

Framework Overview and Second-Party Opinion

Marui Group Green Bond

Evaluation Summary

Sustainalytics is of the opinion that the Marui Group Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that (i) Source 100% of electricity from renewable power sources, (ii) Reduction of GHG emissions and (iii) Renewable power generation will lead to positive environmental impacts and advance the UN Sustainable Development Goals.



PROJECT EVALUATION / SELECTION Marui Group Co., Ltd.'s internal process in evaluating and selecting projects is aligned with market practice. The selection is collaboratively conducted by members of the Corporate Planning Department, the Sustainability Department, the ESG Promotion Department, the Finance Department and, its consolidated subsidiary, MARUI FACILITIES Co.,Ltd.'s Management Department.



MANAGEMENT OF PROCEEDS Marui Group Co., Ltd.'s processes for management of proceeds is aligned with market standards, including systems to track the use of proceeds. Unallocated proceeds will be invested in cash or cash equivalents until allocation.



REPORTING Marui Group Co., Ltd. intends to report allocation proceeds on its website and in its sustainability reports or integrated reports on an annual basis. In addition, Marui Group Co., Ltd. is committed to reporting on the ratio of renewable power to the group's total power consumption (%), rate of reduction of the group-wide total GHG emissions in comparison to FY2016/17 (%), amount of renewable power generation (kWh). In Sustainalytics' view reporting on these metrics is in line with market practice.

Evaluation date	September 26, 2018
Issuer Location	Tokyo Japan

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Introduction

Marui Group Co., Ltd. has developed a Green Bond Framework (the “framework”) under which it is planning issuing green bonds and use the proceeds to finance and refinance expenditures related to renewable energy, energy efficiency and renewable power generation.

Marui Group engaged Sustainalytics to review the Green Bond and provide a second-party opinion on the alignment of the green bond with the Green Bond Principles 2018 (the “GBP”), as administered by the International Capital Market Association (the “ICMA”),¹ and the framework’s environmental credentials.

As part of this engagement, Sustainalytics held conversations with various members of Marui Group Co., Ltd. including Financial Department and ESG Promotion Department to understand the sustainability impact of Marui Group Co., Ltd., 9 consolidated subsidiaries and 3 non-consolidated subsidiaries (collectively referred to as MARUI GROUP)’ business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of Marui Group Green Bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains two sections: Framework Overview – summary of the Green Bond; and Sustainalytics’ Opinion – an opinion on the framework.

Overview of Issuer

MARUI GROUP operates in two business segments: Retailing Business and FinTech Business. The Retailing Business includes management of commercial property rental, retailing operations of clothes and accessories, store design, advertising, apparel distribution maintenance, and management of buildings and other facilities. The FinTech Business includes credit card services, consumer loans, rent payment guarantee businesses, IT systems, and real estate rental, etc.

MARUI GROUP aims to “help build a flourishing and inclusive society that offers happiness to all”.² Its sustainability strategy includes four core themes: (i) Customer Diversity Inclusion, (ii) Workplace Inclusion, (iii) Ecological Inclusion and (iv) Co-Creation Corporate Governance. Sustainability themes, such as environmental preservation, social contribution and human rights are integrated into the group’s code of conduct.³ In addition, to further promote one of the group’s four core theme, Ecological Inclusion, the group has joined the RE 100 initiative⁴ which promotes 100% renewable energy use in business activities,⁵ and its’ GHG reduction targets is approved by the Science Based Target initiative which promotes companies to set science based GHG reduction targets.⁶

¹ ICMA’s Green Bond Principles 2018: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² MARUI GROUP, Co-Creation Sustainability Report 2017: http://www.0101maruigroup.co.jp/en/sustainability/pdf/s_report/2017/s_report2017_ena4.pdf

³ MARUI GROUP, Code of Conduct, revised November 2017: <http://www.0101maruigroup.co.jp/en/ci/action.html>

⁴ RE100 is a collaborative, global initiative uniting more than 100 influential businesses committed to 100% renewable electricity, working to massively increase demand for and delivery of renewable energy: <http://there100.org/re100>

⁵ MARUI GROUP, News Release: http://www.0101maruigroup.co.jp/pdf/settlement/18_0710/en_18_0710_1.pdf

⁶ MARUI GROUP, News Release: http://www.0101maruigroup.co.jp/pdf/settlement/18_0329/en_18_0329_1.pdf

Framework Overview

For the purpose of issuing green bonds, Marui Group Co., Ltd., has developed the following framework which addresses the four core components of the Green Bond Principles (GBP): use of proceeds, project evaluation and selection process, management of proceeds, and reporting. The framework belongs to Marui Group Co., Ltd., and a summary overview has been provided below.

Use of Proceeds

The proceeds of the green bond will be allocated towards financing and refinancing projects that meet the following eligibility criteria. Refinancing of projects will be limited to existing projects with a look-back period of 24 months prior to the date of issuance of the Green Bond.

Eligibility Criteria

1. Source 100% of electricity from renewable power sources

Use of proceeds:

Costs related to MARUI GROUP' efforts to achieve 100% renewable energy utilization, mainly via solar and wind power, consumed by its business segments including:

- Costs related to the purchase of power from renewable energy sources
- Costs related to transitioning to power from renewable energy sources (costs of switching power purchase agreements, etc.)

Context:

MARUI GROUP aims to achieve a 100% utilization rate of power from renewable sources for use in its business activities, mainly the energy used at stores, by 2030. Upon joining "RE100" in July 2018, MARUI GROUP publicly announced its commitment to go 100% renewable, i.e., 100% of power consumed in business activities derived from renewable sources by 2030.

MARUI GROUP will purchase power from Minna-Denryoku Inc., a power producer and supplier that has the capability of identifying whether suppliers have power plants using renewable sources by use of block-chain technologies (or other power plants using renewable sources if necessary).

2. Reduction of GHG emissions

Use of proceeds:

Costs related to energy-saving efforts at stores and offices, including:

- Costs related to switching to LED lights that aim to achieve at least a 40% reduction effect on power consumption in comparison to conventional fluorescent lights (including costs of purchasing LED bulbs lighting devices compatible with LED bulbs and other costs related to the switch)
- Costs related to switching to air-conditioners that aim to achieve at least a 30% reduction effect on power consumption in comparison to conventional air-conditioners, and efforts to maintain efficient operation of newly-installed units (including costs of purchasing and replacing air-conditioners, and maintenance and management of air-conditioners for continued efficiency)
- Costs related to switching to hot and cold water dispensers and cooling water pumps that aim to achieve at least a 30% reduction effect on power consumption in comparison to old-fashioned conventional water dispensers and pumps, and efforts to maintain efficient operation of newly-installed water dispensers and pumps (including costs of purchasing and replacing water dispensers and pumps, and maintenance and management of water dispensers and pumps continued efficiency)
- Costs related to switching to escalators and elevators that aim to achieve at least 30% reduction effect on power consumption in comparison to conventional escalators and elevators, and efforts to achieve efficient operation of newly-installed escalators and elevators (including costs of purchasing and replacing escalators and elevators and costs related to maintenance and management of escalators and elevators for continued efficiency)
- Costs related to switching to transformers that aim to achieve at least 50% reduction effect on power consumption in comparison to conventional transformers, and efforts to achieve efficient operation of

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newly-installed transformers (including costs of purchasing and replacing transformers, and maintenance and management of transformers for the purpose of continued efficiency)

- Costs related to switching to guidance lights that aim to achieve at least 40% reduction effect on power consumption in comparison to conventional guidance lights, and efforts to achieve efficient operation of newly-installed guidance lights (including costs of purchasing and replacing guidance lights, and maintenance and management for continued efficiency)
- Costs related to switching to new models of POS systems and ATMs that aim to achieve at least 30% reduction effect on power consumption in comparison to conventional systems and machines (including costs of purchasing new models of POS (Point of Sale) systems and ATMs, replacement costs and maintenance and management of POS systems and ATMs for the purpose of continued efficiency).

Context:

MARUI GROUP is actively engaged in efforts to reduce power consumption at its stores and install energy-saving facilities with an aim to achieve more environmentally-friendly store operations.

MARUI GROUP announced clear science-based GHG emission reduction targets and is the first company in the Japanese retail sector to have certified science-based GHG reduction targets (Targets Certified by SBT).⁷

These targets include:

- a 40% reduction in group-wide Scope 1 and Scope 2 GHG emissions by 2030 compared to the fiscal year ending March 31, 2017 levels, and a 35% reduction in Scope 3 emissions over the same period
- An 80% reduction in the combined volume of Scope 1 and Scope 2 emissions by 2050 compared to the fiscal year ending March 31, 2017 levels.

3. Renewable power generation

Use of proceeds:

Costs related to implementation of renewable energy power generation projects, including:

- Costs of operating solar or wind power generation facilities

Context:

MARUI GROUP owns and installs renewable power generation facilities to execute renewable power generation projects. MARUI GROUP will contribute to a reduction in CO2 emissions as generated electricity will be sold to power companies.

One of the projects that is already initiated is the solar power generation project at AIM Logisport (Toda City, Saitama Prefecture), installed and launched in 2014 by one of the Marui Group Co., Ltd.'s consolidated subsidiaries AIM CREATE CO., LTD. This project generates enough electricity to provide power to 100 households per annum.

Exclusionary Criteria

With the exception of using a portion of the proceeds for cost of issuance of the Green Bond, Marui Group Co., Ltd. commits to not using any of the proceeds for purposes beyond purchasing renewable energy, generating renewable energy and implementing energy efficiency measures in accordance with the eligibility criteria.

Project Evaluation and Selection Process

Application of Eligibility and Exclusionary Criteria in Project Selection

Marui Group Co.,Ltd. has selected and will continue to select projects to be invested according to the criteria for eligible projects outlined above, namely activities that will contribute to achievement of one of the MARUI GROUP's core themes, "Ecological Inclusion".

The pre-selection of projects is collaboratively conducted by members of the Corporate Planning Department, the Sustainability Department, the Finance Department, the Corporate Planning Department, the ESG Promotion Department, the Finance Department and, one of the Marui Group Co., Ltd.'s consolidated subsidiaries MARUI FACILITIES Co.,Ltd. 's Management Department. Final selection is made by Marui Group

⁷ http://www.0101maruigroup.co.jp/pdf/settlement/18_0329/en_18_0329_1.pdf

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Co., Ltd.'s Compliance Promotion Board, which is chaired by Marui Group Co., Ltd.'s president, and the CSR Promotion Committee, which is chaired by the officer in charge of Sustainability Promotion.

Environmental Objectives

MARUI GROUP's sustainability strategy integrates business and environment, resolution of social challenges and efforts to enhance governance, focussing on "Inclusion" as a key theme, with four main elements, including ecological inclusion. MARUI GROUP has set science-based GHG reduction targets and committed to have 100% of its energy derived from renewable energy sources. Moreover, MARUI GROUP commits to reducing the environmental footprint of its stores and private brand products, and to providing innovative services that lower the group's impact on the environment in accordance with its Environmental Policy.⁸ The use of proceeds help the MARUI GROUP to advance in its sustainability targets and strategy.

Process to Mitigate Environmental and Social Risks

MARUI GROUP identified certain environmental and social risks derived from the use of proceeds categories, including potential negative impact of installations of renewable energy on residents living in the vicinity and on the surrounding landscape, associated unintended land degradation, discharge of cleaning water and other negative impacts on ecosystems in surrounding areas. To mitigate these risks MARUI GROUP encourages the adherence to environmental laws and regulation in its code of conduct. MARUI GROUP's Procurement Policy outlines the group's expectations of business partners, including compliance with environmental regulation, respect human rights, safeguarding workers' health and safety amongst others.

In addition, the group only finances renewable energy projects that comply with the laws and regulations related to environmental conservation as defined in the "Guidelines for Business Plans" required by the Feed-in Tariff Law for renewable energy.⁹

Management of Proceeds

Marui Group Co.,Ltd. intends to centralize the proceeds of the bond to be managed by its Cash Management System. Its Finance Department is in charge of managing the proceeds and allocating proceeds to eligible projects using an internal management system to track the proceeds and allocation on a quarterly basis.

Marui Group Co.,Ltd intends to allocate all proceeds of the green bond within five years. Unallocated proceeds will be invested in cash or cash equivalent forms.

Reporting

Allocation Reporting

Marui Group Co.,Ltd. will, until full allocation, provide information on the allocation of the net proceeds on its website and in its Co-Creation Sustainability Reports / Co-Creation Management Reports (Integrated Reports) on an annual basis, including the allocated amount of the net proceeds on a project category basis, the amount of unallocated proceeds, the amount of proceeds allocated to refinancing projects and assertions by one of its directors that the net proceeds are allocated to projects that meet the eligibility criteria.

These reports will be accompanied by a report or review from either of a second party opinion provider or an independent accountant to be appointed by Marui Group Co.,Ltd. before the first anniversary of the green bond issuance in order to assess the compliance of the allocation of net proceeds with Marui Group's Green Bond Framework.

Impact Reporting

Marui Group Co.,Ltd. has committed to report on the following impact indicators on an annual basis throughout the term of the bond.

Eligible project	KPI
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⁸ MARUI GROUP Sustainability, http://www.0101maruigroup.co.jp/en/sustainability/theme03/environment_01.html

⁹ Promulgation of the Partial Revision of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities, Ministry of Economy, Trade and Industry: http://www.meti.go.jp/english/press/2016/0603_06.html

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Source 100% of electricity from renewable power sources	Ratio of renewable power to the Group's total power consumption (%)
Reduction of GHG emissions	Rate of reduction of the group wide total GHG emissions in comparison to the level in the fiscal year ending March 31 2017 (%)
Renewable power generation	Amount of renewable power generation (kWh)

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Marui Group Green Bond Framework

Summary

Sustainalytics is of the opinion that the Marui Group Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of Marui Group's green bond framework:

- Use of Proceeds:
 - The eligible categories (i) Source 100% of electricity from renewable power sources, (ii) Reduction of GHG emissions and (iii) Renewable power generation are aligned with the eligible categories for renewable energy and energy efficiency recognized by the Green Bond Principles.
 - Sustainalytics recognizes that the purchase of renewable energy is operational expenditure not directly connected with any eligible CAPEX. As such, this use of proceeds has limited additionality. Given the context of the MARUI GROUP's business model, and its target to source 100% of its electricity from renewable power sources, Sustainalytics is of the opinion that facilitating the purchase and use of renewable energy will still have impact.
 - Under the energy efficiency category, Marui Group Co.,Ltd. is committed to allocating the proceeds into projects that achieve 30% - 50% reduction in MARUI GROUP's power consumption. Sustainalytics positively views these thresholds which are considered in line with best practice.
- Project Selection Process:
 - Marui Group Co.,Ltd.'s internal process of evaluating and selecting projects is aligned with market practice. The selection is conducted by members of the Corporate Planning Department, the Sustainability Department, the Finance Department, the Corporate Planning Department, the ESG Promotion Department, the Finance Department and, a Marui Group Co.,Ltd.'s consolidated subsidiary, MARUI FACILITIES Co.,Ltd.'s Management Department.. Final selection is made by Marui Group Co.,Ltd.'s Compliance Promotion Board and the CSR Promotion Committee, which are chaired by the Marui Group Co.,Ltd.'s President, and the officer in charge of Sustainability Promotion.
 - Sustainalytics acknowledges that this C-level management involvement is in line with market best practice.
- Management of Proceeds:
 - Marui Group Co.,Ltd.'s processes for management of proceeds is aligned with market standards, including systems to track the use of proceeds. Unallocated proceeds will be invested in cash or cash equivalents until allocation.
- Reporting:
 - Marui Group Co.,Ltd. committed to report on an annual basis on the allocation for proceeds, including third part verification, which is aligned with best practice.
 - Impact reporting is conducted on an annual basis including indicators such as ratio of renewable power to the group's total power consumption (%), rate of reduction of the group-wide total GHG emissions in comparison to the level in the fiscal year ending March 31, 2017 (%), amount of renewable power generation (kWh). Sustainalytics considers the impact indicators to be aligned with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Marui Group Green Bond Framework aligns to the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of the Marui Group

Contribution of framework to Marui Group's sustainability strategy and targets

MARUI GROUP considers environmental impact management and responsible procurement as material to its business, with ecological inclusion, i.e. advancing eco-friendly business activities and preventing climate change, as one of its four core sustainability themes.¹⁰ The group's promotion of sustainability is led by the Environment CSR Promotion Committee, which is chaired by a managing executive officer, indicating the importance of sustainability in the group.¹¹

Within its Environmental Policy,¹² the group commits to reducing the environmental footprint of its stores and private brand products, and to provide innovative services that lower the group's impact on the environment. Furthermore, MARUI GROUP has set science based GHG emission reduction targets to achieve a reduction in total GHG emissions from Scope 1 and Scope 2 of 40% and 80% by 2030 and 2050 having 2017 as a base year.¹³ In addition, the group aims to reduce Scope 3 emissions by 35% by 2030. To achieve these goals, the group has implemented energy and resource conservation initiatives across the group, such as reducing energy consumption, GHG emissions, water and packaging, and promoting efficient water resource utilization and renewable energy.¹⁴ MARUI GROUP also reports on its progress on previous environmental goals, such as achieving reduction target of GHG emissions per unit by more than 1% and achieving a recycling rate target of 60% since the Environmental Policy was created in 2008.¹⁵

Given MARUI GROUP's sustainability strategy, executive responsibility for sustainability, as well as MARUI GROUP's ambitious sustainability targets and progress reporting, Sustainalytics is of the view that Marui Group Co.,Ltd. is well positioned to issue green bonds and that its green bonds will further support the group in advancing its sustainability strategy.

Well positioned to address common environmental and social risks associated with the projects

Based on the use of proceeds, the main environmental and social risks are related to occupational health and safety of workers and to the environmental impact of largescale renewable energy infrastructure. Sustainalytics is of the opinion that Marui Group Co.,Ltd. is well positioned to mitigate environmental and social risks related to the use of proceeds as follow:

- The financed renewable energy projects are relatively small and at the group's facility sites, which limits risk related to biodiversity loss associated with large scale renewable energy projects and infrastructure. In addition, while MARUI GROUP identified potential environmental and social risks associated with the renewable energy projects to be funded through green bonds, the group takes neighbouring residents and landscape value near renewable energy sites into consideration for project development and that it ensures that the projects are in compliance with the laws and regulations related to environmental conservation outlined in the Guidelines for Business Plans.
- MARUI GROUP in its human right policy¹⁶ commits to adhere to the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work and has a dedicated occupational health and safety management programme and committee chaired by an executive officer of Marui Group Co.,Ltd.,¹⁷ indicating that MARUI GROUP has systems in place to prevent occupational health and safety risks.

¹⁰ MARUI GROUP Co-Creation Sustainability Report 2017, p. 40,

http://www.0101maruigroup.co.jp/en/sustainability/pdf/s_report/2017/s_report2017_ena4.pdf

¹¹ MARUI GROUP, Corporate Governance, corporate website: <http://www.0101maruigroup.co.jp/en/ci/governance.html>

¹² MARUI GROUP Sustainability, http://www.0101maruigroup.co.jp/en/sustainability/theme03/environment_01.html

¹³ MARUI GROUP Sustainability, http://www.0101maruigroup.co.jp/en/sustainability/theme03/environment_01.html

¹⁴ MARUI GROUP Sustainability, http://www.0101maruigroup.co.jp/en/sustainability/theme03/environment_04.html

¹⁵ MARUI GROUP Sustainability, http://www.0101maruigroup.co.jp/en/sustainability/theme03/environment_01.html

¹⁶ Marui corporate website: <http://www.0101maruigroup.co.jp/en/sustainability/overview/index.html#overview2>

¹⁷ Marui corporate website: http://www.0101maruigroup.co.jp/en/sustainability/theme02/health.html#health3_0

Section 3: Impact of Use of Proceeds

The use of proceeds for Renewable Energy and Energy Efficiency are recognized as impactful by GBP, particularly in the Japanese local context.

Importance of renewable energy and energy efficiency

Prior to the Fukushima-Daiichi nuclear disaster in 2011, nuclear energy accounted for almost 30% of Japan's total electricity production.¹⁸ However, as a result of the nuclear disaster Japan shut down all of its nuclear power plants, with 9 of the 42 operable reactors reopening since then.¹⁹ The shut-down significantly reduced the country's energy-generating capacity and increased the use of oil, coal and natural gas. As Japan committed to a 26% and 18% carbon reduction in 2030 compared to 2013 and 1990 levels respectively,²⁰ increasing renewable energy supply and improving energy efficiency is important to achieving its GHG reduction target. In addition, renewable energy production also contributes to the country's new energy plan for 2030,²¹ which aims to reduce nuclear power use from 28% of the 2010 level to 20 – 22% in 2030 while increasing renewable energy (wind, solar, geothermal, biomass and hydro) 10% to 22 – 24%.²²

Thus, Sustainalytics considers the use and development of renewable energy to be impactful and contributing to Japan's GHG reduction targets. In addition, Sustainalytics views positively Marui Group Co.,Ltd.'s commitments on purchasing renewable energy such as solar and wind energy.

Regarding energy efficiency, measures that decrease the use of energy in general decreases dependency on fossil fuel-based sources. In Japan, the energy consumption of commercial buildings has increased in recent years as a result of increased square footage. Overall, the building sector accounts for one third of total energy use in Japan,²³ indicating the importance of measures to increase energy efficient buildings, as manifested in the Building Energy Efficiency Act in 8 July 2015.²⁴ Data from 2009 indicate that air conditioning accounts for 50% of the energy demand of office buildings, lighting and office equipment for 30% and elevators for 20%.²⁵

Given the importance of renewable energy and energy efficiency in Japan, Sustainalytics is of the opinion that the use of proceeds in these categories is impactful and contributes to meeting Japan's GHG emission targets.

¹⁸ Nuclear Power in Japan, World Nuclear Association; <http://www.world-nuclear.org/information-library/country-profiles/countries-g-n/japan-nuclear-power.aspx>

¹⁹ World Nuclear Association: Nuclear Power in Japan, updated July 2018: <http://world-nuclear.org/information-library/country-profiles/countries-g-n/japan-nuclear-power.aspx>

²⁰ Japan, Climate Action Tracker: <https://climateactiontracker.org/countries/japan/>

²¹ Long-term Energy Supply and Demand Outlook, Ministry of Economy, Trade and Industry: http://www.meti.go.jp/english/press/2015/pdf/0716_01a.pdf

²² Japan's Energy, Ministry of Economy, Trade and Industry Agency for Natural Resources and Energy: http://www.enecho.meti.go.jp/en/category/brochures/pdf/japan_energy_2016.pdf

²³ Overview of the Building Energy Efficiency Act (Japanese), Ministry of Land Infrastructure, Transport and Tourism, Japan; <http://www.mlit.go.jp/common/001178846.pdf>

²⁴ The act provides regulatory measures to ensure compliance with energy efficiency standards for large-scale non-residential buildings, and encourages the use of green building certification systems, such as CASBEE. Overview of the Act on the improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act), Ministry of Land Infrastructure, Transport and Tourism, Japan; <https://www.mlit.go.jp/common/001134876.pdf>

²⁵ Energy Efficiency (2009) Overview of energy consumption and GHG mitigation technologies in the building sector in Japan: <http://environmentportal.in/files/Overview%20of%20energy%20consumption%20and%20GHG%20mitigation.pdf>

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Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

Marui Group Co.,Ltd. has developed the Marui Group Green Bond Framework to advance in MARUI GROUP's sustainability targets to source 100% renewable energy and meet science based GHG reduction targets. Under the framework Marui Group Co.,Ltd. intend to issue green bonds with projects under the following eligibility criteria (i) Source 100% of electricity from renewable power sources, (ii) Reduction of GHG emissions and (iii) Renewable power generation, which are aligned with the Green Bond Principles.

Sustainalytics is of the opinion that the use of proceeds categories are impactful and contribute to Japan's GHG reduction and renewable energy targets.

In addition, Marui Group Co.,Ltd.'s processes for project evaluation, selection, management of proceeds and reporting are aligned with market practice.

Based on the above points, Sustainalytics considers Marui Group Green Bond Framework to be robust, credible and transparent.

Appendices

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Marui Group Co, Ltd.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Marui Group Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 26 2018
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	September 28 2018

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

. Please refer to Green Bond Framework Overview and Second Party Opinion document above

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Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories (i) Project to source 100% of electricity from renewable power sources, (ii) Initiative to reduction of GHG emissions and (iii) Engagement in renewable power generation are aligned with those recognized by the Green Bond Principles.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

Marui Group Co.,Ltd.'s internal process in evaluating and selecting projects is aligned with market practice. The selection is collaboratively conducted by members of the Finance Department, the Corporate Planning Department, the ESG Promotion Department, the Sustainability Department and a Marui Group Co.,Ltd.'s consolidated subsidiary, MARUI FACILITIES Co.,Ltd.'s Management Department. Final selection is made by Marui Group Co.,Ltd.'s Compliance Promotion Board and the CSR Promotion Committee, which are chaired by the Marui Group Co.,Ltd.'s president, and the officer in charge of sustainability promotion, respectively.

Evaluation and selection

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- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

Marui Group Co.,Ltd.'s processes for management of proceeds is aligned with market standards, including systems to track the use of proceeds. Unallocated proceeds will be invested in cash or cash equivalents until allocation.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other <i>(please specify)</i> : |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> : |

4. REPORTING

Overall comment on section *(if applicable)*:

Marui Group Green Bond

Marui Group Co.,Ltd. committed to report on an annual basis on the allocation for proceeds, including third part verification, which is aligned with best practice.
Impact reporting is conducted on an annual basis including indicators such as Ratio of renewable power to the group's total power consumption (%), rate of reduction of the group-wide total GHG emissions in comparison to the level in the fiscal year ending March 31, 2017 (%), amount of renewable power generation (kWh). Sustainalytics considers the impact indicators to be aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input checked="" type="checkbox"/> Other (<i>please specify</i>): eligible categories |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|---|
| <input type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input checked="" type="checkbox"/> Other (please specify): eligible category |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Ratio of renewable power to the Group's total power consumption, Amount of renewable power generation |

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
|--|---|

Marui Group Green Bond

- | | |
|---|---|
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): MARUI GROUP's website and in its sustainability reports or integrated reports |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

MARUI GROUP corporate website: <http://www.0101maruigroup.co.jp/en/>
Sustainability: <http://www.0101maruigroup.co.jp/en/sustainability/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second Party Opinions" may fall into this category.
- ii. Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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