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## MARUI GROUP CO.,LTD.

	<b>Companies' approach</b>
<b>① Background and purpose of accounting</b>	<ul style="list-style-type: none"> <li>• We quantify and clarify the amount of GHG emissions throughout the entire value chain, discuss how we can contribute to sustainable society and implement the reduction activities.</li> <li>• With Scope 3 emission accounting in addition to Scope 1 and 2, we have established reduction targets. We have set a goal of reducing Scope 3 emissions 35% by the fiscal year 2030 from the fiscal year 2016. The goal was approved as “1.5 °C” target of the Science Based Targets initiative in September 2019.</li> <li>• We will strive to engage in co-creation activities across the entire supply chain with customers, suppliers, and others.</li> </ul>
<b>② Utilization of accounting results</b>	<ul style="list-style-type: none"> <li>• We will continuously check on developments in our GHG emissions, considering varied levels of significance and implications of accounting by Category.</li> <li>• We report the accounting results and transitions in our emissions over time in ESG DATA BOOKs, Co-Creation Management Report, and Co-Creation Sustainability Report, and such to external audience.</li> <li>• Findings will be used to respond to various questionnaire surveys such as CDP.</li> </ul>
<b>③ Benefits of accounting</b>	<ul style="list-style-type: none"> <li>• By quantifying GHG emissions by category, we are able to identify key target areas for emission reduction following the shift in business model such as processes with high emissions.</li> <li>• Quantifying GHG emissions can be useful to encourage and motivate all the staff in our Group to further promote our sustainability efforts or activities.</li> </ul>
<b>④ Internal system for accounting</b>	<ul style="list-style-type: none"> <li>• The Sustainability Department of Marui Group plays a leading role in collecting information such as numerical data and database from the relevant divisions/departments of our group companies and accounting for GHG emissions by applying specific scenario settings to some cases.</li> </ul>

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	<b>Companies' approach</b>
<b>⑤ Efforts to reduce supply chain emissions</b>	<ul style="list-style-type: none"> <li>• In February 2019, we announced MARUI GROUP's 2050 Vision of "harnessing the power of business to build a world that transcends dichotomies". We have defined three businesses founded on co-creation for the realization of the vision. Green businesses are one of the three businesses, through which, we are engaged in the provision of options for coexistence with the global environment and future generations.</li> <li>• We calculate carbon footprint related to our private brand products and cooperate with our suppliers to reduce emissions, especially in the phase of raw material procurement and production.</li> <li>• We will continue to check transition in GHG emission from our supply chain and take measures/actions while identifying potential target areas for emission reduction.</li> </ul>
<b>⑥ Issues in supply chain emissions accounting</b>	<ul style="list-style-type: none"> <li>• We have accounted for GHG emissions extending over a wider range of Categories (representing most of the Categories for Scope 3),including additional focuses on a voluntary basis.</li> <li>• It should be noted,however,that reaching out to a wider scope of activities requires more efforts for accounting,which has been a burdensome task for us.</li> <li>• For the future,we suppose we could possibly simplify accounting methods and processes by identifying those categories with lower emissions or less variability across years,considering objectives of accounting and uses of the results.</li> <li>• Meanwhile,when it comes to those categories of emissions to be addressed through our efforts for emissions reduction across years,we will need to adopt a more refined approach to data collection and calculation that enables us to incorporate the effects of such efforts into the accounting results.</li> <li>• For other areas of Scope 3 emissions from our Group,some of them are not covered by our current accounting method due,for example,to difficulties in collecting data.We will therefore consider and seek to collect data more continuously in order to comprehend and account for GHG emissions inclusively throughout our supply chain.</li> </ul>
<b>⑦ Other</b>	<ul style="list-style-type: none"> <li>• Our aim in accounting is to understand our GHG emissions across the entire supply chain relevant to our own business operations,thereby discussing to find out potential target areas for emissions reduction in the future.To accomplish this,we have accounted for GHG emissions within a total set of 13 Categories,including additional focuses on a voluntary basis,out of the 15 Categories for Scope 3(remaining 2 Categories being irrelevant to our group).</li> <li>• Sector-specific voluntary focuses include:Shopping customers' travel (as part of Category 9)and Washing and cleaning of sold apparel products(as part of Category 11).</li> </ul>

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Category	Accounting methods ※Accounting period : April 2019 - March 2020	
	Activity data	Emission factor
Category 1: Purchased goods and services	• Costs of goods, and expenses for outsourcing	• Emission factor per amount of money*1
Category 2: Capital goods	• Capital Investment amount	• Emission factor per amount of money*1
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Energy usage	• Emission factor per energy used*1,2
Category 4: Transportation and delivery (upstream)	• Shipping costs by outsourced suppliers	• Emission factor per amount of transportation cost*1
Category 5: Waste generated in operations	• Weight of waste	• Emission factor per weight (recycling)*1
Category 6: Business travel	• Transportation expenses paid	• Emission factor per amount of transportation expenses paid*1
Category 7: Employee commuting	• Commuting transportation expenses paid	• Emission factor per amount of transportation expenses paid*1
Category 8: Leased assets (upstream)	• Floor areas of leased premises	• Emission factor per floor area*1
Category 9: Transportation and delivery (downstream)	• Customer traffic, and customer travel distance (in a market area)	• Emission factor per person-kilometer by mode of transportation*1
Category 10: Processing of sold products	• N/A	• N/A
Category 11: Use of sold products	• Weight of sold apparel products, by type • Number of times of washing & cleaning per year (our own scenario)	• Emissions per weight in terms of washing & cleaning of apparel products *3
Category 12: End-of-life treatment of sold products	• Weight of goods sold at Marui stores, discarded credit cards, and packaging materials	• Emission factor per weight of waste by material*1
Category 13: Leased assets (downstream)	• Floor area of leased premises	• Emission factor per floor area*1
Category 14: Franchises	• N/A	• N/A
Category 15: Investments	• Share holding ratio	• Disclosed CO2 emissions from investment destination
Other	• Calculations are ignored, because it is an option category	

\*1 Emission Factor Database on Accounting for Greenhouse Gas Emission Throughout the Supply Chain (ver.3.0)

\*2 IDEAv2 (Inventory Database for Environmental Analysis) \*3 Carbon Footprint Product Category Rules (CFP-PCR) Subjected product : uniform

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## Supply chain emissions : Accounting results

