

President's CSR message



Promoting Sustainable Management Through “Incubation,” “Urban Revitalization,” and “Trends Communication”

I believe the social role of the PARCO Group is to evolve the points of origin that define PARCO, “Incubation,” “Urban Revitalization,” and “Trends Communication,” while staying abreast of the changing times. Furthermore, by working through these three social roles to realize our Corporate Mission “Creating welcoming, forward-thinking, innovative spaces that provide an enjoyable experience for customers and help our tenants prosper,” while earning the trust and satisfaction of our stakeholders, we will realize the PARCO Group’s corporate social responsibility (CSR), which is really the foundation of our business. To systemize this approach and help bring our daily activities closer to the ideal of the Corporate Mission, we have set out the “Ten guidelines for PARCO employees and Five actions being taken by PARCO,” which are promoted throughout the company. We hope to create value that will satisfy all of our stakeholders— customers, tenants, shareholders, and employees—and continue to provide this value. And we will aim to develop and grow as a result of these efforts.

In fiscal 2017, we introduced the new environment, society, and governance (ESG) perspective and actively conducted CSR activities.

In our “environment” initiatives, we have been working to reduce our energy usage, since this is linked to reducing CO₂, which causes global warming. We established an energy saving target of “a reduction of 1% or more from the previous fiscal year,” and a recycling rate target of “higher than the previous fiscal year.” We conducted energy saving measures by promoting a switch-over to LED lighting, achieving our target as we reduced energy usage by 1.9% from the previous fiscal year. Our recycling rate also achieved the target, rising by 0.8% year on year. working time due to reasons such as childcare and nursing care, and we are promoting diversity.

In our “society” initiatives, we are constantly working to discover and support the next generation of creators. We have also utilized IoT and the Internet to support tenant store companies. For example, we used ICT to create online training for employees before they are assigned to stores, and we support the operations of shop staff so that they can concentrate on providing customer service in-store. Each PARCO store conducts events linked to the local community and society. Among various events conducted in fiscal 2017, Tsudanuma PARCO opened an antenna shop operated by the local chamber of commerce, Hibarigaoka PARCO held culture events together with creators and schools based in Nishitokyo City and surrounding areas, and Hiroshima PARCO held the event “Pantastic!!” for showcasing selected products from around Japan, including a popular bakery from the suburbs, as well as apparel and general merchandise, and extended the impact of the event into other stores. We also took steps to improve the work-life balance of our employees, such as instituting a home work program for employees who have restricted working time due to reasons such as childcare and nursing care, and we are promoting diversity.

In our “governance” initiatives, we have taken steps to strengthen the company’s corporate governance. For example, in 2003 we adopted the “Company with Committees System” (later renamed “Company with Three Committees” System) with the goal of building a highly transparent system. Since fiscal 2016, we have been conducting assessments of the effectiveness of the Board of Directors for all directors and have disclosed the results and subsequent points for improvement on our website. In fiscal 2017, we collected information about the status of the Board of Directors, an evaluation of the status of improvements since the previous fiscal year’s assessment, and opinions on how to enhance the Board’s effectiveness going forward. We elicited points for improvement such as increasing the opportunities for communication between the director and the executive officers and adopting a structure for further enhancing pre-briefings and facilitating more precise responses to questions. In addition, we actively promoted issues such as fair disclosure and women’s participation and advancement. Furthermore, under our Fundamental Policy for Corporate Governance, formulated in 2016, we have been promoting initiatives in response to the Corporate Governance Code. We have also abolished the corporate adviser system in order to make the management structure more transparent and clarify accountability with a view to further strengthening corporate governance.

In fiscal 2018, we will promote sustainable management, remaining mindful of the Sustainable Development Goals (SDGs) as a new perspective. Specifically, we will tackle issues proactively, recognizing that PARCO’s social role is to create new value to which society can connect and constantly develop it.

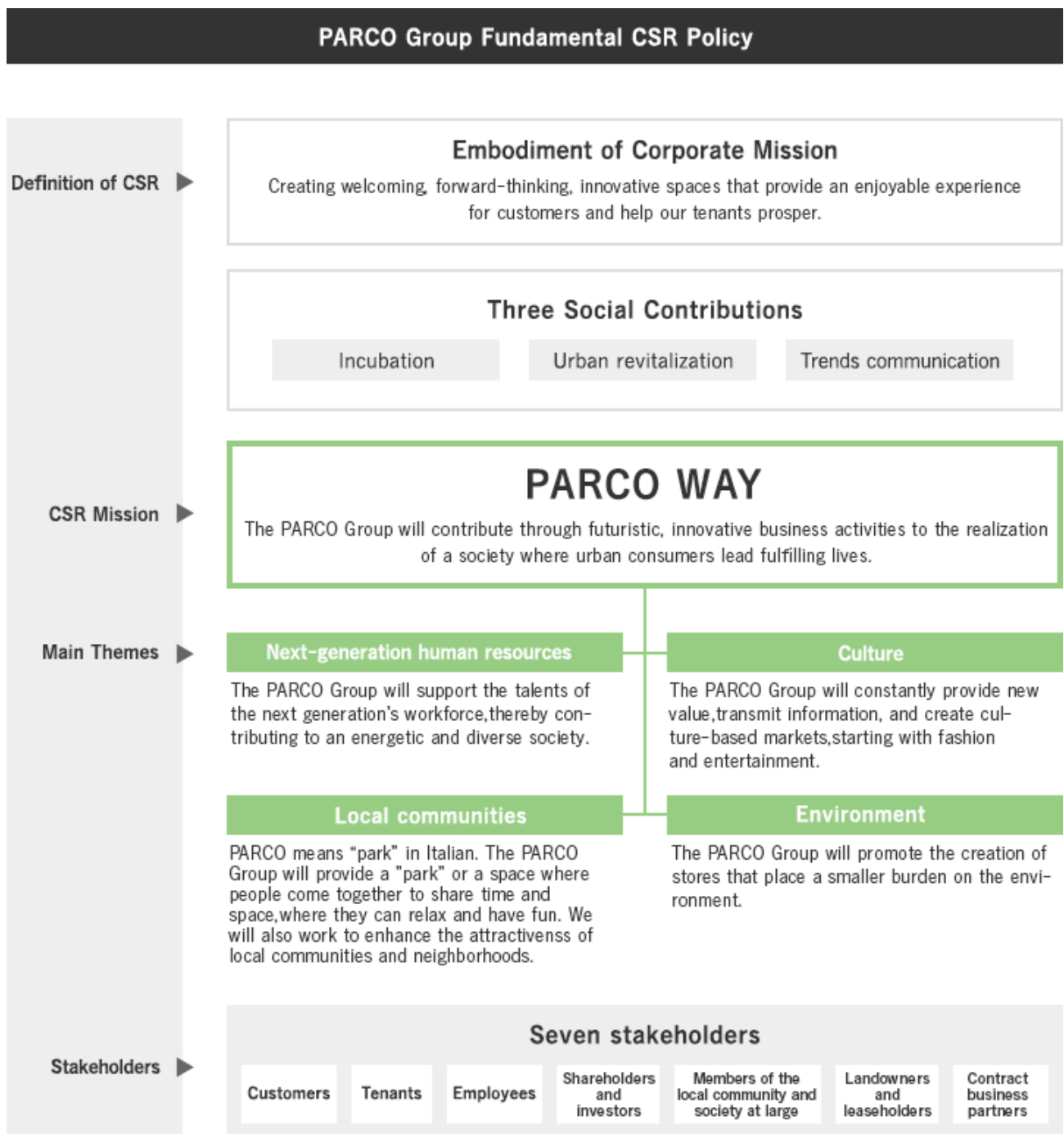
PARCO CO., LTD.

President and Representative Executive Officer

Kozo Makiyama

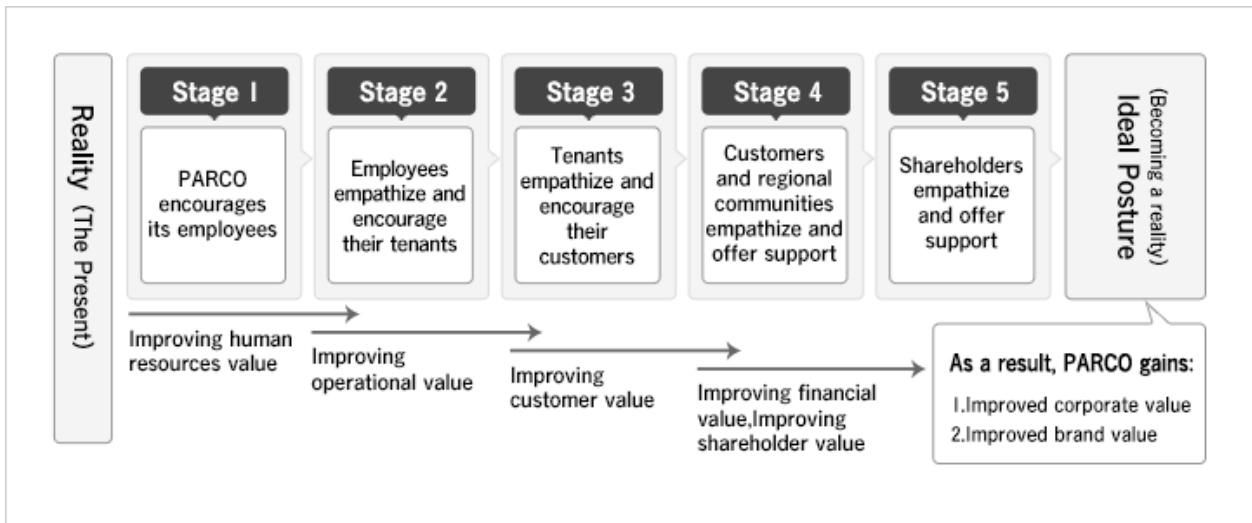
Fundamental CSR Policy

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



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.

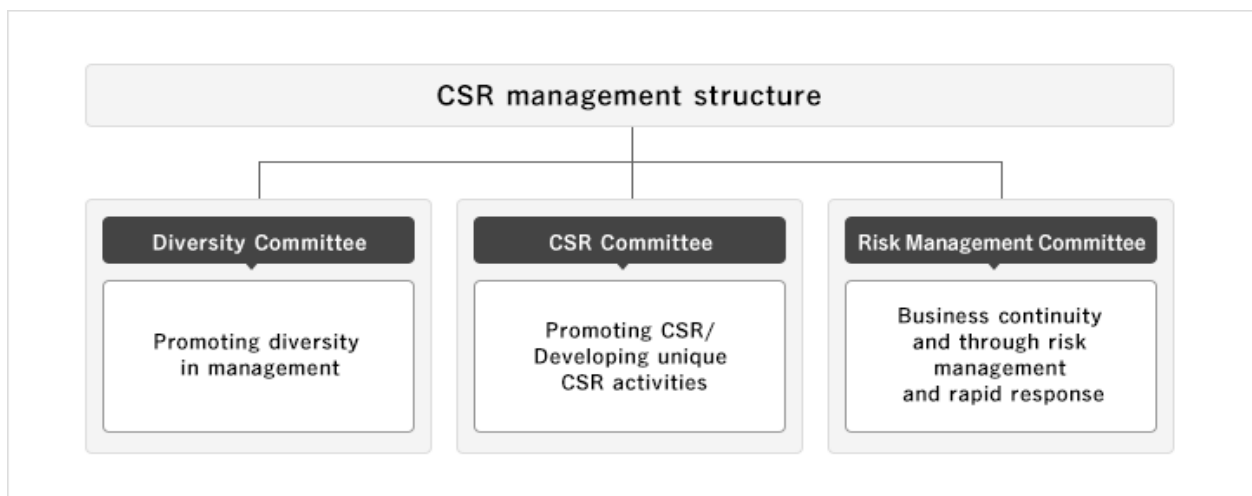


CSR management structure

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.



Three Social Roles of the PARCO Group

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.

