



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

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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 2014 to June 2015.

*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



I view CSR as the embodiment of our corporate mission, and as the very foundation of our business. Our corporate mission is “creating futuristic, innovative spaces that brim with hospitality, providing an enjoyable experience for customers visiting our stores, and helping our tenants prosper.” PARCO Group CSR is the quest to realize this mission while earning the trust and ensuring the satisfaction of our stakeholders.

Furthermore, the “forward-thinking, innovative” business activities suggested by the mission involve grasping the changing times and pushing the evolution of the three points of origin that make PARCO unique – “Incubation,” “Urban Revitalization,” and “Trends Communication.”

This demands a constant effort by every PARCO Group employee to approach business with fresh concepts and ideas. Since fiscal 2014, I have chaired our Diversity Committee, and we are moving with speed to confront a variety of issues in order to build a corporate culture that optimally draws on the uniqueness of our employees, and generates a steady stream of new concepts and ideas through horizontal communication with diverse human resources utilizing an array of working styles.

Also, from among these types of CSR activities, PARCO became the first shopping complex to launch a crowd-funding service, called BOOSTER. Content development for this service takes advantage of the networks and knowledge of our employees from every corner of PARCO. The human capital of the PARCO Group wants to contribute to building a world that brings individuals with ideas and talent together with consumers looking to share in these ideas with them, and where innovation is constantly happening.

From now on, with a strong determination to provide personal fulfillment to consumers, the PARCO Group as a whole, together with all our stakeholders strives to carve out a path to a new era as a business group that prospers in urban markets.

For that reason the PARCO Group will continue to create and share new value through advancement, innovation and the PARCO Way.

August, 2015

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

Feature: Evolving From Our Point of Origin—Concepts Conveyed and Created by PARCO

Concepts conveyed and created by PARCO

Since its initial opening, PARCO has proposed new lifestyles to the public by actively introducing the cutting edge of culture not only in fashion but also music, the arts, theater, and other areas. By functioning as a space for the creativity of many new people of talent, PARCO has also created new value shared by society at large.

Amid the changing times and economic climate, and even transformation in consumer trends, facing these challenges and evolving the social role of the PARCO Group, namely its origin points of “[Incubation](#),” “[Urban Revitalization](#),” and “[Trends Communication](#),” will become the foundation that spurs business growth.

Also, under the [Medium-term Business Plan \(FY2014-2016\)](#), we are promoting the development of unique CSR activities that reflect our business activities in order to strengthen the foundations for propelling our business forward.

> The PARCO Group Value Creation Process

By keeping the PARCO Group business model revolving, the delivery of new value becomes synonymous with the brand value of the PARCO Group. Put differently, this results in a process for the creation of new value to which society at large can connect.

> Incubation

A new generation always follows the emergence of dynamic new talent. At the PARCO Group, we believe that identifying, encouraging, and growing alongside new talent—a process we call “Incubation”—leads to business growth.



> Urban Revitalization

Leveraging a wealth of expertise in store development, PARCO pursues store operations, new development, and property renovations that contribute to the advancement and prosperity of towns and cities. To this end, we derive high-value-added plans for each project to promote appealing store development.



> Trends Communication

PARCO produces quality cultural events in Japan and abroad, proposing options to consumers for enriching their lifestyles. Utilizing advanced ICT, we are also enhancing services for delivering new enjoyment and cultivating communication.



> PARCO Entertainment Interviewee: Film and Stage Director Isao Yukisada

In 2007, multitalented film and stage director Isao Yukisada directed at PARCO Theater for the first time. In this interview, we ask this acclaimed director about PARCO’s role as a mechanism for communicating trends to the public and his expectations for PARCO going forward.

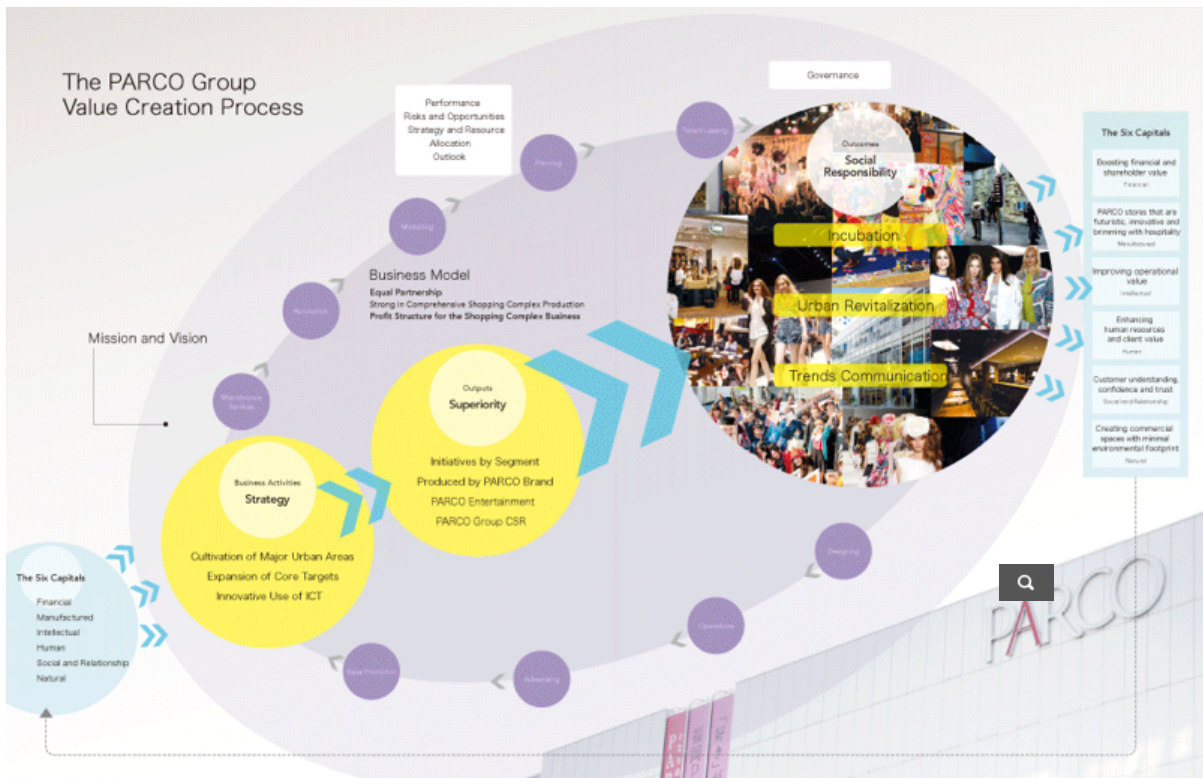


The PARCO Group Value Creation Process

PARCO, together with its stakeholders, strives to create new lifestyles, guided by the PARCO Group Corporate Mission and the sentiment embodied in the PARCO name.

In business, PARCO leverages its capabilities as a comprehensive commercial space producer, while pursuing management strategies in step with the times, to propose ways to enrich consumer lifestyles. This encapsulates the creation of new value to which society can connect. PARCO views the tireless advancement of such value through “Incubation,” “Urban Revitalization” and “Trends Communication” as its social role.

By taking full advantage of its “Six Capitals” and keeping the PARCO Group business model revolving, the delivery of new value becomes synonymous with the brand value of the PARCO Group. Put differently, this results in a process for the creation of new value to which society at large can connect.



Incubation Identifying and Supporting New Talent

Incubation initiatives for identifying and encouraging new talent and 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.”

• 2015

Supporting growth of creative talent via crowd-funding service



▶ Crowd-funding service BOOSTER

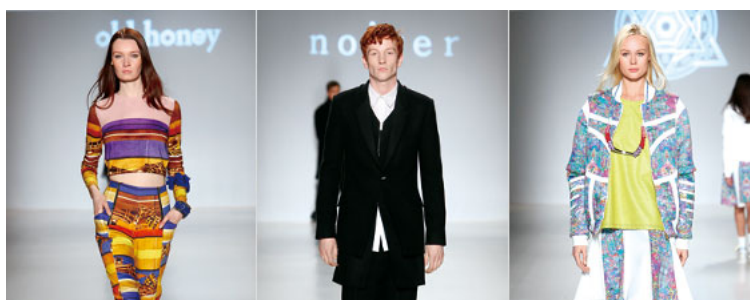
• 2014

Encouraging the success of Japan's next generation of young designers



▶ “A REAL UN REAL AGE,” the brand's Paris traveling exhibit

▶ Forth Shibukaru Festival



▶ Second ASIA FASHION COLLECTION~Global Incubation Project~

Launched a new project to support the next generation of young designers in Asia



▶ **Asia Fashion Exchange**

PARCO participates in Asia's biggest fashion event

Designers supported by the FIGHT FASHION FUND exceed their targets

• **2013**



▶ **HELLO,SHIBUYA TOKYO WITH SINGAPORE**

Launched PARCO Cool Japan project, HELLO, SHIBUYA TOKYO WITH SINGAPORE.
Our goal was to promote Japan fashion—respected globally for its quality and innovation—in ASEAN markets



▶ **FIGHT FASHION FUND by PARCO**

Held international runway show for designer supported by the FIGHT FASHION FUND

▶ Third Shibukaru Festival

▶ Artists participating in the Fukuoka PARCO Tenjin Laboratory event staged an exhibition at a gallery in Taiwan

▶ First ASIA FASHION COLLECTION~Global Incubation Project~

▶ Second Tenjin Laboratory event



▶ **Nagoya PARCO held Nagoya PARCO Arts Festival (The Garden of PARCO)**

Nagoya PARCO held events to support young creators from the Tokai area

• 2012

▶ Second Shibukaru Festival



▶ Fukuoka PARCO held Tenjin Laboratory

Held event to support the next-generation of creators from Kyushu



▶ MEETSCAL Store by once A month

Opened MEETSCAL store, a PARCO-operated shop that showcases craftsmanship from around Japan and the world

• 2011



▶ Shibukaru Festival

Held Shibukaru Festival, PARCO's festival of girl-culture, providing a space for young creators to display their work



▶ FIGHT FASHION FUND by PARCO

A Japan first - Launched the FIGHT FASHION FUND by PARCO - ¥30,000-per-share microfunding for the next-generation of creators

• 2010

▶ PARCO next NEXT



▶ once A month

Opened once A month, A PARCO-operated shop

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.

Using BOOSTER, young designers can put on runway shows

Noted fashion designer Mikio Sakabe, known globally for his “mikio sakabe” label, joined with “writtenafterwards” artist Yoshikazu Yamagata as project owner on a support project to sponsor a fashion show for Tokyo New Age, a novel young brand group. Through the support of many members of the public, the project was funded. In spring 2015, during the debut of the Tokyo Collection, the project owners used CLUB QUATTRO to put on their dynamic live fashion show.



This energy-filled live fashion show took place at CLUB QUATTRO with many customers looking on

> [BOOSTER website](#)

Message from stakeholders

Fashion Designer
Mikio Sakabe



I think my latest efforts with BOOSTER allowed me to share shows and designs as initiatives and communication between myself, as a fashion designer, and customers in a new ways that are different from customers buying clothes in a store.

I thought to my myself, I hope to use BOOSTER to make new relationships like this in a long-term way.

Profile

Fashion designer. Born in Tokyo in 1976. 2006 graduate of the Master course in the Fashion Department at the Antwerp Royal Academy of Fine Arts. The same year, joined with Taiwan-born designer Shueh Jen-Fang to launch “mikio sakabe.”

Official site:<http://www.mikiosakabe.com/>

“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.



> [“A REAL UN REAL AGE,” the brand’s Paris traveling exhibit](#)

ASIA FASHION COLLECTION From October 2014

Started from 2013

Through partnerships with apparel design schools in Japan and fashion organizations in countries across Asia, PARCO is involved in measures to discover and encourage young designers in Japan, Korea, Taiwan and Hong

Kong. Through various support programs, including runway shows at fashion events in Tokyo, New York and Taiwan, PARCO is providing designers with opportunities to grow their business. Our aim is to spur advancement of both the global efforts of young Asian designers and Asia’s fashion industry.



> [ASIA FASHION COLLECTION](#)

Shibukaru Festival 17 October to 26 October, 2014

Started from 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.



> [Shibukaru Festival website](#)

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.

[> Asia Fashion Exchange](#)

once A month

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 MEETS CUL 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.

[> once A month website](#)

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)



[> HELLO, SHIBUYA TOKYO WITH SINGAPORE website](#)

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.

> [FIGHT FASHION FUND by PARCO website](#)

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.

> [PARCO next NEXT](#)

Urban Revitalization Bringing Distinctiveness to Urban Settings

In addition to its existing business, PARCO assertively develops an entire target area through the new ZERO GATE business model and other operations, for urban revitalization that emphasizes comfort and enjoyment. Guided by a view PARCO store tenants as equal partners, we work with them to take on new challenges and create distinctiveness in towns and cities in order to tap into market potential and meet customer expectations.

Fukuoka Area

Fukuoka PARCO New Building Fukuoka PARCO Additional floor space

With the opening of Fukuoka PARCO New Building in November 2014 and extended floor space in the Fukuoka PARCO main building in March 2015, this location has evolved into the largest shopping complex in the Tenjin area.

The complex is filled with cafes and high concept fashion select shops making their first appearance in Kyushu, as well as a gallery store featuring locally known crafters and artists, and shops showcasing anime, games, and other new pop culture. It is also equipped with Wi-Fi and will adopt features such as digital signage, as PARCO builds a digital communication environment that will deliver a new consumer experience.



Message from stakeholders

Bakery café GONTRAN CHERRIER now open in Fukuoka PARCO New Building

BAYCREW'S Co., Ltd.
Director and Executive Officer, Corporate Planning Division
Jun Takikoshi



One reason that bakery café GONTRAN CHERRIER chose to open in Fukuoka PARCO New Building has to do with the market appeal of Fukuoka, where those sensitive to trends in this area congregate. But more than anything, this decision reflects how well PARCO's notion of wanting to propose value across the lifestyles of a wide range of customers meshes with our own.

Two things that led to this successful opening are PARCO's powerful backup efforts, steeped in the idea of making businesses succeed together with tenants based on its approach to treating tenants as equal partners, and responding flexibly to tenant requests and needs.

Collaboration between developers and tenants has to be strong in order to win amid the tumultuous changes in the market environment. By holding a mutual desire to make businesses succeed and working together to face challenges, I want to offer new value to our customers.

Nagoya Area

Nagoya ZERO GATE

Nagoya PARCO midi

October 2014 saw the opening of Nagoya ZERO GATE, followed by the opening in March 2015 of Nagoya PARCO midi next to Nagoya PARCO West Building.

Along with the introduction of high concept fashion and noteworthy restaurants, the existing Nagoya PARCO was also renovated, including with changes made to the environment upon entering the building. PARCO is thus using the expansive area offered by a new property and improvements to existing environs to provide an urban space in which it is enjoyable to walk.



Nagoya PARCO midi opened March 27, 2015

Message from stakeholders

Restaurant and café Eggs 'n Things now open in Nagoya PARCO midi

EGGS 'N THINGS JAPAN KK.

Representative Director

Shinobu Ogino



We are very grateful for the opportunity to open a location in Nagoya PARCO midi. This particular restaurant is a milestone since it is Eggs 'n Things Japan's tenth store and our first in the Tokai area. To have it open in no less than Nagoya PARCO is something for which we are deeply thankful. There is a deeply embedded breakfast culture in the Tokai area, so I was worried if Eggs 'n Things' concept of "all day breakfast" would really catch on. But thanks to PARCO's cooperation in advertising work, we had over 400 customers waiting in line to eat on opening day. Rather than a flash in the pan, we hope to prosper together with Nagoya PARCO to become a well-loved fixture in Nagoya.

> [Planned Store Openings](#)

Trends Communication Cultivating Web-based Trends Communication

As information communication undergoes massive changes, PARCO is strengthening initiatives that leverage information and communications technology (ICT) to create new ways to communicate with tenants and customers.

To this end, PARCO is revamping its store websites and enhancing the functionality of the PARCO Shop Blog, used by tenant store staff to share information with customers, adding social networking services and linking an online ordering system to the blog, as well as offering “Kaeru PARCO,” a service function enabling the reservation and purchase of goods directly from the PARCO Shop Blog. In these ways, we are working to promote new communication with customers via the Web.

In addition, we are striving to enable more efficient and effective operational execution by tenant store staff and PARCO staff through more rigorous data management and analysis.

PARCO Omni-channel Strategy

PARCO offers a variety of Web-based services to optimally highlight the appeal of its stores. By enhancing the ability of shop staff, as powerful influencers who communicate store information, to provide customer service through online tools, we are focusing on training “omni-channel customer service” staff capable of proposing options to customers before visits, during visits, and during purchasing.



PARCO Web-based customer service training

In a bid to strengthen online customer service capabilities, PARCO holds regular tenant training on topics such as PARCO Shop Blog utilization methods, how to display products, and effective options for communicating with customers, in a drive to use the Web to communicate appealing PARCO store information and encourage store visits.



PARCO staff periodically hold training sessions on Web utilization with shop staff.

Development of new service tools

We are developing tools that will allow customers to access and enjoy PARCO information anytime and anywhere.

“Kaeru PARCO” service for reserving and purchasing shop merchandise

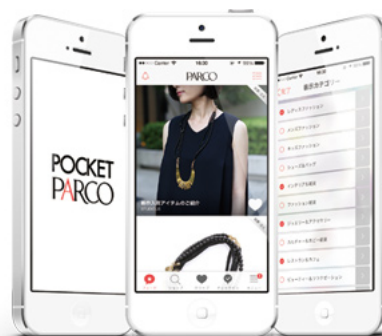
We have added online reservation and order for delivery functions to the PARCO Shop Blog, with users also able to reserve and purchase in-store items they checked on the blog for pickup.



> [Kaeru PARCO website \(Japanese\)](#)

“POCKET PARCO” smartphone application

Through the app, we provide a wealth of information and services for an enjoyable PARCO shopping experience. In addition to displaying customized information, including the PARCO Shop Blog and in-store events, app users receive virtual coins (points) from store visits, credit card purchases, and other actions, that are redeemable for shopping coupons.



> [POCKET PARCO website \(Japanese\)](#)

Message from stakeholders

Opinion from shop staff who use the Kaeru PARCO service

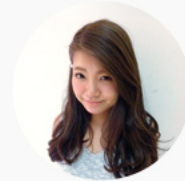
Shizuoka PARCO
UNDEFEATED Store manager
Ryota Ogitani



At our shop, we make use of Kaeru PARCO and the PARCO Shop Blog, with promotions that can show our shop's uniqueness as featured content. The expansion of shops like ours will, I think, be a key point in reenergizing the retail sector. As shops using these tools increase, this will strengthen both the availability of retail information and product lineups, which will lead directly to sales. For this reason, I think it is important that PARCO and shops work together to promote the active use of online services.

I believe that the information we share at training sessions for encouraging use of the Web, particularly reviews and impressions from customers who use these services, will lead to improved services. So I want PARCO to keep strengthening these services, and would love for them to regularly hear input from staff as well.

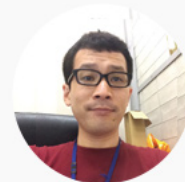
Hiroshima PARCO
RODEO CROWNS Store manager
Riho Nakanou



While it's difficult to provide an unseen customer online with the same customer service found in a physical store, for customers living far from stores, I think Kaeru PARCO is a very convenient service for them, since it is on time and allows customers to make purchases easily without actually going to a store. It is also leading to sales at our shop, so I want to utilize the service even more to add to sales.

I'm looking forward to measures that will stimulate use of the service, such as exclusive Kaeru PARCO sales campaigns and benefits. Also, since our shop views the blog quite a lot, I extensively recommend both the blog and POCKET PARCO to customers.

Hiroshima PARCO
TOWER RECORDS Store manager
Takashi Ishikawa



My impression in adopting use of the service was that it would lower the threshold in the best possible sense. After completing the initial setup, operating the service day to day has not been hard. The interface developed is extremely user friendly, so anyone with experience buying something from a website can operate it (at our store, part-time staff do this). Looking at it from a customer's perspective, my impression is that the process leading up to a purchase is simpler and less stressful compared to other e-commerce sites. The main social media our shop uses is Twitter. When we time our tweets in step with trending topics, our orders increase. Other branches are also paying close attention to our shop's sales figures, so I want to keep utilizing this service.

PARCO Entertainment Interviewee: Film and Stage Director Isao Yukisada

PARCO as site for trends communication

Since emerging on the scene in 1973, Shibuya PARCO has functioned ever since as a cultural touchstone that goes well beyond the limits of a typical large shopping center. Take PARCO Theater—from its opening through now, the top floor of the venue (PART 1) has presented an array of unique and powerful works that have profoundly impacted many theatergoers. In 2007, multitalented film and stage director Isao Yukisada directed at PARCO Theater for the first time. In this interview, we ask this acclaimed director about PARCO's role as a mechanism for communicating trends to the public.



Q1. How would you describe the role of PARCO Theater in communicating new trends?

Whether it's the main culture or a subculture we're discussing, there is no doubt that PARCO Theater is an embedded part of Tokyo's cultural circuit. While the flow of people there has changed dramatically over the last 20 years, PARCO is a major reason why the image of Shibuya as a cultural spot for young people still rings true today. The presence of PARCO Theater is an important element behind this.

As someone who has seen many works at PARCO Theater, I still have a sense of awe for the venue even after directing four shows there myself, and feel enormous pressure not to sully the stage. The reason I can speak this way about a venue is the undeniable reputation that PARCO Theater has inspired. That's why it has become a part of our cultural circuitry.

It is that outstanding reputation and brand power that, I would argue, makes it possible for performances produced there to appear at other venues. For example, when "Midnight in Buenos Aires" was performed at New National Theater-Playhouse, there was a real sense that the producers were striving to find a dramatic turn different in concept and spirit from the PARCO-produced version.

Q2. Thinking about PARCO Theater, which PARCO manages, as a venue, what are your thoughts on the planning and production staff behind performances produced by PARCO?

I work with four stage producers, and it is very clear that they enjoy the creative process, and they are stubborn. If they want something done their way, they communicate that clearly and do not deviate from it. Also, while they are all very unique personalities, there is nothing cold or standoffish about them. In other words, it's easy to joke with them (laughs). That's why, as a creator, sharing opinions with them is no problem. I would say they have the capacity to really take the creator's vision to heart.

Take, for instance, "Shumi no Heya," a play I did with actor Kiichi Nakai. The producers were even willing to take seriously Nakai-san's artistic flight of fancy to use loads of vulgarity (laughs), like a show for the common folk, in such an elegant venue.

When those who create works that are highly artistic or indie in flavor perform them at the PARCO Theater, it is the atmosphere posed by the venue and the venue staff that determines whether high art can change, even in part, to entertainment. Take, for example, Yukiko Motoya, who also is a noted novelist, and Daisuke Miura, who recently had his film directorial debut. Since their collaborations with PARCO, my impression is that they have both become a bit less scathing in their commentary. The works of French stage director Philippe Genty, which have appeared in venues worldwide, are very artsy in nature. Yet no matter how bombastic these works may seem, they can be appreciated as entertainment when seen on that particular stage. Fashion is the same. For example, when shops COMME des GARÇONS and UNDERCOVER came to the 1st floor of Shibuya PARCO PART1, an image certainly emerged that the PARCO brand is gaining traction far and wide.

I also think the size of the backstage dressing room is nice—everyone from the actors to the producers and staff have to stand in the narrow hallway to eat snacks (laughs). I think that atmosphere has a positive impact on the performance.

Q3. What are your future expectations for PARCO Theater?

Once a month, I travel back to Kumamoto, where I'm from, to do a radio program (FMK "Isao Yukisada Evening Edition"), and there's a PARCO there. Since PARCO locations are found all across Japan, I'd love to see PARCO borrow a page from the concept of regional revitalization to create a nice-sized theater connected to PARCO Theater in Shibuya at the top of PARCO buildings in every city. Since we have the great fortune to live in an era when famous actors from film and television also perform on stage, I think it's vital that we encourage that ecosystem, and that we can't just let it be concentrated in Tokyo. We need the power those regions have to offer. I would argue that if we do that, we may see our culture grow from all parts of Japan.

We can also imagine things flowing in the opposite direction, with works created for theaters at other PARCO locations being invited in for performances at the PARCO Theater in Shibuya. I think that would lift PARCO's brand power even higher, and enable PARCO to absorb diverse talent, particularly in culture and fashion. This is because PARCO has long had the ability to groom talent, and has the capacity to bring in and put outside talent to the test. Though perhaps not terribly profitable at first, I'm convinced that PARCO will ultimately see a return on this investment. The reason is simple—if PARCO were simply a fashion building without PARCO Theater, it probably would never have prospered as it has.

If PARCO Theater didn't exist, I think Tokyo's cultural ecosystem would break down. I could say the same for fashion. Going forward, I want PARCO to incorporate the cultural circuitry it has built into the design of the entire building, and even into the sign out front.



Isao Yukisada

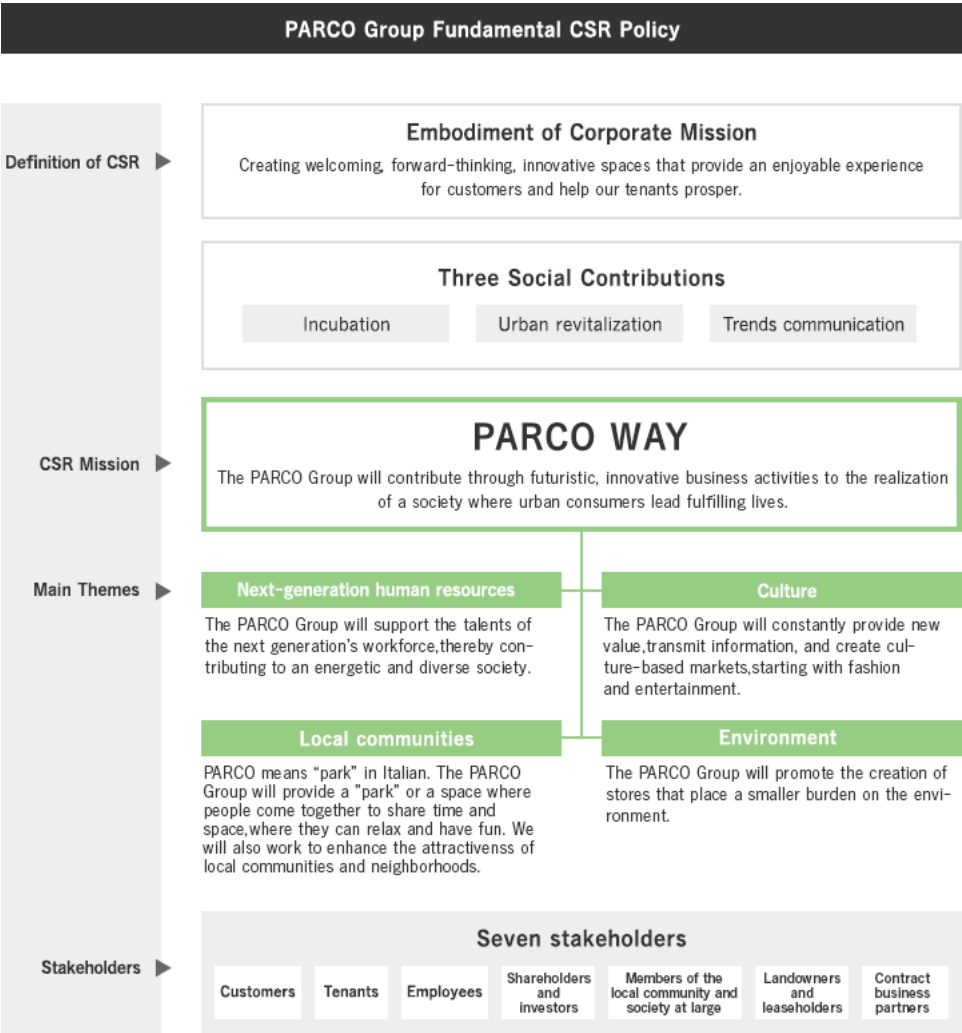
Film and stage director

Born in 1968 in Kumamoto, Japan.

Long involved in films, music videos, commercials and other visual media production, in 2000, Yukisada won the International Federation of Film Critics (FIPRESCI) Prize at the 5th Busan International Film Festival for his second film as director, "Himawari (Sunflower)." Yukisada catapulted to stardom with his 2001 release, "Go," winner of the 25th Japan Academy Prize for Director of the Year and a host of other film prizes. His 2004 film, the megahit "Crying Out Love, In the Center of the World," became a social phenomenon, followed by his direction of "Kita no Zeronen (Year One in the North)," "Spring Snow," "Kondo wa Aisai Ka" (Next Time, a good Husband) "Closed Note," cementing Yukisada's place as a hit filmmaker. In 2010, he directed "Parade," which won Yukisada the FIPRESCI Prize at the 60th Berlin International Film Festival. In 2011, Yukisada made news again with his direction of "Kamome," a vignette within the omnibus film "Camellia," produced by the Busan International Film Festival. His latest films include 2014's "Entaku (Round Table)" and "Five Minutes to Tomorrow," and the film "Pink and Gray," scheduled for release in 2016. Yukisada's works for the stage include "Fool for Love" (PARCO Theater, others), "Mishiranu Onna no Tegami (Letter from an Unknown Woman)" (PARCO Theater, others), "Parade" (The Galaxy Theater, others), "Taking Sides" (The Galaxy Theater, others), "Shumi-no-Heya (Room of Hobbies)" (PARCO Theater, others), and "Midnight in Buenos Aires" (New National Theater-Playhouse, others). In 2015, Yukisada is directing a new version of "Tango – Fuyo no Owari ni (Tango at the End of Winter)," a production that first appeared at PARCO Theater in 1984.

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.



CSR management structure

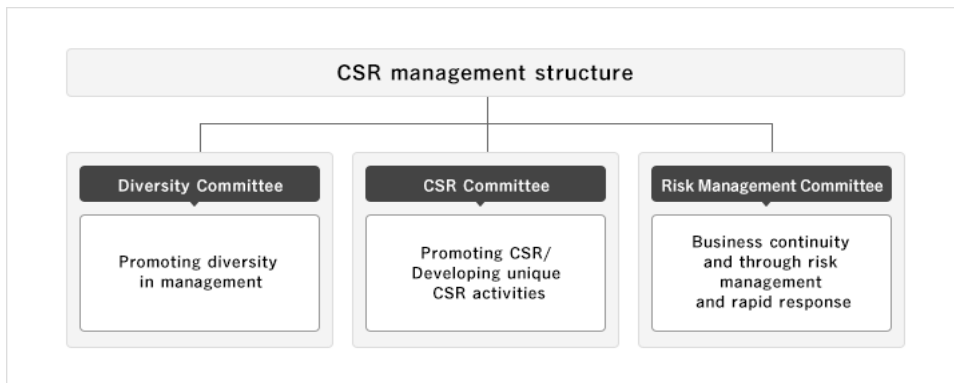
PARCO considers its CSR initiatives to be “measures taken in the course of business to gain the

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.

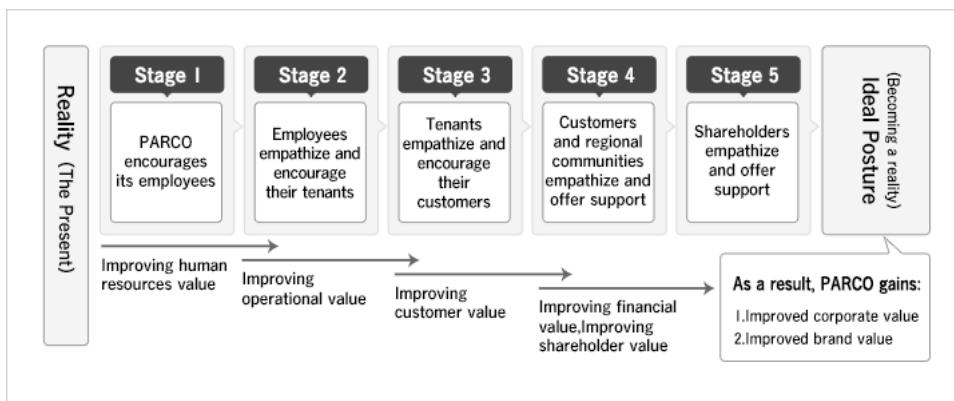
Risk management is another area of importance, and here the Risk Management Committee works to manage the risks entailed by our business activities and to maintain a comprehensive, groupwide system to assure business continuity through prompt and effective response to risk-related occurrences.

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.



CSR activities

Four main themes

We pursue a variety of activities under the Fundamental CSR Policy of the PARCO Group, anchored by four main themes—next-generation human resources, culture, local communities, and the environment.

The next generation (Supporting next-generation human resources)

Shibu-cul Matsuri

Centered on Shibuya PARCO, the Shibu-cul Matsuri provides talented young female creators with a forum for artistic expression.

The festival is held every autumn. The 4th Shibu-cul Matsuri, held in 2014, was the biggest yet, featuring 200 groups of female creators. Well over 10,000 people dropped by the PARCO Museum during the event.

Plenty was happening, including such perennial favorites as the Shibu-cul Cup (held in collaboration with fashion magazine Bijutsu Techo), the Shibu-cul Music Festival @ Club Quattro, and the Shibu-Cul Cinema Festival @ Cine Quinto. There were many new events as well, including an outdoor fashion show and public tours of Tokyo FM's Shibuya Spainzaka Studio.

Adding to the bustle were a great number –more than ever – of displays and special offers by collaborating tenants, who took this opportunity to pack their shops with innovative fashions and limited-time merchandise.



Shibu-cul Matsuri 2014

The Audi Fashion Festival, Singapore.

Presented by PARCO

PARCO participated in the Audi Fashion Festival, a runway show held within Asia Fashion Exchange, the largest such event in Asia. This is in line with our ongoing efforts to provide opportunities for business growth to fashion designers on the overseas stage.

This marked PARCO's second consecutive year of participation in the festival. This time, we held a runway show featuring special guest DRESSCAMP to showcase the next generation of Japanese fashion designers.



The Audi Fashion Festival, Singapore, 2014. Presented by PARCO Japan.

Cutie and the Boxer

Cutie and the Boxer, a film funded in part by the PARCO Entertainment Business, was nominated for an Academy Award for Best Documentary Feature at the 86th Academy Awards in March 2014. This film focuses on the life of boxing painter Ushio Shinohara and his wife Noriko. The documentary follows the daily joys and sorrows of the two, Ushio as an avante garde artist trying to make his way in New York and Noriko as his ever-loyal assistant with artistic ambitions of her own. The PARCO Museum held a special showing to mark the Japan debut of this film.



Cutie and the Boxer

Gyatoruzu series of stone-age comics

PARCO Publishing was awarded the Tokyo Governor's Prize at the Japan Federation of Printing Industries' Book Design & Binding Contest for three volumes within the Gyatoruzu series of stone-age comics: Vol. 1, Niku ("meat"); Vol. 2, Koi ("love"); and Vol. 3, Mujo ("impermanence"). These works were placed on exhibit at the Tokyo International Book Fair (2-5 July 2014) and Frankfurt Book Fair (October). They are also to appear at the Leipzig Book Fair in February 2015 as candidates for the "Most Beautiful Book in the World" prize.

Gyatoruzu 1: Niku ("meat")

Gyatoruzu 2: Koi ("love")

Gyatoruzu 3: Mujo ("impermanence")



Gyatoruzu series of stone-age comics

Cartoonist: Shunji Sonoyama

Book designer: Shin Sobue

Published: 1 November 2013

List price: ¥2,268 each (plus tax)

Local communities (Contributing to improving the appeal of towns and regions)

**Herushii wa Oishii! EAT & SMILE
FESTA**

A charity food event "Herushii wa Oishii! EAT & SMILE FESTA," (Healthy food is delicious) designed to bring a smile to your body and mind, was held at 101 restaurants at 15 PARCO stores.

The event was aimed at health and diet-conscious consumers, and offered a menu that developed in consideration of nutritional balance, as well as ingredients, and preparation.



EAT & SMILE FESTA January 16 to February 28 , 2015

Not only did the event help raise awareness of good eating and health, it also arranged to donate the cost of one meal for each item ordered from the menu to children in developing countries via NPO TABLE FOR TWO International. This is the fifth year that this event has been held, and it included events with a local university group that is promoting the TABLE FOR TWO program. Over 5 years, donations were made to the equivalent of 335,500 meals.

Slopes provide barrier-free access to Nagoya PARCO

We welcome all shoppers, including those in wheelchairs or with baby strollers. For their safety and convenience, we recently installed access slopes at Nagoya PARCO (West Building hotel entrance, and East/West Building connection).

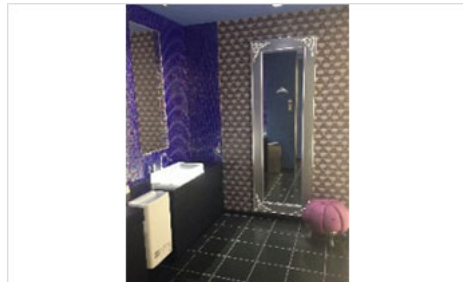


Slopes provide barrier-free access to Nagoya PARCO
March and June 2014

Environment (Establishing stores with low environmental impact)

Powder room by artist Asami Kiyokawa

Asami Kiyokawa, a popular artist, did the spatial design work for this, the "Lip Room," a powder room on the second floor of Sapporo PARCO. Her design theme was "Cinderella"-elegance in coordinated blue and black, tasteful graphic designs by Ms. Kiyokawa herself, even decorative glass slippers.



Sapporo PARCO Powder room by artist Asami Kiyokawa

Nagoya PARCO taps groundwater

In conjunction with a business continuity plan (BCP) to remain in operation in the event of a natural disaster, Nagoya PARCO has started to tap groundwater, which is filtered through a special system for use not only within various building facilities, but also as drinking water.



Nagoya PARCO taps groundwater since
August 2014

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

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 and nursing rooms

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

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

Following calls from our customers, we are building smoking rooms for our customers at our stores.

These will create a more pleasant environment for our customers and will improve the environment within the building.

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

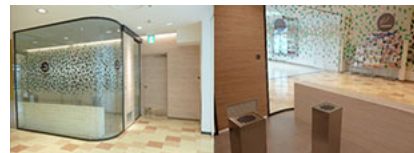
use of the PARCO Shop Blog, with roughly 3,000 such tenants involved in trends communication that encourages store visits.

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.



Art toilet Fukuoka PARCO New Building



Separate areas for smokers and non-smokers at Tsudanuma PARCO



Digital signage placed at various sites in Fukuoka PARCO New Building

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 830 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.



"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.

IR activities

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.



[> PARCO Investor Relations](#)

Respect for 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 and 2012 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

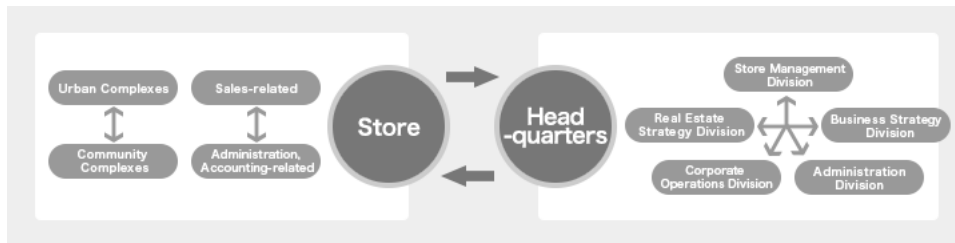
- System for requesting a specific department to be reinstated at
- Childcare leave period (paid)
- System for selecting dates for childcare/nursing care leave, reduced-hour work days, and holidays
- Discounts on babysitter services
- Re-employment of retirees based on childcare/nursing care related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

[Our "General employer action plan" based on The Law for Measures to Support the Development of the Next Generation\(Japanese\)](#)

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.

2014 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. Among the issues addressed, one of the most important is promoting the dynamic participation of women. To increase female participation in management decision-making, under the Medium-term Business Plan (FY2014-2016), we set a target of having women comprise 15% of all management posts as part of the recruitment of more women into managerial and leadership roles. We also propagate career seminars, management seminars, and work-life management extensively within the Company.



PARCO also cooperated in the launch in fiscal 2014 of Women's Empowerment in Fashion, an organization supporting the participation of women working in fashion-related fields. This decision reflected PARCO's understanding and agreement with the stated mission of the organization



PARCO CITY, which operates a job recruitment site specializing in fashion industry retail staff, holds regular seminars, info exchange sessions, and other events designed to share many role models for women working in the industry.



PARCO announced its own initiatives at forums on career training for women and work-life balance sponsored by other retail companies.

Employee forums

We hold an employee forum to share information with all of our employees about our business results and the future direction of the company.

We use a web conferencing system that is open to PARCO employees.

Through this system, the participants can view presentations by our company president, and can discuss questions and opinions.

After the forum is over, we upload the contents to our intranet so that all employees can access it.



Initiatives for safety and peace of mind

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.



Third-party hygiene inspection

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.



Fire extinguisher training drill



Crime prevention training session

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 ability 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.



Training on how to transport injured people



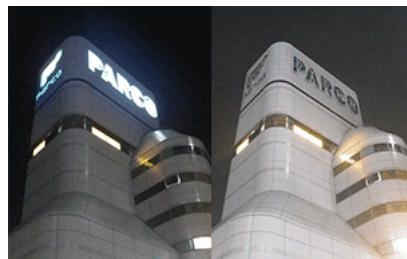
Groundwater filtration system at Nagoya PARCO

Environmental initiatives

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.



The Ikebukuro P1 building 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 涼しいところに集まろう

COOL
SHARE

Gifts of 'eco-soap' made from restaurants' recycled cooking grease and given out at store events

May-June 2014

PARCO is engaged in food recycling initiatives including the recycling of cooking grease from restaurants. As this grease can be made into soap, PARCO gave recycled soap made partially with grease collected from PARCO restaurants to visitors at store events.



Recycled soap made partially from cooking grease collected from PARCO restaurants

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



Co-generation system

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.



Cleaning supplies 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 FY2014, PARCO has turned out a total of 153 certification holders and PARCO Group 338.

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.

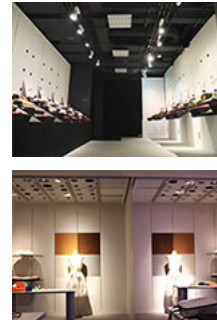


Lighting consulting

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](#)

[> Environmental Policy](#)

Environmental policy

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

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.

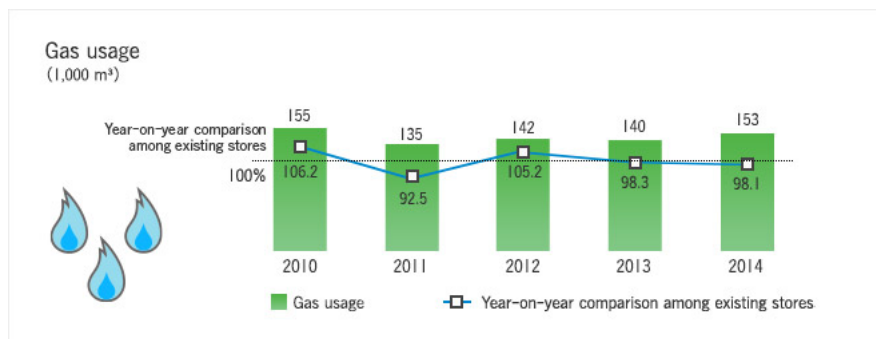
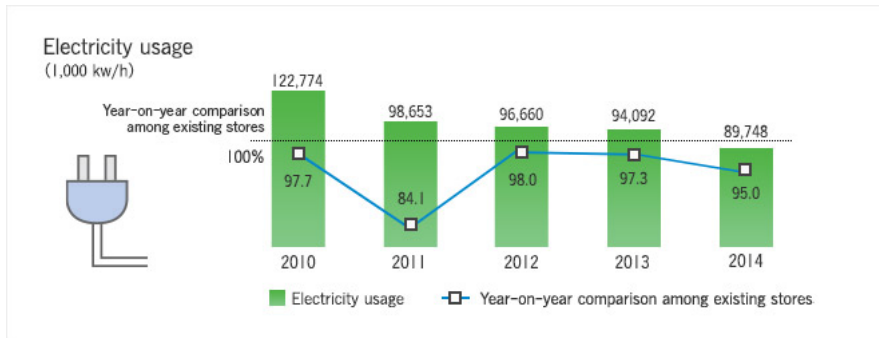
The Group will encourage and support its employees in coordination with its tenant companies to promote these activities.

Compliance with laws and regulations

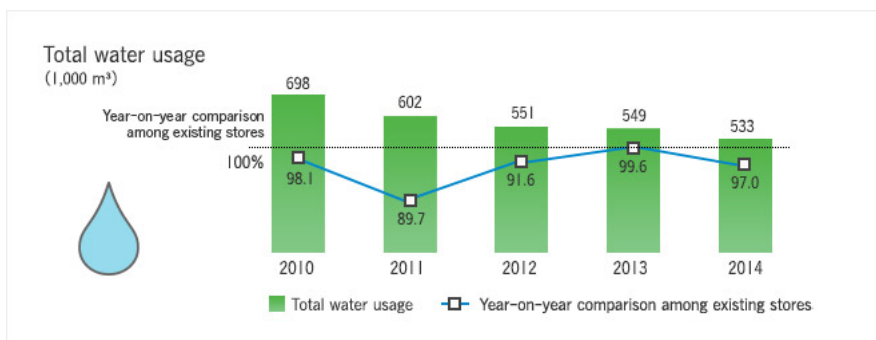
9. All PARCO Group employees will comply with treaties, laws, regulations and other rules concerning the environment, and act with care about humanity and the earth's environment.

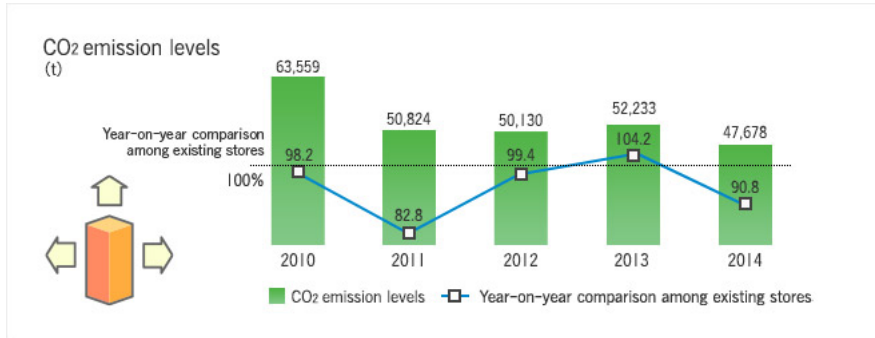
Environmental data

INPUT



The majority of our gas usage is in running air conditioning.

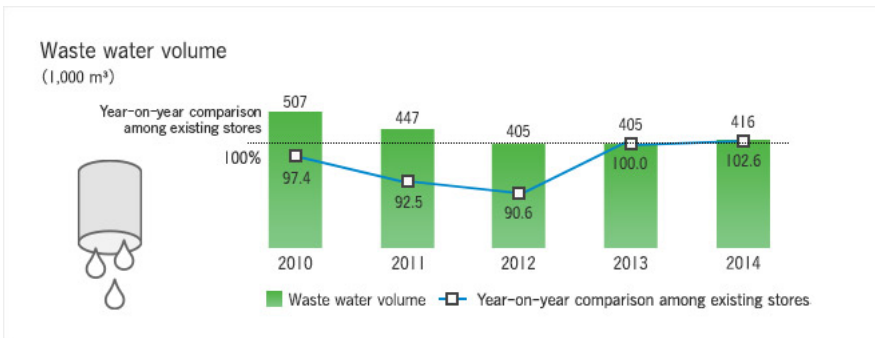




The primary cause of the increase in CO₂ emissions in FY2013 is the increase in each power company's factors in CO₂ emission calculations (changes every year based on fuel mix ratios) over last year.



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 include the effects of the following events

FY 2010 Fukuoka PARCO opened, Oita PARCO closed

FY 2011 Shinsaibashi PARCO closed

FY 2014 Fukuoka PARCO new Building opened

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