



This PDF is a page-by-page publication of the PARCO CSR website.

Contents

P. 1 **Predident's CSR message**

Backed by both a powerful determination to enrich consumer lifestyles and the innovative and creative "Our Point of Origin," the PARCO Group will generate new value to share together with society at large.

P. 2 **Fundamental CSR Policy**

The PARCO Group defines CSR as "measures taken in the course of business to gain the trust and satisfaction of stakeholders, and enhance corporate value," and many such initiatives have been undertaken. The Group has also drafted an environmental policy, and is advancing the creation of commercial spaces with low environmental impact and other environmental protection activities.

P. 4 **Feature: Success of Value Creation**

Michihiko Yanai (Creative Director) talk with Hajime Inoue (Executive Officer the Entertainment Department)

As Shibuya PARCO, the point of origin for the PARCO Group itself, gets set for the next stage in its evolution, we sat down for a conversation between Creative Director Michihiko Yanai, known for his involvement in numerous PARCO ad campaigns, and Executive Officer for the Entertainment Department Hajime Inoue on producing the PARCO brand.

P. 8 **CSR Activities**

At PARCO, we define CSR initiatives as activities carried out through "business activities = core business." "Customers," "store tenants," "employees," "shareholders and investors," "local communities and society," "land owners and leaseholders," and "suppliers" are all stakeholders in our business. Our goal is to gain the sympathy, understanding and support of these seven groups of stakeholders, so that we can enhance our corporate value.

P. 9 **Customers**

P. 11 **Store tenants**

P. 13 **Shareholders and Investors**

P. 14 **Employees**

P. 16 **Members of the local community and society at large**

P. 18 **The next generation
Culture**

P. 19 **Local communities
Environment**

P. 20 **PARCO Incubation**

P. 24 **Results of Incubation Activities**

P. 28 **Environmental initiatives**

The PARCO Group recognizes global environmental issues as an important theme in its business activities in shopping centers and related fields. Through the promotion of environmental preservation activities, the Group seeks to leave a sustainable society for future generations. To this end, the Group aims to reduce the environmental impact of the commercial spaces it creates. These efforts include cooperating with tenants and other transaction partners, and making sure that customers and local communities are informed of the Groups activities and accept them.

P. 30 **Results of activities**

P. 34 **Environmental data**

Editorial Policy

This report represents a reporting to customers and other stakeholders associated with business operations of the economic, social and environmental initiatives and achievements of the PARCO Group, which is striving to help realize a sustainable society.

The report is structured based on the main CSR themes described in the PARCO Group Fundamental CSR Policy, formulated in March 2012. The initiatives and achievements reported comprise examples and cases from the PARCO Group for the period March 2015 to June 2016.

*Names of companies, products and services listed in the report are the registered trademarks and trademarks of the respective companies.

*In principle, honorific titles are omitted from names of people, organizations and public institutions.

President's CSR message



We view CSR as the concrete embodiment of our corporate mission, and the backbone of our business itself. That mission is expressed as “Creating welcoming, forward-thinking, innovative spaces that provide an enjoyable experience for customers and help our tenants prosper.” Working through business activities to realize this mission, while earning the trust and satisfaction of our stakeholders, is the definition of CSR for the PARCO Group. The business of creating forward- thinking, innovative spaces in this mission refers to our commitment to accurately capture the changing times, while pushing the evolution of the PARCO Group’s social roles of “Incubation,” “Urban Revitalization,” and “Trends Communication,” the points of origin that define PARCO.

To this end, every employee in the PARCO Group must always approach business with new concepts in mind. To optimally highlight the individuality of our employees and, through horizontal communication to create a corporate climate that produces a stream of new ideas thanks to diverse human resources and working styles, I have chaired the Diversity Committee since fiscal 2014, and have moved with speed to propel these aspirations forward. To propagate work-life management within the Company, we are enacting measures that foster taking leave, while also establishing an environment where people with time constraints will still find it easy to work. To promote the advancement of women, we take part in external seminars designed to raise career consciousness, and also have a full lineup of in-house seminars in the works.

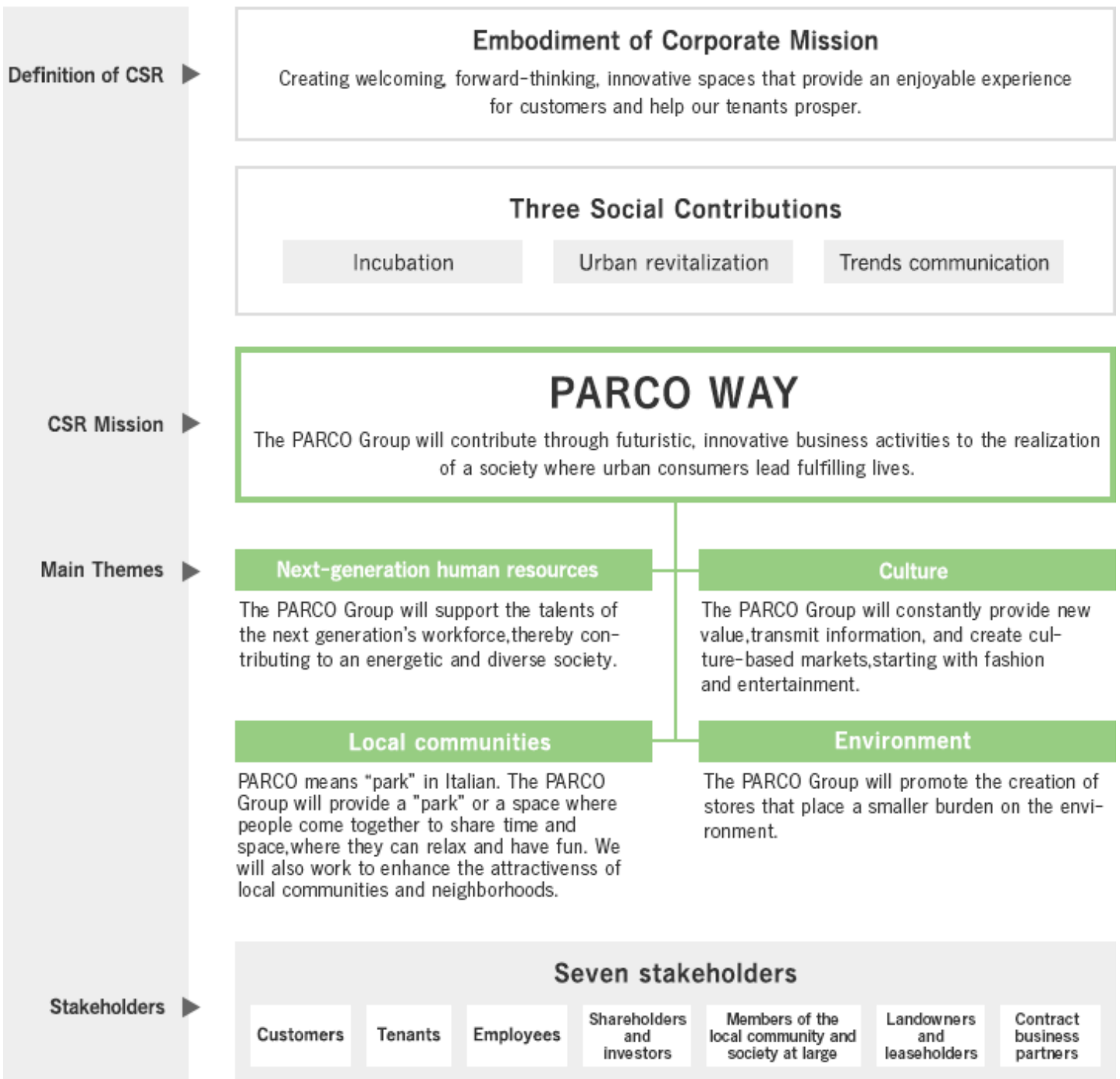
We consider stronger corporate governance to be vital to ongoing improvement in corporate value. In 2016, we formulated our Fundamental Policy for Corporate Governance. This policy formulates our basic way of thinking with regard to corporate governance. That is, it sets down how PARCO believes corporate governance should best be applied to achieve continual growth and a medium- to long-term enhancement of corporate value under the PARCO Corporate Mission, which calls for the creation and provision of value in a manner that satisfies our customers, tenants, shareholders, and other stakeholders. We are also responding to Japan’s 2015 Corporate Governance Code, and are pursuing initiatives with the aim of achieving ongoing improvements in corporate value. As a business group that prospers in urban markets outlined in our Long-term Vision for 2020, the PARCO Group, guided by a powerful commitment to enriching the hearts and minds of our customers, will take in and respond to consumer sentiment as we come together as a Group and with our stakeholders to move forward into a new era.

PARCO CO., LTD.
President and Representative Executive Officer
Kozo Makiyama

Fundamental CSR Policy

The PARCO Group defines CSR as “measures taken in the course of business to gain the trust and satisfaction of stakeholders, and enhance corporate value,” and many such initiatives have been undertaken. We formulated the PARCO Group Environmental Policy in 2010, and pushed forward with environmental conservation activities including the creation of commercial business spaces with little environmental impact. Next, we formulated a Fundamental CSR Policy in 2011 to further enhance the quality of future CSR activities. PARCO categorizes the group’s stakeholders into seven groups, led by “customers” and “tenants” and also “employees,” “shareholders and investors,” “members of the local community and society at large,” “landowners and leaseholders,” and “contract business partners.” At the same time, we work to bolster corporate governance by preserving management transparency while building smooth relationships with all stakeholders.

PARCO Group Fundamental CSR Policy



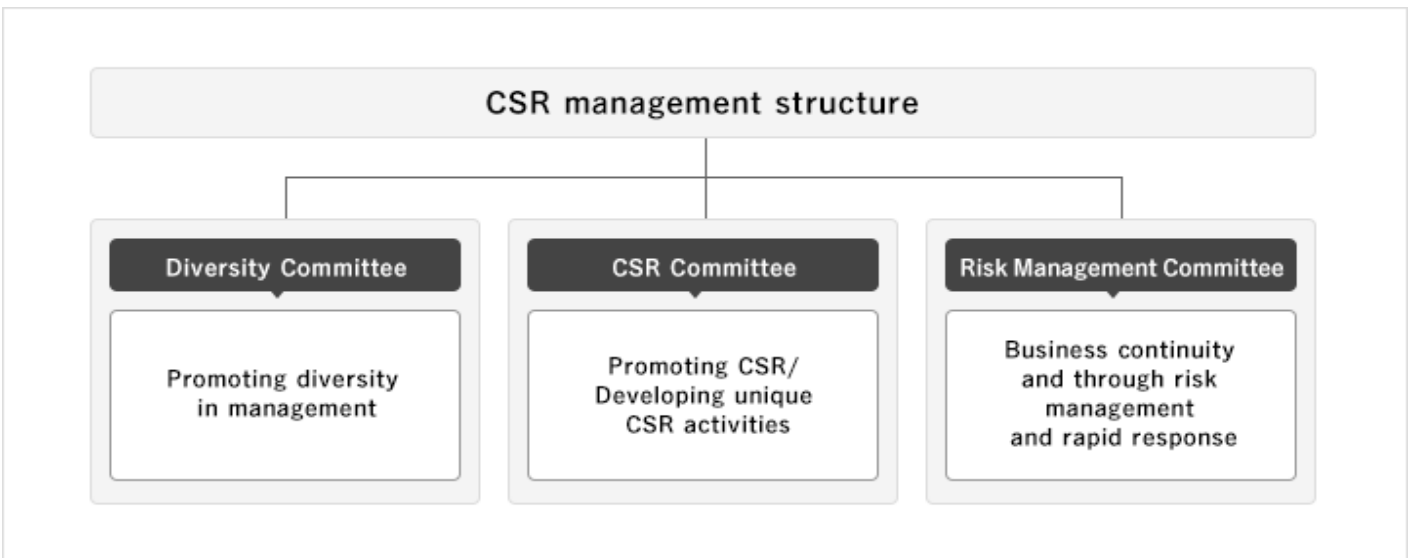
CSR management structure

PARCO considers its CSR initiatives to be “measures taken in the course of business to gain the trust and satisfaction of stakeholders, and enhance corporate value.” Based on this belief we have established a CSR management structure, comprised of a CSR Committee, a Diversity Committee, and a Risk Management Committee.

They work to strengthen internal controls and advance various other activities in support of their missions.

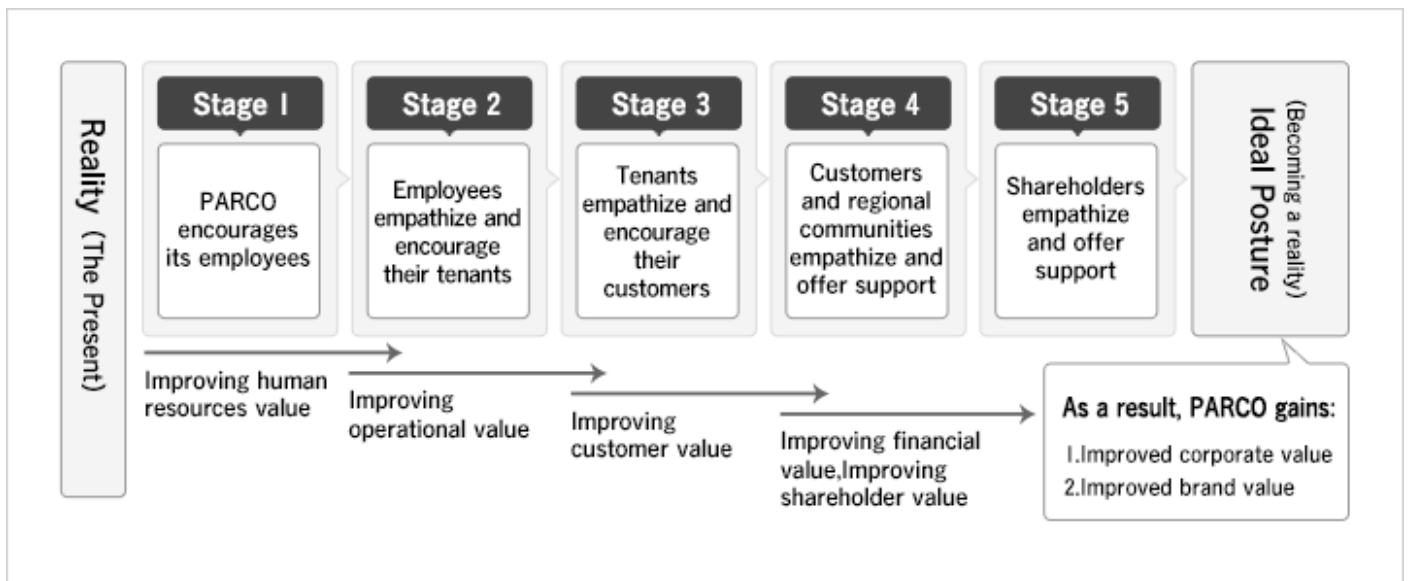
Risk management is another area of importance, and here the Risk Management Committee works to manage the risks entailed by our business activities and to maintain a comprehensive, groupwide system to assure business continuity through prompt and effective response to risk-related occurrences.

All executive officers are affiliated with a committee, and the committees meet regularly. By this, committee activities are directly linked to departments and units throughout the organization, facilitating efforts to gain the commitment and active support of all employees.



Process to enhance PARCO Group corporate value

Outlined below is the process by which we seek to raise the corporate value of the PARCO Group. Toward this objective, we work to gain the understanding and support of our stakeholders through CSR activities channeled through core business activities.



Feature: Success of Value Creation



Michihiko Yanai

Creative Director

Talks with

Hajime Inoue

Executive Officer for
the Entertainment Department

As Shibuya PARCO, the point of origin for the PARCO Group itself, gets set for the next stage in its evolution, we sat down for a conversation between Creative Director Michihiko Yanai, known for his involvement in numerous PARCO ad campaigns, and Executive Officer for the Entertainment Department Hajime Inoue on producing the PARCO brand.

Inoue: Since 2011, PARCO has had “Evolving From Our Point of Origin” as our slogan. What is this point of origin? It is three key concepts – “Incubation,” “Urban Revitalization,” and “Trends Communication” —that form an unbroken connection to PARCO’s roots. When we talk about “Evolving From Our Point of Origin,” we mean spurring the evolution of these concepts in step with the present day.

Yanai: PARCO really is one of a kind, isn’t it? I’d wager you would be hard-pressed to find another company anywhere that sets those three concepts as the core of its branding efforts. You might be apt to think that this probably won’t deliver an even return on investment. From where I’m standing, I see this act as throwing a ball far into the future. As people, we often tend to want results that materialize relatively quickly, so that posture really does set PARCO apart.

That said, I both know and have experienced the enormous things those three concepts have brought, and I have nothing but respect for PARCO’s commitment to using those three cores as anchors to remain unshakeable no matter how times may change.

“Urban Revitalization” Can’t Happen Alone

Inoue: It was often said after the opening of Shibuya PARCO that it changed the flow of people, and I think this was huge for PARCO. On the streetlamps, we hung signs reading “VIA PARCO = Park Street,” installed red phone booths and took other actions that, one by one, contributed to urban revitalization.

Yanai: It’s really something that the name of a public street was changed because of a new commercial facility, isn’t it? Parco is a general term meaning ‘park,’ but VIA PARCO is actually PARCO Street! Looking at PARCO from the outside, PARCO changed the image of the district, which happened to be Shibuya, through the PARCO brand. While having its own effect on the district, PARCO itself absorbed the transformation of the district. There was a direct relationship between PARCO’s own branding and the new and interesting ways in which Shibuya as an urban area would transform.

Inoue: PARCO's approach is that we can't do urban revitalization alone. For example, during the existence of PARCO Theater, we saw the emergence of The Tokyu Group's Bunkamura venue, as well as lots of mini theaters after the appearance of CINE QUINTO. Starting with CLUB QUATTRO, there are also many live music venues. So with theater, cinema and music, an air of culture has come to infuse the entire Shibuya district. While the number of competitors has also risen, things will get interesting as PARCO, not alone but together with other people, raises the level of cultural activities in the district.

Entertainment and “Trends Communication”

Inoue: PARCO has always been a company that creates spaces. That's why live events are the heart of its Entertainment business. The notion that we should create something entertaining for those deciding to actually go to a venue in person is what sets PARCO's Entertainment business apart. For example, the space that we label PARCO Theater has featured comedy, serious dramas, and traditional Japanese satire. After doing this for four decades, people have finally started to say, “That's a lineup we expect from PARCO Theater.” Our desire is to continue hosting spaces in the same way for music and films, too.

Yanai: For lots of people, I think their curiosity goes to how content within a space is created. But what happens is you create an empty container, toss many different things in, and watch something new emerge. The decision to be fine with just having the container is the essence of PARCO's originality.

Inoue: I think the creation of a space and the many things that come from it all contribute to PARCO branding. “Trends Communication” is about more than what advertising can convey. It's about a sense of what the essence of PARCO really is, what comes through from a combination of the shops and products found within PARCO, with the entertainment provided by venues like PARCO Theater, Shibuya CLUB QUATTRO and CINE QUINTO.

“Incubation” for Each Era

Inoue: One of our cores, “Incubation,” is something we've focused on for years. For instance, young fashion brands have become popular and grown after being PARCO tenants, while new actors and performers have become stars through appearances at PARCO Theater, just to name a few examples. PARCO is a stage where new people create new things. I think that is the essence of what PARCO is.

Yanai: When I was trying to get into college years ago, I encountered PARCO for the first time. It was during the Japan Graphics Exhibition, which calls on public submissions and of which PARCO is a main sponsor. It was at the time when now famous artists Katsuhiko Hibino and Noriyuki Tanaka made their debut at the exhibition. The artists who entered were used in advertising, which led to their next jobs and the opening of exhibits. You could say that I saw “Incubation” at work right before my own eyes.



Yanai's first ad for PARCO, “MOTTO PARCO” (1994) poster for the opening of Hiroshima PARCO

Inoue: This PARCO exhibition, enabled by public submissions, has continued through name changes, and will come to be called the “Touchstone for young artists” by some, but has always involved several thousand young artists bringing their work to an underground parking garage.

Yanai: I remember that! Throngs of young people lined up along VIA PARCO with their works, some wrapped in traditional carrying cloth, others in panel portfolios. But because lots of people turned out, that doesn’t mean it translated into sales at all for Shibuya PARCO (well, I’m sure sales probably rose a little). It was really about incubation, right? For some, this public art exhibit catapulted them to stardom. For others, it made memories for those who submitted works and those who saw the lines. And in some cases, the outcome was tangible and intangible assets that have lasted for decades. Yanai’s first ad for PARCO, “MOTTO PARCO” (1994) poster for the opening of Hiroshima PARCO

Inoue: In 2010, when we thought about an approach of how we can realize “incubation” in a concrete way, we concluded that the competition-type public exhibit we did in the past is no longer viable. That was how the Shibukaru Festival was born. While the idea of discovering and introducing young talent to the world was the same, we didn’t feel that giving an award under the “crown” of PARCO was really appropriate for this era.

Yanai: The mindset of young people has really changed, hasn’t it? Rather than being in the spotlight of competition, this generation wants to connect in a less hierarchical way and collaborate. I think PARCO was spot on in calling this trend.

Ad Expression Attuned to the Times

Inoue: We have long entrusted our corporate campaign to you, Mr. Yanai, and the “LOVE HUMAN.” poster developed in 2011, the same year as the terrible earthquake, was also created by you.

Yanai: Immediately after the quake, I went to the epicenter. I would argue that the ad photo I took there with the staff in front of Sendai PARCO was, as a work, a turning point both for myself and for PARCO. Being able to create an ad that could declare to readers, “Hey, Japan will survive, we can overcome this together,” was hugely important for me. For PARCO, meanwhile, it was a work that in an instant seemed to change the Company’s course. My impression was that it went beyond advertising to alter PARCO’s approach at a higher level; in other words, it clarified the resolve to declare PARCO’s commitment to “Evolving From Our Point of Origin.”

Inoue: Without question, it felt as if a new day had dawned.

It was different from the stylish photos and text of earlier PARCO ads, and gave rise to a new way of expressing PARCO.

Yanai: You might say that PARCO had chosen a sharper direction that was a break from the past but in touch with the times.

Inoue: Without question, it felt as if a new day had dawned.

It was different from the stylish photos and text of earlier PARCO ads, and gave rise to a new way of expressing PARCO.

Yanai: You might say that PARCO had chosen a sharper direction that was a break from the past but in touch with the times.



The poster “LOVE HUMAN.” (2011) created together with Sendai PARCO staff after the Great East Japan Earthquake.

Advertising and “Incubation”

Yanai: I would say PARCO is a company that has also pushed “Incubation” in the field of advertising. This is of course true in my case, given how my work with PARCO has shaped my career. A long time ago, I decided on my own to create a video where I challenged PARCO to

“make a commercial more like this one!” and sent it on VHS tape along with a letter to the head of the advertising department. All of a sudden my phone rang, and the voice on the other end said, “I was deeply moved by your work.” A few years later, that same person contacted me again, this time to formally hire me for a job. My guess is that many creators have been groomed and shaped by PARCO in this way.

Inoue: Now that is quite a story! (laughs)

Yanai: The first time I was put in charge of PARCO advertising, I was still employed by Hakuhodo. I remember the ad department chief of PARCO at the time declared, “after working for

my department, everyone ends up starting their own business.” PARCO has continued to give creators job opportunities that become turning points for them. The fact that the head of the advertising department understood this clearly is something I’ve never forgotten.

Inoue: Mr. Yanai, you are, in the present tense, in charge of Shibuya PARCO’s temporary closing campaign, called “Last Dance_”

Yanai: In creating “Last Dance_” advertising, driven by art director Tsuguya Inoue, I remember feeling a bit weird as everyone went about preparing for this breakpoint for Shibuya PARCO. A bunch of us whose professional lives have been shaped by PARCO came together, worked hard to prepare meals, receive guests, and decorate with flowers, all while showing our appreciation to and respect for Shibuya PARCO. “I want to give something back. I want to live in a way that makes PARCO proud to have backed me.” For those on the receiving end of PARCO’s

“Incubation,” I would say that everyone has a similar sentiment in some way.



Profile Michihiko Yanai

Creative director. Born in Japan’s Fukushima Prefecture in 1964.

After a stint at ad firm Hakuhodo, established magazine Kazetorock. Involved in numerous PARCO advertising campaigns, including “SPECIAL IN YOU.” “LOVE HUMAN.” “Last Dance_” as well as Tower Records’ “NO MUSIC, NO LIFE.” and Recruit’s “Zexy” campaigns. He is an Associate Professor at the Tokyo University of the Arts Department of DESIGN, Director of Shibuya Radio (FM87.6MHz), Publisher and Editor-in- Chief of Kazetorock Monthly, Creative Director for Fukushima Prefecture, and guitarist for the group Inwashirokos, which appeared on the nationally televised 2011 NHK Kouhaku Uta Gassen music competition.

CSR activities

At PARCO, we define CSR initiatives as activities carried out through "business activities = core business." "Customers," "store tenants," "employees," "shareholders and investors," "local communities and society," "land owners and leaseholders," and "suppliers" are all stakeholders in our business. Our goal is to gain the sympathy, understanding and support of these seven groups of stakeholders, so that we can enhance our corporate value.

> **Customers**

PARCO databases the range of feedback received from customers, and uses this input to improve services offered.

> **Store tenants**

Since PARCO shares common values with store tenants, we have a partnership in which we all can grow and develop.

> **Shareholders and Investors**

PARCO is working to speedily supply information, based on transparency, fairness, and continuity, to its shareholders and investors.

> **Employees**

PARCO views employees not as "human resources" but as "human capital," and considers each and every employee as an indispensable asset and a platform for future growth.

> **Members of the local community and society at large**

PARCO has taken a wide range of measures to ensure both the peace of mind and safety of the people who visit our stores.

Four main themes

With a strong determination to provide personal fulfillment to consumers, the PARCO Group will continue to create and share new value through advancement, innovation and the PARCO Way. Under our Fundamental CSR Policy, we pursue activities anchored by the following four main themes. "Next-generation human resources" involves supporting upcoming human resources and talent. Culture means creating new markets and new value in the cultural sphere. For local communities, PARCO improves the appeal of towns and regions. For the environment, we build stores with low environmental impact.

PARCO Group Blog (Japanese)

- > **The next generation**
- > **Culture**
- > **Local communities**
- > **Environment**

- > **PARCO Incubation**
- > **Results of Incubation Activities**

> **Environmental initiatives**

> **CSR reports**

Customers

Service improvement, reflecting our customers' wishes

Our salespeople and our staff who work at our information desks in our stores pass on to us questions and comments they receive from customers. This information, together with customer complaints received via phone calls, letters or e-mail are all entered into a database. All this data is shared throughout our company and forms the basis for service improvement.

Improvements to restrooms, powder rooms and nursing rooms

Reflecting our customers' opinions, we are adding new nursing rooms and restrooms, as well as upgrading existing facilities.



The artwork in the women's restroom at Sendai PARCO2 simulates sunlight shining through trees. Together with a powdering corner, we have created a revitalizing and relaxing space for women.



The nursing area in Sendai PARCO2 is designed to be a bright and welcoming environment

Stroller lending

We have strollers within our stores, to lend to customers who require them.

First-aid room

We have a first-aid room at our stores to assist any customers who might require medical assistance.

Smoking room

We are establishing new smoking areas for customers.

In addition to gender-neutral smoking areas, we set up women's only smoking areas in the

women's restrooms at Fukuoka PARCO New Building and Sendai PARCO2.

We stand committed to making other upgrades in the building environment that will create even more comfortable building.



Women's only smoking area at Sendai PARCO2

Providing Web-based Trends Communication

Backed by its store network, PARCO is aggressively leveraging advanced information and communications technology (ICT) to create new ways to enjoy commercial facilities.

To make PARCO store information available faster and more appealing, shops within PARCO make use of the PARCO Shop Blog, with roughly 3,000 such tenants involved in trends communication that encourages store visits.

Furthermore, we operate a service, called “Kaeru PARCO,” that enables in-store goods found on the PARCO Shop Blog to be reserved or ordered for delivery online, and have released a smartphone application, POCKET PARCO.

In these ways, we are creating an environment that allows customers to enjoy a “24-hour PARCO” via the Web.



Sendai PARCO2

Store tenants

An equal partnership

One of the things that really sets PARCO apart from other companies is our equal partnership with our store tenants. Since we share common values, we have a partnership in which we all can grow and develop.

PARCO Association activities

At PARCO, we base our store activities on "equal partnership" with the approximately 860 companies and 2,400 tenants within our stores, so that everyone can grow together.

The PARCO Association, formed from the tenants, promotes the maintenance and development of this relationship. PARCO and the PARCO Association members work together to make a contribution to local communities and achieve mutual prosperity, in the spirit of this equal partnership.



Tenant staff support system

All the staff standing on the sales floors at PARCO value our customers. We offer staff various training programs to better equip them to make decisions and act on their own.

Examples of these programs include orientation training for staff before they join the shop, security and disaster-prevention training, and staff-development training to better understand customer needs and improve the quality of service.

In addition, each store is actively involved in providing opportunities for the development of staff skills through programs that include the "Customer-service survey" that assesses the way that a staff member looks after customers from the customer's perspective, and the "Shine-as-a-team

★ customer-service role-play contest" designed to improve the service-delivery ability of an entire service team.



Measures to leverage ICT to improve customer relations and enhance operational efficiency

SUTEKI LABO, the dedicated website for PARCO shop staff, is filled with information that can typically only be learned by taking part in group training seminars; staff can use their PCs or smartphones during free moments to watch how-to videos on customer service and other relevant topics.

Furthermore, tenant staff members receive daily "shop service rating" (five-star evaluations and comments) collected from registered customers through the PARCO original smartphone app

"POCKET PARCO." Words of praise from customers as well as things customers would like to see and other messages are also shared with staff, providing motivation in day-to-day activities and sparking sales floor improvement.



Credo

We established a code of conduct for shop staff as a credo serving as the motivation behind all activities by PARCO and tenants for customers.

While pursuing concrete activities based on this credo, we aim for qualitative improvement in interactions with customers across PARCO as a whole.

"PARCO shop staff and compliance hotline"

In addition to the reporting system for employees, this new help-desk for tenant employees to use to discuss or report rule or compliance violations by our company was set up in 2010. This help-desk is for all tenant employees who work in shops in PARCO. The aims of the help-desk are to eliminate violations of workplace rules, and by enabling tenant employees to work with peace of mind day by day, it can create a workplace that is easier to work in.

Shareholders and Investors

Our basic policy regarding IR activities

PARCO is working to speedily supply information, based on transparency, fairness, and continuity, to its shareholders and investors. We are working to supply information in compliance with the timely disclosure rules and regulations of both the Financial Instruments and Exchange Law and the Tokyo Stock Exchange.

Our website has a substantial corporate information and IR section. We issue press releases to the media. We also work to disclose information that is easy for shareholders and investors understand and in an environment that is easy for them to access. We do this through a wide range of media, including explanatory meetings held in Japan and overseas, and through various printed publications. Furthermore, we issue information via RSS, Facebook, and Twitter to make it easier for people to receive.

Semiannual financial results briefing

Financial results briefings and other explanatory meetings for analysts are held every six months



Explanatory meetings for individual investors within Japan

To help individual investors deepen their understanding of PARCO, we hold explanatory meetings for them from time to time.



Employees

Employee Work/Life Balance Support System

As part of PARCO's Employee Work/Life Balance Support System, we are engaged in providing our employees support relating to both childcare/nursing care and to work. In 2007,2012 and 2015 PARCO was certified as conforming to the standards for general employers in accordance with the Law for Promoting Measures to Support the Development of the Next Generation through formulating and implementing an appropriate action plan for the establishment of employment conditions. As a result of this, PARCO received the "Kurumin" mark certification.



We have set the period between now and June 2020 as the 4th phase of our targets to promote utilization of an institution for the support of work and childcare(nursing care) balance, provision of employment environment and improvement way of working. To archive those targets, we have enacted measures that are the promotion of reviewing way of working and an institution for the support of work and childcare(nursing care) balance.

Systems currently beyond stipulated by the law

1) System to use during pregnancy

- Mitigation on working during pregnancy (paid)
- Revival of expired annual paid leave days

2)System to use during time of birth

- Spouse maternity leave

3)System to use during childcare/nursing care

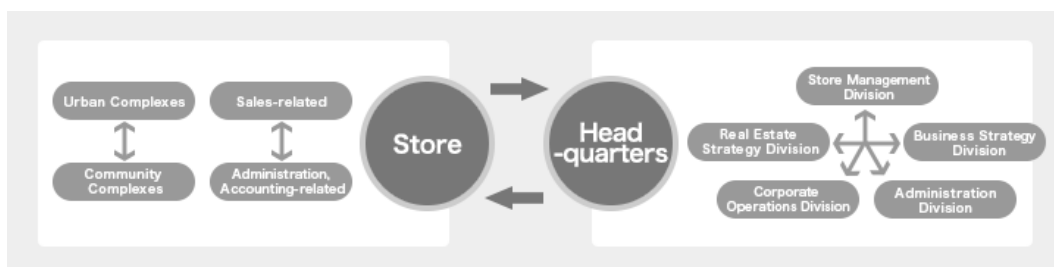
- Childcare leave
- System for requesting a specific department to be reinstated
- Childcare leave period (paid)
- System for selecting dates for childcare/nursing care leave, reduced-hour work days, and holidays
- Discounts on babysitter services
- Re-employment of retirees based on childcare/nursing care related reasons

[General employer action plan \(4th phase\) based on the Next Generation Education and Support Promotion Act](#)

Human Resources Development Initiatives

PARCO considers each and every employee as an indispensable asset and a platform for future growth. We are engaged in implementing educational programs geared for different career paths and areas, with the aim of equipping each one of our staff with stronger skills and higher motivation.

We are also implementing an educational rotating system that periodically rotate staff between various departments, business areas, and regions, allowing them to widen their horizons and to strengthen their adaptability. Through a variety of workshops, we are working to introduce a competency and ability based career progress system.



Administration Division

In addition to the rotating system, PARCO is working hard to support our employees' capacity for development through providing a wide range of training and learning opportunities.

2015 training implementation

1) New employees

Induction training (e-learning, training trips), pre-assignment training (approximately two months), follow-up training

Young mid-level employees

Business skills training, tutor training (for new employee training), industry placement training, business school support, support for attending external public seminars

3) Other

Department-specific skills training, management training, compliance training, market inspection training, e-learning/distance learning, financial reward for obtaining qualifications/paid examination fees

Promoting dynamic participation of women

The PARCO Group is promoting diversity management as a move for achieving a sturdier business base that will lead directly to its advancement as a company. Guided by the Diversity Committee, we pursue measures for fostering a corporate climate in which diverse values are mutually recognized, and real opportunities exist for all employees to showcase their skills and to grow. Of the issues PARCO faces, we view efforts to promote greater participation by women as vital, taking steps to embed career seminars, management training sessions and work-life management internally throughout PARCO; we also pursue measures to comply with Japan's Act of Promotion of Women's Participation and Advancement in the Workplace (Advancement of Women Act).

At PARCO CO., LTD., we promote participation by women through a variety of initiatives. We recognize that encouraging shorter working hours by promoting the use of paid leave and improving the percentage of women in managerial positions will go far in helping to resolve issues pertaining to female participation. Together with enacting measures to encourage taking

leave, we formulated an action plan in response to the Advancement of Women Act that includes cultivating female managerial candidates, providing opportunities for boosting the career consciousness of young female employees, and creating a workplace more conducive for employees with time constraints.

With respect to the annual average number of days of paid leave taken, we are aiming for 10 days by fiscal 2020, compared to five days in fiscal 2014. In parallel, we are striving to have women make up 20% or more of managers in fiscal 2020, versus 11% as of March 2015.

Participation in cross-industry consortiums PARCO takes active part in and shares information from cross-industry consortiums and other projects focused on work and female career education and work-life balance.



Lecture for women on successfully balancing work and childrearing

Support for working from home

For employees with time constraints because of childrearing and other reasons, PARCO is providing both an office environment and related systems that enable work from home, and is promoting more effective usage of working hours.



Briefing on systems utilized for telecommuting

Members of the local community and society at large

Initiatives for peace of mind and safety

Since PARCO stores are places where members of local communities gather, we have taken a wide range of measures to ensure both the peace of mind and safety of the people who visit our stores.

1. Initiatives to achieve “Safety in day-to-day living”

The restaurants and food stores inside PARCO conform to rigorous standards for health and safety management. Furthermore, PARCO conducts its own periodic health and safety inspections, checking the sanitary conditions in kitchens and the storage conditions for food products and ingredients.

Checks are also made as needed to ensure that restaurant menus display appropriate information, and that raw ingredients, potential allergens, and expiration dates are all properly displayed.



2. Initiatives to achieve “Safety in the shop”

There are many shop windows in a PARCO store. Each of these glass panes is coated with antishattering film to protect people in the unlikely event of window breakage. The large display shelves have mechanisms to prevent the shelves from collapsing.

We also have staff who are specially trained in disaster prevention roles, and they practice each day.

We actively participate in fire-fighting technology training tournaments held by local fire stations, and have achieved some good results. We also offer training to the shop staff on how to use fire extinguishers so that they can take action in initial fire fighting. We have set up an information system that links each shop to our Disaster Prevention Center so that the shops can rapidly respond to emergencies.

Furthermore, we are actively involved in crime prevention activities, holding regular training sessions designed to share examples of problematic behavior and other aspects of crime prevention.



3. Initiatives to achieve “Life-protecting safety”

To prepare for the possibility that a shopper may suffer an injury or suddenly take ill, all PARCO security staff and maintenance personnel undergo paramedic training with the local fire station staff. All shops have an AED (Automated External Defibrillator) and the staff is trained in their use.

PARCO Group Business Continuity Plan (BCP)

In the PARCO Group, our disaster-readiness efforts include periodic fire drills for PARCO building staff, coupled with paramedic response training courses, to protect lives and safeguard assets in the event of an emergency. In addition, to provide services on a continuous basis, we have procedures in place to prevent or minimize risks that could occur in the event of a major disaster. The “PARCO Basic Business Continuity Plan for Major Earthquake Disasters” was formulated in 2011. After two subsequent partial revisions, the document was completely revised in February 2014. We conduct regularly scheduled BCP drills each year to test our about to react quickly to scenarios simulating the occurrence of an actual major disaster. At Nagoya PARCO, we adopted a ground filtration system as a measure to ensure potable water supplies exist should a natural disaster occur. The filtered groundwater is used for drinking water and facility equipment throughout the complex.



Four main themes

The next generation

Meetscal Store opened its first overseas pop-up shop in Hong Kong PMQ

Meetscal Store opened its first overseas pop-up shop in Hong Kong PMQ that is an from September 6 to 25.

PMQ is reinforcing its position as a creative hub for disseminating the work of talented young designers.

We provided Japanese young creators the chance of showing and selling their works abroad.

The shop brings together the complementary visions of PMQ and PARCO, which are both committed to cultivating and supporting new talent.

The BY PARCO shop & gallery, which opened on August 26 in Aoyama, Tokyo, plans to display and sell items from PMQ's young creative professionals.



Meetscal Store by PARCO POP UP SHOP in PMQ

PMQ and PARCO are sharing their resources and networks through the initiative to enhance recognition in each other's markets and develop new networks, thus reinforcing their information dissemination capabilities domestically and internationally.

Four main themes

Culture

Olivier Rodrigues, a chef of Neobistro "& éclé" which is operated by PARCO participated in "class of taste" as an instructor, on October 20, 2015 at Misato City Mizuki primary school.



"Class of taste" is a hands-on lesson held by "A week of taste" executive committee.

It started in France, and marked 5th year this year in Japan.

In Olivier's class, students and their parents learned five tastes to have a keen sense of taste. Five tastes included four basic tastes, salty, sour, bitter, sweet, and added Japanese original sense of taste, umami.

Olivier devised a cup of food which was five layer of tastes, so that participants can enjoy them. In excersice, students and parents made it together. They enjoy how it looked and tasted.

Four main themes

Local communities

We held a charity event " HOPE FOR KUMAMOTO by PARCO & Samantha Thavasa Group " in Kumamoto PARCO in May 7 and 8, 2016 to encourage people who were affected by the Kumamoto earthquake.



In this event, we gave 700 people 2 items each from Samantha Thavasa's bags, sundie goods and clothes for free . Staffs of Samantha Thavasa working in other shopping centers also came to this event and serviced lively. We hope that it made our customers happy when they are having a tough time.

Four main themes

Environment

PARCO's employees were participated in fieldwork for revitalization of satoyama(abandonment of cultivated land).



PARCO has collaborated with Hitotsubashi University postgraduate course, international corporate strategy(ICS) "global citizenship class", as one of CSR activities since 2014.

Global citizenship class is the class that people who are expected as leaders of the future global businesses learn issues and solutions, from both aspects of economy and social.

This was a part of field work that aimed to make a new business model for reviving satoyama, we did rice reaping to harvest rice that had planted in May, 2015.

Through this event, PARCO's employees who were participated in had an opportunity to feel diversity and think about social and environmental issues, too.

PARCO Incubation

By discovering and supporting new talent, we are, by extension, creating new value.

Since its founding, PARCO has been at the forefront of introducing the public to the cutting edge of culture, whether in music, the arts, the theater or other areas, discovering and supporting a host of new talent along the way. PARCO is taking advantage of its domestic and overseas networks and business expertise to provide opportunities for business growth.

We are also communicating proactive incubation activities in this vein in step with our corporate message, “SPECIAL IN YOU.”

2016

- August**
- Supported “COCONOGACCO X CENTRAL SAINT MARTINS Collaboration Project Summer Course” – a weeklong summer course enabled through collaboration between the Fashion Department of Central Saint Martins University of the Arts London and COCONOGACCO

- March**
- Supported a fashion show for the Tokyo collection of TOKYO NEW AGE



- February**
- Held third fashion show for the New York collection of the “Asia Fashion Collection – Global Incubation Project” supporting young designers from Asia



2015

October

- Supported a fashion show for the Tokyo collection of TOKYO NEW AGE Held third fashion show for the Tokyo collection of the “Asia Fashion Collection – Global Incubation Project”
- Started “DANCE DANCE ASIA —Crossing the Movement” to spur Asian cultural exchange through street dance



- Held Shibukaru Festival led by female creators



Held fifth Shibukaru Festival at Shibuya PARCO

- Provided a space for expression by locally active creators



Held fourth Tenjin Laboratory at Fukuoka PARCO



Held third Nagoya PARCO Arts Festival at Nagoya PARCO

June

- Provided Shibuya PARCO as a venue to support the young designers of TOKYO NEW AGE
Hosted “SHIBUKARU MATSURI goes to BANGKOK” event in Bangkok, Thailand; promoted cultural exchange with
 - young local creators
-

March • Held fashion exhibit Zetsu-Zetsumei-ten at Parco Museum



February • Held second fashion show for the New York collection of the “Asia Fashion Collection – Global Incubation Project”
• BSupported fashion show for young designers via crowd-funding service “BOOSTER”

2014

December • Started crowd-funding service “BOOSTER”



October • Held second fashion show for the Tokyo collection of the “Asia Fashion Collection – Global Incubation Project”
• Held fourth Shibukaru Festival, third Tenjin Laboratory and second Nagoya PARCO Arts Festival

September • Supported “A REAL UN REAL AGE” Paris traveling exhibit arranged by young designers



May • Participated in Asia Fashion Exchange fashion event in Singapore; invited cutting-edge Japanese designers to attend



February • Held first fashion show for the New York collection of the “Asia Fashion Collection – Global Incubation Project”

2013

November • Exhibition by artists participating in Fukuoka PARCO Tenjin Laboratory event at a gallery in Taiwan

October

- Held fashion exhibit Zetsumei-ten at Parco Museum; won Mainichi Fashion Grand Prix
- Held third Shibukaru Festival
- Held first fashion show for the Tokyo collection of the “Asia Fashion Collection – Global Incubation Project”
- Provided Fukuoka PARCO as location for expression by creators active in Fukuoka for second Tenjin Laboratory event
- Provided Nagoya PARCO as location for Nagoya PARCO Arts Festival (the Garden of PARCO) as a space for expression by creators from the Tokai area

May

- Became first Japanese commercial facility to participate in the Asia Fashion Exchange fashion show, and invited designers from the FIGHT FASHION FUND by PARCO

February • HELLO, SHIBUYA TOKYO WITH SINGAPORE

2012

October

- Held second Shibukaru Festival
- Held first Tenjin Laboratory at Fukuoka PARCO

September • Opened MEETSCAL store by once A month, a PARCO-operated shop that showcases craftsmanship from around Japan and the world, in Shibuya PARCO

2011

November • Launched the “FIGHT FASHION FUND by PARCO” as a fund supporting new fashion



October • Held first Shibukaru Festival

2010

March

- Launched PARCO next NEXT
- Opened “once A month,” a PARCO-operated shop, in Fukuoka PARCO

Results of Incubation Activities

Supported a fashion show for the Tokyo collection of TOKYO NEW AGE

PARCO supported a fashion show featuring the Tokyo Collection of TOKYO NEW AGE, a collective of young Japanese designers engaged in various experimental initiatives and that strives to get across the enjoyment of fashion.

As a form of business growth support, we opened limited-time shops in Shibuya PARCO and provided opportunities for learning more about creativity and business through communication with customers.



Periodically open limited-time shops in Shibuya PARCO, providing spaces for identifying customer needs and considering upcoming product development

DANCE DANCE ASIA -Crossing the Movements 28 October to 1 November, 2015

“DANCE DANCE ASIA —Crossing the Movement” (DDA) is a project that promotes international exchange through street dance, and takes place in Japan and in sites across Southeast Asia.

“With “street dance,” the universal language of youth the world over, as a keyword, the theme across the stage performances and workshops offered is linking Japan with the rest of Asia. In fiscal 2015, over 21 Japanese dance groups active worldwide were sent to the Philippines, Malaysia, Vietnam, Thailand, Indonesia, Cambodia and Laos. In October 2015, street dance groups from the Philippines, Vietnam and Thailand, along with 15 Japanese groups, were invited for a five-date public performance in Tokyo.



Thirty Thai children take part in a “Tokyo Gege Gay” stage performance at the show in Bangkok
© Tadamasu Iguchi / DDA

Asia Fashion Collection -Global Incubation Project Started from October 2013

“Asia Fashion Collection – Global Incubation Project” is a project dedicated to identifying and supporting young fashion designers from Asia. Designers are chosen after a runway show-style competition in which the designers debut their New York collection, and are provided opportunities for business growth.

With three rounds completed thus far, BOOSTER is a PARCO crowd-funding service that is the next step of support for designers who debuted collections. Leveraging BOOSTER expands support for launching shared studios for young designers and other efforts.



Fashion brands “old honey” and “ZOKUZOKUB” had NY debuts

Shibukaru Festival Started from September 2010

Centered on Shibuya PARCO, Shibukaru Festival provides talented young female creators with a forum for artistic expression spanning the genres of music, film, artwork, and live performances. The forum provides creators with a place to meet, to interact with peers, to discuss ideas and inspirations.

Performances are unconstrained, powerful, innovative and, judging by the reaction of many in the audience, deeply moving for those in attendance.

This is a community fashion event, extending beyond PARCO to include collaboration with other events and creating a fashion, art and culture buzz in Shibuya.

We host similar cultural events at Fukuoka PARCO and Nagoya PARCO in which young creators active locally take part.



In June 2015, PARCO held an event in Bangkok, Thailand, where cultural exchange with local creators took place

Supporting growth of creative talent via crowd-funding service BOOSTER

In fiscal 2014, PARCO launched BOOSTER, a crowd-funding service dedicated to supporting the realization of projects across the full spectrum of creative content domains through a framework that enables individual consumers to come together to put innovative challenges out into the public sphere.

As a company committed to “Incubation” (the discovery and encouragement of new talent), PARCO hopes to use BOOSTER as an avenue for joining forces with many people to realize a society where individuals with ideas and talent can continue to tackle those challenges, and create a world that sparks a steady stream of innovation.



クROOY is a crowdsourcing platform for shoe design. It is a project for entering the Japanese market and reached its objectives right after launching. The business has expanded steadily since its first shop in Japan opened at the Shibuya PARCO PART 1 store.

Meetscal Store

Started from 2010

PARCO develops this exclusively arranged shop as a space to propose and sell to the market products from highly creative young authors and makers, as well as seasonal goods. While working at the same time to create a space for services that helps new talent to bloom, PARCO is offering a new story in the consumption of services rather than goods.

By leveraging PARCO’s nationwide network, we also develop original merchandise in collaboration with local creators and authors across Japan. In a growing number of cases, brands that started from goods being handled by PARCO that transitioned into a business partnership are now becoming tenant stores.

Currently, the MEETSCUL Store by once A month in Shibuya PARCO is opening in the once A month space at Fukuoka PARCO, with a portion of the original products on hand under wholesale.



“A REAL UN REAL AGE,” the brand’s Paris traveling exhibit 22 September to 2 October, 2014

Ahead of the expansion into Paris of ANREALAGE, one of Japan’s nextgeneration fashion brands, PARCO provided support for the brand’s Paris collection runway show and “A REAL UN REAL AGE,”the brand’s Paris traveling exhibit featured at Shibuya PARCO. These efforts have evolved into a wide range of other initiatives, including the opening at Shibuya PARCO of a limited-time shop and the sale of original project merchandise from a self-designed and arranged PARCO shop.



Asia Fashion Exchange 12 May to 18 May, 2014

PARCO takes part in the Audi Fashion Festival, the runway show of the Asia Fashion Exchange, Asia’s largest fashion event held in Singapore each spring. PARCO sponsored a runway show that invited DRESSCAMP as the showcase designer for the next generation in Japanese fashion.

Leveraging PARCO’s network on the ground, we invited local fashion associations and prominent retailers to the runway show, and provided support that included approaching buyers for select shops and PR aimed at raising brand recognition in the market. These actions made it possible to provide opportunities to spotlight and praise Japanese creations, as well as to get a real sense of market needs.



HELLO, SHIBUYA TOKYO WITH SINGAPORE

15 February to 10 March, 2013

In Singapore, PARCO conducted so-called “pop-up shops” (specifically tailored retail spaces), fashion shows and business negotiations to provide sites for pioneers of the next generation in Japanese fashion and manufacturing to compete in growth markets abroad.

Beyond just the exhibition and sale of products from young Japanese designers and creators, these spaces challenged both Japanese and local entities to bring their respective cultures together to create new value, with steps also taken to encourage collaborative works and product development. By promoting understanding of PARCO’s approach to incubation and local collaboration, we achieved collaboration with next-generation talent and organization across a host of fields, which yielded results beyond what we anticipated. (FY2012: Recognized as a business promoting the Ministry of Economy, Trade and Industry’s Cool Japan Strategy)



FIGHT FASHION FUND by PARCO

To deliver business growth support to up-and-coming fashion entrepreneurs who have next-generation talent but lack sufficient funding, customers, business partners or business opportunities, PARCO launched FIGHT FASHION FUND by PARCO. Aimed at energizing Japanese brands and fashion, this fan club-style investment scheme uses a small buy-in (¥30,000) and the potential to create friends and fans to support the business growth of potentially pioneering fashion designers.

So far, the FIGHT FASHION FUND by PARCO has solicited business growth support for two brands, with outstanding results in both cases.



PARCO next NEXT

PARCO (Singapore) Pte Ltd, together with the Textile & Fashion Federation (Singapore) and SPRING Singapore (a government organization established to encourage entrepreneurship), held this event to help young designers hone and transform their creative ideas into successful and competitive business propositions. To date, the project has supported the growth of 55 brands.

We help to develop global initiatives by providing space and supplying event space and expertise from our PARCO stores in Japan. By supporting the energetic and creative young designers of Singapore, this project nurtures and supports cross-border talent.



Environmental initiatives

Fundamental Policy

The PARCO Group recognizes global environmental issues as an important theme in its business activities in shopping centers and related fields. Through the promotion of environmental preservation activities, the Group seeks to leave a sustainable society for future generations.

To this end, the Group aims to reduce the environmental impact of the commercial spaces it creates. These efforts include cooperating with tenants and other transaction partners, and making sure that customers and local communities are informed of the Groups activities and accept them.

Course of Action

Environmental preservation activities

1. In consideration of the environment, all PARCO Group stores and business locations will adopt measures to conserve resources and energy.
The Group will review its environmental initiatives periodically to continually improve them.
2. The Group will take initiatives to reduce electricity consumption, which accounts for the majority of energy consumed at commercial facilities.
In particular, the Group will strive to reduce energy consumption by facilities and equipment indispensable to the operation of shopping centers, such as air conditioning equipment, escalators and elevators, and lighting fixtures. Furthermore, the Group will use energy efficiently by introducing state-of-the-art technology and other measures.
3. The Group and its tenant companies will work together to conserve energy on an ongoing basis. Specific efforts will include reducing use of cooling and heating within buildings to optimize climate control, and precisely managing the operating hours of facilities and equipment.
4. The Group and its tenant companies will strive to reduce environmental impacts through initiatives to recycle and reuse, as well as to reduce waste.
5. In planning new stores, the Group will challenge itself to create new commercial facilities that have low environmental impact. This effort will include every aspect from plans for construction and facilities, to interior design.

Communal activities

6. The Group will actively participate in charitable activities as a member of local communities, and help build hospitable urban environments.

Event tie-up activities

7. The Group will actively incorporate campaigns with an environmental theme in the events it sponsors and its sales promotion activities.

Employee awareness and education

8. All PARCO employees will be made aware that they are a participant in environmental preservation activities. Whether at home or at work, employees will be expected to lead efforts to recycle, conserve energy and sort their waste.

The Group will encourage and support its employees in coordination with its tenant companies to promote these activities.

Compliance with laws and regulations

9. All PARCO Group employees will comply with treaties, laws, regulations and other rules concerning the environment, and act with care about humanity and the earth's environment.

Results of activities

Participation in the Light Down Campaign

All PARCO stores participated in the Light Down Campaign, led by the Ministry of the Environment, which calls for reducing CO2 emissions by turning off lights in buildings. Held every year on the summer solstice (around June 21) and Cool Earth Day (July 7), PARCO stores cooperate with this environmental initiative by simultaneously turning off rooftop, sign and other lights.



Chofu PARCO before (left) and after (right) turning off the lights

Registering Cool Share and Warm Share spots at PARCO stores across Japan

Cool Share and Warm Share is a campaign promoting region-wide conservation of electricity by having people come together and share cool or warm places instead of using air conditioning by themselves. PARCO stores have seen an increase in visitors after registering in this program.

エアコン消して 涼しいところ集まろう

COOL
SHARE

Corporate registration with Fun to Share

Fun to Share is an environmental campaign started by the Ministry of the Environment in March 2014 that aims to realize a low-carbon society by broadly sharing and linking information, technology and knowledge pertaining to reducing CO2 emissions for companies and private citizens. PARCO, which is setting an environmental policy and working towards energy conservation, announced that it would register in the campaign as a company and pursue environmental initiatives.



Promotion of switch-over to LED lighting

Following our efforts to introduce energy-saving lighting, chiefly LED lights, we are lowering not only the levels of heat that our lighting emits, but are also reducing CO2 emissions.

With the exceptions of fluorescent lighting and high-efficiency lighting, we've changed our incandescent lighting in our all stores LED lighting since FY2012.



Common LED-lit walkways within stores

[A list of PARCO stores where the switchover to LED lighting was made from FY2012 to the spring of FY2013]

Ikebukuro PARCO, Shibuya PARCO, Chofu PARCO, Kichijoji PARCO, Hibarigaoka PARCO, Shin Tokorozawa PARCO, Chiba PARCO, Tsudanuma PARCO, Utsunomiya PARCO, Sapporo PARCO, Nagoya PARCO, Hiroshima PARCO, Kumamoto PARCO, Otsu PARCO, Matsumoto PARCO

Initiatives to reduce CO2 emissions

Relaxation of air-conditioning temperature settings inside stores We use an appropriate temperature setting and measure on-site temperatures separately on each floor and during each time period. In this way, we were able to reduce our CO2 emissions even more. Even after that period, we worked hard throughout the year to achieve air-conditioning by optimizing the volume of air taken in from outside, and running air conditioners intermittently.



Store entrance stickers

Reducing the environmental burdens of individual shops

We have several systems in place to reduce these burdens. For example, when a new shop is being planned or an existing shop is being renovated, we place restrictions on the amount of power that we will supply.

PARCO Space Systems is a member of the PARCO Group. We work with them to promote energy savings among the shops in our stores. They carry out an energy consumption audit of each shop and help shops to use less energy.

Procurement of Tradable Green Certificates

Some PARCO stores have gained Tradable Green Certificates. These certificates indicate that through the use of solar power and other means, the store has been able to reduce its annual power consumption by an amount equivalent to about 1,122 tons of CO2. We plan to use these certificates when we fulfill our obligations to reduce our CO2 emissions.

Promoting recycling and reuse

Through the cooperation of tenant businesses, PARCO is proactively working to reduce business garbage and increase renewable use. We are implementing practices including the reuse of plastic hangers, 100% recycling of cardboard and waste oil, and the recycling of compostable garbage into fertilizer. We also use garbage scales to visualize the amount of garbage generated by each tenant, creating a structure that promotes the recycling of every recyclable item.



Garbage scale (Urawa PARCO)

Initiatives on the facilities, equipment and usage front

All PARCO stores are making great efforts in energy conservation through the adoption of cooling with outside air in spring, autumn and winter, the introduction of low-energy-consumption lamps and switch timers and by water conservation through the introduction of automatic water conservation valves, toilet flush sound imitators and water conservation sensors.

We are also pursuing initiatives for drawing underground water from wells, cleaning well water, grey water and rain water to reuse as toilet drainage water. At Nagoya PARCO and Urawa PARCO we have adopted co-generation systems, effectively using waste heat from power generation to heat water and in pools.



Grey water facility

Purchasing environmentally conscious products

PARCO has selected copy paper as a priority for reducing the burden on the environment and is pursuing green procurement for some office supplies including stationery, file folders and DVD disks.

We are also contributing to reducing carbon emissions by promoting the purchase of cleaning supplies such as detergent and wax with carbon offsets.

Internal approach

Reducing copy paper usage

In PARCO's offices we are working to reduce copy paper usage through two-sided and 'N up' (laying out several pages worth of data to print on one page) printing and promoting printing on the back sides of miscopied pages.

We also introduced a system to prevent miscopies where you have to enter your employee number to use complex copiers. We are also creating a paperless system by moving internal documents and notices online.

Plastic bottle cap collection

Through NPO Re Lifestyle, we sell plastic bottle caps as recycled resources, with profits donated to an international support organization* that helps provide vaccinations. (From May 2015)

*International support organization: NPO Japan Committee Vaccines for the World's Children

Cool Biz and Warm Biz

In order to reduce energy used for air conditioning, PARCO has established temperature settings for its offices in summer and winter and is practicing Cool Biz and Warm Biz. We continued this in FY2014, setting thermostats at 28°C during the Cool Biz period in order to promote energy savings in the summer, and are encouraging styles such as short-sleeved shirts and polo shirts in addition to the usual no jacket and tie, where staff can work in the office comfortably in summer.

Increasing awareness of environmental issues among staff

In order to create opportunities for all staff to think about the environment as an issue close at hand, PARCO is participating in the Ministry of the Environment-led Challenge 25 Campaign and Fun to Share, as well as encouraging staff to take the Tokyo Chamber of Commerce and Industry-led Certification Test for Environmental Specialists® (Eco Test)*. As of FY2015, PARCO has turned out a total of 174 certification holders and PARCO Group 362. By offering support including covering the entire test fee and distributing and lending texts internally, we have established a structure that makes it easy for staff to take the test.

*Certification Test for Environmental Specialists® is a registered trademark of the Tokyo Chamber of Commerce and Industry



(Chofu PARCO) Certified Gold in the Eco Office System

The Chofu PARCO has received a Gold certification in the Chofu Eco Office System. This certification system is run by Chofu City to support businesses in becoming more eco-friendly.

There are three levels of public certification, gold, silver and bronze, for businesses that proactively work to develop consciousness about waste reduction and recycling.

(Kichijoji PARCO) Certified as an Eco Partner

The Kichijoji Parco has received the Musashino City Eco Partner Certification. This certification is run by Musashino City to promote the reduction of waste from businesses. Businesses that meet standards on recycling magazines and compostable garbage are publically certified.

Initiatives toward becoming a business that has consideration for the environment

Continuous improvement through acquisition of ISO50001 certification

Group company PARCO Space Systems received the international ISO50001 certification, which aims for continuous improvement in energy performance, energy efficiency and energy conservation from the Japan Quality Assurance Organization (JQA).



This is the first time a company in the building design, facilities and management industry has received this certification, and we will aim to expand subcontracting by utilizing this to aggressively promote proposals that include reductions to environmental burden and energy costs.

P'es Lighting

Group company PARCO Space Systems has, in collaboration with other companies, developed and is selling P'es Lighting, an original lighting fixture with a reduced burden on the environment.

Together with LED lighting, design and interior construction with an eco-friendly theme, we are making proposals for comprehensive building maintenance.



Lighting consulting

We are making proposals for creating business environments that customers find comfortable based on lighting design that considers the characteristics of both the products and the space, and by unifying the lighting environment of the facility as a whole, through facility management including the lighting of shops.

Inspection committee for comparative inspection of the newest LEDs

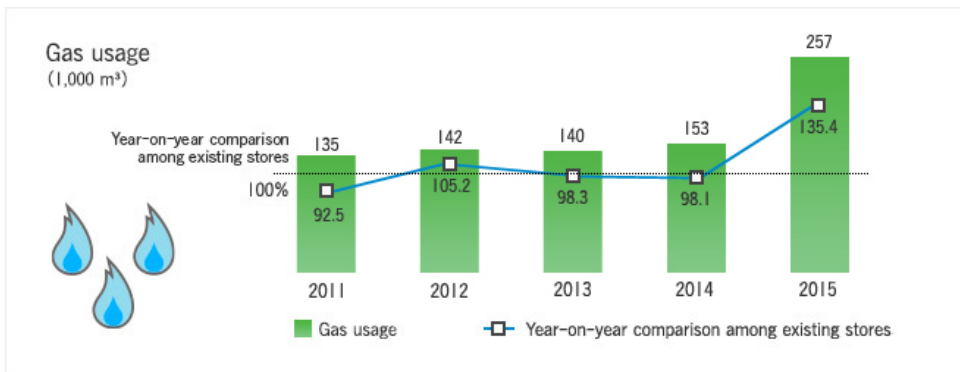
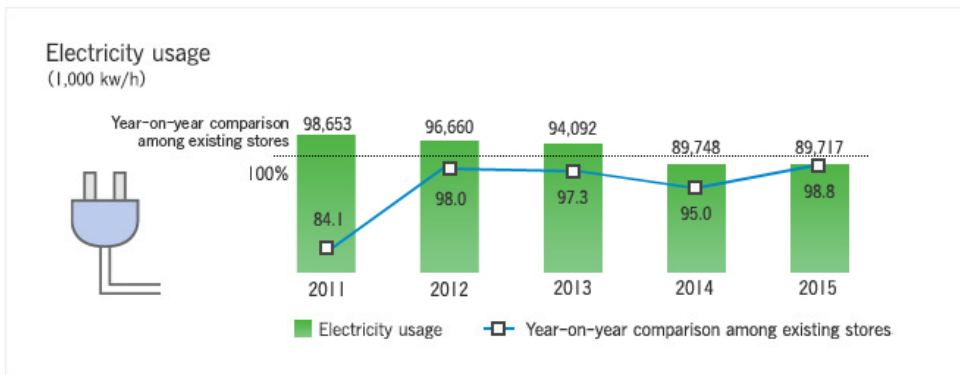
In order to provide optimal lighting design that meets the space conditions that clients seek, with the cooperation of manufacturers we periodically convene a committee for comparative



inspection of LED lighting fixtures beginning with new fixtures we are inspecting the abilities and energy conservation effects on lighting fixtures from a variety of makers and of different types.

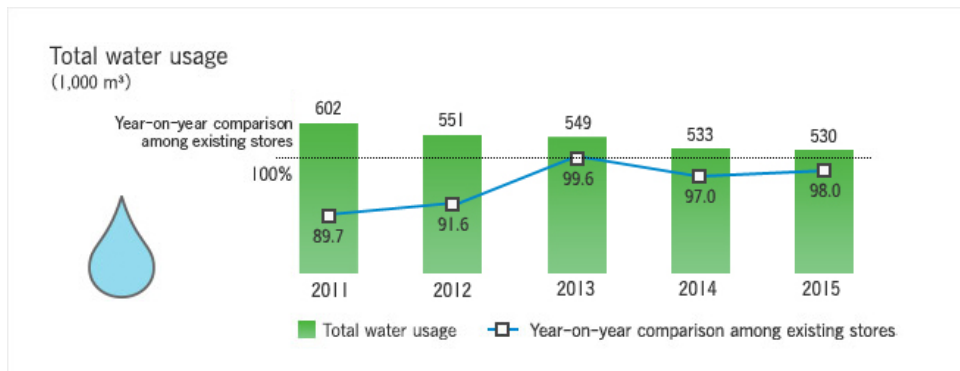
Environmental data

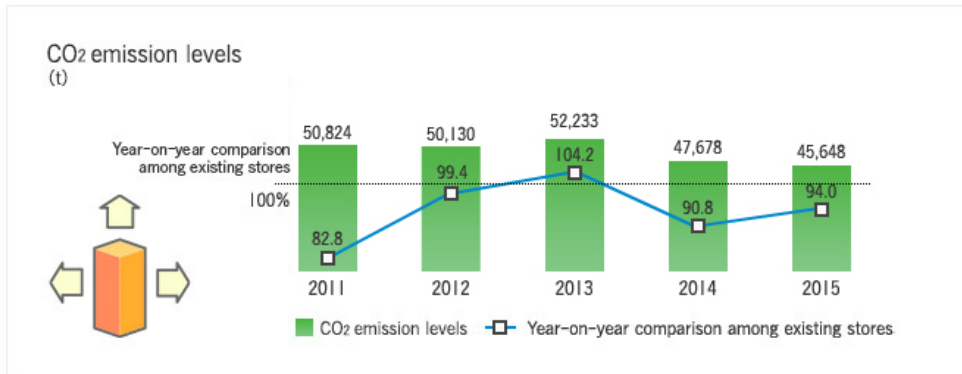
INPUT



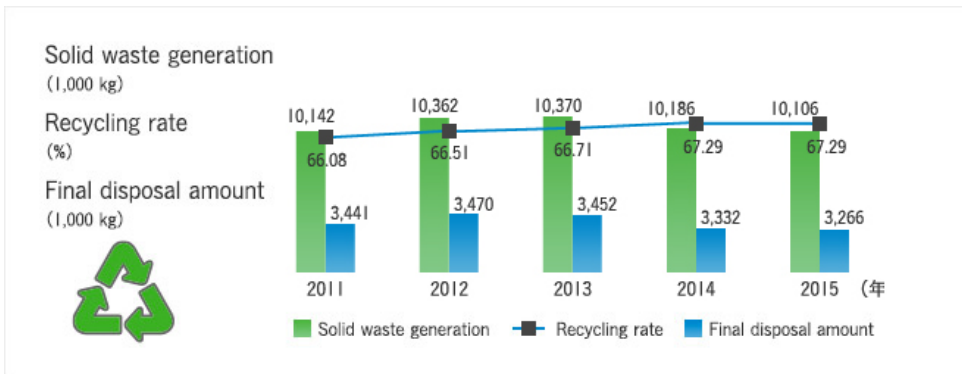
The increase in gas usage in fiscal 2015 stemmed mainly from adoption of GHP* for air conditioning and gas cogeneration. With this step, the intent is to reduce electricity usage and the amount of energy consumed on a per-unit basis.

*GHP (gas heat pumps) is an air conditioning system in which an external unit with a gas engine-powered compressor powers a heat pump for heating and cooling.

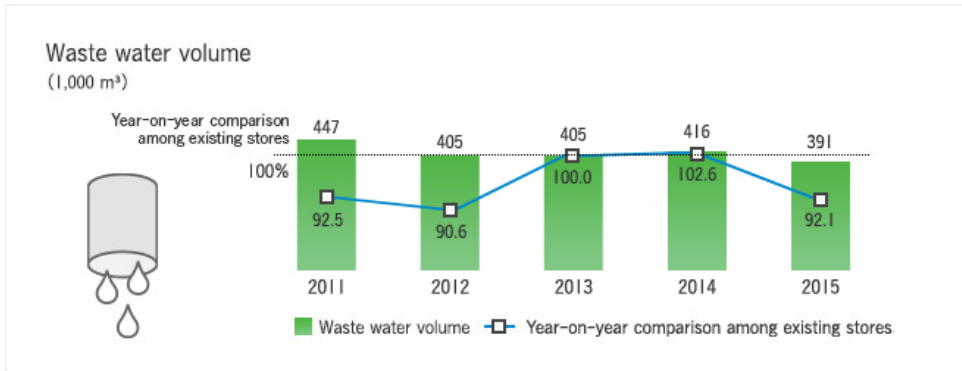




The primary cause of the increase in CO2 emissions in FY2013 is the increase in each power company's factors in CO2 emission calculations (changes every year based on fuel mix ratios) over last year.



Continuing initiatives for reducing waste generated and final amount processed has led to annual increases in recycling ratio.



The primary cause of the increase in waste water volume in FY2014 is the increase in spring in some store.

A year-on-year comparison among our existing stores. Calculations except the effects of the following events

FY 2011 Shinsaibashi PARCO closed

FY 2014 Fukuoka PARCO new Building opened

FY 2015 Nagoya PARCO midi new Building opened and Fukuoka PARCO Main Building extension

Environmental data (other than waste emission levels, recycling rate and final disposal amount) do not include data from our tenant shops.