

## Promotion of ESG Initiatives PARCO Group CSR



**Masaaki Abe**  
Managing Executive Officer  
CSR Committee Chair

## Contribution to Resolving Social and Community Issues

To increase the quality of its CSR activities, the PARCO Group has formulated the PARCO Group Fundamental CSR Policy, clearly defining its position on CSR and establishing a system for its CSR activities. We consider the definition of CSR to be the embodiment of our Corporate Mission. We will gain our stakeholders' trust and ensure their satisfaction through our three social roles: "Incubation," "Urban Revitalization," and "Trends Communication;" and promote initiatives to enhance our corporate value. Furthermore, in the belief that CSR activities are in fact business activities, we have established four main themes in line with our business activities: "Next generation," "Culture," "Local communities," and "Environment," and we are actively engaged in these. To promote these activities, we have built a CSR management structure comprised of the CSR Committee, Diversity Committee and Risk Management Committee, which will advance our CSR activities even further.

In fiscal 2018, we aimed to achieve sustainable management with the SDGs in mind by actively addressing the issues of "Work style reform" and "Compliance," which have been added to our four main themes for a total of six themes, and carried out 117 initiatives. For "Next generation," we continued to support creators who will generate new expressions and discovered new shops and brands as well as supporting their development. For "Culture," we opened a new mini-theater, UPLINK Kichijoji PARCO, while works produced and invested by PARCO were well reviewed in the art field, receiving numerous awards. For "Local communities," we supported communities and people in Japan and overseas through the

crowd-funding service BOOSTER, while each store cooperated with members of the local community and artists to contribute to regional revitalization. For "Environment," we continued our initiatives to save electricity, recycle, and reuse at each store and business. For "Work style reform," we revised the way in which employees work through measures such as expanding teleworking to continue providing support for diverse workstyles that do not require a specific workplace, and introduced a new second job program. For "Compliance," we systemized our risk management and worked to ensure thorough compliance.

In fiscal 2019, as we mark our 50th anniversary, to ensure that we will continue to be sustainable going forward, we will take an ESG perspective and incorporate elements of the SDGs as we take active measures on our six main themes to contribute to resolving social and community issues. Moreover, at Shibuya PARCO, we will work to "create excitement with the surrounding community," "reduce environmental impact," and "collaborate with diverse companies and individuals."

Please visit our website for further details of our initiatives.

[Promotion of ESG Initiatives] [URL www.parco.co.jp/en/ir/esg/](http://www.parco.co.jp/en/ir/esg/)

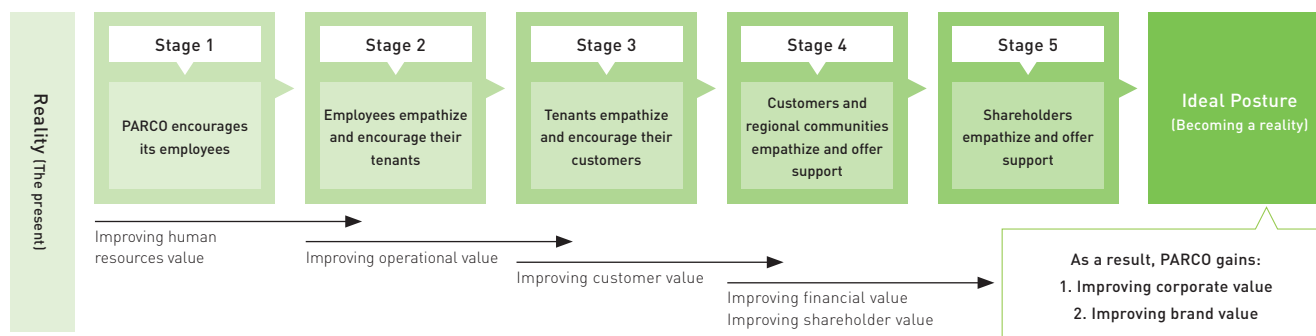
[Sustainability] [URL www.parco.co.jp/en/csr/](http://www.parco.co.jp/en/csr/)



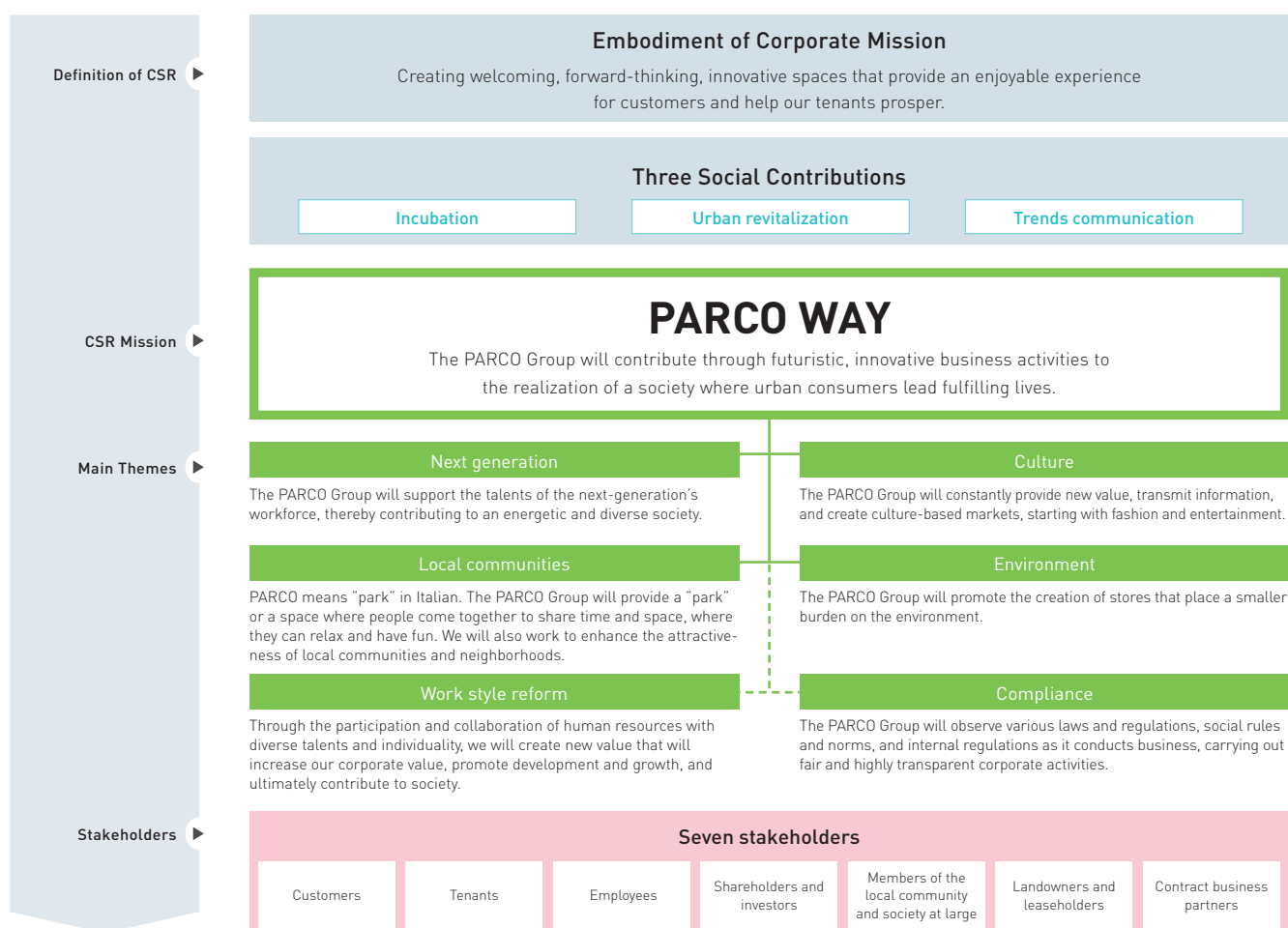
At the United Nations Sustainable Development Summit of September 2015, the 2030 Agenda for Sustainable Development was adopted and the 17 Sustainable Development Goals and 169 targets were proclaimed.

## 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.



## PARCO Group Fundamental CSR Policy



## CSR Management Structure

PARCO defines CSR activities as "measures taken in the course of business to gain the trust and satisfaction of stakeholders, and enhance corporate value," and to strengthen the foundation for this, it has established a CSR management structure comprised of the CSR Committee, Diversity Committee and Risk Management Committee. Each committee meets regularly, and all executive officers are involved as committee members, coordinating with each internal department and Group company to ensure that all employees of the PARCO Group are committed to society and promoting active initiatives.



## Promotion of ESG Initiatives Environment and Society

### Social Initiatives

The PARCO Group recognizes as main themes "Next generation," which involves supporting the talents of the next-generation's workforce, "Culture," in the form of providing new cultural value and culture-based markets, and "Local communities," which includes working to enhance the attractiveness of local communities and neighborhoods, with the additions of "Work style reform" and "Compliance." We are involved in a variety of related activities and promote management based on the values of diversity and inclusion.

\* For further information about our initiatives for "Next generation," "Culture," and "Local communities," please refer also to "PARCO Group's Growth Strategy" beginning on page 27 and "Success of Value Creation" beginning on page 36.



### Supporting Diverse Work Styles

We believe it is important to provide an environment where individual employees feel motivated to make use of their talents. We are therefore working to create systems and an environment to secure diversity and to promote the creation of a corporate culture.

#### Supporting Workstyles That Do Not Require a Specific Workplace

We are promoting communication and faster and more intense operations through the utilization and expansion of ICT.

- Renew internal Groupware with the introduction of cloud services, etc.
- Provide all employees with mobile PCs and smartphones
- Promote internal exchanges and flexible workstyles (expand web meetings, partially introduce free addresses, establish free working spaces and concentration areas)



Free working space

#### Childrearing and Nursing Care Support Programs

We have been working to support employees balancing childrearing and nursing care with work, and in some of our programs we have expanded allowances in excess of statutory minimums. The result of establishing these programs and cultivating our internal culture has been a 100% rate of employees returning to work after maternity leave since fiscal 2012. In addition, since March 2017 we have had a home work program.

##### Childrearing support program

Fiscal 2018

**56** employees

##### Nursing care support programs

Fiscal 2018

**6** employees

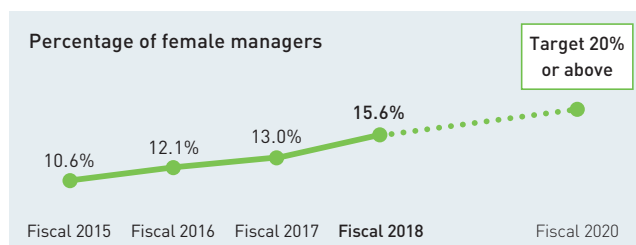
##### Home work program

Fiscal 2018

**35** employees

#### Promoting Dynamic Participation of Women

We recognize that encouraging shorter working hours by promoting the use of paid leave throughout the company will go far in helping to create an environment where women can work and contribute more easily. Moreover, to encourage participation and improve the percentage of women in managerial positions, 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 10.6% in fiscal 2015.



#### Second Job Program

In February 2019 we introduced the side job program as part of our new workstyle. (As of May 31, 2019, four people are using the program).

##### Basic Policy on the Program

- Second jobs and other experiences outside the Company provide opportunities for employees to grow, and employee growth leads to Company growth
- The Company has employees with diverse talents, and second jobs can provide opportunities for employees to utilize their talents

##### Objectives and Expectations of the Program

- Promote growth and autonomy of employees
- Revitalize internal activity (promote innovation)
- Retain and acquire diverse human resources
- Opportunities for employees to utilize diverse talents

- Experiences outside the Company will
  - Stimulate competitive awareness and promote innovation
  - Expand employee perspectives and human networks, leading to transformation of Company culture
- Through the second job program, the Company will
  - Expand options for self-realization
  - Positively impact human resource recruitment

### Ensuring Compliance

The Risk Management Committee works proactively with employees through continuous training and drills to ensure compliance. We have been working to have all employees attend anti-harassment training since fiscal 2017.



##### Childrearing support program

Fiscal 2018

Held **5** times **516** participants

##### BCP training

Fiscal 2018

Held **5** times **83** participants

##### Anti-harassment training

Fiscal 2017 to 2018

Held **4** times **569** participants

## Links with the Community

Our participation in the local community through events at our stores and other initiatives and our contribution to more attractive districts and local areas by maintaining safe, secure commercial facilities helps to improve the PARCO brand.

### Nagoya PARCO

#### Crowd-Funding Project to Build Excitement over Local Producers and Food Culture

Nagoya PARCO's restaurant floor includes stores opened by Okuyama Yasuzou Shouten, a live fish wholesaler from Mie Prefecture, and Aim Enterprise, which has opened popular stores in its home prefecture of Aichi. To conduct their openings, both stores used the crowd-funding service BOOSTER in a project to promote interest in environmental improvements by producers and local food culture through collaboration between local restaurants and producers. Part of the funds received to support the project were returned to producers to fund development of young fishing professionals, improvements to fishing facilities, and other support for the fishing industry. In return, premium gourmet tickets for use on the restaurant floor were offered, along with other gifts, which resulted in visits from many customers.



Nagoya PARCO West Building 7th floor  
Okuyama Yasuzou Shouten Himono Terrace

### PARCO\_ya

#### Happy "Pandaful" Days Program Celebrates the Birthday of Xiang Xiang the Panda

The Happy "Pandaful" Days program was held to celebrate the birthday of popular Ueno Zoo resident, Xiang Xiang the panda on June 12. In collaboration with the neighboring Matsuzakaya Ueno Store, the program featured a Xiang Xiang photography exhibition including previously unreleased photographs, a panda quiz rally, sales of exclusive panda merchandise at PARCO\_ya, and original menu offerings as part of efforts to join with the neighborhood to create a birthday celebration. Visitors to the store appeared to be caught up in the festive mood as they walked about.



PARCO\_ya 1st floor  
DEAN & DELUCA CAFE  
Panda Crushed Chocolate Muffin

### Hibarigaoka PARCO

#### Hibari Culture Festival Held to Commemorate 25th Opening Anniversary

The popular Hibari Culture Festival was held again in 2018 with an enhanced program to mark the 25th opening anniversary of the store. The theme of the festival was "Learn, Play, and Have Fun at PARCO." It included exhibitions, seminars, and our first ever field trip where visitors can learn about Hibarigaoka's geography and history. The various events also included live music, workshops, and limited time stores to provide opportunities for playing and having fun. In addition, the event contributed to communication with local people aimed at making the Hibarigaoka area market more fun and attractive as a place to live going forward. For example, in order to mark the 25th anniversary we held programs to symbolize "25 years of PARCO and 25 years of local people in Hibarigaoka."



Photography Exhibition "Portraits of Hibari"

### Matsumoto PARCO

#### Matsumoto PARCO Festival

In coordination with the citizen's festival in Matsumoto City, Nagano Prefecture, Matsumoto PARCO collaborated with local trust banks, stores, and magazines to hold the Matsumoto PARCO Festival. In 2018, districts of Matsumoto City were blocked to vehicle traffic to create pedestrian-only areas. Ten brands with stores in Matsumoto PARCO participated in a fashion show featuring local models from Nagano. Other events offered various experiences, such as a popular Pan-Pa-Pan Festival held by a group of bakeries, a PARCO Kitchen, featuring a group of nine mobile eateries, along with workshops and stamp rallies held inside PARCO. The festival was attended by many visitors, contributing to the excitement in Matsumoto City.



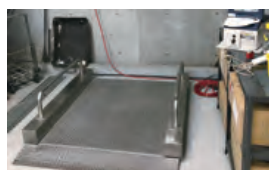
The Citizen's Festival in which Matsumoto PARCO participated

## Environmental Initiatives

We recognize the importance of our relationship with the global environment in shopping center operations and other related activities, and out of this recognition we promote environmental conservation activities to help pass on a sustainable society to future generations. To this end, PARCO collaborates with tenant partners and other companies with which we do business to create commercial spaces with minimal environmental impact while gaining the understanding of customers and community members.

### 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 scales at Chofu PARCO

#### Recycling Rate

Fiscal 2018

**69.24%**

### Promotion of switch-over to LED lighting

We have been working to reduce electricity consumption by systematically phasing in a change from inefficient lighting to LED lighting for shared spaces in PARCO stores. Currently we have installed LED lighting in approximately 64% of PARCO's total area, excluding areas with high-efficiency lighting and fluorescent lighting. We will address areas that have not yet been converted to LED systematically in consideration of renovation schedules and other factors.



LED lighting is now used in 100% of shared areas in PARCO\_ya

#### Electricity Consumption at Existing Stores Year-on-year

**100.0%**

## Fundamental Policy

PARCO constantly works to strengthen its corporate governance, recognizing that to enhance its corporate value it is essential for it to protect the rights and earnings of shareholders, build smooth relationships with stakeholders other than shareholders, preserve transparency in management and establish an effective management oversight structure. PARCO has adopted the "Company with Three Committees" system, which includes a Nominating Committee, in order to explicitly separate the oversight function from the executive function of management and build a highly transparent corporate governance structure, while allowing rapid decision-making and execution of operations. Independent directors (external directors) make up half of the Board of Directors, ensuring the objectivity necessary to supervise management. Furthermore, as a member of the J. FRONT RETAILING Group, PARCO will strive to increase its corporate value by promoting business management towards realizing the group vision. Meanwhile, the PARCO Group has its own independent PARCO Group Vision as well as its own corporate governance systems to ensure autonomy and transparency of management.

## Internal Controls

### Fundamental Policy

PARCO retains a structure to maintain the appropriateness of the operations of PARCO and the PARCO Group in terms of the effectiveness and efficiency of operations, the credibility of financial statements, compliance with laws and regulations related to business activities and the protection of assets and other areas. At the same time, PARCO works to further improve corporate value.

### Compliance Structure

To ensure legal compliance and to conduct fair and highly transparent corporate activities, PARCO has formulated a basic philosophy on compliance and behavioral expectations; it has also drafted compliance regulations, including those stipulating preventive mechanisms, action steps, and corrective procedures regarding legal violations by executive officers and other key personnel. As part of its measures for the compliance structure, PARCO has implemented an internal awareness program that includes formulation of the Basic Principles of Compliance, and a Code of Conduct, which all employees are expected to adhere to and follow, the posting of conduct guidelines in business offices, and distribution to all employees and directors of the PARCO Employee Handbook incorporating guidelines for compliance activities. Also, in order to enhance its compliance management, PARCO has implemented an internal whistleblowing process for the Group that sets forth processes for handling information received regarding unlawful conduct and the like. The system is structured in a manner appropriate for the handling of information on unlawful conduct, such as using a third party as the contact for receiving said information.

Refer to the PARCO website for detailed information concerning Corporate Governance.

URL [www.parco.co.jp/en/about/governance/](http://www.parco.co.jp/en/about/governance/)

## Framework for Management Supervision and Execution

### CSR Management Structure

CSR Committee

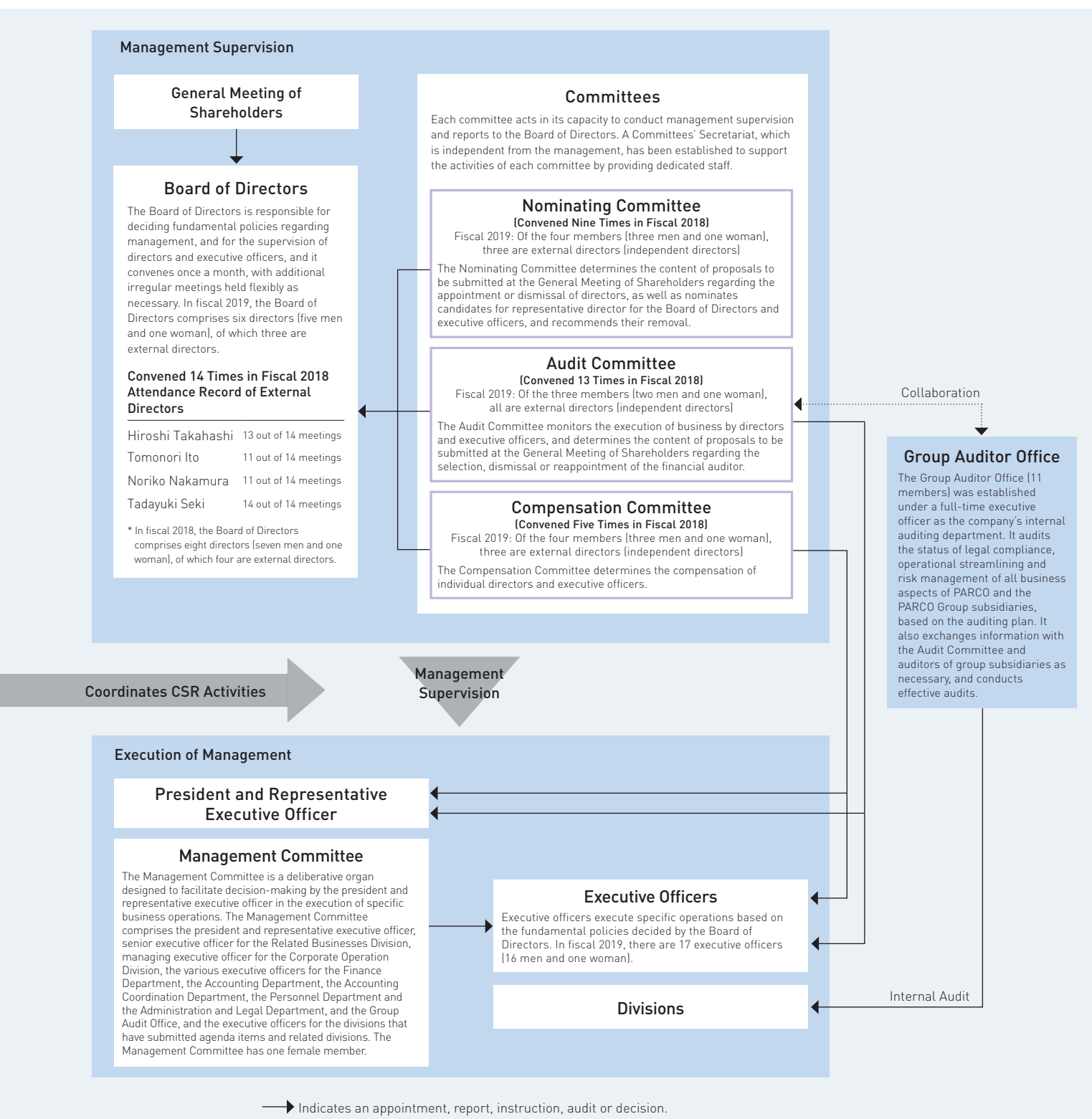
Diversity Committee

Risk Management Committee

## Trends in Directors

Adopted "Company with Committees System" (later renamed

		2003	2004	2005	2006
Directors	(People)	5	5	5	5
External Directors (Number of female directors)	(People)	4	4	5 (1)	5 (1)
Ratio of Outside Directors	(%)	44.4	44.4	50.0	50.0



"Company with Three Committees" System in 2003

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
5	6	6	5	6	7	4	4	4	4	4	4	3
5 (1)	5 (1)	5 (1)	5 (1)	4 (1)	5 (1)	6 (1)	6 (2)	6 (2)	4 (1)	4 (1)	4 (1)	3 (1)
50.0	45.5	45.5	50.0	40.0	41.7	60.0	60.0	60.0	50.0	50.0	50.0	50.0



## Messages from External Directors



### Hiroshi Takahashi

External Director (Independent director)  
Audit Committee Chair

PARCO has adopted the "Company with Three Committees" system, which includes a Nominating Committee, in order to explicitly separate the oversight function from the executive function of management and build a highly transparent corporate governance structure, while allowing rapid decision-making and execution of operations. The roles of the external directors in a "Company with Three Committees," are 1) advisors on management policy and improving management, 2) a supervisory function over management, 3) a supervisory function over conflicts of interest, and 4) to ensure transparency. In light of these roles, to achieve an increase in corporate value for the medium to long term, the external directors must be ready to act on the following two points in particular. The first is to point out and offer advice directly on issues that people inside the company find difficult to bring up with management if they deem it necessary. Next, to enable the growth of the company, the external directors with their different backgrounds must emphasize teamwork in order to build and maintain the effective "proactive corporate governance" that is the objective of the Corporate Governance Code.



### Noriko Nakamura

External Director (Independent director)  
Compensation Committee Chair

The ratio of working women in Japan is higher than in the U.S. at 81%; however, inequalities between men and women persist in every industry. One reason for this is that the majority of women work part time or in non-regular positions. It is estimated that Japan's GDP would increase by 15% if women had the same working hours and pay as men. I started by developing female managers and have been involved for over 30 years in services to support working women with their childcare and nursing care roles. As an external director of PARCO, I have been working to foster a corporate culture that allows women to play a role and to create an environment where customers who are raising children can easily visit stores. PARCO has a large number of energetic young employees, and the directors and executive officers act as leaders in helping people adjust to ideas rather than pushing their opinions on others. I hope to continue working proactively to provide the same opportunities to women and to develop the next generation.



### Tadayuki Seki

External Director (Independent director)  
Nominating Committee Chair

The management environment for retail, including PARCO, is a tough one. I feel that in this environment, PARCO maintains a unique competitive advantage that differs from other companies. The sources of this advantage include a solid financial foundation along with the creativity and originality of PARCO's employees and management team, and their way of engaging with society. I aim to carefully monitor management to ensure that this unique competitive advantage is not lost, that the allocation strategy for management resources including human resources can achieve its full potential, and finally that the Company is managed so that it can achieve its medium-term management plan as a result. To ensure effective monitoring, it is important as an external director to have even better communication with employees and management and deepen my understanding of the Company. I consider this to be my duty as an external officer.

## Policy and Procedures for Selection and Dismissal of Directors and Other Officers

PARCO is a Company with Three Committees-type managerial structure. Under this structure, the Nominating Committee decides criteria for the selection and dismissal of directors and other officers, and in the selection and dismissal of directors, representative executive officers, and executive officers, adds these candidates to the agenda for the General Meeting of Shareholders, and decides which candidates will be recommended to the Board of Directors for appointment. Criteria for the selection of directors and other officers are outlined in the Fundamental Policy for Corporate Governance.

### Reasons for Selection of Directors and External Directors

Name	Reason for selection
<b>Kozo Makiyama</b>	After many years of involvement with the Store Management Division, Mr. Makiyama was appointed President and Representative Executive Officer of PARCO in May 2011. In addition to a wealth of experience related to PARCO operations as a whole, since May 2008, Mr. Makiyama has actively contributed to deliberations and discussions as a member of PARCO's Board of Directors. This experience to date, as well as the management supervision and check functions based on actual performance he is expected to embody, is the reason for his nomination for Director.
<b>Hidekazu Hirano</b>	Mr. Hirano was involved for many years in the Store Management Division and Corporate Operations Division. From March 2008, he served as President and Representative Executive Officer, and was appointed Senior Executive Officer from May 2011. In addition to a wealth of experience related to PARCO operations as a whole, since May 2008, Mr. Hirano has actively contributed to deliberations and discussions as a member of PARCO's Board of Directors. This experience to date, as well as the management supervision and check functions based on actual performance he is expected to embody, is the reason for his nomination for Director.
<b>Hiroshi Takahashi</b>	Mr. Takahashi is a Certified Public Accountant (formerly Senior Partner with Ernst & Young ShinNihon LLC) and President and CEO for Pronet Inc. The management supervision and check functions he is expected to embody based on specialized knowledge, experience and insight into finance and accounting cultivated through this professional background is the reason for his nomination for External Director.
<b>Noriko Nakamura</b>	Ms. Nakamura has been Chairman of Poppins Corporation and Management Advisory Board Member of Nikkei Inc. The management supervision and check functions she is expected to embody based on knowledge, experience and insight from a global perspective cultivated as a manager through this professional background is the reason for her nomination for External Director.
<b>Tadayuki Seki</b>	Mr. Seki was involved for many years in the management of ITOCHU Corporation. The management supervision and check functions he is expected to embody based on knowledge, experience and insight from a global perspective cultivated as a manager through this professional background is the reason for his nomination for External Director.
<b>Taro Sawada</b>	Through his service as Director and Managing Executive Officer of J. FRONT RETAILING Co., Ltd. and Director of its consolidated subsidiary Daimaru Matsuzakaya Department Stores Co., Ltd., Mr. Sawada has a wealth of experience, achievements and insight regarding management and the retail business. The valuable advice he is expected to offer by leveraging his experience in corporate management to facilitate the smooth and proper execution of operations in PARCO businesses by Executive Officers is the reason for his nomination for Director.

## Analyzing and Assessing Overall Effectiveness of the Board of Directors

To improve the effectiveness of the Board of Directors, in January 2019, PARCO conducted an effectiveness Evaluation of its Board of Directors and each Board member (for the fourth time). Evaluation results were shared at the Board of Directors, and substantive discussions conducted. We will continue these annual assessments given our view that repeated assessment, analysis, debate, and reform can lead to favorable changes in the Board and enhance its effectiveness.

### (i) Evaluation process

The Committees Secretariat and the Board Secretariat (Corporate Planning Team, Corporate Operation Division) conduct questionnaires and hearings with all Board members on an individual basis to evaluate the Board's effectiveness.

### (ii) Evaluation points

Evaluation is conducted on the current status of issues such as the current composition of the Board of Directors, the status of debate, agenda topics, and the operations and support structure, and opinions are collected on how to enhance the Board's effectiveness going forward.

### (iii) Results of effectiveness evaluation

In fiscal 2018, the Company took responsive measures such as ensuring substantive debate, selecting motions, enhancing the structure for providing information and responses, and strengthening communication with the executive side. As a result, the Company's corporate governance was evaluated highly overall for fiscal 2018, and as a Company using the "Company with Three Committees" system, the Board of Directors was judged to be functioning effectively. Areas that received notably positive evaluations were "System for selection of motions for the Board of Directors and ensuring serious discussion," "Composition of the Board of Directors," and "Time allocation for Board of Directors meetings, number of meetings per year."

### (iv) Subsequent points for improvement of effectiveness

1. Ensuring opportunities for bilateral communication between Directors and the execution side, and further improving Directors' understanding of the company
2. Improving substantive debate about high priority strategic issues, such as management strategy, financial policy, etc.
3. Improve execution plan proposal capabilities and clarify points in meeting materials to achieve the above



## Policy for Determining Officer Compensation and Related Procedures

Under our Nominating Committee managerial structure, PARCO has a Compensation Committee that sets standards for compensation and determines the compensation of individual directors and executive officers in a fair and impartial manner based on assessment of roles, responsibilities and work results.

### Compensation for Directors and Other Officers in Fiscal 2018

Category	Individuals Paid (Persons)	Total Amount Paid (Millions of yen)	By type	
			Monetary compensation (Millions of yen)	Share-based compensation (Millions of yen)
Directors (excluding external directors)	9 (4)	56 (31)	56 (31)	-
Executive officers	16	451	376	75
Total	25	507	432	75

\* The above figures include compensation for one external director who left office as of PARCO's 79th Ordinary General Meeting of Shareholders held on May 26, 2018.

### Standards for Determining Director and Executive Officer Compensation

Compensation Committee standards for director and executive officer compensation will be set and administered as below.

- (1) The director annual salary will take the form of fixed compensation and, depending on the role, comprise of a basic annual salary, a Committee chairman annual salary and/or a Committee member annual salary.
- (2) The executive officer annual salary will take the form of fixed compensation and, depending on the role/position, comprise of a basic annual salary, performance pay (based on company performance and personal performance) and, depending on the role, stock-based compensation from the Board Benefit Trust.
- (3) The ratios of executive officer basic annual salary, performance pay (standard), and stock-based compensation are to be 40%-50% depending on position: 30% (equivalent value): 20%-30% (equivalent value).
- (4) The executive officer basic annual salary is to be based on that person's role/position for the current term.
- (5) The executive officer performance reward is to be determined by distributing a payment pool, linked to company earnings for the previous term, among directors based on personal performance (0-200% allocation ratio).
- (6) The executive officer stock-based compensation is to be based on that person's role/position for the current term.
- (7) As for executive officers who also serve as directors, payment is calculated by adding executive officer annual compensation to director annual compensation.

## Policy Regarding Constructive Dialogue with Shareholders

Shareholder dialogue is handled by the executive officers of departments responsible for investor relations. Requests for constructive dialogue submitted by a shareholder or investor are first examined to surmise their basic outline and intent and then handled by either the President and Representative Executive Officer, the Executive Officer of the relevant department, or an external director. The departments responsible for investor relations are to coordinate closely with relevant internal departments in their approach to shareholder dialogue.

We conduct IR activities in a manner that builds smooth relationships with investors, including our shareholders; promotes active dialogue and, by extension, mutual understanding; and contributes to a medium-to- long-term increase in corporate value. We also strive to maintain a good understanding of our shareholder base by conducting periodic surveys twice annually. In addition, we arrange and schedule interviews with external directors as necessary.

The company regularly holds financial results briefings for analysts and institutional investors, and also separate explanatory briefings to discuss business progress. Explanatory materials, videos, and other materials for our financial results briefings are posted on our website in both Japanese and English. For individual investors, we provide

information with a particular emphasis on promptness and usefulness. We also create integrated annual reports as a tool for constructive dialogue. Views, opinions, and questions obtained through investor dialogue are fed back as appropriate to the management team. We also compile the results of our financial results briefings and report these to the Board of Directors.

We work to prevent insider transactions by officers and employees by providing PARCO Group Regulations for the Control of Insider Trading and Regulations for the Prevention of Insider Trading which set out rules for the management of insider information pertaining to our company and its subsidiaries, and for the handling of stock, including buying and selling, of our company and subsidiaries. In fiscal 2018, we revised our disclosure policy, which contains sections on basic policy on information disclosure, information disclosure standards, information disclosure methods, improving information disclosure and IR activities, silent periods, handling of information and disclosure to third parties prior to public announcements, and concerning forecasts, in order to manage insider information. We posted this revised policy on our website in fiscal 2018 and strive to disclose information in a manner that is fundamentally transparent, balanced and consistent.

### Activities in Fiscal 2018

<b>Measures for individual investors</b>	We are continuously increasing the quantity of IR-related information on the website. We also send out regular IR newsletters and provide information over social networking services.
<b>Measures for analysts and institutional investors</b>	Small meetings are held twice a year for analysts and institutional investors (in April and October). Both are run by the President and Representative Executive Officer, who provides a financial summary of the PARCO Group and explains the management status and approach, among other topics, as well as presenting a video. In addition, individual meetings were held by managing executive officers with institutional investors and analysts in Japan.
<b>Measures for overseas investors</b>	Inside Japan, individual meetings with overseas investors are held. To strengthen our approach for overseas investors, we also provide English translations of earnings presentations and videos on our website on the same day as results announcements to enhance the information provided and its timeliness.

## Responding to the Corporate Governance Code

PARCO considers it important to have a sincere understanding and response to the principles of the Corporate Governance Code in order to realize the PARCO Group's sustainable growth and increase of corporate value over the medium- to long-term. To this end, the company is reinforcing and revising its systems in order to implement all of the principles and clearly documenting its approach.

Refer to the PARCO website for detailed information.

**Fundamental Policy for Corporate Governance** Corporate Governance Report [URL www.parco.co.jp/en/about/governance/](https://www.parco.co.jp/en/about/governance/)

## Directors



### Kozo Makiyama

Director, Chairman of the Board, President and Representative Executive Officer

1981 Enters PARCO CO., LTD.  
2004 Serves as Executive Officer  
2007 Serves as Managing Executive Officer  
2008 Serves as Director and Senior Executive Officer  
2011 Serves as Director, President and Representative Executive Officer  
2013 Serves as Director, Chairman of the Board, President and Representative Executive Officer (current post)  
Serves as Director for J. FRONT RETAILING Co., Ltd.  
2017 Serves as Director and Managing Executive Officer for J. FRONT RETAILING Co., Ltd. (current post)



### Hidekazu Hirano

Director, Senior Executive Officer for the Related Businesses Division

1981 Enters PARCO CO., LTD.  
2004 Serves as Executive Officer  
2007 Serves as Managing Executive Officer  
2008 Serves as Director, Chairman of the Board, President and Representative Executive Officer  
2011 Serves as Senior Executive Officer  
2013 Serves as Director and Senior Executive Officer (current post)



### Hiroshi Takahashi

External Director (Independent director)  
Audit Committee Chair

1973 Enters Huso Audit Corporation  
1986 Serves as Partner for Shinko Audit Corporation  
1995 Serves as Representative Partner for Chuo Audit Corporation  
2007 Serves as Representative Partner and Regular Officer responsible for business development in the Marketing Department for Shin Nihon Audit Corporation (currently Ernst & Young ShinNihon LLC.)  
2009 Serves as Regular Officer of the Business Development Office, Audit Supervision Division, Client Service Department for the company above  
2010 Serves as Manager of the Business Development Office, Audit Operation Department for the company above  
2011 Serves as External Director for PARCO CO., LTD. (current post)  
Serves as President & CEO for Pronet Inc. (current post)  
2012 Serves as External Director for Sansei Land Co., Ltd. (current post)  
2017 Serves as External Vice President for eSOL Co., LTD. (current post)  
Serves as External Director for Realize Inc. (currently Netamoto Inc.) (current post)



### Noriko Nakamura

External Director (Independent director)  
Compensation Committee Chair

1973 Enters TV Asahi Corporation  
1985 Serves as Representative for Japan Association for Female Executives (current post)  
1987 Serves as Representative Director for JAFE Service Co., Ltd. (currently Poppins Corporation)  
1989 Serves as Vice Chairman for All-Japan Babysitter Association  
2011 Serves as Chief Executive Officer for Poppins Corporation  
2014 Serves as External Director for PARCO CO., LTD. (current post)  
2016 Serves as Management Advisory Board Member, Nikkei Inc. (current post)  
Serves as Chief Executive Officer for Poppins Holdings Co., Ltd.  
2018 Serves as Chairman for Poppins Corporation  
2019 Serves as Chairman for Poppins Holdings Co., Ltd. (current post)



### Tadayuki Seki

External Director (Independent director)  
Nominating Committee Chair

1973 Enters ITOCHU Corporation  
1998 Serves as General Manager of Finance Division for ITOCHU International Inc. (Stationed in New York)  
2004 Serves as Executive Officer and CFO of Food Company for ITOCHU Corporation  
2005 Serves as Executive Officer, General Manager of Finance Division and CFO Office for the company above  
2007 Serves as Managing Executive Officer, General Manager of Finance Division for the company above  
2009 Serves as Representative Director, Managing Director, Chief Officer of Finance, Accounting, Risk Management and CFO for the company above  
2010 Serves as Representative Director and Senior Managing Executive Officer for the company above  
2011 Serves as Representative Director, Senior Managing Executive Officer and CFO for the company above  
2013 Serves as Representative Director, Executive Vice President and CFO for the company above  
2014 Serves as Representative Director, Executive Vice President, Executive Advisory Officer and CFO & CAO for the company above  
2016 Serves as External Director for PARCO CO., LTD. (current post)  
Serves as Outside Director for NIPPON VALQUA INDUSTRIES, LTD. (currently VALQUA, LTD.) (current post)  
2017 Serves as Outside Director for JSR Corporation (current post)  
Serves as Outside Statutory Auditor for Asahi Mutual Life Insurance Company (current post)



### Taro Sawada

Director

1983 Enters The Daimaru, Inc. (currently Daimaru Matsuzakaya Department Stores Co., Ltd.)  
2011 Serves as Corporate Officer, Executive Store Manager of Daimaru Kobe for the company above  
2015 Serves as Executive Officer, Executive Store Manager of Daimaru Osaka Shinsaibashi, Executive General Manager of Shinsaibashi New Store Planning Office for the company above  
2016 Serves as Corporate Officer, Senior General Manager of Management Planning Division for the company above  
2017 Serves as Corporate Officer, Senior General Manager of Management Planning Division and Senior General Manager of Management Planning Division and Senior General Manager of Management Planning Division, Senior General Manager of Future Standards Laboratory for the company above  
Serves as Director and Corporate Executive Officer for the company above  
2018 Serves as Director for the company above (current post)  
Serves as Director and Managing Executive Officer for J. FRONT RETAILING Co., Ltd.  
Serves as Director for PARCO CO., LTD. (current post)  
2019 Serves as Managing Executive Officer for J. FRONT RETAILING Co., Ltd. (current post)

## Executive Officers

### Masaaki Abe

Managing Executive Officer for the Corporate Operation Division

### Takashi Sensui

Managing Executive Officer for the PARCO Store Planning Office

### Tomoyuki Yamaki

Managing Executive Officer for Business Model Development Group

### Tatsumi Imaeda

Managing Executive Officer for the PARCO Complex Business Group

### Yuji Hirai

Executive Officer for the Real Estate Business Group

### Kazuko Hamada

Executive Officer for the Group Audit Office

### Shigeyoshi Sato

Executive Officer for the Overseas Business Promotion Department

### Hideki Noguchi

Executive Officer for the Finance Department, the Accounting Department, and the Accounting Coordination Department

### Hajime Inoue

Executive Officer for the Entertainment Department

### Gaku Mizoguchi

Executive Officer for the Market Creation Department

### Masao Tominaga

Executive Officer for the Personnel Department and Administration and Legal Department

### Takashi Kashimoto

Executive Officer for the Shibuya Planning Office

### Naotaka Hayashi

Executive Officer for the Group Digital Promotion Office

### Masaki Utsunomiya

Executive Officer for the Business Policy Department, the Store Operation Department and CRM Promotion Department

### Kenji Kawase

Executive Officer for the Collaboration Business Planning Group