environmental Value

MARUI GROUP has expanded the scope of its ongoing reduction initiatives to incorporate the concept of a shift from ownership to use advocated by the circular economy model. This decision was the impetus for our creation of sharing businesses that handle articles such as clothing, bags, and watches and our reorientation toward experience-providing stores that do not sell. We see sharing-oriented circular economies as having the potential to offer environmental value. Taking a dress that a person will only wear once as an example, rather than that person owning the dress, it would be better for MARUI GROUP to own the dress instead and rent it to multiple customers so that they can use it when needed. This situation would create environmental value by reducing the number of new dresses produced. Moreover, service value would also increase as customers have the joy of choosing from a wider selection of products because they will only use them once. By providing customers with options for coexistence with the global environment that are enjoyable and waste free, we aim to increase the volume of transactions associated with circular economies.

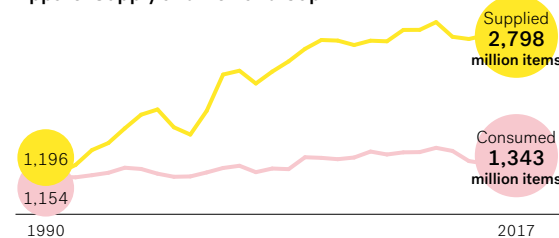


Rakuchin Kirei series shoes are designed through planning meetings with customers to realize levels of comfort that guarantee shoes are not thrown away due to discomfort stemming from mismatched sizes. We are expanding our lineup of these shoes to cover 100% of foot sizes with the goal of providing shoes matched to the unique physical characteristics of each customer.



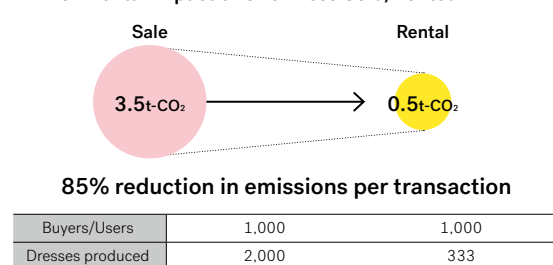
DRENI is a directly operated dress rental shop. This new store offers rentals of dresses for which opportunities to wear are limited, thus creating leeway in customers' finances and closets and enabling customers to try out designs and colors that they would be hesitant to purchase, making for a new business that is friendly to the environment and to customers' wallets.

Apparel Supply and Demand Gap



Source: Kojima Fashion Marketing Co., Ltd. www.fcnc.co.jp/ (Japanese only)
Numbers of items supplied are calculated by adding imported and domestically produced items (excluding undergarments). Numbers of items consumed are estimated based on the average numbers of annual purchases per household and the total numbers of households described in household surveys by the Ministry of Internal Affairs and Communications.

Environmental Impact of One Dress Sold/Rented

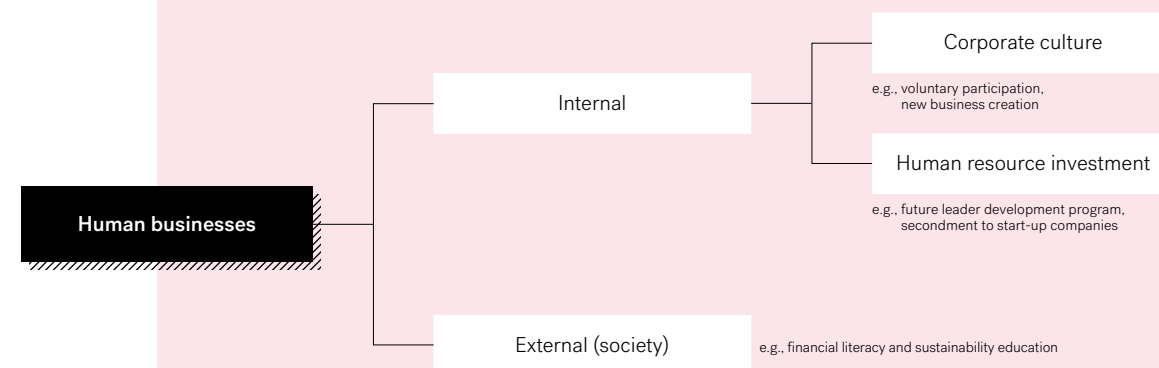


Source: MARUI GROUP CO., LTD.

Options for Coexistence with Future Generations

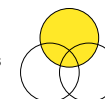
One of MARUI GROUP's missions is to increase the happiness of all people, including those of future generations. Our vision for 2050 and the long-term targets for the three businesses were established to guide us in fulfilling this mission. However, the accomplishment of this vision and targets will require us to enhance our corporate culture in order to foster human resources with a capacity for empathy, which is the ability to share one's beliefs and understand others, and a propensity for innovation, which is a drive for autonomous action. It is stated in MARUI GROUP's philosophy that we should "equate the

development of our people with the development of our company." Accordingly, we see a company as being a platform for supporting the growth of its people. Companies are thus only able to grow when they effectively operate this platform. MARUI GROUP's long-term targets provide a wide range of options for coexistence with future generations through co-creation with external entities, which will be conducted alongside human resource investment and the cultivation of a corporate culture that fosters a propensity for innovation founded on co-creation.



Long-Term Targets

Medium-Term Targets (5 years in the future)	Long-Term Targets (10 years in the future)	Ultralong-Term Targets (30 years in the future)
<ul style="list-style-type: none"> Annual human resource investments of ¥1 billion or more (continued over the long term) Voluntary participation by 10,000 employees or more each year (continued over the long term) 	<ul style="list-style-type: none"> Aggregate total of 120 or more future MARUI GROUP leaders cultivated Aggregate total of 4,000 or more individuals capable of creating future value cultivated 	<ul style="list-style-type: none"> Aggregate total of 10,000 or more individuals capable of creating future value cultivated Financial and sustainability education for future generations overseas



Ongoing Human Resource Investments for Realizing 2050 Vision

Human resource investments are recorded as expenses for accounting purposes, causing short-term declines in profit. However, ongoing human resource investments are essential to carrying out our philosophy: “equate the development of our people with the development of our company.” More importantly, MARUI GROUP emphasizes the importance of human resource investments to accumulate the intangible assets that are a wellspring of future corporate value. This belief has prompted us to disclose and track human resource investment amounts and trends since the fiscal year ended March 31, 2017. The Company plans to conduct human resource investments in the fiscal year ending March 31, 2019, for cultivating human resources for the future totaling ¥1,030 million, a year-on-year increase of over 40%. Furthermore, we intend to conduct approximately ¥1,000 million worth of human resource investments each year going forward to ensure the accomplishment of MARUI GROUP’s 2050 Vision.

Cultivation of Corporate Culture for Fostering a Propensity for Innovation

MARUI GROUP began building frameworks for encouraging employees to grow through voluntary participation in the fiscal year ended March 31, 2017. New business fields require completely different success models. Accordingly, we are advancing an organization-wide push to foster a propensity for innovation that drives employees to autonomous thought and action, seeing everything as relevant to themselves, founded on the capacity for empathy that we have aspired to since our founding.

Initiatives to this end have included Groupwide project teams for broadening employees’ perspectives and dispatches to business schools as well as secondment to start-up companies creating new businesses, work-experience programs in Africa through ultralong-term research associations, assistance for future planning via financial seminars, and the establishment of Singularity University and other research organizations. Furthermore, the Co-Creation Management Academy was established as a future leader development program to address one of the issues identified when evaluating the effectiveness of the Board of Directors. Through this program, each year 20 candidates are selected to participate in a yearlong curriculum during which they learn about management. In the fiscal year ending March 31, 2019, the third iteration of this program was enhanced with a view toward participants becoming managers of MARUI GROUP as well as improved post-completion skill improvement support and revised evaluation systems.



Groupwide project teams serve as forums for in-depth, forward-looking discussion on themes that will affect the Company or society from a medium-to-long-term perspective.



The Medium-Term Management Visionary Committee is a venue for brisk discussion about important themes pertaining to future management.



MARUI GROUP’s future leader development program allows participants to learn about management perspectives through a yearlong curriculum established under the supervision of outside organizations and external directors.

Declaration of Support for UN Standards of Conduct for Business for Tackling Discrimination of LGBTI Individuals

Eliminating discrimination of LGBT individuals is imperative to expanding the range of options for connections with others and for coexistence with future generations. In December 2018, MARUI GROUP declared its support for the Standards of Conduct for Business for tackling discrimination against LGBTI individuals, becoming the first Japanese retailer to do so. Furthermore, the statement that individuals are not to suffer discrimination on the basis of sexual identity or sexual orientation is included in the Company’s labor agreements and the MARUI GROUP Human Rights Policy states that “we stand in opposition of all discrimination, whether on the basis of race, nationality, religion, ideology, biological sex, age, physical characteristic, gender identity, or sexual orientation, and exercise respect for the personalities and individuality of all people.” In addition, the scope of application of human resource systems pertaining to spouses was expanded in April 2018 to include not only spouses from legal marriages but also spouses from common-law marriages and same-sex partners. In conjunction with this change, the word “spouse” was replaced with “partner” in these systems.

Financial and Sustainability Education for Future Generations

MARUI GROUP provides financial education that emphasizes coexistence with future generations. Financial literacy in Japan is lower than in other countries. MARUI GROUP seeks to address this issue with Money Seminars and other financial education programs designed to provide opportunities to think about asset building conducted through tsumiki Securities Co., Ltd., a securities company that started service in August 2018. Looking ahead, we hope to supply a wide range of options by offering financial literacy education overseas as well.

MARUI GROUP also publishes messages in the LGBT section of the children’s newspaper published by The Mainichi Newspapers Co., Ltd., for elementary school students. The goal of these messages is to raise awareness regarding LGBT individuals. In addition, we team up with the NPO ReBit to construct educational materials designed to bestow basic knowledge on LGBT individuals to elementary school students.



MARUI GROUP has been awarded the highest rating of gold in the PRIDE INDEX for two consecutive years from work with Pride, an organization that seeks to create comfortable workplaces for LGBT individuals and other sexual minorities through initiatives that go beyond the boundaries of companies.



MARUI GROUP is formulating plans to provide financial education to elementary school students as part of its sustainability education for future generations. By teaching students about the advantages and disadvantages of money and the options for using, saving, and increasing their money, we hope to alleviate concerns for the future pertaining to money and improve financial literacy among future generations.

Message from a Human Business Representative



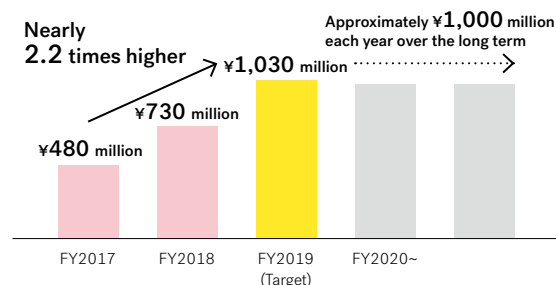
Tomoo Ishii

Director and Senior Managing Executive Officer
Chief Security Officer and Chief Health Officer
In charge of Audit, General Affairs, Personnel, and Health Promotion
MARUI GROUP CO., LTD.

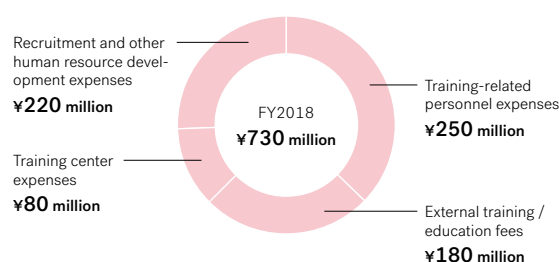
Refinement of Propensity for Innovation by Increasing Knowledge and Expanding Perspectives through Learning Opportunities

One of the dichotomies to be faced in the future is that of people versus AI. This dichotomy is rooted in the fear of people being replaced by AI. However, there are opportunities to be gleaned from this dichotomy if one takes a positive outlook, believing in their own skills and potential, rather than such a negative one. Part of our philosophy is to “equate the development of our people with the development of our company.” The driving force behind such development is voluntary learning. It is for this reason that frameworks for voluntary participation have been incorporated into our human resource systems, project team activities, and all other aspects of our organization in order to cultivate a corporate culture encouraging a strong appetite for growth. I feel that an important mission of mine is to help refine our propensity for innovation by increasing the knowledge and expanding the perspectives of employees through learning opportunities while fostering altruistic human resources. I therefore hope to accelerate our growth initiatives to ensure that MARUI GROUP is always a company that benefits society.

Human Resource Investments for the Future



Breakdown of Human Resource Investments



Co-Creative Businesses

MARUI GROUP's co-creative businesses are geared toward transcending dichotomies that cause division, such as those separating senior citizens, LGBT individuals, and non-Japanese individuals from others; those dividing races; the dichotomy between current and future generations; and that between short-term profits and environmental destruction. Our goal in these businesses is to include previously excluded people through products and services as well as through co-creation to contribute to the interests of all parties. By exercising its core value—the co-creation of creditability—MARUI GROUP will provide options emphasizing balance between individuality and connections through its co-creative businesses.

MARUI GROUP's PROMISE

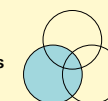
MARUI GROUP promises to step up co-creation and open innovation activities to provide services emphasizing connections between people by 2050.

PROVIDE WHAT?

Spaces and services that foster connections between all stakeholders as a platform for society

TO WHOM?

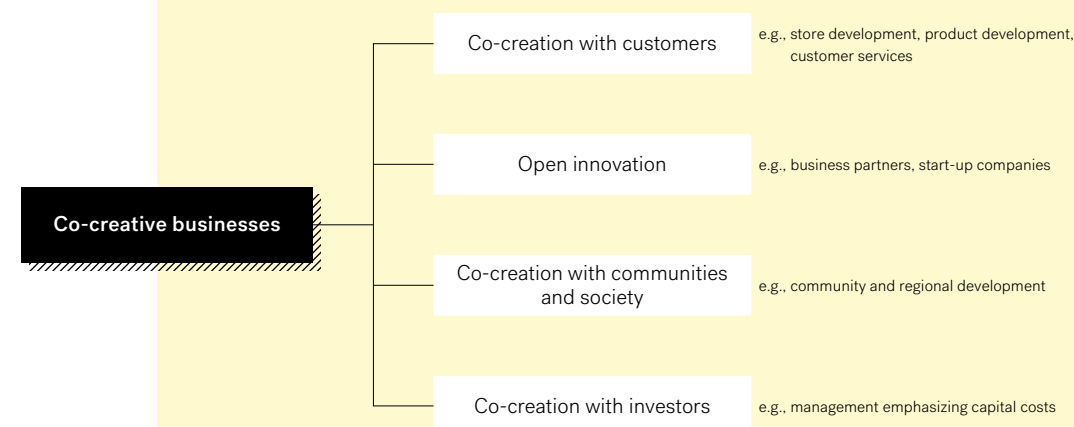
People valuing individuality
People valuing connections



Options Emphasizing Balance between Individuality and Connections

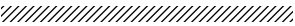
Co-creative businesses provide options for members of mature societies that emphasize individuality while also valuing connections. In these businesses, a capacity for empathy—the ability of employees to adopt the view-points of various stakeholders to understand their thinking and their pain—is of utmost importance. MARUI GROUP seeks to expand the intersection between the interests (happiness) of six groups of stakeholders, including future generations, and co-creation activities with

stakeholders are a vital part of this process. Among the long-term targets defined below are those pertaining to co-creation activities that contribute to improved corporate value. These targets are emblematic of our commitment to expanding options as part of MARUI GROUP's daily co-creation activities, embodiments of the credit philosophy that "creditability should be built together with customers," as options for stakeholders.



Long-Term Targets		
Medium-Term Targets (5 years in the future)	Long-Term Targets (10 years in the future)	Ultralong-Term Targets (30 years in the future)
• Co-creation with aggregate total of 100,000 or more customers*	• Co-creation with aggregate total of 500,000 or more customers*	• Co-creation with aggregate total of 1,000,000 or more customers*
• Open innovation with 100 or more companies	• Open innovation with 500 or more companies	• Open innovation with 1,000 or more companies
• Engagement with 50 or more communities	• Engagement with 100 or more communities	• Engagement with 200 or more communities
• 50 or more cases of engagement leading to increased corporate value	• 100 or more cases of engagement leading to increased corporate value	• 300 or more cases of engagement leading to increased corporate value

* The number of customers that take part in MARUI GROUP's business process through planning meetings or other venues



Origin of Inclusion—Co-Creation with Customers

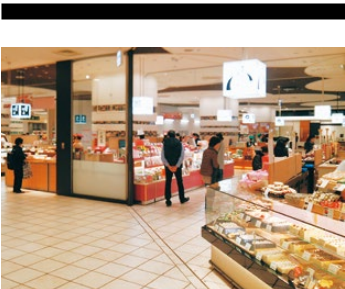
The origin of co-creation can be found in the act of valuing both individuality and connections with others, a sentiment that has been part of MARUI GROUP's operations since its founding. Regardless, there was a chapter of our history during which we were too bound by past successes and too focused on the perspectives and thinking of industry and of the Company itself. To overcome this management crisis, we chose to return to the point of origin of co-creation. Forming the new philosophy of "continue evolving to better aid our customers," we completely revamped our prior, Company-centric store development, product creation, and credit card operation practices. This undertaking gave rise to planning meetings with customers, which are forums for incorporating customers into all business processes and practicing co-creation with them. Rakuchin Kirei series shoes and EPOS cards were both products of this co-creation.

A prominent example of co-creation with customers can be seen at Hakata Marui, which was opened in 2016. Prior to opening this store, we held more than 600 planning meetings with customers, involving an aggregate total of over 15,000 people in the process. Input from customers led to a store development process that overturned prior conventions through innovations such as the introduction of food vendors on entry levels. The view of co-creation born out of collaboration with customers is the origin of MARUI GROUP's co-creative businesses.

Evolution of Co-Creation Store Development Approach

MARUI GROUP reframed the expertise and capacity for empathy it cultivated at the sites of co-creation pertaining to store development, product creation, and customer service from the perspectives of its wide-ranging stakeholders, including senior citizens, LGBT individuals, and non-Japanese. This reframing expanded our focus from the happiness of customers to the happiness of all stakeholders. We then incorporated social issues into our conventional co-creation activities from the perspective of inclusion, making it possible to broaden the reach of our main business. Increases in co-creation with customers effectively enable us to include previously excluded individuals, thereby expanding the interests (happiness) of stakeholders.

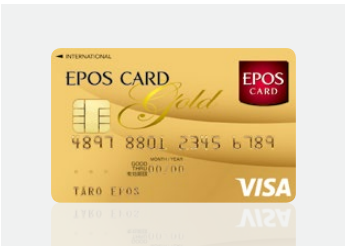
Meanwhile, the transition to shopping centers and fixed-term rental contracts transformed MARUI GROUP's stores into real estate-model businesses that rent space, which is expected to make co-creation with tenants even more significant than co-creation with customers.



Co-creation evolved to incorporate tenants at Marui Family Mizonokuchi. At this store, tenants are provided with explanations on MARUI GROUP's approach to co-creation and the goals of Marui Family Mizonokuchi when it is first decided that they will join the store. Moreover, tenants are invited to planning meetings with customers to take part in discussions so that they can reflect the needs of customers in their merchandising, services, and sales floor development.



Rakuchin Kirei series shoes are developed to provide a perfect fit based on input from customers that have felt discomfort with shoes or are unable to find the perfect size. With a focus on the balance between comfort, design, and affordability, we offer sizes ranging from 19.5 cm to 27.0 cm, covering 100% of foot sizes, all developed based on customer input.



Discussions were held with customers for the purpose of promoting usage among EPOS Gold cardholders, during which many wondered why we did not offer a family card. This was the inspiration for the EPOS Family Gold card, a card forged through repeated hypothesizing and verification via co-creation with customers to offer a unique service that values both individual independence and family bonds.

Co-Creation with Start-up Companies through Open Innovation

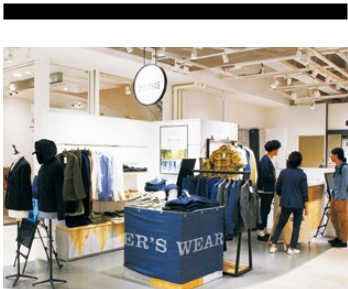
Valuing both individuality and connections with others requires expertise related to IT, AI, and other cutting-edge technologies, areas in which start-up companies excel. MARUI GROUP seconds its employees to such start-up companies to nurture perspectives that may lead to the creation of new, forward-looking businesses and to have them experience various opportunities to make decisions at their own discretion. Employees that have had this experience will help us combine different expertise to develop unprecedented co-creative businesses.

Co-Creation with Communities and Society

Co-creation with communities and society is made possible by infusing co-creation with customers with the perspective of inclusion. We have therefore been participating in RAINBOW PRIDE LGBT pride events, promoting regional development through collaborative events between popular anime works and local shopping districts, and engaging in other such activities. Furthermore, the AI and IT technologies developed through EPOS card operations have been used to produce the EPOS Pay QR code payment service. With this service, we are enhancing co-creative businesses that link customer convenience to community prosperity by expanding the range of stores at which this cashless payment service can be used.

Co-Creation with Long-Term Investors

Expanding the happiness of stakeholders requires the endorsement of long-term investors. ESG investment and other approaches toward investing in sustainability are investments in sustainability and thereby provide the option to move away from focusing on short-term profit to pursue sustainable growth over the medium-to-long term. Given the emphasis currently being placed on ESG investment, MARUI GROUP aims to facilitate the long-term expansion of stakeholder interests (happiness) through constructive dialogue with long-term investors that understand such principles.



As part of its collaboration with BASE, Inc., operator of the BASE smartphone shopping application, MARUI GROUP helped open SHIBUYA BASE, this company's first full-time physical venue, in Shibuya Marui. Leveraging MARUI GROUP's physical spaces for connecting with customers and its sales floor operation and sales know-how, SHIBUYA BASE provides a venue for customers to discover new brands and products offering fresh value.



The EPOS Pay QR code payment service was introduced following the conclusion of affiliate agreements with shopping districts and restaurants surrounding Nakano Marui, expanding the range of stores at which small-sum payments can be made, many of which did not previously accept EPOS cards. By creating regional economic spheres centered on customers, we aim to develop communities that link regions and customers.

Message from a Co-Creative Business Representative



Hajime Sasaki
Senior Executive Officer
President and
Representative Director,
MARUI CO., LTD.

New Value Created by Generating Happiness through Co-Creative Businesses

Everyone knows the importance of valuing both their individuality while coexisting with and valuing the happiness of others. In practice, however, we are often forced to compromise one of these values or to choose between them. At MARUI GROUP, we first faced this issue in our business a decade ago when we began developing shoes through co-creation with customers. These efforts led us to develop a wide range of shoe sizes to accommodate all customers, an undertaking that had previously been avoided due to its adverse impact on corporate earnings. After that, we expanded our co-creation activities to include product creation, store development, and other areas of operations, engaging with countless individuals on various issues through these activities. This process made me realize that co-creative businesses accommodating all customers brought happiness to large numbers of people by addressing previously neglected social issues while simultaneously creating unprecedented value. Looking ahead, I hope to expand the scope of our co-creation activities with customers, business partners, communities, society, and other stakeholders to create even greater value for the future.

Financial Inclusion

MARUI GROUP's policy of financial inclusion was arrived at by evolving the Company's co-creation management into co-creation sustainability management. Up until today, MARUI GROUP has continued to provide credit to younger generations and everyone else in order to overcome the social issue represented by the exclusivity of financial services to a limited range of wealthy individuals. EPOS cards will be evolved from a highly convenient business into a vessel for promoting financial inclusion going forward in order to establish a sustainability platform through which we can transcend the dichotomy represented by globally widening income disparity.

MARUI GROUP's PROMISE

**MARUI GROUP promises to provide financial services
to 10 million or more people worldwide by 2050.**

PROVIDE WHAT?

Financial services through credit cards
Peace of mind for the future through asset building
Financial services for low- and middle-income individuals worldwide

TO WHOM?

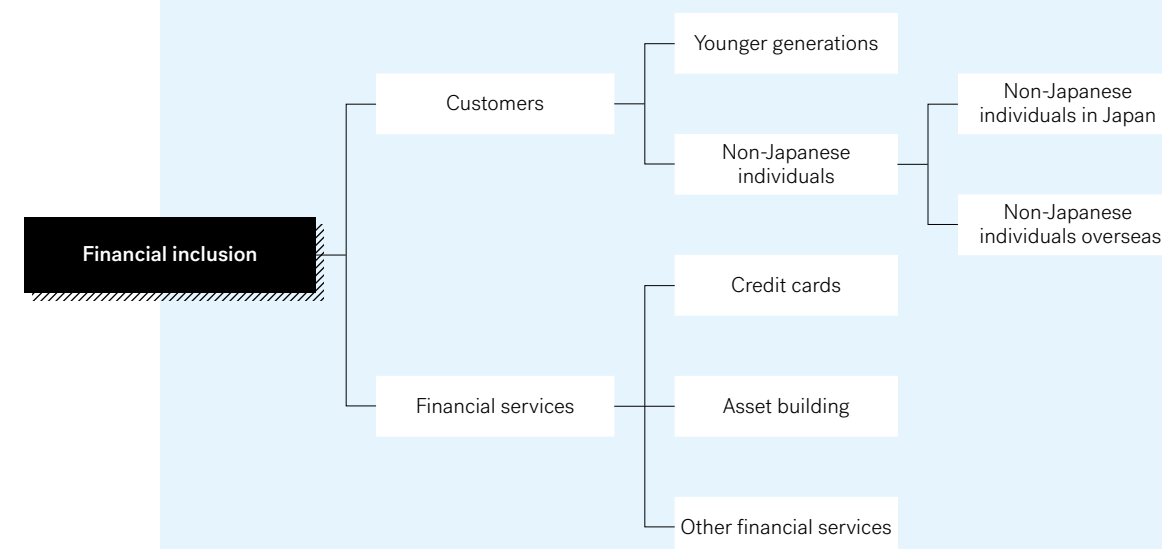
Younger generations and
all other customers
Non-Japanese customers
residing in Japan
Overseas customers to be
attracted in the future



Options for Alleviating Income Disparity

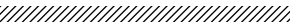
Through financial inclusion, MARUI GROUP seeks to resolve income disparity starting with existing EPOS cardholders. The majority of EPOS cardholders are in their 20s or 30s, meaning that many of them will find themselves in need of large amounts of money as their life stage changes. To communicate to these customers the importance of lifelong asset building, MARUI GROUP established a securities company, which became the first company in Japan to allow for investment trusts applicable under Tsumitate NISA to be purchased with credit

cards. We continue to expand the scope of our financial services for alleviating income disparity. Furthermore, we are expanding the range of options we offer to include non-Japanese residents of Japan with the goal of supplying new financial services that help them address the difficulties faced when going to school or working in Japan. Over the long term, we hope to provide these services both in Japan and overseas, and this aim is reflected in the following long-term targets.



Long-Term Targets

Medium-Term Targets (5 years in the future)	Long-Term Targets (10 years in the future)	Ultralong-Term Targets (30 years in the future)
• EPOS cardholders of 10 million or more	• Services provided to 1 million individuals through tsumiki Securities	
• Financial services provided to 5 million or more members of younger generations	• Financial services provided to 500,000 or more non-Japanese individuals	• Financial services provided to 10 million or more individuals worldwide
• Financial inclusion promoted through investment in 10 or more countries worldwide	• Financial inclusion promoted through investment in 20 or more countries worldwide	



Transcending of the Income Dichotomy through Credit Cards

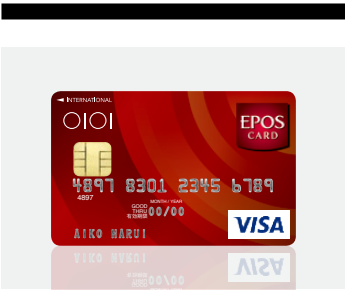
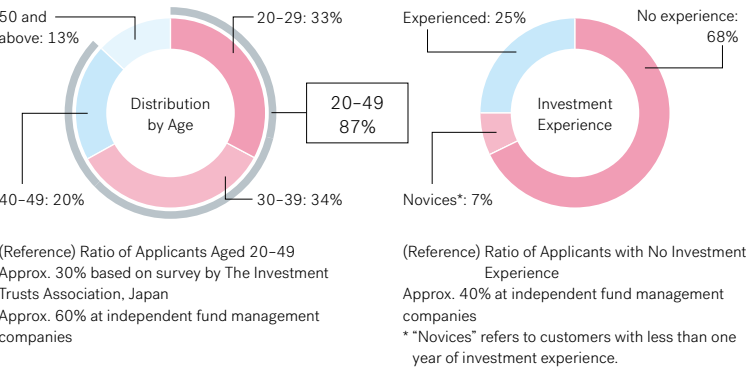
A part of MARUI GROUP's mission is to promote financial inclusion by providing financial services to all people, regardless of their age and income. Our decision to enter into the securities business was based on this mission. The majority of EPOS cardholders are in their 20s or 30s, and 70% of these cardholders are women. Input received from customers made us aware of their concerns for the future regarding money. Seeking to turn these concerns into hope and develop a service that will enable customers to increase their money with peace of mind, we arrived at the scheme of allowing customers to purchase investment trusts with credit cards, a world first. While lowering the hurdle for investment, this scheme makes it possible for customers to have payments for Tsumitate NISA applicable investment trusts be withdrawn from their account in a similar fashion to their monthly shopping or smartphone bills.

Potential and Challenges of tsumiki Securities

First offering service in August 2018, tsumiki Securities is a securities company specializing in cumulative investments, a form of investment that can be carried out with peace of mind even by first-time investors. This company offers customers four carefully selected trusts operated by three fund managers that share the same vision as MARUI GROUP and are committed to communicating the importance of asset building. Since it started offering this service, tsumiki Securities has received applications from approximately 13,000 individuals (as of January 2019), and the ratio of these applicants that were younger or first-time investors was much higher than that of existing financial institutions. This achievement is thought to be due in part to our customer base of 6.6 million EPOS cardholders, the ease of application via the Internet, and the convenience of credit cards. Another important factor was the staff that offer support to help alleviate apprehensions regarding asset building, making it feel more familiar to customers.

Looking ahead, tsumiki Securities will seek to promote the shift from savings to investment, which has yet to take off in Japan, in order to instill cumulative investment as a part of our culture. At the same time, cultivating employees capable of responding to customers' diverse asset building needs will be a task to be addressed over the foreseeable future.

Customer Statistics (As of December 2018)



EPOS cards are IC chip-equipped, multipurpose Visa cards with a cardholder base of approximately 6.6 million individuals (as of March 2018). A major characteristic of this cardholder base is the large portion represented by younger generations and women, demographics with high credit needs. This characteristic is a result of MARUI GROUP's unique expertise in assigning credit based on usage and payment histories, rather than age, profession, or income.



Cumulative investment specialist
tsumiki Securities Co., Ltd.

Fund manager	Trust name
Commons Asset Management, Inc.	Commons 30 Fund
Saison Asset Management Co., Ltd.	SAISON Vanguard Global Balanced Fund Saison Shisan Keisei no Tatsujin Fund
Rheos Capital Works Inc.	Hifumi Plus Fund



We opened a tsumiki Securities pop-up store on the first floor of Yurakucho Marui for one month beginning on October 14, 2018. During this period, customers were given the opportunity to experience tsumiki Securities' services, set up an account, or receive support to address questions, concerns, or issues related to cumulative investment. As another facet of our tailored support for customers offered through Marui stores, a fun talk event was held on October 26, 2018, in which participants discussed the benefits of cumulative investments.

Subscription-Based Business Dating Back to Founding

MARUI GROUP launched its business in 1931 by selling furniture to younger individuals through monthly installment payments. At the time, people who were new to the workforce could not borrow money. As such products became more readily available, monthly installment payments arose as a mechanism for putting those products in the hands of individuals that wanted them but could not necessarily afford them through a one-time cash payment. Under this system, the Company would lend money to customers, which they would pay back through monthly installments. This differed from one-time cash payments in that long-term relationships would be formed as customers repaid their debts in 10, 12, or even 24 installments. On reflection, it is clear that this business was an example of the financial inclusion that MARUI GROUP promotes today. It could also be said to have been a subscription-type business in which customers continued to make regular payments after purchase.

Potential of Financial Inclusion

With an increased focus on financial inclusion, MARUI GROUP will turn its attention to services that are both functional and have a strong subscription element, such as rent guarantee and asset building services for younger generations. We aim to create the ultimate subscription business by having customers pay for these services with their EPOS cards, thereby creating stable increases in lifetime value through recurring transactions. Furthermore, we intend to expand EPOS cards, a vessel for promoting financial inclusion, overseas in the future in order to evolve these cards into a sustainability platform and thereby provide options for transcending the dichotomy represented by globally widening income disparity.



The ROOM iD advance-payment rent guarantee service combines advance payments for rent with a guarantee service to eliminate the need for a guarantor when renting housing, a valuable service as it becomes more difficult to find a guarantor due to the aging population and falling birthrate. By merging MARUI GROUP's credibility, which enables it to provide advance-payment services, with EPOS cards, we have achieved impressive revenues from this service.



Non-Japanese individuals can face challenges in setting up their lives in Japan, whether when renting housing, acquiring a mobile phone, or applying for a credit card. To help address the living needs of non-Japanese individuals, we issued the GTN EPOS CARD through the combination of the database of non-Japanese individuals of Global Trust Networks Co., Ltd., and MARUI GROUP's credit card platform.

Message from a Financial Inclusion Business Representative



Yoshinori Saito
Senior Executive Officer
President and
Representative Director,
Epos Card Co., Ltd.

Global Promotion of Financial Inclusion

MARUI GROUP is promoting financial inclusion, the act of providing financial services to all people, regardless of their age or income. On this front, we have proceeded to develop businesses that are unparalleled in terms of growth, efficiency, and health. These businesses have been built through our credit card-based payment services provided largely to younger generations, our unique business model that defies the conventions of the financial and credit industries based on the credit philosophy that "creditability should be built together with customers," which has guided us since our founding, and our initiatives for transcending dichotomies as part of our long-term vision. We entered into the securities business in 2018. This move was representative of our commitment to expanding the range of financial services we offer, which currently include payment and asset building services, based on the concept of inclusion. Furthermore, we look to broaden our EPOS cardholder base by attracting younger generations as well as the growing non-Japanese population in Japan. We will also endeavor to improve financial literacy through distinctly MARUI GROUP initiatives in Japan, where financial education is lagging behind other countries, while promoting financial inclusion through investment on a global scale.