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MARUI GROUP CO.,LTD.

	Companies' approach
① Background and purpose of accounting	<ul style="list-style-type: none"> • By visualizing the GHG emissions throughout the entire value chain, we examine future initiatives including reduction of social emissions and implement the reduction activities. • With Scope 3 emission counting in addition to Scope 1 and 2, we have established reduction targets. We have set a target of reducing Scope 3 emissions 35% by the fiscal year 2030 from the fiscal year 2016. The target was approved as “1.5 °C” target of the Science Based Targets initiative in September 2019. • We will strive to engage in co - creation activities across the entire supply chain with customers and other stakeholders.
② Utilization of accounting results	<ul style="list-style-type: none"> • We account for emissions by category, and report the accounting results and transitions in our emissions over time in ESG DATA BOOKs and Co-Creation Management Reports, and such to external audience. • Findings are used to respond to various questionnaire surveys such as CDP.
③ Benefits of accounting	<ul style="list-style-type: none"> • 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. • Quantifying GHG emissions can be useful to set targets for reduction efforts in each department. • Improve transparency by disclosing the status of our company's greenhouse gas emissions.
④ Internal system for accounting	<ul style="list-style-type: none"> • 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.

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⑤ Efforts to reduce supply chain emissions	<ul style="list-style-type: none"> • In the mid-term management plan announced in 2021, we have defined targets related to sustainability and well-being as "Impact", based on the "MARUI GROUP's 2050 Vision" formulated in 2019, and aim to reduce CO2 emissions by 1 million tons for ourselves and society. • 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.
⑥ Issues in supply chain emissions accounting	<ul style="list-style-type: none"> • It should be noted that reaching out to a wider scope of activities requires more efforts for accounting, which has been a burdensome task for us. For the future, we suppose we could 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. • It is difficult to reflect the amount of reduction by reduction efforts because the calculation is based on the amount and weight. (e.g., promoting the use of wood in buildings is not reflected in the amount of reduction in SCOPE 3)
⑦ Other	<ul style="list-style-type: none"> • 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 emission 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). • 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). • We have proposed that facility management companies, etc. that issue affiliated credit cards switch to renewable energy.

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Category	Accounting methods ※Accounting period : April 2020 - March 2021	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Costs of goods, and expenses for outsourcing 	<ul style="list-style-type: none"> Emission factor per amount of money
Category 2: Capital goods	<ul style="list-style-type: none"> Capital Investment amount 	<ul style="list-style-type: none"> Emission factor per amount of money
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Energy usage 	<ul style="list-style-type: none"> Emission factor per energy used
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Shipping costs by outsourced suppliers 	<ul style="list-style-type: none"> Emission factor per amount of transportation cost
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Weight of waste 	<ul style="list-style-type: none"> Emission factor per weight (recycling)
Category 6: Business travel	<ul style="list-style-type: none"> Transportation expenses paid 	<ul style="list-style-type: none"> Emission factor per amount of transportation expenses paid
Category 7: Employee commuting	<ul style="list-style-type: none"> Commuting transportation expenses paid 	<ul style="list-style-type: none"> Emission factor per amount of transportation expenses paid
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> Floor areas of leased premises 	<ul style="list-style-type: none"> Emission factor per floor area
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> Customer traffic, and customer travel distance (in a market area) 	<ul style="list-style-type: none"> Emission factor per person-kilometer by mode of transportation
Category 10: Processing of sold products	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
Category 11: Use of sold products	<ul style="list-style-type: none"> Weight of sold apparel products, by type Number of times of washing & cleaning per year (our own scenario) 	<ul style="list-style-type: none"> Emissions per weight in terms of washing & cleaning of apparel products
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Weight of goods sold at Marui stores, discarded credit cards, and packaging materials 	<ul style="list-style-type: none"> Emission factor per weight of waste by material
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> Floor area of leased premises 	<ul style="list-style-type: none"> Emission factor per floor area
Category 14: Franchises	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
Category 15: Investments	<ul style="list-style-type: none"> Share holding ratio 	<ul style="list-style-type: none"> Disclosed CO2 emissions from investment destination
Other	<ul style="list-style-type: none"> Calculations are ignored, because it is an option category 	

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Supply chain emissions : Accounting results

