

July 16, 2019

Third Consecutive Year of Inclusion in Three ESG Indexes Utilized by the GPIF

- FTSE Blossom Japan Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index

MARUI GROUP announces that the Company has been selected for inclusion in the three ESG indexes that are utilized by the Government Pension Investment Fund (GPIF) for the third consecutive year. These indexes are the FTSE Blossom Japan Index, the MSCI Japan ESG Select Leaders Index, and the MSCI Japan Empowering Women Index.

In addition, MARUI GROUP was selected for inclusion in the S&P/JPX Carbon Efficient Index, a global environmental stock index utilized by the GPIF, in October 2018. Combined with the other indexes, MARUI GROUP has been included in all four of the indexes employed by the GPIF for conducting investments based on environmental, social, and governance (ESG) factors.

The Company's inclusion in these indexes is a reflection of the high evaluation of MARUI GROUP as it moves forward with co-creation sustainability management—a forward-looking management approach that merges business, environmental, social issue response, and governance initiatives in an integrated manner.

ESG Indexes Utilized by the GPIF

The GPIF seeks to promote investment based on ESG factors, as this style of investment is expected to produce higher risk-adjusted returns in conjunction with longer holding periods. The following criteria are used when selecting the ESG indexes that will be utilized.

- (1) "Positive screening" that determines constituent companies based on their ESG evaluation
- (2) Evaluation based on public information and disclosure of method and results
- (3) Proper governance and management of conflicts of interest at ESG evaluators and index providers

Based on these three criteria, GPIF selects two broad indexes that consider all ESG factors and one thematic/social index that focuses on the social issue of empowering female employees. Recognizing that, among other important ESG issues, climate change and other environmental issues are borderless and thus require global attention, GPIF adopted two environmentally themed indexes in September 2018.

Characteristics of Four ESG Indexes

1. FTSE Blossom Japan Index

The FTSE Blossom Japan Index is an index compiled by global index provider FTSE Russell. This index is meant to reflect the performance of Japanese companies exhibiting exceptional ESG performance, and industry is therefore not considered when selecting companies for inclusion.

FTSE Russell evaluates companies based on ESG themes such as corporate governance, occupational health and safety, corruption prevention, and climate change. The FTSE Blossom Japan Index comprises Japanese companies that meet various ESG-related requirements when submitted to ESG evaluations.

2. MSCI Japan ESG Select Leaders Index

The MSCI Japan ESG Select Leaders Index comprises Japanese companies with relatively high MSCI ESG Ratings in each industry selected from among the top 500 companies in terms of market capitalization after excluding those companies with the lowest MSCI ESG Rating of CCC and those companies that have been involved in serious scandals. In addition, companies with MSCI ESG Ratings are selected within their industry, as defined by the Global Industry Classification Standard (GICS®), with the aim of having the index represent 50% of the market capitalization of each industry.

3. MSCI Japan Empowering Women Index

The MSCI Japan Empowering Women Index is an ESG index for Japanese stocks consisting of companies that exhibit gender diversity excellence in each industry, based on the GICS®, selected from among the top 500 companies in terms of market capitalization. This index advocates the idea that companies with high levels of gender diversity are resilient to the risks associated with the future labor shortfalls expected to result from the declining birthrate and aging population and are therefore highly profitable and sustainable. The index was developed for use by institutional investors interested in investing in companies that excel at promoting gender diversity.

4. S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index comprises companies included in the Tokyo Stock Price Index (TOPIX), which is representative of trends in Japan's stock markets. The selection process is based on market capitalization and entails overweighting or underweighting companies in reflection of their disclosure of environmental information and their carbon efficiency (carbon emissions per unit of revenue). By employing an evaluation scheme that increases the weight of companies that practice satisfactory disclosure of environmental information and that have high carbon efficiency (low carbon emissions per unit of revenue), this index is designed to promote more robust environmental initiatives and disclosure throughout the market and thereby

invigorate the stock market.

MARUI GROUP has also been included in the FTSE4Good Index Series, a series of well-known responsible investment indexes compiled by FTSE Russell, for the third consecutive year.

For more information, please refer to news release “Third Year of Inclusion in FTSE4Good Index Series Responsible Investment Index”:

→https://www.0101maruigroup.co.jp/pdf/settlement/19_0716/en_19_0716_1.pdf

MARUI GROUP’s Co-Creation Sustainability Management

MARUI GROUP is practicing co-creation sustainability management—a forward-looking management approach that merges business, environmental, social issue response, and governance initiatives in an integrated manner. Based on its 2050 Vision and its commitment to the concept of inclusion, MARUI GROUP is contributing to the realization of a flourishing and inclusive society that offers happiness to all through co-creation with all stakeholders in the course of its business.

Information on MARUI GROUP’s vision for co-creation sustainability management and 2050 Vision can be found in the following reports.

Co-Creation Management Report 2018

<https://www.0101maruigroup.co.jp/en/ir/lib/i-report.html>

VISION BOOK 2050



<https://www.0101maruigroup.co.jp/en/sustainability/lib/s-report.html>

Company Overview

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