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Core Theme

Ecological Inclusion



MARUI GROUP's Vision

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.

Major Initiatives

Integrated Group efforts to reduce environmental footprint	MARUI GROUP views all of its business assets as being borrowed from society. Based on this belief, all Group employees practice autonomy in expanding the scope of our socially beneficial activities and proposing fulfilling lifestyles steeped in the unique characteristics of MARUI GROUP. This objective is to be accomplished while advancing eco-friendly business activities.
Reduction initiatives related to private brand products	MARUI GROUP is addressing social issues by expanding its reuse initiatives, which include allowing customers to trade in products they no longer use for resale, and its reduction initiatives, which include reducing waste by preventing the creation of products that go unused due to not meeting customer needs.
Responsible procurement activities with business partners	MARUI GROUP recognizes that it has responsibilities as producer that span the entire value chain, which encompasses everything from raw material procurement through to product creation, sales, and disposal. Through co-creation with stakeholders, we strive to contribute to local communities while also going further to address human rights issues and improve work environments across the value chain.
Innovative services for reducing environmental impacts	MARUI GROUP shall utilize its unique platform, which combines its strengths in IT and logistics, in its Retailing and FinTech businesses to develop innovative services that deliver new forms of convenience, addressing social change and customer needs while also reducing environmental impacts.

Please refer to the sustainability section of MARUI GROUP's website for more information. www.0101maruigroup.co.jp/en/sustainability/theme03/

Principal Data

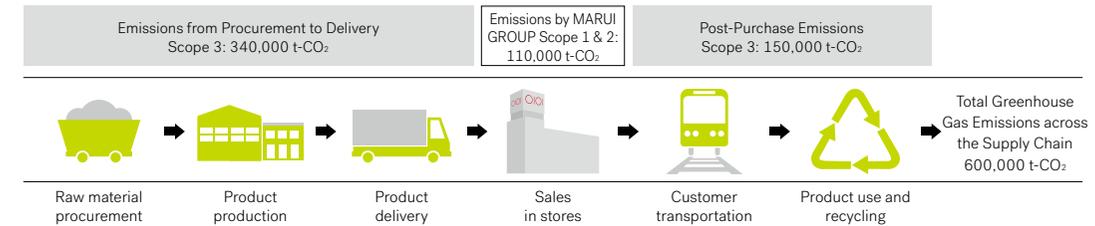
Fiscal year ended March 31 or as of March 31	2013	2014	2015	2016	2017
Greenhouse gas emissions (Scope 1) (t-CO ₂)	10,727	13,044	12,580	14,434	14,920
Greenhouse gas emissions (Scope 2) (t-CO ₂)	76,039	106,085	98,637	89,179	103,264
Greenhouse gas emissions (Scope 3) (t-CO ₂)	—	550,612	530,595	509,070	489,439
Greenhouse gas emissions per unit (per unit of operating income)	—	24.7	22.9	20.7	19.4
Energy consumption (GJ)	1,998,182	2,525,815	2,350,595	2,305,099	2,341,454
Total amount of renewable energy purchased or generated (thousands of kWh)	0	0	78	387	386
Total waste (tons)	13,240	13,620	13,390	12,900	15,039
Waste recycled (tons)	7,950	7,860	7,840	7,700	8,839
Ratio of waste recycled (%)	60	58	59	60	59
Waste sent to landfills (tons)	5,290	5,760	5,550	5,200	6,200
Business partners engaged in CSR procurement initiatives	—	—	—	—	20
Product carbon footprint	1	1	1	1	8

Please refer to MARUI GROUP's ESG DATA BOOKs for more information. www.0101maruigroup.co.jp/en/sustainability/lib/databook.html

Tracking of Environmental Footprint across the Value Chain

MARUI GROUP views all of its business assets as being borrowed from society, and is therefore promoting eco-friendly business activities through means such as combating climate change and preventing pollution in a concerted Groupwide effort. In addition, we recognize our responsibility as a producer to track our environmental footprint across the entire value chain, from the procurement of raw materials and product creation to the sale and disposal of products.

Scope 3 Emissions Data (Fiscal Year Ended March 31, 2017)

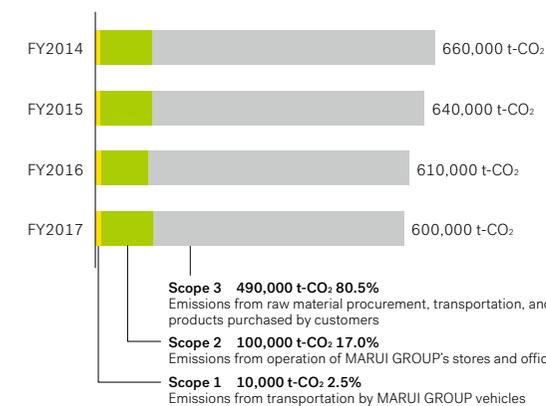


The Company calculates emissions volumes based on the *Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain*, released by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. The results of Scope 3 emissions calculations have been confirmed by Mizuho Information & Research Institute, Inc.

Scope 3 Emissions Data
www.0101maruigroup.co.jp/en/sustainability/theme03/environment_01.html

Four Consecutive Years of Reductions in CO₂ and Other Greenhouse Gas Emissions

The Company has traditionally calculated emissions of CO₂ and other greenhouse gases based on Scope 1 and Scope 2 of the Greenhouse Gas Protocol, and it began calculating emissions under Scope 3 during the fiscal year ended March 31, 2014. We are thereby able to track environmental impacts across the entire value chain, including direct and indirect emissions from MARUI GROUP (Scope 1 and Scope 2) as well as emissions from raw material procurement, transportation, and products purchased by customers. Through this type of traceability that spans the entire value chain, we are advancing initiatives for reducing environmental impacts together with customers, business partners, communities, and society as a whole. These initiatives have helped us achieve four consecutive years of reductions in CO₂ and other greenhouse gas emissions.



Third-Party Verification for CO₂ and Other Greenhouse Gas Emissions

In order to improve the reliability of the environmental information it discloses, MARUI GROUP began receiving third-party verification for its CO₂ and other greenhouse gas emissions from the Japan Quality Assurance Organization in the fiscal year ended March 31, 2017. This verification is received for all 15 categories of emissions applicable under Scope 1, Scope 2, and Scope 3.



Report Name
Greenhouse Gas Emissions Verification Report

Third-Party Verification Institution
Japan Quality Assurance Organization (JQA)

Incorporating Reduction into Business Activities

MARUI GROUP is addressing social issues through reuse and reduction initiatives. Our reuse initiatives include allowing customers to trade in products they no longer use, which are then resold. At the same time, we look to reduce waste through the development of private brand products that accurately match customer needs.

Lineup Offering the Perfect Fit for 100% of Foot Sizes

MARUI GROUP views product creation as the act of making products that match the physical characteristics of individual customers. We facilitate these efforts by creating products together with customers and asking them directly about their concerns and needs. Through this engagement, it was brought to our attention how many shoes are thrown away because of comfort or size issues that become apparent after their purchase. MARUI GROUP sought to rectify this issue by improving the comfort of shoes and expanding the range of available sizes to cover 100% of customer foot sizes. We were thus led to create the Rakuchin Kirei series of shoes, which have sold more than 3.5 million pairs by bringing joy to all customers. In this manner, we endeavor to reduce waste by proposing products that perfectly match every customer.

To quantify the results of our activities in this area, we have identified the portion of sales accounted for by products that perfectly match customers as a key performance indicator, and we are currently in the process of formulating a target for this indicator to be accomplished by 2030. The Company plans to disclose more detailed information on this matter in the fiscal year ending March 31, 2019.

www.0101.co.jp/voi/webshop/customer_portal/index.jsp (Japanese only)

Try-on Store Scheme Supporting Reduction Initiatives

Try-on stores represent a new sales floor scheme that merges Internet sales with physical stores. In these stores, customers can try on samples of all sizes of products and then make purchases via Internet sales. Benefits of try-on stores include lower investments in store fixtures and fixed rent fees than would be required for opening a standard store. In addition, as only samples are displayed, there is no need for inventories, decreasing the risk of losses on inventory disposal. Furthermore, the reduction in customer returns and inventories contributes to substantially lower

environmental impacts. This scheme is complemented by the distribution centers supporting our e-commerce operations, where we have introduced the AutoStore robotic warehouse system in order to heighten efficiency. This system allows for around 27,000 specialized storage containers to be arranged in stacks of 12, eliminating wasted space and tripling warehouse storage efficiency. Moreover, the task of retrieving products, which was previously carried out by people, is now conducted by robots, greatly reducing the amount of work needed to be performed by human hands.

www.0101maruigroup.co.jp/en/sustainability/theme03/reduce.html

Proposal of Ecologically Sound Lifestyles

MARUI GROUP's co-creation activities with business partners commenced in 2009, and we have been conducting carbon footprint initiatives, which entail tracking CO₂ emissions across the value chain, since then to reduce environmental impacts. In the fiscal year ended March 31, 2017, these initiatives were applied to eight product styles—seven styles of Rakuchin Kirei series shoes and one style of Rakuchin Keikai shoes.

Furthermore, MARUI GROUP employs carbon offset schemes as an ecological action for offsetting emissions of CO₂ and other greenhouse gases that it is unable to reduce in its own operations through reductions or the absorption of emissions elsewhere. Since 2017, we have been deciding the specific venues for carbon offset utilized based on votes by customers and employees. These activities will be continued going forward in order to broaden the range of environmental preservation activities carried out through co-creation with customers.

www.0101maruigroup.co.jp/en/sustainability/theme03/environment_02.html



Number of Clothing Items and Shoes Traded in by Customers

Approx. 5.7 million

May 2010–March 2017

Ratio of People Throwing Away Shoes that are No Longer Worn

92%

Based on 2013 survey of EPOS cardholders

Responsible Procurement Activities with Business Partners

MARUI GROUP recognizes that it has responsibilities as producer that span the entire value chain, which encompasses everything from raw material procurement through to product creation, sales, and disposal. Through co-creation with stakeholders, we strive to contribute to local communities while also going further to address human rights issues and improve work environments across the value chain.

On-site Meetings with Business Partners

In 2016, we established the MARUI GROUP Procurement Policy. A step ahead of the release of this policy, the Company held an explanatory forum for roughly 100 business partners related to its private brands. At this explanatory forum, we discussed the importance of addressing human rights, labor, and other issues across the supply chain, explaining MARUI GROUP's policies in this regard while using actual case studies. Business partners participating in the forum expressed their support for our stance.

In 2017, we began conducting surveys and on-site audits of business partners to inspect their initiatives in relation to the supply and procurement of safe and

trustworthy products and to human rights and labor environments. During on-site audits, dedicated staff members from the Sustainability Department hold meetings with business partners to confirm the environmental initiatives conducted at their domestic and overseas factories as well as their employee labor agreements and other conditions related to occupational health and safety.

www.0101maruigroup.co.jp/en/sustainability/theme03/valuechain.html



Message from a Business Partner



Shogo Fujinaga

Officer
Section 2, Department 2, Business Division 1
TAMURAKOMA & Co., Ltd.
Osaka, Japan

Responsible Procurement Activities Helping to Build a Better Society

We recently visited a factory producing MARUI GROUP private brand apparel products together with staff from the Company. On this visit, the first of its kind for us, a meeting was held during which we discussed such matters as work environments and procurement conditions. In the past, our focus has been ensuring that products can be delivered on schedule. I had not stepped inside a factory, whether in Japan or overseas, or thought about the cultural or historical background that shaped a specific factory. Becoming more involved in factories has given production activities a greater degree of transparency and enabled us to better ensure the safety of products. Our initiatives with MARUI GROUP will no doubt help to build a better society and achieve long-term corporate growth. At TAMURAKOMA, we hope to work together with MARUI GROUP to foster relationships with the factories we use that place us on equal footing and to spread MARUI GROUP's concept of co-creation with customers.

Message from a Business Partner



Sungwan Chaisongcam

President
S.K.N TRADING COMPANY LIMITED
Bangkok, Thailand

Employee Unity Realized by Revising Factory Operating Procedures

Some companies focus only on the samples provided to confirm final products or on the ability to receive products with consistent quality. MARUI GROUP differs from such companies. I was impressed with how involved MARUI GROUP is in the manufacturing process pertaining to its Rakuchin Keikai shoes, offering us guidance on how to perform tests on various materials and how and where these materials should be procured and other specific matters. This involvement spans all processes from initial planning to ordering. We recently had a meeting with MARUI GROUP centered on the importance of ensuring safety and security for employees, which opened my eyes on the topic of making factories more comfortable workplaces for employees. At factories, we have put an end to the practice of employees relaying orders verbally, requesting that shared instructions be presented in written form, and we have also begun thoroughly investigating the cause of mistakes. Our employees are currently united in working toward a common goal, minimizing production process mistakes.