

VISION BOOK  
2050

CO-CREATION  
*with you*

MARUI GROUP's Quest to Create Happiness Together with Everyone

MARUI GROUP CO., LTD.



MARUI GROUP endeavors to help build a flourishing and inclusive society that offers happiness to all. *VISION BOOK*

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*2050* was published as a roadmap for

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the accomplishment of this goal. Please

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## MARUI GROUP's 2050 Vision

Harnessing the power  
to build a world  
transcends boundaries

# Power of business world that nichotomies

Why transcend dichotomies?

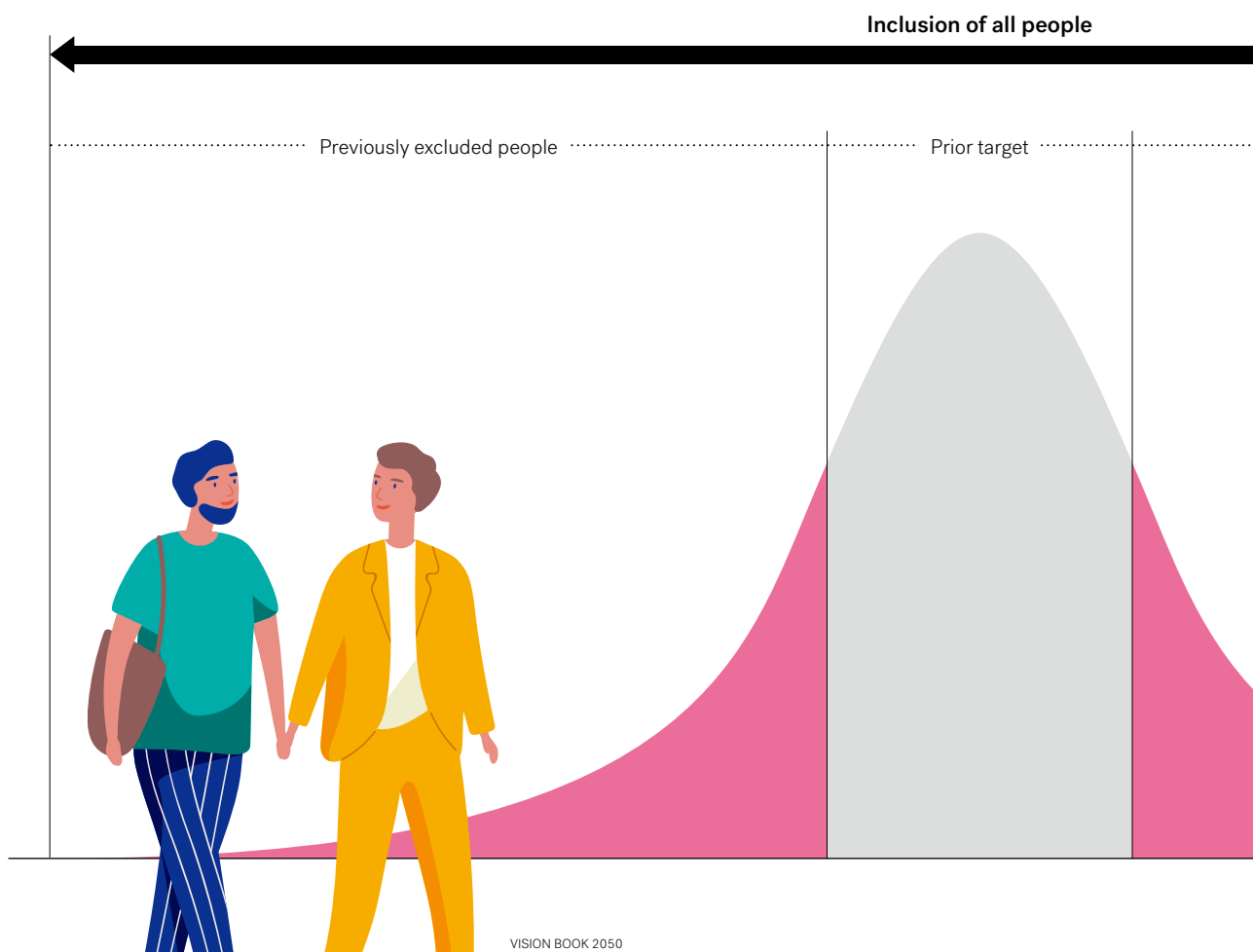
**We believe that transcending dichotomies will result in greater harmony and contribute to the realization of a more just and inclusive society.**



ending dichotomies  
ppiness for all and  
ation of a flourishing

How will MARUI GROUP help  
transcend dichotomies?

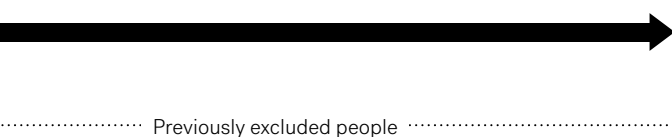
# Critical Importance of the Concept of Inclusion



MARUI GROUP envisions a world in which we have transcended all dichotomies to build a flourishing and inclusive society that offers happiness to all. A society cannot be said to be happy if happiness is only provided to certain groups. Only when happiness is available to all can society truly flourish.

Since its founding in 1931, MARUI GROUP has continued to evolve its unique business model merging retailing and finance to reflect the changes in the times and in customers, all the while being guided by the co-creation philosophy that “credibility should be built together with customers.” Today, the concept of inclusion—integrating and including individuals that had previously been excluded—infuses our quest to help shape the future. We believe that expanding the intersection between the interests of all people through inclusion is a shortcut to the realization of a flourishing and inclusive society that offers happiness to all.

Inclusion is both a philosophy and a strategy, a key principle for transcending dichotomies to resolve social issues while increasing corporate value.



As shown in the graph to the left, companies generally tend to focus on the large volume area represented by individuals that could be considered “average” among the population, excluding the outliers due to a perceived lack of applicable individuals. MARUI GROUP strives to include all people and generate happiness by incorporating and including individuals that have previously been excluded.



# An Afflicted World

Dichotomies divide a single concept into two sides and presume inconsistency or opposition between these sides. People have a natural tendency to categorize people and assume differences based on dichotomies such as men and women and children and adults. These dichotomies can sometimes create discrimination and disparities in treatment when used to divide or foster opposition between groups, as seen in the dichotomies between the able-bodied and people with disabilities and between the rich and the poor. Our world is afflicted by countless such dichotomies, and we can no longer turn a blind eye to this issue. If we continue to ignore the global-scale problems we face, content to live focused on the happiness and interests that lie before us, we will create a new dichotomy, between current generations and future generations, and invite an undesirable future.

## Previously Excluded Individuals

There is currently a global push for gender diversity to include women and LGBT individuals. In Japan, meanwhile, the number of non-Japanese residents has risen to approximately 2.5 million<sup>\*1</sup> and people with disabilities now number around 9.0 million,<sup>\*2</sup> which represents an increasingly larger portion of the total population and makes addressing the needs of such individuals a pressing task.

<sup>\*1</sup> Source: Ministry of Justice

<sup>\*2</sup> Source: Cabinet Office

## Isolation in Developed Countries

A sense of isolation is spreading throughout developed countries. For example, Japan ranks No. 1 in men feeling isolated and No. 2 in women among OECD (Organisation for Economic Co-operation and Development) member countries. Elsewhere, isolation is said to have an effect on the U.K. economy equivalent to ¥5 trillion a year.<sup>\*3</sup>

<sup>\*3</sup> Source: Campaign to End Loneliness

## Growing Middle Class in Asia

The middle class in Asia is expected to grow to represent 66% of the global population by 2030 while the income divide in OECD member countries is projected to increase 30% from the level in 2010 by 2060, reaching a disparity on level with the United States of today.<sup>\*4</sup>

<sup>\*4</sup> Source: OECD

## Persistence of Serious Poverty and Hunger Issues

Although poverty rates are falling across the globe, poverty and hunger remain serious issues. This situation will only be compounded as accelerated population growth drives up the demand for food.



## Climate Change, Resource Depletion, and the Shift toward Renewable Energy

Damage to the global environment is resulting in frequent urban disasters, disruption to the supply-demand balance of water, and resource depletion. Conversely, people should be shifting away from energy generated using oil and coal, known causes of climate change, to use renewable energy. In fact, renewable energy generated from natural sources is anticipated to account for 31% of all energy used around the world in 2040,<sup>\*5</sup> matching the amount of energy generated using oil and coal.

<sup>\*5</sup> Source: U.S. Energy Information Administration

## Circular Economy Transforming Waste into Profit

A circular economy is an economic model that entails extracting the maximum value from products, components, and resources while perpetually recycling and reusing these articles so as not to diminish their value. This model makes it possible to generate new profit using the mass quantities of garbage and other waste created around the world.

## Spread of Internet of Things and Control through Artificial Intelligence

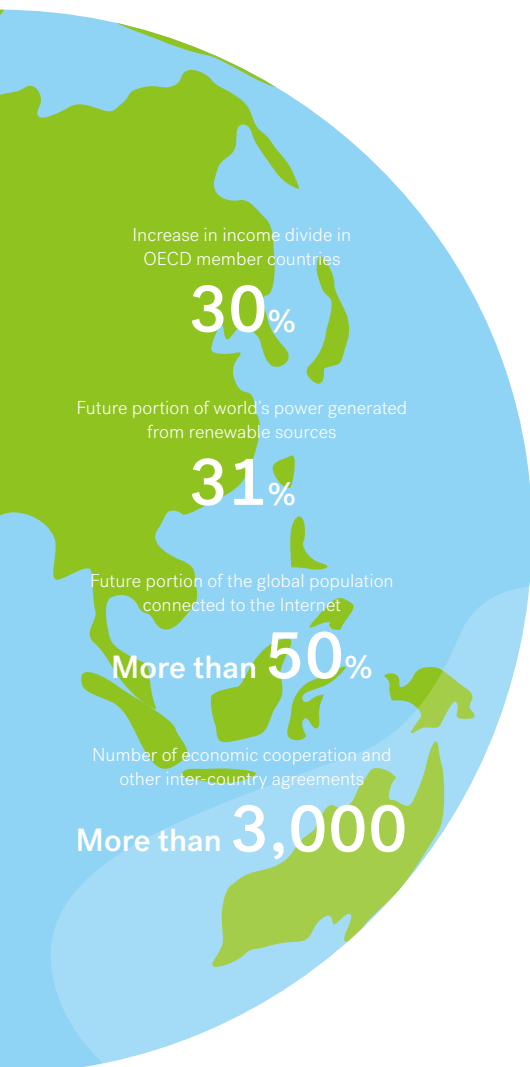
The Internet of Things, which entails connecting various articles to the Internet, is spreading ever-more rapidly, leading to exponential growth in the amount of data stored in electronic formats. At the same time, innovation and practical application of artificial intelligence (AI), biotechnology, and nanotechnology is a likely future. Moreover, the IT revolution is expected to create a world in which more than 50% of the population is connected to the Internet.<sup>\*6</sup>

<sup>\*6</sup> Source: Euromonitor International

## Connections and Divides between Countries

In the midst of the globalization trend, connections between countries are increasing, as seen in the more than 3,000 economic cooperation and other inter-country agreements in effect.<sup>\*7</sup> However, there is also a pushback against this trend that seeks to widen the divides between countries, which is exemplified by the United Kingdom's decision to leave the European Union and immigration policies of the United States.

<sup>\*7</sup> Source: United Nations Conference on Trade and Development



# The World of 2050

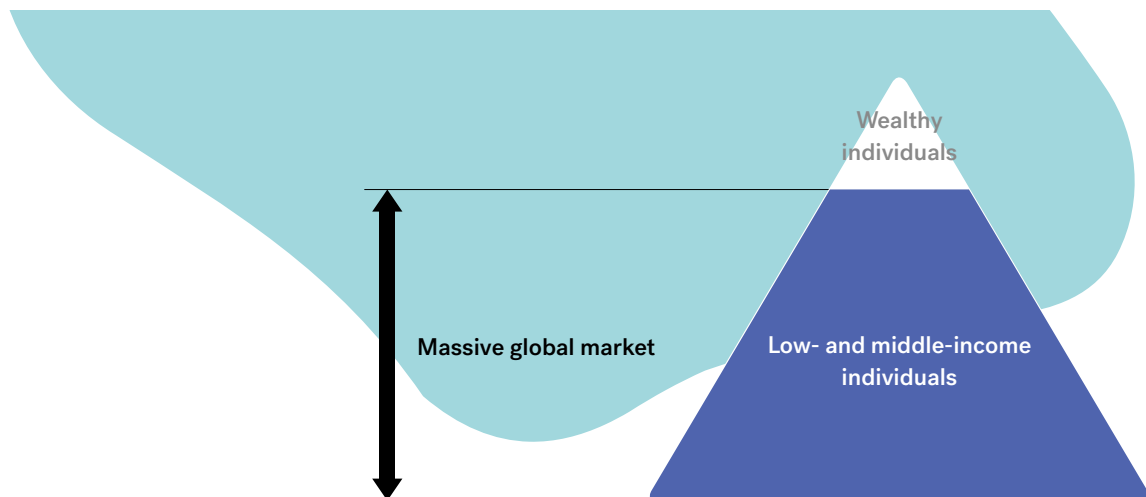
Understanding the current circumstances faced by the world, MARUI GROUP spent a year delving into the future that seems certain, the future that seems uncertain, and the future that, although seeming uncertain, is desirable to be made certain. We thereby are able to formulate a vision for the world of the future based on three predictions: the emergence of a focus on individuality that still values connections, the appearance of a massive global market catering to low- and middle-income individuals, and an increasing emphasis on businesses that coexist with the global environment. The vision for the world of 2050 arising from these three predictions is a world of interconnectivity between countries, races, and nature.

## 01 A World Focused on Individuality That Still Values Connections

The promotion of diversity will likely bring about a world in which all people, including senior citizens, LGBT individuals, expatriates, and people with disabilities, are able to exercise their individuality as a matter of course and in which the concept of a minority is non-existent. At the same time, technological progress will expand our virtual space, making it possible for people to enjoy and find value in connections that transcend the boundaries of country and race, all while maintaining their own sense of individuality.

## A world of interconnectivity between





## 02 A World Featuring a Massive Global Market Catering to Low- and Middle-Income Individuals

Rising income in developing countries and growing income disparity in developed countries can be expected to give rise to a society in which the traditional opposition between developing countries and developed countries is replaced by a new sense of opposition between low- and middle-income individuals and the wealthy. This opposition will generate various business opportunities associated with the shared social needs and challenges of low- and middle-income individuals worldwide and with education, healthcare, finance, and consumer services, giving rise to a massive global market.

**countries, races, and nature**



## 03 A World Emphasizing Businesses That Coexist with the Global Environment

The global environment will no doubt become unable to support the mass production and consumption trends seen thus far, heralding a world in which only those businesses that coexist with the global environment are able to survive. In this world, renewable energy that capitalizes on the power of nature and circular economies that turn wasted resources into profit will become commonplace fixtures. Furthermore, the people of the future will come to emphasize coexistence with the global environment in their purchasing behaviors and consumption activities, leading to the mainstream emergence of responsible consumers around the world.

**We wanted to build a sustainable society  
and global environment.  
We thus declared our commitment  
to march forward toward our vision.**



*Hiroshi Aoi*

**Hiroshi Aoi**

President and Representative Director  
Representative Executive Officer

We got our start in co-creation sustainability management in 2019 following the formulation of a long-term vision and targets for 2050. More than 30 years have passed since then. Have we realized this vision? Have we accomplished those targets? If our vision and targets have become a reality, even just a little, it is likely because the world was already leaning more in the direction we envisioned than had been anticipated. If we have failed in this quest, it is due to our lack of effort. The final judgment in this regard must be made by the people of 2050, the people we called “future generations” 30 years ago.

Recognizing this fact, I want to help future generations properly evaluate MARUI GROUP’s co-creation

sustainability management initiatives. For this reason, I would like to talk a little bit about how things were in 2018.

It may be difficult for the people of 2050 to imagine, but in 2018, when we formulated our long-term vision, the term “sustainability management” was not commonly used in Japan. This was only shortly after the United Nations Sustainable Development Goals, which put forth sustainability targets for 2030, had finally begun to catch on. In the equity markets, investment focused on environmental, social, and governance (ESG) factors was becoming more mainstream, particularly in Europe, but there were many who were still skeptical of the economic rationality of this approach.



In this environment, MARUI GROUP was among the first to embark on ESG initiatives in 2016. At the time, MARUI GROUP was in the process of cultivating a corporate culture in which all employees were inspired to practice autonomy and participate in guiding the Company. Accordingly, we were able to take ESG beyond a philosophy, transforming it into a business strategy in the hands of employees who exercised ownership. The result was improved corporate value.

On March 31, 2018, MARUI GROUP's stock price was over 2.2 times higher than on March 31, 2013, prior to our embracing ESG initiatives, exceeding the growth rate for earnings per share over the same five-year period by approximately 30 percentage points. Meanwhile, across-the-board declines in price earnings ratios were seen among the department stores and credit card companies that were our rivals. The higher valuation of MARUI GROUP clearly reflected the positive evaluation of our ESG initiatives.

We were overjoyed to have received such acknowledgment from investors and other stakeholders. Regardless, we did not allow ourselves to become complacent, rather choosing to forge ahead on this course. This was when we became driven to undertake full-fledged co-creation sustainability management.

A long-term vision and targets are indispensable to co-creation sustainability management. MARUI GROUP's employees and officers thus began a yearlong process of dialogue to formulate such a vision and targets. The vision we established for 2050 was "harnessing the power of business to build a world that transcends dichotomies."

This vision was prefaced on the sense that our world was facing a crisis at that point in time. This crisis could be seen in the decision of the United Kingdom to leave the European Union, which was in part a response to fears of mass immigration. It could be seen in then U.S. President Donald J. Trump's "America First" policy. This crisis threatened to destroy the pluralistic global society that Japan and other developed countries had labored to create. At the same time, growing income disparity was forming a common connection between people in

developed countries and developing countries. Meanwhile, climate change was affecting people around the world through frequent natural disasters and other impacts, making it impossible to ignore the severity of climate issues. It was an era characterized by the unprecedented emergence of dichotomies.

This was the backdrop for the start of MARUI GROUP's co-creation sustainability management. Furthermore, the process of thinking about management from a long-term perspective looking 30 years down the line made us realize something important.

Up until that point, MARUI GROUP had been working for the benefit of stakeholders, namely customers, investors, business partners, society, and employees. However, we realized that we were forgetting another important group of stakeholders: future generations. This realization affirmed the necessity of co-creation with future generations in our quest to help build a sustainable society and global environment through our business. Looking at environmental issues, for example, it may have been all right to continue on our current course if we only thought of our own generation. However, if we considered our children and future generations, it became apparent that immediate action was required. We viewed this action to be an ethical responsibility for us.

Our decision to engage in co-creation sustainability management was not for the sake of MARUI GROUP's sustainable growth alone. No, it was also because we wanted to build a sustainable society and global environment. It was our hope that all businesses would embrace sustainability. We became a frontrunner in this field to inspire them to do so.

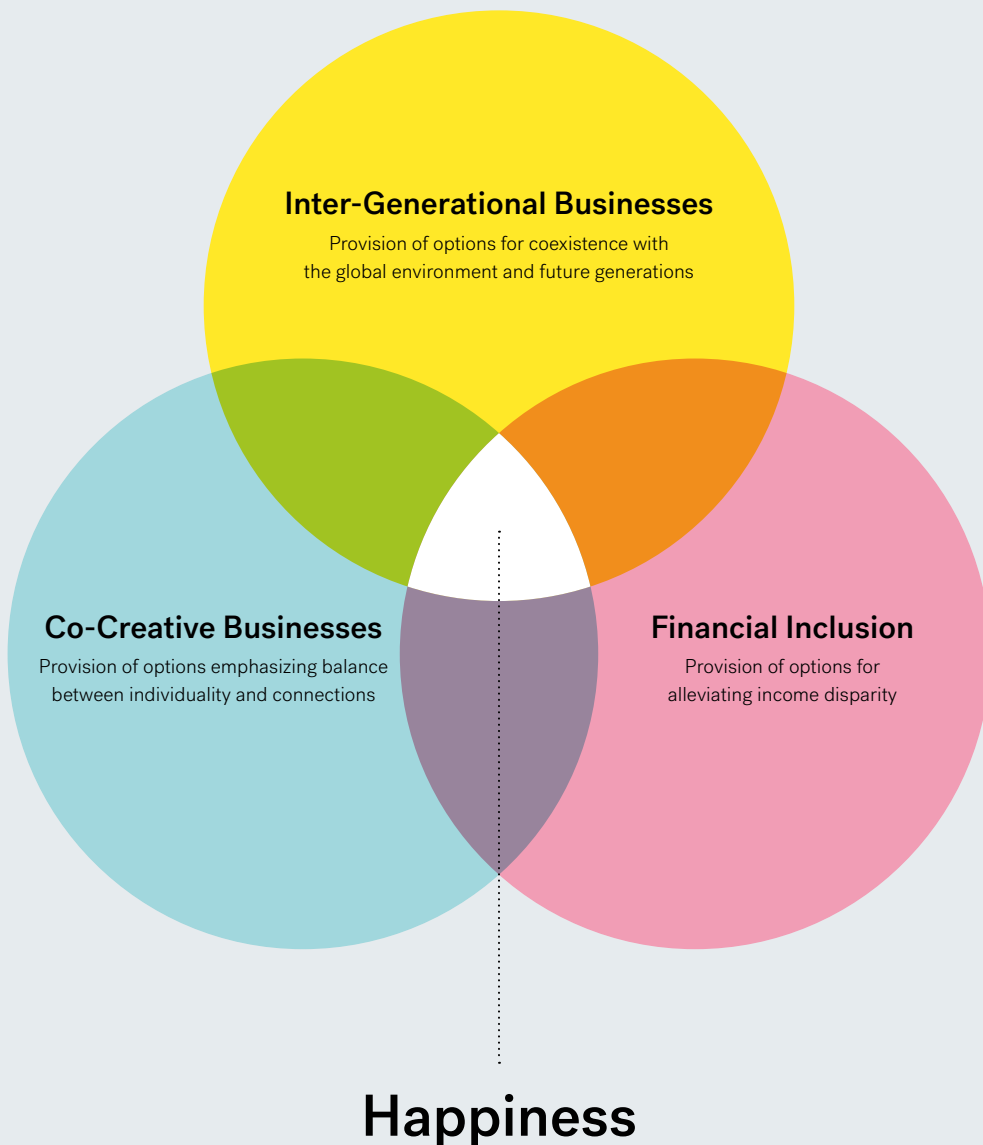
It is unlikely that I or many of my colleagues from 2019 will be around to see the extent to which our vision came true.

Regardless, in 2019 we declared our commitment to march forward toward our vision of the future we desire.

January 2019

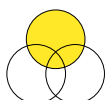
How can MARUI GROUP  
help transcend dichotomies?

# 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.

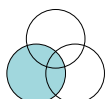


## Inter-Generational Businesses

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.



See pages 16–23

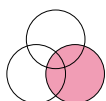


## Co-Creative Businesses

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.



See pages 24–27



## Financial Inclusion

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.



See pages 28–31

## 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)**

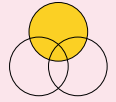
**Options for coexistence with future generations (human businesses)**

### TO WHOM?

**People dreaming of a sustainable society and global environment**

**All members of current and future generations**

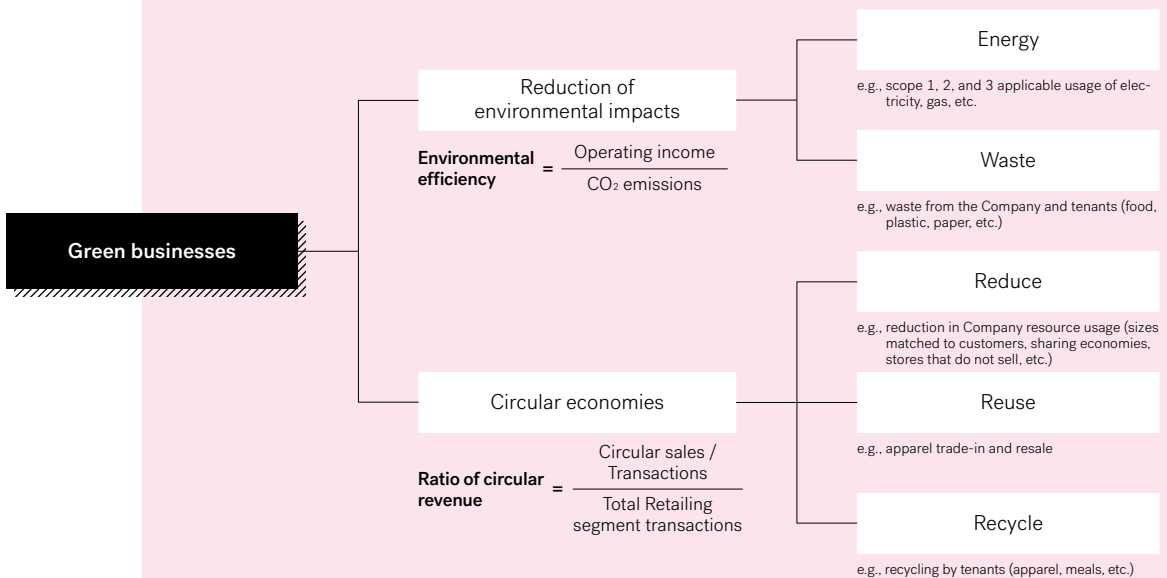




## Options for Coexistence with the Global Environment

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,

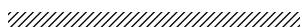
however, these investments will create sustainable value for future generations. Initiatives for reducing CO<sub>2</sub> emissions, meanwhile, are themselves sources of innovation for creating new green businesses and thus have the potential to increase long-term earnings. In recognition of this fact, 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)
<b>Environmental efficiency 10.2</b> <ul style="list-style-type: none"> <li>• 20% reduction in greenhouse gas emissions*</li> <li>• 70% of electricity sourced from renewable energy</li> <li>• 60% rate of resource recycling</li> </ul>	<b>Environmental efficiency 15 or more</b> <ul style="list-style-type: none"> <li>• 40% reduction in greenhouse gas emissions</li> <li>• 100% of electricity sourced from renewable energy</li> <li>• 70% rate of resource recycling</li> </ul>	<b>Environmental efficiency 20 or more</b> <ul style="list-style-type: none"> <li>• 80% reduction in greenhouse gas emissions</li> <li>• 100% rate of resource recycling</li> </ul>
<b>Ratio of circular revenue 30% or more</b>	<b>Ratio of circular revenue 40% or more</b>	<b>Ratio of circular revenue 50% or more</b>

\* Approximately 99% of greenhouse gas emissions from MARUI GROUP were in the form of CO<sub>2</sub> emissions in the fiscal year ended March 31, 2018.



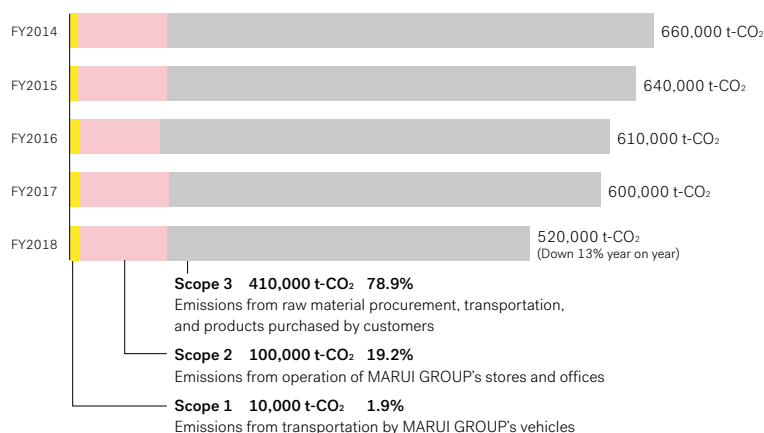
## Provision of options for coexistence with the global environment and future generations

### Overview of CO<sub>2</sub> Emissions and Priority Issues

Utilizing defined standards for calculating CO<sub>2</sub> 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 CO<sub>2</sub> emitted from MARUI GROUP itself while emissions applicable under Scope 3 represent CO<sub>2</sub> emitted throughout the Company's value chain. The Company has realized reductions in total CO<sub>2</sub> emissions across the value chain for five consecutive years. Seeking to prioritize the reduction of its own CO<sub>2</sub> 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 CO<sub>2</sub> 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.

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#### Message from a Green Business Representative

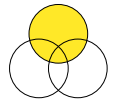


#### Hirotugu Kato

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 CO<sub>2</sub> 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.



### Decision to Change Source of Electricity

Roughly 80% of MARUI GROUP's CO<sub>2</sub> 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 CO<sub>2</sub> 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.

**RE 100 | °C**

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.

**みんな電力**

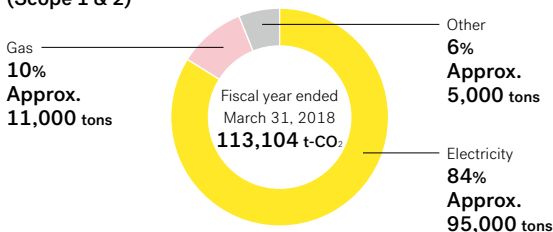
Minna Denryoku Co., Ltd.

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.

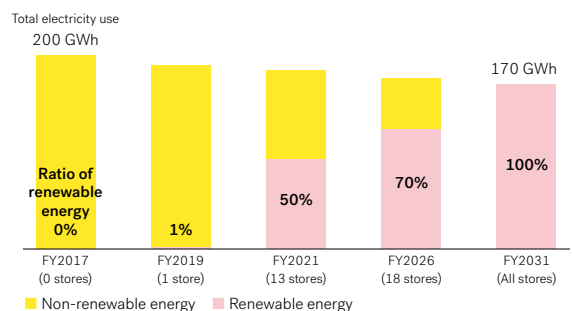
**TCFD** TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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.

### Breakdown of MARUI GROUP's CO<sub>2</sub> 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.

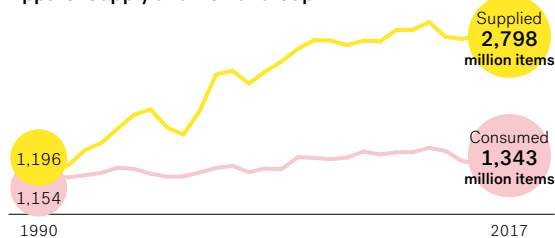


Rakuchin Kirei series shoes are designed through planning meetings with customers to realize levels of comfort that guarantee shoes are not thrown away due to discomfort stemming from mismatched sizes. We are expanding our lineup of these shoes to cover 100% of foot sizes with the goal of providing shoes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



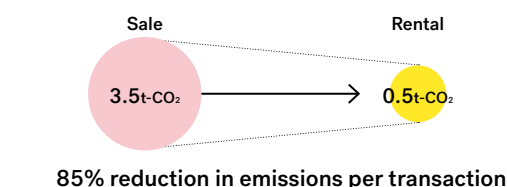
DRENI is a directly operated dress rental shop. This new store offers rentals of dresses for which opportunities to wear are limited, thus creating leeway in customers' finances and closets and enabling customers to try out designs and colors that they would be hesitant to purchase, making for a new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

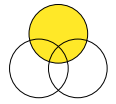
## Environmental Impact of One Dress Sold/Rented



Buyers/Users	1,000	1,000
Dresses produced	2,000	333

Source: MARUI GROUP CO., LTD.

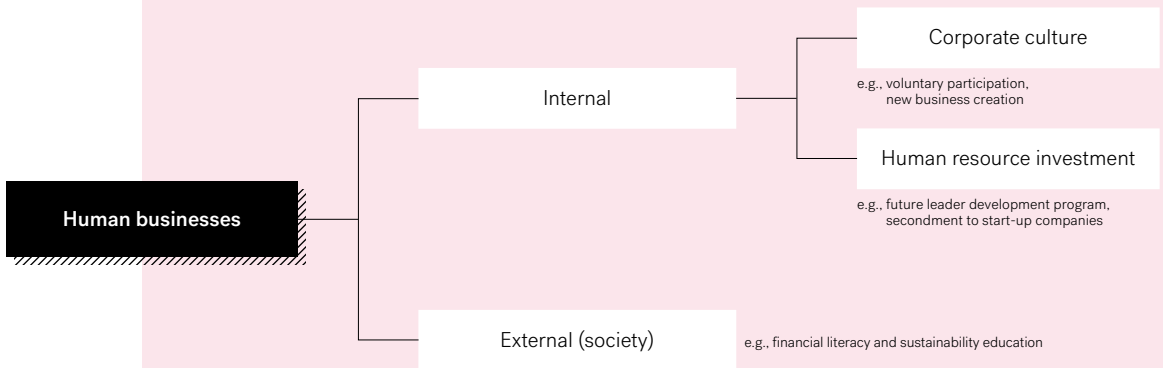




## Options for Coexistence with Future Generations

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

## 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.

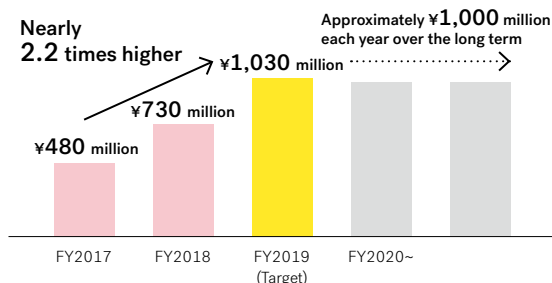


The Medium-Term Management Visionary Committee is a venue for brisk discussion about important themes pertaining to future management.

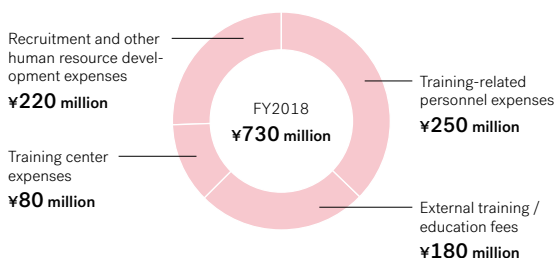


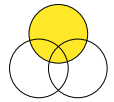
MARUI GROUP's future leader development program allows participants to learn about management perspectives through a yearlong curriculum established under the supervision of outside organizations and external directors.

## Human Resource Investments for the Future



## Breakdown of Human Resource Investments





## 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.

work with Pride



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.

## 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?

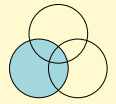
**Spaces and services that foster connections between all stakeholders as a platform for society**

### TO WHOM?

**People valuing individuality**

**People valuing connections**

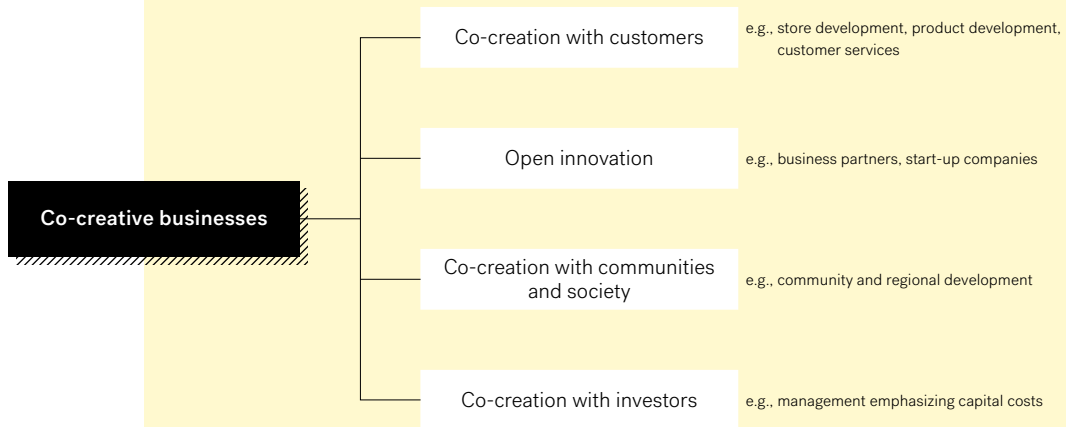




## Options Emphasizing Balance between Individuality and Connections

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 viewpoints 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 “credibility 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.

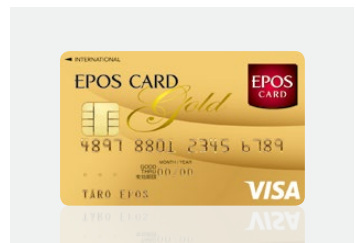
Meanwhile, the transition to shopping centers and fixed-term rental contracts transformed MARUI GROUP's stores into real estate-model businesses that rent space, which is expected to make co-creation with tenants even more significant than co-creation with customers.



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.

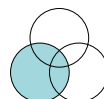


Rakuchin Kirei series shoes are developed to provide a perfect fit based on input from customers that have felt discomfort with shoes or are unable to find the perfect size. With a focus on the balance between comfort, design, and affordability, we offer sizes ranging from 19.5 cm to 27.0 cm, covering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

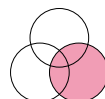
**Younger generations and  
all other customers**

**Non-Japanese customers  
residing in Japan**

**Overseas customers to be  
attracted in the future**



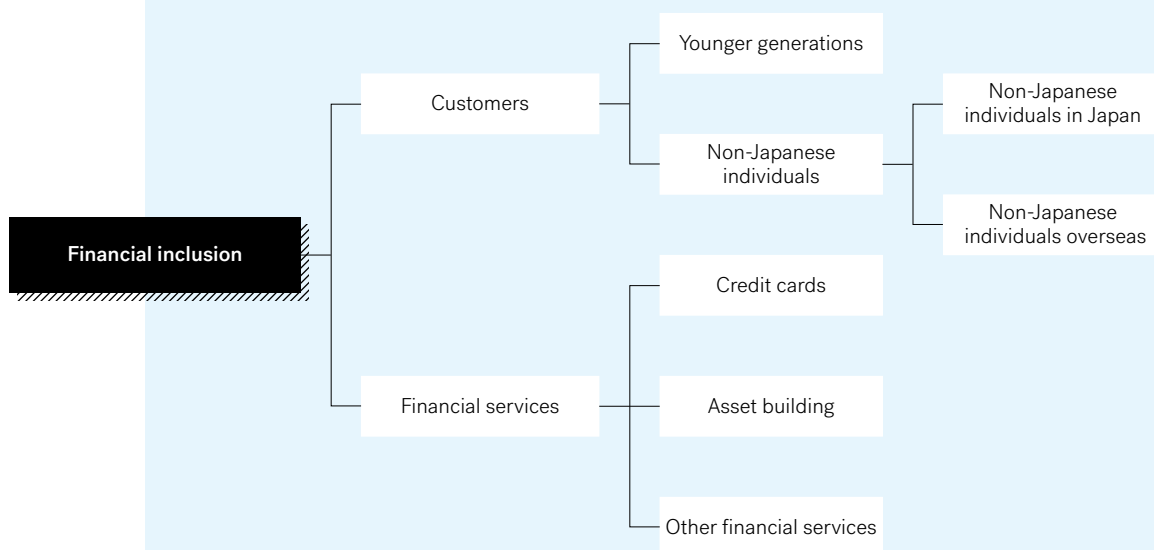




## Options for Alleviating Income Disparity

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)
<ul style="list-style-type: none"> <li>EPOS cardholders of 10 million or more</li> </ul>	<ul style="list-style-type: none"> <li>Services provided to 1 million individuals through tsumiki Securities</li> </ul>	
<ul style="list-style-type: none"> <li>Financial services provided to 5 million or more members of younger generations</li> </ul>	<ul style="list-style-type: none"> <li>Financial services provided to 500,000 or more non-Japanese individuals</li> </ul>	<ul style="list-style-type: none"> <li>Financial services provided to 10 million or more individuals worldwide</li> </ul>
<ul style="list-style-type: none"> <li>Financial inclusion promoted through investment in 10 or more countries worldwide</li> </ul>	<ul style="list-style-type: none"> <li>Financial inclusion promoted through investment in 20 or more countries worldwide</li> </ul>	

Transcending of the Income Dichotomy through Credit Cards

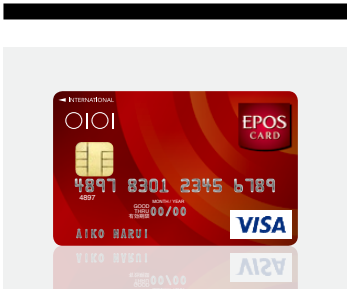
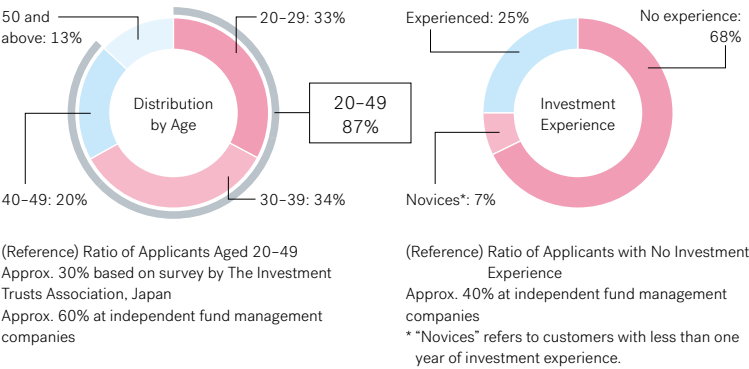
A part of MARUI GROUP's mission is to promote financial inclusion by providing financial services to all people, regardless of their age and income. Our decision to enter into the securities business was based on this mission. The majority of EPOS cardholders are in their 20s or 30s, and 70% of these 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.

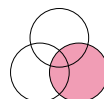


Cumulative investment specialist  
tsumiki Securities Co., Ltd.

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 creditability, 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.

# Vision for the Future Beyond 2050

The declarations contained in *VISION BOOK 2050* are not just announcements; they are symbolic of the start of a journey, a journey to shape the future together with all stakeholders by formulating action plans for accomplishing our vision, examining long-term targets, and engaging in ongoing dialogue.

Our journey will not end with the accomplishment of MARUI GROUP's 2050 Vision.

No, MARUI GROUP will continue to look toward the future from an ultralong-term perspective, and we are marching forward as we identify the tasks we can undertake today.

2021

## Targets of Medium-Term Management Plan Leading up to the Fiscal Year Ending March 31, 2021

Earnings per share (EPS)	Return on equity (ROE)	Return on invested capital (ROIC)
More than ¥130	More than 10%	More than 4%

2021

1931

## MARUI GROUP's Core Value: Co-Creation of Creditability

The co-creation of creditability is a concept based on the belief of MARUI GROUP's founder that creditability should be built together with customers, rather than assigned to them, and is one of our founding principles. Since its founding, MARUI GROUP has continued to practice the co-creation of creditability by connecting with customers through dialogue and building mutual trust.

## MISSION

**Contribute to Co-Creating a Flourishing and Inclusive Society That Offers Happiness to All**

2050

## 2050 VISION

**Harnessing the Power of Business to Build a World That Transcends Dichotomies**

MARUI GROUP's 2050 Vision is our first step toward accomplishing our vision for the future. The 2050 Vision serves as a code of conduct, delineating the tasks that can be undertaken today as we march toward this future.

## 2019

**Changes in an Afflicted World**

Our world is faced with various issues, including economic inequality, poverty, hunger, and environmental destruction, which are causing divides in the form of dichotomies, and these divides can no longer be ignored. The businesses of the future will therefore need to frame these global issues as opportunities and work to resolve them.

2019

# MARUI GROUP's Co-Creation Philosophy

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## Our Aspirations

### MISSION

Contribute to co-creating a flourishing and  
inclusive society that offers happiness to all

MARUI GROUP's mission is its reason for existence. The corporate and business activities of MARUI GROUP are the practice of fulfilling this mission. This mission is meant to provide all members of MARUI GROUP with a guide, inspiring them to reflect on whether their actions and decisions are contributing to the fulfillment of the mission, even in times of uncertainty.

### 2050 VISION

Harnessing the power of business to build a world  
that transcends dichotomies

MARUI GROUP's 2050 Vision is a roadmap for the accomplishment of the Company's mission. It puts forth directives for the concerted efforts to be advanced by all Group members as they ascertain changes in the operating environment. We believe that a vision and long-term targets are essential for a company to remain true to its mission and values as, no matter how righteous a mission or values may be, they will still need a guide to clarify priorities for advancing business strategies.

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In conjunction with the establishment of a long-term vision for 2050,  
we at MARUI GROUP reshaped our co-creation philosophy based on our aspirations  
and our principles, clarifying the intent of these ideals so that they may guide us  
in our daily business activities.

Revised in February 2019

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## Our Principles

### PHILOSOPHY

Continue evolving to better aid our customers  
Equate the development of our people  
with the development of our company

MARUI GROUP's philosophy is an essential compass for fulfilling its mission. The desire to "continue evolving to better aid our customers" compels everyone at MARUI GROUP to work for the benefit of stakeholders by exercising their capacity for empathy to adopt the viewpoints of various stakeholders in order to understand their thinking and their pain. The ongoing evolution of this capacity for empathy gives rise to the propensity for innovation that drives the resolution of the issues faced by customers, society, and the environment. The commitment to "equate the development of our people with the development of our company" is founded on the belief that MARUI GROUP's growth is achieved when our people realize self-actualization through empathy and innovation.

### VALUES

Creditability should be built together with customers  
Pioneer spirit of creating opportunities

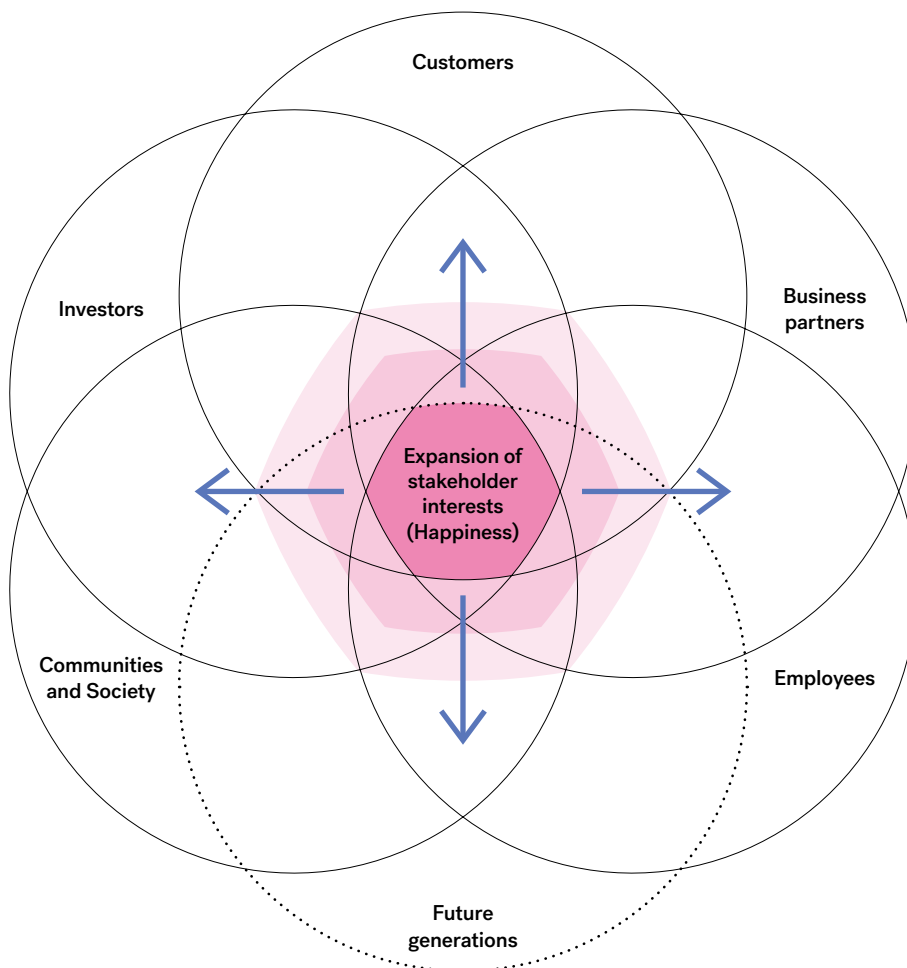
MARUI GROUP's values are the unique principles of the Company that differentiate it from all others, the precious founding spirit that will perpetually permeate our organization. The concept of co-creation of creditability—based on the belief of MARUI GROUP's founder that "creditability should be built together with customers," rather than assigned to them—is the belief that credit should be forged through trust over long-term relationships by working together with and being empathetic toward customers. The founder also advocated a "pioneer spirit of creating opportunities." This value represents MARUI GROUP's spirit of innovation and evolution, which propels us forward as we transform our business and create new demand and markets in response to changes in customer happiness or in society.

## MARUI GROUP's Definition of Corporate Value

When formulating its long-term vision for 2050, MARUI GROUP included future generations alongside the prior five rings of stakeholders it emphasized. The introduction of this sixth ring of stakeholders is a declaration of MARUI GROUP's commitment to the interests of both current and future generations.

The interests of current generations are often thought to be at odds with the interests of future generations. To transcend this dichotomy, MARUI GROUP has embraced the concept of lifetime value, which entails steady, ongoing increases in value without overemphasizing the interests of current or future generations. MARUI GROUP's co-creation sustainability management aims to achieve harmony between, and expand the interests (happiness) of, the six rings of stakeholders to create new value.

### Six Rings of Stakeholder Governance Including Future Generations





## Expansion of Stakeholder Interests (Happiness) through Lifetime Value

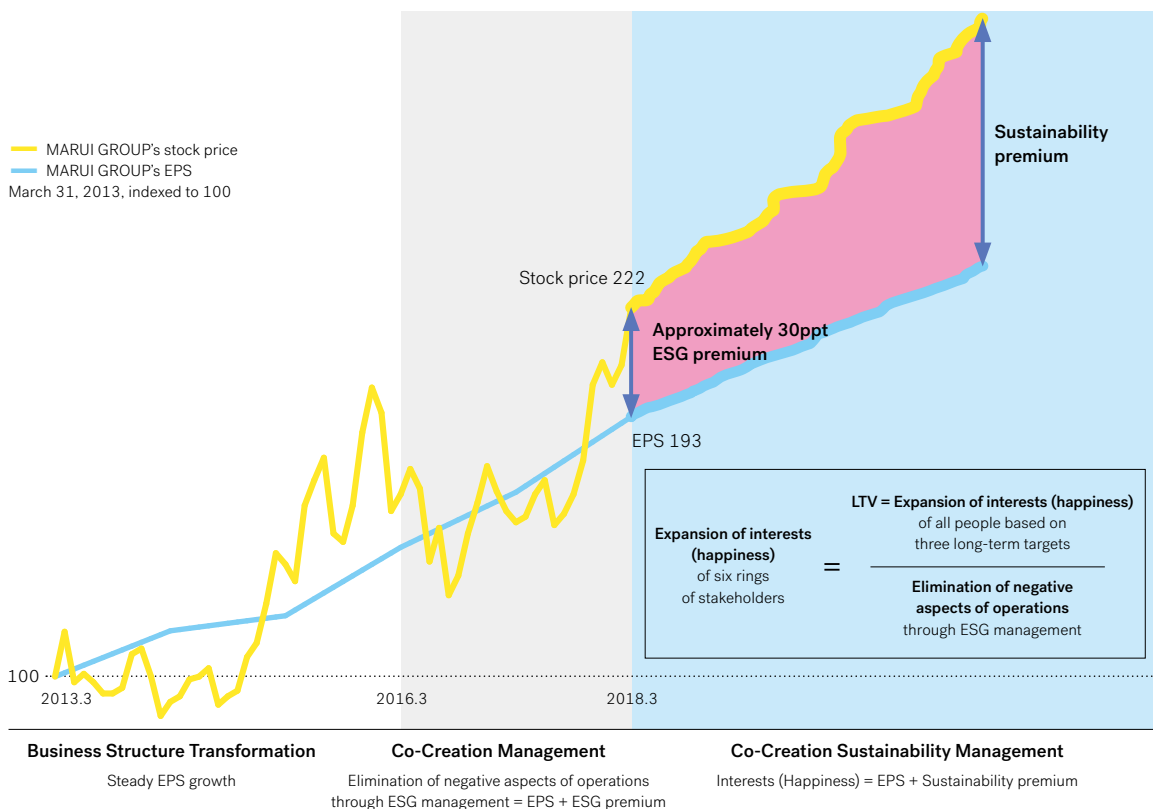
### Steady Growth in EPS through Business Strategies

MARUI GROUP began reforming its earnings structure in 2014. This reform saw us move away from a structure dependent on period earnings to adopt an earnings structure promising steady growth in earnings per share (EPS). This was achieved by transitioning to a business model centered on recurring earnings. Later, in 2016, we embarked on full-fledged ESG initiatives. As a result, MARUI GROUP's stock price was over 2.2 times higher on March 31, 2018, than on March 31, 2013, which was higher than the rate of increase for the Tokyo Stock Price Index average and exceeded the growth rate for EPS over the same five-year period by approximately 30 percentage points. The premium apparent in the difference between the Company's stock price and EPS is thought to be a reflection of equity markets' high evaluation of our "pre-financial" information, or, in other words, our ESG initiatives.

### Sustainability Premium

MARUI GROUP has adopted lifetime value (LTV) as an indicator of the earnings from its sharing businesses, its commercial facility management businesses, and its cumulative investment and other asset building businesses. The concept this indicator represents was expanded for application as an indicator of corporate value for MARUI GROUP's three businesses for transcending dichotomies. MARUI GROUP has proceeded to evolve its co-creation management into co-creation sustainability management to eliminate the negative aspects of operations through ESG management while also growing LTV by creating new businesses in the three aforementioned areas in order to expand the interests (happiness) of all people. Through these efforts, we will endeavor to generate a greater sustainability premium on top of EPS.

### Expansion of Interests (Happiness) of Six Rings of Stakeholders



### Introduction of Sustainability Targets for Medium-to-Long-Term Performance-Linked Compensation

Director compensation is to be set at a level that will provide motivation for directors to perform their duties of making management decisions and providing supervisory functions and is to be decided by the Nominating and Compensation Committee. Compensation for directors includes fixed basic compensation, performance-linked bonuses based on the performance of the Company in a given fiscal year, and performance-linked stock-based compensation based on the medium-to-long-term performance of the Company. The portion of compensation linked to performance is meant to provide incentive for pursuing sustainable growth.

Performance-linked bonuses will be set as an amount equivalent to 10/90 of the compensation of directors for each fiscal year and will be adjusted upward or downward by as much as 10% based on the degree of accomplishment of the Company's consolidated operating income target for the respective fiscal year. As for performance-linked stock-based compensation, directors will be awarded points based on their rank in each of the fiscal years ending March 31, 2017–2019. These points will then be adjusted via a coefficient within the range of 0% to 100% determined based on progress toward targets for three focus KPIs (return on equity, return on invested capital, and EPS) in the fiscal year ending March 31, 2019. Shares of the Company's stock will then be allocated based on the aggregate total of points post-adjustment.

In light of the upcoming conclusion of the first period to which medium-to-long-term incentives are linked in the

fiscal year ending March 31, 2019, opportunities were arranged for the Board of Directors to discuss officer compensation. Once again finding that the portion of total officer compensation accounted for by performance-linked compensation was low, the Board of Directors examined instances of companies utilizing ESG-related factors in evaluations for performance-linked compensation.

Furthermore, the evaluation of the effectiveness of the Board of Directors conducted in May 2018 identified issues regarding the low portion of total officer compensation accounted for by variable medium-to-long-term incentives. The Company plans to develop officer compensation systems that are linked to co-creation sustainability management. To this end, we will expand variable short-term incentives as part of the planned revision in the fiscal year ending March 31, 2020, and examine the possibility of introducing sustainability targets linked to variable medium-to-long-term incentives.



### Officer Compensation in the Fiscal Year Ended March 31, 2018 (Millions of yen)

	Basic Compensation	Performance-Linked Bonuses (Short-Term Incentives)	Performance-Linked Stock-Based Compensation (Medium-to-Long-Term Incentives)	Total Compensation
Directors (excluding external directors)	148	16	16	181
President and representative director	84	9	9	102
External directors	38	0	0	38
Audit & Supervisory Board members (excluding external Audit & Supervisory Board members)	34	0	0	34
External Audit & Supervisory Board members	15	0	0	15

By resolution at the Ordinary General Meeting of Shareholders, the upper limit for full-year compensation paid to directors has been set at ¥300 million, the upper limit for performance-linked bonuses paid to directors has been set at ¥100 million, the upper limit for performance-linked stock-based compensation issued to directors has been set at ¥300 million, and the upper limit for monthly compensation for Audit & Supervisory Board members has been set at ¥6 million.

## Establishment of New Sustainability Advisory Board

The Advisory Board was established in July 2016 to enable MARUI GROUP to receive multifaceted advice and proposals from external experts with insight into business strategies and various business areas. We anticipate that such advice will be a powerful asset 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. The current members are contracted to serve on the Advisory Board

for one year spanning from July 1, 2018, to June 30, 2019. Regular bimonthly meetings of the Advisory Board are held, at which the president, pertinent directors, and representatives from relevant areas attend; advice is also sought on specific themes and operations are inspected.

Furthermore, the new Sustainability Advisory Board was established in January 2019, assembling three ESG specialists to build upon the role of the Advisory Board and support MARUI GROUP in conducting co-creation sustainability management while responding to operating environment changes over the long term.



Appointed in  
January 2019

### Kazuhiko Toyama

Managing Partner, Industrial Growth Platform, Inc.

Governance Specialist

Reason for appointment: At Industrial Revitalization Corporation of Japan, Mr. Toyama was involved in rehabilitating numerous companies. Today, he is engaged in consulting and corporate rehabilitation at Industrial Growth Platform. Mr. Toyama has an extensive background in corporate governance, having held positions as an external director and a member of the Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code. MARUI GROUP anticipates that he will offer valuable suggestions and advice for the enhancement of corporate governance.



Appointed in  
January 2019

### Peter David Pedersen

Co-founder, Next Leaders' Initiative for Sustainability; Advisor, PricewaterhouseCoopers Sustainability LLC

Environmental Specialist

Reason for appointment: As a corporate consultant, Mr. 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 fields of the environment and sustainability.



Appointed in  
January 2019

### Masayoshi Suzuki

Executive Vice President, BORDERLESS JAPAN CORPORATION

Social Specialist

Reason for appointment: Mr. 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.

## Advisory Board Members



Appointed in  
July 2016

### Tadasu Ohe

President, PLANTEC ASSOCIATES INC.

Mr. Ohe assists the Company in better utilizing real estate from the user's perspective by inspecting stores and distribution centers, proposing store renovation plans and distribution center environmental measures, and conducting lectures at Group companies.



Appointed in  
July 2016

### Yuji Yamamoto

Physician, Representative Director, MinaCare Co., Ltd.

Dr. Yamamoto provides correlation analysis and advice with regard to tracking the relationship between health and productivity, offers guidance on how to be included in healthcare management-related indexes, and shares external case studies.



Appointed in  
July 2016

### Masakazu Masujima

Partner, Mori Hamada & Matsumoto

As for the development of new FinTech businesses, Mr. Masujima offers proposals of specific growth investment targets, advice and proposals regarding entry into the securities business, and advice on FinTech-related laws and regulations.



Appointed in  
July 2017

### Meyumi Yamada

Executive Director, istyle Inc.

Ms. Yamada offers information and takes part in discussions on sharing economies, omni-channel retailing, and other social trends to facilitate the Company's sharing and omni-channel retailing strategies.

## Promotion of Digital Transformation

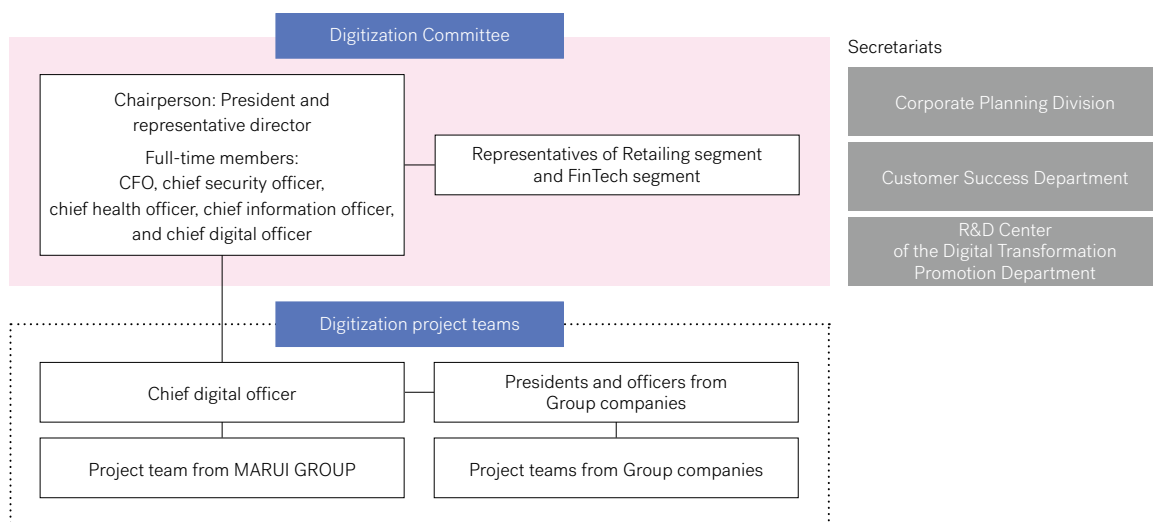
Responding to the recent spread of Internet of Things technologies and the volatile operating environment of the Internet age while accelerating business structure reforms through digitization and technological innovation are tasks to be addressed on a Groupwide basis. Recognizing this fact, MARUI GROUP appointed a chief digital officer in October 2017. In addition, the Digitization Committee, comprising senior management representatives, was established while the R&D Center was set up in the Digital Transformation Promotion Department.

Furthermore, a “reverse mentor” system was instituted at M & C SYSTEMS CO., LTD., in which younger

employees mentor managers responsible for digitization initiatives. Monthly discussions with mentors are held to share insight regarding everything from familiar systems to the latest technologies to improve IT literacy.

In regard to the digitization of EPOS cards, MARUI GROUP is digitizing its existing payment and financial functions. We thereby aim to launch a smartphone application that features enhanced functionality for utilizing customer data with AI and for providing customers with recommendations by the fiscal year ending March 31, 2021.

### Groupwide Organizational Structure for Promoting Digitization



#### Digitization Committee

Chaired by the president and representative director, the Digitization Committee shares information on the work issues and resolutions identified by the digitization project teams of Group companies to promote cross-Group digital transformation.

#### Digitization Project Teams

Digitization project teams are in place at all Group companies and comprise the presidents and officers of the respective companies as well as the employees selected through open application. These teams are tasked with identifying issues at their companies and in their work processes, enacting resolutions, and cultivating a digitization culture. Project teams are operated under the direct jurisdiction of the presidents of their companies to implement rapid PDCA (plan-do-check-act) cycles and thereby realize speedy results.

#### System Investment Committee

The System Investment Committee is chaired by the president and representative director and comprises members including the CFO, the chief security officer (CSO), the chief health officer (CHO), the chief information officer (CIO), the chief digital officer (CDO), and the representatives of the Retailing and FinTech segments. This committee makes strategic investment decisions from a Group-wide, long-term perspective with regard to system investments that are important to corporate value improvements or management strategies.

#### R&D Center of the Digital Transformation Promotion Department

The R&D Center is staffed by employees of M & C SYSTEMS, MARUI GROUP's system and information service company. The center was established with the goal of collecting information on and examining the potential for the introductions of new IT technologies and services pertaining to the entire Group.

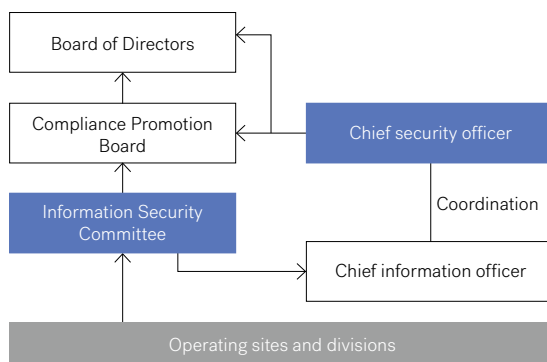
## Reinforcement of Groupwide Information Security

MARUI GROUP views strengthening Groupwide information security to protect customers' information and other information assets from unauthorized access, cyberattacks, and other threats as being among the most important tasks for management.

Risk management pertaining to MARUI GROUP's IT systems is overseen by the Compliance Promotion Board, which is chaired by the president and representative director of MARUI GROUP, as one facet of Groupwide governance. In addition, the Company established the Information Security Committee in June 2018 and appointed the CSO to serve as the highest-level authority on security responsible for managing and protecting Groupwide information assets. The CSO coordinates with the CIO, who is the highest authority responsible for managing Groupwide IT systems.

In the event of a major information security incident, the head of the division that detects the incident will report to the chairperson of the Information Security Committee and the CSO. The chairperson will then report to the CIO, and the CSO will issue a report to the president and representative director of the Company when necessary. The CSO will also be responsible for assembling a specialized team to address the incident.

### MARUI GROUP's Information Security Framework



Furthermore, MARUI GROUP systematically recruits and develops the human resources necessary for implementing Groupwide information security measures and provides education on information security to officers and employees to promote awareness. In addition, third-party information security assessments are performed by specialized institutions to help us maintain an understanding of information security systems and levels throughout the Group. We will continue to pursue improvements through regular assessments going forward.

### MARUI GROUP Information Security Policy (Abridged)

#### 1. Purpose

The purpose of this policy is to provide guidelines for establishing and implementing information security management systems to protect the information assets of customers and of MARUI GROUP from all threats, whether internal or external, accidental or intentional, and thereby help ensure the continuity of MARUI GROUP's business activities.

#### 2. Basic Principles

- (1) MARUI GROUP shall practice appropriate management of the information entrusted to it by individuals or organizations during the course of its business activities while respecting the rights and interests of these individuals or organizations.
- (2) MARUI GROUP shall practice appropriate management of trade secrets, technological information, and other valuable information acquired during the course of its business activities and protect the rights and interests of MARUI GROUP.
- (3) MARUI GROUP will engage in research and human resource development in order to work to improve information security as it pertains to customer information and thereby gain greater levels of trust from customers and subsequently society as a whole.

## MARUI GROUP's Four Core Themes for Inclusion

In November 2016, MARUI GROUP identified four core themes for inclusion to guide its efforts to help create a flourishing and inclusive society offering happiness to all. The concept of inclusion entails integrating and including individuals that had previously been excluded and is

congruent with the principles embodied by the United Nations Sustainable Development Goals. MARUI GROUP is proactively pursuing its targets with regard to these four core themes through co-creation with all stakeholders.

### Core Theme 1

#### Customer Diversity and Inclusion

We will seek to develop products, services, and stores that bring joy to all customers, regardless of their age, gender, or physical characteristics.



### Core Theme 2

#### Workplace Inclusion

Based on MARUI GROUP's corporate philosophy of striving to "continue evolving to better aid our customers" and "equate the development of our people with the development of our company," we will provide all employees with venues through which they can excel.



### Core Theme 3

#### Ecological Inclusion

We will develop eco-friendly businesses that are considerate of natural capital and propose ecologically sound lifestyles that are in harmony with nature and the environment.



### Core Theme 4

#### Co-Creation Corporate Governance

We will develop management frameworks that include stakeholders in order to achieve harmony between the interests and the happiness of all stakeholders.



Note: The scope of data collection for the following items includes MARUI GROUP and all consolidated subsidiaries.

#### Major Data: Core Theme 1

	FY2014	FY2015	FY2016	FY2017	FY2018
Retailing segment transactions (millions of yen)	—	—	341,478	326,327	328,486
Number of visiting customers (thousands)	186,030	186,650	195,560	207,100	210,530
Number of purchases (thousands)	80,150	83,480	91,720	90,610	93,520
Customer satisfaction (understanding for co-creation sustainability reports) (%)	—	—	—	78	79
Number of MARUI GROUP e-commerce site visits (thousands)	92,190	93,220	99,690	112,480	120,000
Number of employees with Service Care-Fitter qualifications*1	430	460	540	568	571
Aggregate number of employees (tenants) that have undergone LGBT manner training	—	—	75	500 (28)	1,767 (251)
Number of employees (tenants) that have taken the rank 3 Universal Manner Placement Examination	—	—	309	1,249 (4)	2,787 (131)
FinTech segment transactions (millions of yen)	—	—	1,473,539	1,723,254	1,972,482
EPOS cardholders (of whom new) (thousands)	5,420 (710)	5,910 (730)	6,130 (730)	6,360 (740)	6,570 (750)
Ratio of EPOS cardholders aged 18–39 (%)	58.8	56.5	54.0	52.0	50.7
Income per card of EPOS cards (yen)*2	4,400	5,400	5,900	6,500	7,000
Ratio of active EPOS card users (%)	65.4	62.9	63.7	65.3	65.9
Ratio of delinquent debt for EPOS cards (%)	1.84	1.68	1.57	1.45	1.60

## Major Data: Core Theme 2

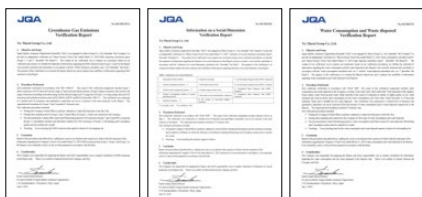
	FY2014	FY2015	FY2016	FY2017	FY2018
Total number of employees	5,966	5,918	5,899	5,732	5,548
Number of female employees	2,655	2,641	2,685	2,584	2,466
Number of male employees	3,311	3,277	3,214	3,148	3,082
Average age of employees	40.4	40.9	41.2	42.0	42.9
Average annual overtime hours per person	40	44	46	44	42
Ratio of employees changing positions between Group companies (%) <sup>*3</sup>	8	18	25	34	43
Employees working shortened hours for childbirth or childcare reasons (male and female)	312	345	416	473	484
Ratio of female employees returning to work full time after taking childcare leave (%)	36	55	66	81	63
Ratio of applicable male employees taking childcare leave (%)	14	54	66	94	109 <sup>*4</sup>
Ratio of differently abled employees (%) <sup>*5</sup>	2.06	2.12	2.08	2.16	2.50
Employees injured by occupational accidents	74	87	100	76	61
Lost-Time Injury Frequency Rate (LTIFR) (contractors) (%) <sup>*6</sup>	0.58 (0)	1.36 (0)	0.72 (0)	1.40 (0)	0.83 (0)
Occupational Illness Frequency Rate (OIFR) (contractors) (%) <sup>*6</sup>	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Female employees in new hires (%)	—	—	—	—	60.8
Employee turnover rate (excluding mandatory retirement) (%) <sup>*6</sup>	2.3	2.0	1.6	2.6	2.3
Ratio of employees unionized (%) <sup>*6 *7</sup>	—	—	—	93	94
Human resource investments (millions of yen) <sup>*8</sup>	—	—	—	474	725

## Major Data: Core Theme 3

	FY2014	FY2015	FY2016	FY2017	FY2018
Greenhouse gas emissions (Scope 1) (t-CO <sub>2</sub> ) <sup>*9</sup>	13,044	12,580	14,434	14,920	13,818
Greenhouse gas emissions (Scope 2) (t-CO <sub>2</sub> ) <sup>*9</sup>	106,085	98,637	89,179	103,264	99,286
Greenhouse gas emissions (Scope 3) (t-CO <sub>2</sub> ) <sup>*9</sup>	550,612	530,595	509,070	489,439	412,256
Greenhouse gas emissions per unit (per unit of operating income)	24.7	22.9	20.7	19.4	14.9
Energy consumption (GJ)	2,525,815	2,350,595	2,305,099	2,341,454	2,327,713
Total amount of renewable energy purchased or generated (thousands of kWh)	0	78	387	395	386
Energy costs (millions of yen)	—	—	—	3,685	3,844
Total waste (tons) <sup>*5</sup>	13,620	13,390	12,900	15,039	14,527
Waste recycled (tons) <sup>*5</sup>	7,860	7,840	7,700	8,839	8,351
Ratio of waste recycled (%) <sup>*6</sup>	58	59	60	59	57
Waste sent to landfills (tons) <sup>*6</sup>	5,760	5,550	5,200	6,200	6,175
Total water used (thousands of m <sup>3</sup> ) <sup>*6</sup>	1,523	1,460	1,460	1,455	1,443
Business partners engaged in CSR procurement initiatives	—	—	—	20	57
Product carbon footprint	1	1	1	9	29

## Major Data: Core Theme 4

	FY2014	FY2015	FY2016	FY2017	FY2018
Directors	8	10	6	6	7
Ratio of independent directors (%)	13	20	33	33	43
Ratio of female directors (%)	0	10	17	17	14
Average age of directors	55	54	55	55	56
Audit & Supervisory Board members	4	4	4	4	4
Ratio of independent auditors (%)	50	50	50	50	50
Executive officers	12	13	16	16	17
Ratio of female executive officers (%)	0	7.7	12.5	18.8	17.6
Total amount of corporate or Group donations (millions of yen)	—	—	—	141	135
Political contributions (yen)	0	0	0	0	0
Return on equity (%)	5.0	5.2	6.0	6.7	7.6
Return on invested capital (%)	3.0	3.3	3.3	3.1	3.2
Earnings per share (yen)	56.29	58.87	70.68	80.24	93.18
Total Group transactions (millions of yen)	1,297,250	1,469,111	1,703,353	1,933,685	2,189,374
Payout ratio (%)	32.0	32.3	31.1	41.1	40.8



\*1 Based on employees as of April 1 of the following fiscal year

\*2 FinTech segment operating income ÷ Active cardholders

\*3 Aggregate total of position changes in April and October of each year, excluding officers and managers

\*4 Ratio exceeds 100% due to delays in the timing of acquisition of leave for the purpose of childbirth by spouse or childcare

\*5 As of June 1 of each year

\*6 Third-party verification received from the Japan Quality Assurance Organization from the fiscal year ended March 31, 2018

\*7 Figures exclude officers and managers

\*8 Investments totaling ¥1,030 million projected for the fiscal year ending March 31, 2019

\*9 Third-party verification received from the Japan Quality Assurance Organization from the fiscal year ended March 31, 2017

Please refer to MARUI GROUP's ESG DATA BOOKs for more information.

www.0101maruigroup.co.jp/en/sustainability/lib/databook.html



## Executive Officer Skill Map

		Basic character					Behavior patterns				
		Extroverted (active)	Introverted (receptive)	Proactive, leader	Patient, persistent	Flexible, responsive	Inspiration (instinct, passion)	Thinking (logical, knowledgeable)	Feeling (emotional, empathetic)	Practical (realistic, reliable)	
	<b>Hiroshi Aoi</b> President and Representative Director, Representative Executive Officer										
	<b>Motohiko Sato</b> Senior Managing Executive Officer										
	<b>Tomoo Ishii</b> Director, Senior Managing Executive Officer										
	<b>Masao Nakamura</b> Director, Managing Executive Officer										
	<b>Toshikazu Takimoto</b> Managing Executive Officer										
	<b>Takashi Wakashima</b> Managing Executive Officer										
	<b>Hajime Sasaki</b> Senior Executive Officer										
	<b>Yoshinori Saito</b> Senior Executive Officer										
	<b>Hirotsugu Kato</b> Director, Senior Executive Officer										
	<b>Yoshiaki Kogure</b> Executive Officer										
	<b>Masahiro Aono</b> Executive Officer										
	<b>Yuko Ito</b> Executive Officer										
	<b>Mayuki Igayama</b> Executive Officer										
	<b>Junko Tsuda</b> Executive Officer										
	<b>Miyuki Kawara</b> Executive Officer										
	<b>Masahisa Aoki</b> Executive Officer										



The following is MARUI GROUP's first map of executive officers' skills. This skill map was compiled to provide a multifaceted view of the personalities and management skills of the executive officers in charge of specific business areas to facilitate the accomplishment of MARUI GROUP's mission and long-term vision. In compiling this skill map, executive skills were mapped based on type and career, and 360-degree evaluations were conducted, excluding the individual in question, by supervisors, colleagues, and subordinates. The map was improved and further refined based on the definition of each item in order to provide a clear representation of the qualities of MARUI GROUP's management team.

	Area of management expertise							Career*
	Innovation (business development)	Marketing (pioneer spirit)	Operations (administration)	Finance (finance, accounting)	Human resource management (human resource development)	IT literacy (Internet, e-commerce)	Sustainability (ESG, risk)	
								Joined MARUI GROUP CO., LTD., in 1986; became director and general manager of the Sales Planning Headquarters in 1991 after gaining experience in finance and corporate planning; became managing director in 1995, filling the positions of general manager of the Sales Planning Division and officer in charge of planning, personnel, and finance thereafter; became executive vice president and representative director in 2004; became president and representative director in 2005; became president and representative director and representative executive officer (incumbent) in 2006
								Joined MARUI GROUP CO., LTD., in 1977; became director and general manager of the Group Corporate Planning Division in 2005 after gaining experience in information systems and procurement and distribution management, and as a store manager; became managing director and officer in charge of planning, personnel, and finance thereafter; became executive vice president and representative director in 2012 and later assigned responsibility for corporate planning, audit, personnel, finance, credit card services, and information systems; currently senior managing executive officer and CFO in charge of IR and finance
								Joined MARUI GROUP CO., LTD., in 1983; became executive officer and general manager of the Group Compliance Division in 2007 after gaining experience being in charge of credit, being positioned in the General Affairs Department, and as a deputy store manager; became director and executive officer and general manager of the General Affairs Division in 2009 and later held positions as general manager of the Personnel Division and chief operating officer for Healthcare Promotion; currently director and senior managing executive officer, CSO, CHO, and in charge of audit, general affairs, personnel, and health promotion, and concurrently president and representative director of MOVING CO., LTD.
								Joined MARUI GROUP CO., LTD., in 1983; became executive officer and general manager of the Group Business Promotion Division in 2007 after gaining experience being in charge of sales promotion and as general manager of the Store Planning Division and as a store manager; became director and executive officer and general manager of the Corporate Planning Division and the Business Development Division in 2008; became president and representative director of MARUI CO., LTD., in 2011; currently director and managing executive officer responsible for the FinTech segment and concurrently president and representative director of AIM CREATE CO., LTD.
								Joined MARUI GROUP CO., LTD., in 1982; became director and general manager of the Credit Card Services Division of Epos Card Co., Ltd., in 2006 after gaining experience in customer service and sales, credit planning, and corporate planning and as a deputy store manager; became executive officer in 2009; became director and executive officer and concurrently president and representative director of Epos Card Co., Ltd., in 2012; currently managing executive officer responsible for the Retailing segment and CIO and concurrently president and representative director of M & C SYSTEMS CO., LTD.
								Joined MARUI GROUP CO., LTD., in 1981; became director and deputy general manager of the Sales Promotion Headquarters responsible for e-commerce operations in 2006 after gaining experience in procurement and distribution management and corporate planning, as a component buyer, and later as general manager of the Product Planning Division and as a store manager; became director and executive officer and concurrently president and representative director of MOVING CO., LTD., in 2011; currently managing executive officer in charge of sustainability, the real estate business, and architecture and concurrently director of AIM CREATE CO., LTD.
								Joined MARUI GROUP CO., LTD., in 1986; became director and general manager of the Card Planning Division of Epos Card Co., Ltd., in 2007 after gaining experience in customer service and sales, product planning, and credit card services and as a deputy store manager; became general manager of the Demand Survey Department of MARUI CO., LTD., in 2009; became director and general manager of the Private Brand Department of MARUI CO., LTD., in 2012; became executive officer in 2013; became director in 2014; currently senior executive officer and concurrently president and representative director of MARUI CO., LTD.
								Joined MARUI GROUP CO., LTD., in 1986; became executive officer and general manager of the Financial Department in 2008 after gaining experience in customer service and sales, procurement management, finance, and corporate planning and as general manager of the Planning Department and as a store manager; became director and general manager of the Sales Promotion Department of Epos Card Co., Ltd., in 2013 after serving as director and general manager of the Direct Marketing Department of MARUI CO., LTD.; currently senior executive officer and concurrently president and representative director of Epos Card Co., Ltd., and director of M & C SYSTEMS CO., LTD.
								Joined MARUI GROUP CO., LTD., in 1987; became executive officer and general manager of the Corporate Planning Division in 2015 after gaining experience in customer service and sales, finance, credit card services, and corporate planning; became director and senior executive officer and general manager of the IR Department and in charge of ESG promotion in 2016; currently director and senior executive officer, COO, general manager of the Direct Marketing Department of MARUI CO., LTD.; currently executive officer and concurrently senior managing director of M & C SYSTEMS CO., LTD., and director of tsuniki Securities Co., Ltd.
								Joined MARUI GROUP CO., LTD., in 1983; became general manager of the Group Financial Department in 2006 after gaining experience in customer service and sales, public relations, and sales promotion and as a component buyer and a deputy store manager; became executive officer in 2007 and later became general manager of the Personnel Division, general manager of the Corporate Planning Division, and general manager of the Direct Marketing Department of MARUI CO., LTD.; currently executive officer and concurrently president and representative director of MARUI FACILITIES Co., Ltd., and director of MARUI HOME SERVICE Co., Ltd.
								Joined MARUI GROUP CO., LTD., in 1984; became general manager of the Women's Clothing and Accessories Department in 2008 after gaining experience being in charge of credit in customer service and sales and product planning, and as a men's and women's clothing buyer and a deputy store manager; became director and general manager of the Business Promotion Department of MARUI CO., LTD., in 2011; became executive officer in 2013; currently executive officer and concurrently managing director and general manager of the Store Business Promotion Department of MARUI CO., LTD., and director of AIM CREATE CO., LTD.
								Joined MARUI GROUP CO., LTD., in 1986; became general manager of the Construction Department in 2007 after gaining experience in construction, store planning, the space production business, and other specialized fields; became director of AIM CREATE CO., LTD., in 2012; became executive officer in 2014; currently executive officer and general manager of the Group Design Center and the Construction Department and concurrently director and general manager of the Creative Management Department, and deputy general manager of the Space Production Business Division of AIM CREATE CO., LTD.
								Joined MARUI GROUP CO., LTD., in 1987; became general manager of the New Business Department in 2009 after gaining experience in customer service and sales and sales promotion and as a store manager, and later in direct marketing business planning and business development; became director and general manager of the Direct Marketing Department of MARUI CO., LTD., in 2014; became executive officer in 2015; currently executive officer and concurrently director and general manager of the Omni-Channel Retailing Division of MARUI CO., LTD., and director of MOVING CO., LTD.
								Joined MARUI GROUP CO., LTD., in 1995; became responsible for store operation in 2010 after gaining experience in customer service and sales, sales promotion, women's clothing, and demand surveys; became store manager of Nakano Marui at MARUI CO., LTD., in 2014; became executive officer and concurrently director and store manager of Marui Family Shiki at MARUI CO., LTD., in 2015; became general manager of the New Business Development Department in 2017; currently executive officer and concurrently director and store manager of Marui Family Mizonokuchi at MARUI CO., LTD.
								Joined MARUI GROUP CO., LTD., in 1986; became store manager of Kobe Marui at MARUI CO., LTD., in 2007 after gaining experience in customer service and sales and product planning and as a women's clothing buyer; became general manager of the Brand Development Department of MARUI CO., LTD., in 2008; became general manager of the CSR Promotion Department in 2012; became director and general manager of the Collaboration Card Business Department in the Sales Promotion Department of Epos Card Co., Ltd., in 2015; became executive officer and concurrently director and general manager of the Sales Promotion Department of Epos Card Co., Ltd., in 2016; currently executive officer and concurrently director and store manager of Ueno Marui at MARUI CO., LTD.
								Joined MOVING CO., LTD., in 1992; became general manager of the Pre-Opening Development Office in the Anime Business Department in 2015 after gaining experience in sales development, product planning, management planning, and fashion distribution at MOVING CO., LTD., and later in work planning and as store manager of Shinjuku Marui Annex at MARUI CO., LTD.; became general manager of the Anime Business Department in 2016; became executive officer in 2017; currently executive officer and general manager of the New Business Development Department and in charge of the anime business

\* Positions for which a company is not specified are at MARUI GROUP CO., LTD.

Forged Out of the Dedication of Employees and Officers

# Creation of MARUI GROUP's 2050 Vision

MARUI GROUP's 2050 Vision was forged over a roughly yearlong process of ongoing discussion among employees, executive officers, and specialists.

Through a process shaped by employee volunteers, a back-casting approach was used starting from our goals for 2050 to form MARUI GROUP's vision for the future.

## Background for Establishment of Vision

The establishment of MARUI GROUP's 2050 Vision was prompted by input from investors. Although the market had recognized the improvement in corporate value achieved through our co-creation philosophy and business strategies based on inclusion, there were requests for a long-term vision, long-term targets for accomplishing this vision, and quantitative information on progress toward those targets. These requests led us to start formulating a vision. When formulating an ultralong-term vision for 2050, the opinions of the employees that will actually be living in that era are of the utmost importance. For this reason, younger employees were recruited to take part in establishing the vision, a process that we advanced through a united employee effort.

## Establishment Process

**STEP 1: Analysis of operating environment projected for 2050 including microtrends and global megatrends**



**STEP 2: Prediction of future in 2050 as it pertains to MARUI GROUP**



**STEP 3: Establishment of vision for desired state of MARUI GROUP in 2050 and long-term targets for accomplishing vision**

## Ever-Evolving Process Driven by Employee Participation

### Groupwide Sustainability Project Team

MARUI GROUP has established four official project teams that engage in deep, forward-looking discussion on themes that are related to the Company or society as a whole from a medium-to-long-term perspective. One of these teams is the Sustainability Project Team, which was formed in 2018. Members were recruited through open application, and the unprecedented number of applications was so great that only one-seventh of applicants were accepted, resulting in a team comprising roughly 50 Group employees. The members took part in workshops arranged by external specialists and discussed the vision for the future that would be MARUI GROUP's 2050 Vision.

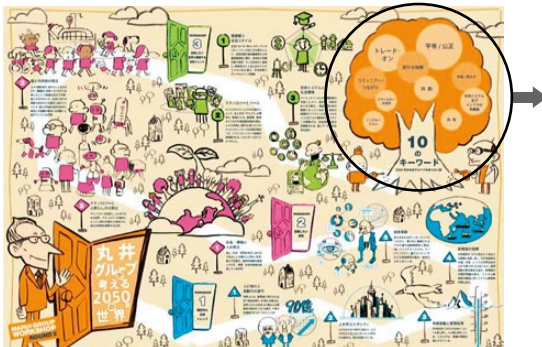


#### Major Events of the Year

2017 December	Input received from investors at MARUI GROUP IR DAY became the impetus for the establishment of a project team for establishing a vision. Meetings with employees and discussions with external specialists were commenced.
2018 January– February	The first Future Co-Creation Workshop was held on four occasions with attendance by officers, younger employees, and external specialists to discuss visions for MARUI GROUP in 2050.
May– September	The second Future Co-Creation Workshop was held on seven occasions during which project team members recruited through open application and external specialists discussed desirable futures for MARUI GROUP 2050.
September	In the second workshop, employees were divided into six groups to formulate 2050 vision proposals to be presented directly to executive officers, after which a rough draft was formulated by the organizing committee.
October	The third Future Co-Creation Workshop was held among executive officers only, who discussed the 2050 vision proposals prepared by employees while sharing their opinions and interpretations.
December	An intensive vision conference was held just for executive officers to finalize MARUI GROUP's 2050 Vision for announcement at the co-creation sustainability explanatory forum on December 10, 2018.

### Creation of 2050 World Map Based on Employee Input

At the Future Co-Creation Workshops, employee participants first took part in analyzing the operating environment predicted for the future. Discussions were then held on future trends that seemed certain based on global megatrends, the future trends that, albeit uncertain, were of importance to MARUI GROUP, and finally visions for what MARUI GROUP wanted to become in 2050.



The 2050 world map compiles future trends that seem certain, uncertain trends of importance to MARUI GROUP, and visions for what MARUI GROUP wants to become.

#### Ten Key Concepts

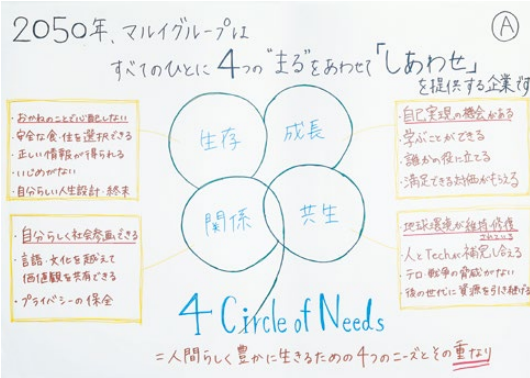
The values MARUI GROUP wants to emphasize in its 2050 Vision were organized into 10 key concepts.

- Fairness and impartiality
- Beneficial trade
- Community and connections
- New indicators
- Happiness and prosperity
- Redevelopment of social systems and infrastructure
- Utilization of technologies
- Co-creation
- Inclusion
- Sharing



Future Co-Creation Workshops Centered on Employees

**T**eam A's presentation involved producing model examples of the cities in which we can live as we ideally desire. We wanted to take responsibility in shaping the future with our own hands, and this desire informed our vision. Through this presentation, I was reminded of the importance of assembling people with different perspectives and backgrounds to engage in free discussion on a single theme. This process led to substantial output that I would not have imagined prior to participating. Moving forward, it will be important for everyone at MARUI GROUP to think about how we will go about realizing our vision. I hope that I can help foster a corporate value in which employees are always aware of their vision, adjusting their actions based on the actions of others.



We wanted to take responsibility in shaping the future with our own hands.

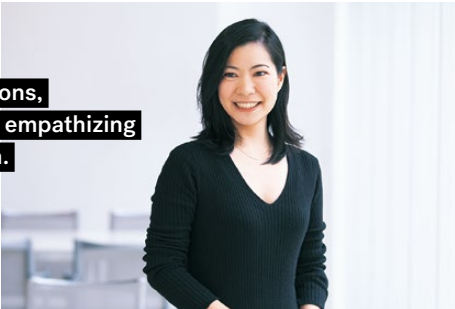


**Takashi Kitao**  
Second Sustainability Project Team Member  
Digital Transformation Promotion Department,  
M & C SYSTEMS CO., LTD.



**O**ur vision for 2050 was of a world in which everyone thinks and acts from a position of altruism that is blind to borders as they work to resolve global issues. Up until now, MARUI GROUP's business has sought to provide opportunities equally to everyone. Our vision for an ideal world is impossible in a society filled with inequality. We therefore aim to utilize the strengths and technologies of MARUI GROUP to help dispel global inequalities. I am interested in inter-generational human businesses. I hope we millennials can bridge the gap between Generation Z and all future generations, shaping the future while empathizing from a relatable position. This prospect fills me with excitement.

I hope to bridge the gap between future generations, shaping the future while empathizing from a relatable position.



**Erika Watanabe**  
Second Sustainability Project Team Member  
Sales & Planning Department,  
MARUI CO., LTD.

Employees that took part in the Sustainability Project Team first analyzed the operating environment trends projected 30 years in the future and then discussed the future trends that seem certain and the world they wish to build based on those trends. After this, the members were divided into six groups to formulate visions for MARUI GROUP in 2050, which were presented directly to executive officers. On these pages, representatives from each of the six groups explain the sentiments incorporated into their visions and what they see as their duties following the announcement of MARUI GROUP's 2050 Vision.



I want to create a future of coexistence and co-prosperity in which all people can embrace their individuality.



**Natsuki Yano**  
Second Sustainability Project Team Member  
Investment Research Department,  
MARUI GROUP CO., LTD.

**A** key point of our presentation was our ability to communicate the appeal of the hope that we held for the future. I was inspired by MARUI GROUP's 2050 Vision, a declaration of our intent to play a leading role in shaping the world to realize the future we desire. Personally, I want to create a future of coexistence and co-prosperity in which all people can embrace their individuality through co-creative businesses that provide roles and places for everyone. I understand that MARUI GROUP cannot realize its vision alone. It will be crucial for us to accelerate our progress toward our vision by working together with allies that envision similar futures. For this reason, we must step outside the Group to become "human hubs" that create new allies and foster collaboration with them.

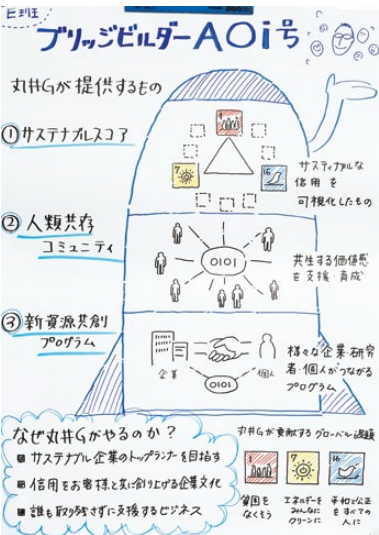


We envisioned a society that values individual enrichment over national prosperity.



**I**n my group, we envisioned a society that values individual enrichment over national prosperity, a future in which everyone is able to choose from options that do not cause harm and that contribute to the enrichment of individuals. I was surprised and overjoyed that the final 2050 Vision incorporated our input in various areas. I am in charge of financial inclusion in my current position, but I understand that the definition of happiness can vary from person to person and that people may place different values on money and prosperity. I therefore aspire to create various options for each individual to propose the best possible course of action, remaining careful not to lose sight of the true goal of financial inclusion. It is important that we continue to move forward so that our ideals can get beyond armchair theorizing to influence the world of today and tomorrow.

**Yuka Seta**  
Second Sustainability Project Team Member  
Yurakucho Marui  
In charge of Financial Inclusion  
Epos Card Co., Ltd.



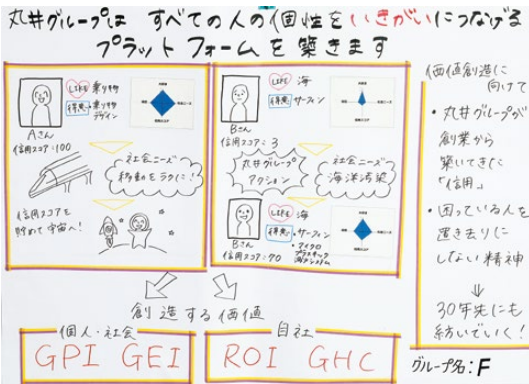
**M**y team formulated our vision with a focus on the global environment from the perspective of humanity's continued survival in the world of 2050. I was struck by the finished 2050 Vision and its emphasis on the concept of dichotomies to envision scenarios for a broader perspective. However, the sheer scale of this vision places its ability to drive actual action into doubt. Nonetheless, I am confident that we can realize the 2050 Vision if we have a commitment to benefiting customers and a pioneer spirit. I personally want to take part in co-creative businesses. I am currently helping to build a flourishing and inclusive society that offers happiness to all through my product creation, e-commerce, and customer service activities in the Omni-Channel Retailing Department.

**We can realize the 2050 Vision if we have a commitment to benefiting customers and a pioneer spirit.**



**Ryo Hayasaka**  
Second Sustainability Project Team Member  
Omni-Channel Retailing Department,  
MARUI CO., LTD.

**O**ur vision was for a world in which everyone can find their raison d'être and in which MARUI GROUP can transform this purpose into value through its business. We therefore saw a need for indicators for the subjective value of purpose and a platform for linking individuality to purpose. MARUI GROUP's long-term vision accounts for the people that will be made happy through its accomplishment. I therefore believe that this vision is something that MARUI GROUP can accomplish with its core value emphasizing a love of people and the act of building trust. Key to accomplishing this vision will be combining this core value with technologies to accelerate our efforts.



**We saw a need for a platform for linking individuality to purpose.**



**Yuri Matsuyama**  
Second Sustainability Project Team Member  
Gender-Free Fashion Project Team  
MARUI CO., LTD.



## Employees Volunteering to Join the Sustainability Project Team



Participating in the Sustainability Project Team increased my environmental awareness while making me aware of my lack of knowledge pertaining to coexistence with the global environment. Also, I was filled with a desire to help preserve the environment through inter-generational businesses after being given the opportunity to think about the environment as it pertains to future generations. I anticipate that technological progress will make it possible to protect the environment in ways that we had all but given up on in the future.

### Masao Mori

Second Sustainability Project Team Member  
Sales Department, MARUI HOME SERVICE Co., Ltd.

Through the project team, I became aware of the fact that all businesses shape the future and of the importance of framing the accomplishment of goals in terms of commitment rather than ability. Furthermore, I have since come to voice opinions in my daily work while always remaining aware of the need for clear principles and visions of what we want to provide to stakeholders if MARUI GROUP is to be a company that is always chosen by customers.

### Yuki Tsukita

First Sustainability Project Team Member  
New Business Development Department, MARUI GROUP CO., LTD.



The project team helped me experience the need for increased speed to address the ever-more rapid pace of social change expected to be seen in the future, enabling me to think based on a more long-term perspective. In the field of financial inclusion, I hope to support the happiness of everyone by providing ways of interacting with money (services) that are characteristically MARUI GROUP to customers harboring monetary concerns.

### Takuto Yoshihara

First Sustainability Project Team Member  
System Planning Department, M & C SYSTEMS CO., LTD.

My involvement with the project team changed my perspective from focusing on what should be done to respond to social changes to working backward from a vision for the future to determine what needs to be done today. MARUI GROUP's 2050 Vision is of a great scale, and I am convinced that new businesses can be developed by uniting both sides of dichotomies. We will have to tackle new challenges to accomplish our vision, and I am committed to growing so that I can create value for the future.

### Asami Ishii

First Sustainability Project Team Member  
Ueno Marui, MARUI CO., LTD.



At first, I was unable to escape from the confines of standard conventions when thinking about the future from a long-term perspective. However, the more the project team met, the more I was able to break away from this thinking. I believe that the 2050 Vision exudes MARUI GROUP's aura, but I also suspect that it will be incredibly difficult to accomplish. If we are to realize this vision, we will need to take the focus off of profit, instead seeking to give form to our ideals and continue creating frameworks for generating profit through these ideals.

### Tetsuya Hoshino

First Sustainability Project Team Member  
Human Resources Development and Group Distribution Department, MOVING CO., LTD.

The project team made me realize that sustainability was my responsibility while heightening my commitment to benefit customers and reaffirming the importance of the creation of social value and beneficial trade of profits. Various dichotomies and inequalities are likely to appear in the future. However, this does not change the fact that all people have an equal right to happiness. I therefore feel that it is the mission of those of us working at MARUI GROUP to help build a society in which everyone can live with peace of mind.

### Hidehiko Nonaka

First Sustainability Project Team Member  
Personnel Division, MARUI GROUP CO., LTD.



## Group Members Resonating with MARUI GROUP's 2050 Vision



**Kumiko Tanaka**

Kinshicho Marui  
MARUI CO., LTD.

The 2050 Vision was of a much greater scale than my own vision. The concepts of environmental efficiency and circular revenue were excellent for clarifying the goals of MARUI GROUP. I now recognize that the small efforts of individuals can amount to something much larger, and I thus hope to work with lofty aspirations to help others resonate with this vision.



**Ayumi Hiromatsu**

System Planning Department,  
M & C SYSTEMS CO., LTD.

The 2050 Vision amazed me and won my support at first sight. I recognize that, in the society of today, there are some dichotomies that are created by businesses, making me wonder how we can possibly transcend all dichotomies through our business. I am still a little unclear on how to do this, but I am committed to giving it my all as I move forward one step at a time.



**Yuma Suzuki**

Marui City Yokohama  
MARUI CO., LTD.

The nitty-gritty of the 2050 Vision is about transcending dichotomies, and this vision made me realize the importance of remaining mindful of this task over the long term while tailoring one's efforts to changes in the environment and in the times. I hope that all employees will be as passionate toward this vision as I am so that MARUI GROUP can lead the accomplishment of this vision while incorporating all people, companies, and societies.



**Naoki Ito**

Marui City Yokohama  
MARUI CO., LTD.

I have been convinced that transcending dichotomies is vital to the realization of a sustainable world. However, given the breadth and the long-term perspective of the 2050 Vision, I am concerned that some employees may sense a great deal of disparity between the MARUI GROUP of today and our vision. What we probably need is a clear roadmap to ensure effectiveness in human resource development and in collaboration with other companies.

**MARUI GROUP's 2050 Vision was shaped through the efforts of members of the Sustainability Project Team and then shared with other employees at the meeting of the Medium-Term Management Visionary Committee held in July 2018. Many comments were received from employees across the Group that found themselves resonating with the 2050 Vision.**



**Mariko Kuwae**

Ueno Marui  
MARUI CO., LTD.

A strength of MARUI GROUP, with its wide-ranging businesses, is its ability to identify various social issues that can be addressed through its business. Our philosophy, which underscores dedication to the customer's perspective and to the realization of a sustainable society, is deeply rooted in the Company. I am therefore confident in our ability to accomplish our long-term vision if we prioritize our goals and work to accomplish them one step at a time.



**Aika Sekine**

Kinshicho Marui  
MARUI CO., LTD.

MARUI GROUP's stance toward exercising corporate responsibility to resolve the issues to be faced in 2050 and shape the society we envision resonated with me. I think it is important that the vision be communicated to all employees and that we rapidly develop frameworks to let everyone at MARUI GROUP transmit their ideas in their own manner.



**Tamae Saito**

Customer Success Department and Investment  
Research Department, MARUI GROUP CO., LTD.

The idea of transcending dichotomies condenses MARUI GROUP's quest to practice co-creation management and create value by expanding the intersection between stakeholder interests into a few words. I personally prefer to look at things in terms of "both A and B" rather than "either A or B," and this idea thus overlapped with my beliefs.



**Fumimasa Hino**

General Affairs Department,  
MARUI GROUP CO., LTD.

I see a widening range of possibilities and business opportunities in MARUI GROUP's long-term vision, which encompasses the entire world and is an evolution of the Company's policy of diversity and inclusion. If the Company were to detail a clear process for how each business will accomplish the goals for its KPIs, it would be easier for all employees to link the vision to their work.



## Opinions of 600 Employees Regarding MARUI GROUP's 2050 Vision

### QUESTION 01

What personal mission do you wish to accomplish through your work in order to contribute to the realization of a sustainable society?

#### Frequently Cited Keywords

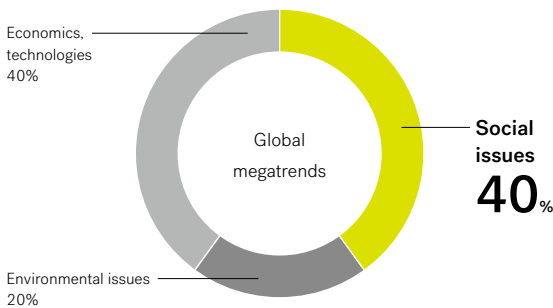
Action, implementation, learning, growth, diversity

#### Noteworthy Responses

- Always thinking first about what social issues my work addresses, I will search for the ideal resolution through introspection while deeply examining the issues to drive concrete action.
- First of all, I will learn about and experience social issues. I will then implement initiatives for addressing these issues through my work.
- I want to act in a manner that contributes to a sustainable society and to my own growth.
- Freeing myself of my prior thinking and preconceptions, I will predict future possibilities and focus on being open to diversity.

#### Analysis

From among the global megatrends of environmental issues, social issues, economics, and technologies, to which trend would you link the personal mission described in question 1?



The ratios of respondents linking their personal mission to social issues and environmental issues were 40% and 20%, respectively.

### QUESTION 02

What type of company do you want MARUI GROUP to be in 2050?

#### Frequently Cited Keywords

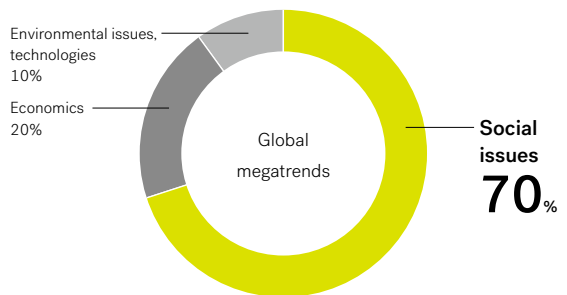
Action, flexibility, responsiveness, communities, social issues

#### Noteworthy Responses

- I want MARUI GROUP to be a company that interacts and coexists with a diverse range of people while generating innovation for resolving social issues.
- I hope that MARUI GROUP will maintain its mindset of evolving to better serve customers and at the same time respond flexibly to social change.
- In the society of the future, one will only need a computer to be complete, which may dilute interpersonal connections. I believe that we can bring joy to people by creating venues for connections and communities.
- Resolving a wider range of social issues will require us to search for resolutions while working together with other companies and coordinating with government agencies, the United Nations, and other institutions.

#### Analysis

From among the global megatrends of environmental issues, social issues, economics, and technologies, in which area would you like the MARUI GROUP described in your response to question 2 to resolve issues?



Approximately 70% of respondents wanted MARUI GROUP to be a company that resolves social issues while around 20% wanted MARUI GROUP to be a company that addresses economic issues.

Examining the relationship between responses to questions 1 and 2, it was found that around 20% of all respondents offered highly similar responses for their personal mission and their desire for MARUI GROUP in the future, indicating that MARUI GROUP and its employees are, to a certain degree, aligned along the same vector. The responses also signified that employees see the Company as somewhat of an extension of their own values. Furthermore, a large number of respondents stated a desire to think first about what exactly is the happiness of all people and then act to contribute to the resolution of social issues, whether with regard to themselves or the Company.

Input from Children That Will Shape the World 30 Years from Now



—Input from Children—



I hope that we will still value connections with people and the warmth of people 30 years in the future.



I want to enjoy the evolution of technology while addressing climate and other environmental issues.



We should separate the work of people from the work of robots. We need to enrich people's lives without making things overly convenient.



As part of the process of formulating our long-term vision, we reached out to Ebara Fifth Public Elementary School in Shinagawa, Tokyo. A total of 130 children, who will be the ones shaping the world 30 years from now, were invited to take part in discussions so that we could incorporate their thoughts and opinions into the vision. The children were first asked to imagine what the world may look like 30 years in the future and then to think about what would make for a more desirable future. The children voiced a mixed assortment of hope and concern regarding the future, with some stating how they want to value interpersonal connections or make ecological lifestyles the norm and others expressing concern for being ruled by technology. Such input from children was integrated into MARUI GROUP's 2050 Vision, representing our first step in practicing co-creation with the group of stakeholders that is future generations.



**Ayano Moroto**  
Teacher  
Ebara Fifth Public  
Elementary School  
Shinagawa, Tokyo

I remember how motivated and excited the children were to participate in this event after I informed them that their input would be used to help set MARUI GROUP's new management policies. Many of their opinions were unexpected, such as those that expressed dissatisfaction with an overly convenient society and those that wanted to eat meals with their families. This event thus made it apparent that the students had not lost sight of the importance of connections with others and the fundamental qualities of being human.

Inside Scoops on Discussions Held  
When Formulating the 2050 Vision

Inside  
Scoop 1

There was actually a predecessor to the 2050 Vision of "harnessing the power of business to build a world that transcends dichotomies." This vision was "*Shiawase* (Happiness) × Sustainability = *Seicho* (Growth)" or "S3." Based on MARUI GROUP's co-creation philosophy, this vision involved providing all stakeholders with options for beneficial trade so that the Company could grow by accumulating value in addition to profit. However, the inclusion of future generations among the emphasized stakeholder groups was a new perspective unique to the long-term vision, and we thus decided to rethink our vision from this perspective.

Inside  
Scoop 2

At the Future Co-Creation Workshops, employee participants presented the long-term vision proposals they had thought of directly to executive officers. On the day of the presentations, a typhoon struck Japan, breaking windows at Namba Marui. One employee was forced to skip the workshop to address this issue. This employee's group had been working on their vision up until the morning of the presentation. They set up an impromptu intranet meeting via the Group's internal meeting system during which they discussed the vision, right up to the deadline. The passion infused in the discussions strengthened the bonds between the members, who remain connected even today.



## Intensive Vision Conference for Executive Officers

After receiving proposals from Sustainability Project Team members and discussing with children, the last step in formulating MARUI GROUP's 2050 Vision was a two-day, overnight intensive vision conference attended by all executive officers. At this conference, the executive officers brought the vision to final form by organizing and confirming understanding of the opinions of employees, children, and experts and then considering, presenting, and sharing the long-term vision proposals presented by the Sustainability Project Team groups. A wide variety of opinions were raised during the open and lively discussions. One officer mentioned that he sensed an innovative drive to overcome challenges in the idea of transcending

dichotomies. Another stated that concrete KPIs were suited to green businesses while also bringing up the need to reevaluate the KPIs for other businesses in the future. Following its finalization at the conference, the 2050 Vision was announced at the co-creation sustainability explanatory forum held on December 10, 2018.



Letter

### To Every Employee That Has Joined Since 1970 and Will Join in the Future



**Motohiko Sato**

Senior Managing Executive  
Officer and CFO  
In charge of IR and Finance  
MARUI GROUP CO., LTD.

It is common, even today, for people of my age to express their appreciation for how MARUI GROUP has helped them in the past. Whenever this happens, I am reminded of how MARUI GROUP has been long loved by and necessary to society. Back in the day, we helped countless people with our installment payment framework based on credit forged together with customers, thereby addressing the consumption needs of younger, low-income individuals, which itself could be said to have been a social issue. The evaluation of the social value born out of being needed by society contributed to improved economic value, thereby driving our growth over the past 88 years.

Today, the evolution of the Internet is responsible for massive changes in our operating environment. We have responded to these changes by transforming our business structure, shifting from in-house credit cards to multi-purpose EPOS cards and transitioning from department stores using the consignment buying system to shopping centers utilizing fixed-term rental contracts. These initiatives have laid the foundations for stable growth. In the future, we anticipate further changes to the operating environment as digitization spreads and AI and other technologies evolve rapidly. No matter how times may change, though, we will continue to address social issues in our business by capitalizing on the responsiveness to change that is part of MARUI GROUP's DNA. Through unrelenting innovation and ambition, MARUI GROUP will aspire to be a company that is always loved and needed by society in order to ensure robust growth over the next 100 and 150 years.





The members of the Sustainability Project Team and the members of the 2018 Medium-Term Management Visionary Committee that resonated with MARUI GROUP's 2050 Vision assembled to share solidarity in their vision for the future.





MARUI GROUP's mission is to contribute to the co-creation of a flourishing and inclusive society that offers happiness to all. Creating happiness for everyone requires co-creation with Group employees as well as with customers, business partners, and all other stakeholders. We at MARUI GROUP will march forward toward the future we envision.

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Contact

Sustainability Department and ESG Promotion Department  
MARUI GROUP CO., LTD.

3-2, Nakano 4-chome, Nakano-ku, Tokyo 164-8701, Japan  
Tel: 03-5343-0717 E-mail: [esg01@0101.co.jp](mailto:esg01@0101.co.jp)



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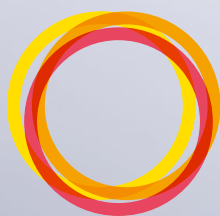


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# CO-CREATION