

Relationship with Customers

Considerations in Game Development

In-game purchases

In the Japanese game market, discussions have been taking place for several years on the problem of gacha, or lottery-style game mechanics, primarily in mobile games. Overseas, gacha-like “loot boxes” have been banned in some countries.

As a creator of entertainment culture, Capcom believes that games should be enjoyed for the entertainment value they provide with gameplay, not for thrills associated with winning a lottery. We do not want to see games that are supposed to make people happy having the opposite effect as a result of excessive charges. For that reason, we are working to ensure that all users can enjoy our games fairly and safely. In principle, we minimize gacha elements in the mobile games we develop; in our home video games, we provide any content required to enjoy the full game free of charge, while offering some additional content at low cost.

Localization and culturalization

Capcom games are enjoyed worldwide. In the fiscal year ended March 2019, the percentage of home video games sold overseas was 85.4%.

Naturally, translation (localization) of video games developed in Japanese is required so that users around the world can enjoy them. Depending on the country, however, simply translating games developed under Japanese norms can end up hurting users unexpectedly due to historical, religious, or cultural differences.

Comments from a developer

Miguel Corti

Joined Capcom in 2007
Senior Manager
Global Production, Consumer Games
Production Division



I have been involved in localization at Capcom since 2007, and both the volume of our work and its importance has been increasing year after year due to the increasing demand for language support that has followed the introduction of more powerful game consoles, online connectivity, and the globalization of our markets. Capcom localization staff are part of the development team from the first stages of a project, and they actively provide insight on everything from the visuals to the game specifications. Carrying out game development and localization simultaneously makes it possible to release titles on the same day worldwide. Of course, it's not just a matter of translating the content; culturalization also plays an important role. For example, when you complete a quest in *Monster Hunter*, a red logo is displayed. However, in some countries red symbolizes failure. In those countries, we made the logo gold. This is just one of the touches we add to ensure that the user's sense of achievement is not diminished in any way.

As such, we employ staff from around the world to culturize the games so that they can be enjoyed by all, regardless of locale.

For the Healthy Development of Young People

Compliance with the CERO rating system and endorsement of guidelines

The Computer Entertainment Rating Organization (CERO), a Specified Nonprofit Corporation, was created to provide age-appropriate ratings for video games. Capcom complies with the CERO rating system and rules.

The rating system is an initiative for the healthy development of young people that calls for voluntary restrictions on home video game content and sales methods to limit access by young people to sexual or violent content. In addition, recent home video game consoles include a parental control function that enables parents to limit the online purchase and use of certain games according to their ratings.

Guidelines issued by the Computer Entertainment Suppliers' Association (CESA)

Name of guideline	Implementation date
Guidelines for Real Money Trade Measures	April 26, 2017
Guidelines for the Protection of Minors	December 21, 2016 Revised March 27, 2019
Operating Guidelines for Random Item Distribution in Network Games	April 27, 2016
Guidelines for Advertisements, Etc. in Home Video Game Software Targeting Only Those 18 and Over	April 1, 2008 Revised June 20, 2012
Code of Ethics Concerning Computer Entertainment Software, 2nd Revision	October 1, 2002

Please refer to CESA's website for the content of each set of guidelines.
https://www.cesa.or.jp/index_e.html

Addressing the WHO's recognition of gaming disorder

In May 2019, the World Health Organization (WHO) included gaming disorder as a new mental health condition characterized by excessive use of games to the point where it has a negative impact on health and social life. Cooperating with industry organizations such as the Computer Entertainment Supplier's Association, we are taking the appropriate steps to raise awareness of the issue in response to social demand. As an independent effort, we will continue to educate elementary and junior high school students on how to interact with games in a healthy manner through our educational support program.

➔For details see page 50

Support for Community-building Among Senior Citizens

Holding regular amusement arcade tours

Today, amusement facilities are becoming increasingly popular among senior citizens as spaces for communication with friends and facility staff. Since 2012, Capcom has held amusement arcade tours free of charge on long public holidays and Respect-for-the-Aged Day for senior citizens where they can try out coin-operated games and crane games, enabling more people to make use of such facilities.

In addition, as part of efforts to create arcades where senior citizens can comfortably enjoy themselves, since 2012 Capcom has encouraged arcade staff to get the Service Assistant certification. Currently, 26 staff members have received this certification.

Cumulative number of participants in senior tours

2,463



Enhancing Customer Support

User support and utilizing feedback

At Capcom, we have dedicated support teams for each product to ensure that customers can fully enjoy the services they purchase. We also strive to quickly respond to customer questions by providing online FAQ pages, while each person in charge regularly engages in information exchanges with other teams, working to improve customer satisfaction.

The questions and feedback our game support teams receive are condensed and analyzed to be incorporated in development of new products.

→Inquiries

http://www.capcom.co.jp/support/index_game.html

Protecting the personal information of our customers

Capcom has more than 10 million records containing personal information on customers, accumulated from our member site, prize deliveries, product purchases, and other sources. In 2015, the Japanese Act on the Protection of Personal Information was revised, and the revisions went into full effect on May 30, 2017. Meanwhile, overseas, the EU General Data Protection Regulation (GDPR) went into effect in May 2018. The data of game players falls under the category of personal information in these laws, and the scope is expanding each year.

Under these circumstances, we established our new Information Management Department in April 2019 to enhance our information

management structure and address the requirements of the Japanese Act on the Protection of Personal Information and the GDPR.

This department is leading our efforts to address the risk of personal information leaks by developing a system of conduct guidelines, operational controls, and audits in accordance with the law.

Expanding opportunities for customers to play our games (esports)

In recent years, we have been focusing on promoting esports as part of our efforts as a creator of entertainment culture.

We have the role of planning and organizing events as a software developer—a role that had been largely shouldered by the player community in the past—in order to provide an environment that better allows competitors and fans to enjoy the excitement of competitions.

In 2018, we established the Capcom eSports Club as a communication space at one of our amusement facilities, offering a place to try out games for free. Further, in February 2019, we launched a new team-based league to give professional players a place to show off their skills on a regular basis.

We are also working to provide amateur players with opportunities to shine, such as by with the Street Fighter League: College-JP 2019 for students, beginning in June 2019. Through these activities, we aim to increase points of contact with our customers and improve customer satisfaction.

Relationship with Regional Communities

Contributions to Regional Revitalization

Utilizing the appeal and brand recognition of popular games to contribute to society

The attraction of video game content for the worldwide audience was in evidence when Japan's Prime Minister promoted the 2020 Tokyo Olympic and Paralympic Games by dressing as a video game character at the Closing Ceremony of the 2016 Rio de Janeiro Games. In the same vein, Capcom is following a Single Content Multiple Usage strategy for our content, which we deploy in a wide range of fields beyond video games. As such, we are proud to have a high level of recognition and popularity among men and women, young and old alike.

Based on our corporate philosophy of making people happy through games, Capcom has been engaged in the following four regional revitalization activities not only in Osaka, where we have our head office, but across Japan, since the mid-2000s: 1) economic promotion that supports the local tourism industries; 2) cultural promotion that supports education concerning local history and culture; 3) crime prevention education through coordination with the police; and 4) raising awareness about voting in elections in coordination with the Committee for Election Administration.

Further, going forward we will provide support for esports activities regionally throughout Japan while looking into activities to promote regional revitalization through playing games.

Comments from a city official



Masaki Akita

Team Leader, Facility Development Team, Tourism Promotion Division, Tourism and Cultural Bureau, Sakai City

Sakai is the birthplace of Sen no Rikyu, the famed tea master, and has deep connections to important historical figures like Oda Nobunaga, Toyotomi Hideyoshi, and Tokugawa Ieyasu. Many of those historic and cultural artifacts can still be found within the city. However, it is difficult to get young people to take an interest in resources such as these.

As such, the city has made a point of collaborating with animated television programs and games that are highly appealing to young people. By working with Capcom to have Toyotomi Hideyoshi, a character from *Sengoku BASARA*, promote a special exhibit of the Golden Teahouse, which is associated with the historical figure of Toyotomi Hideyoshi, we were able to draw the attention of a wide range of people to the appeal of the city's historic and cultural properties.

We hope to continue working on projects that link the rich contents of Capcom with the historical and traditional industries of Sakai.

Regional Revitalization Activities

Supporting regional revitalization using the appeal of Capcom video game content

Initiatives Across Japan

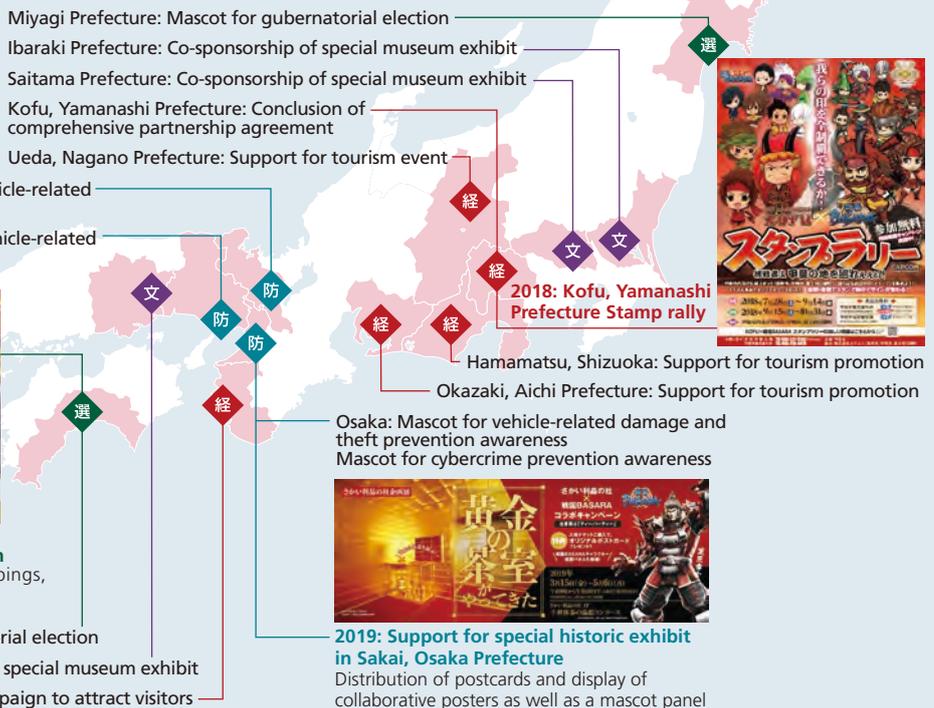
- 経 Economic Development
- 文 Cultural Promotion
- 防 Crime Prevention Education
- 選 Participation in Elections

- Kyoto Prefecture: Mascot for vehicle-related theft prevention awareness
- Hyogo Prefecture: Mascot for vehicle-related theft prevention awareness



2019: Kochi Prefecture Mascot for House of Councilors election
Newspaper advertisements, train wrappings, television and radio commercials, etc.

- Kochi Prefecture: Mascot for gubernatorial election
- Okayama Prefecture: Co-sponsorship of special museum exhibit
- Wakayama Prefecture: Support for campaign to attract visitors



Relationship with Employees

Promoting Healthy Relationships with Games

More than a decade of on-site classes for children in school

Video games are a comparatively new cultural phenomenon about which there is little academic research. Rather than examining the educational aspects, discussions tend to focus on the detrimental effects, such as what used to be called “game brain.” In recent years, official recognition by WHO of a game-related disorder has made headlines. However, the idea of a future career as a video game creator is very popular among children and the decision has been made to make programming lessons compulsory in Japanese elementary schools in 2020. A host of private sector efforts are also being carried out, including opening programming academies for youth. Considering these recent developments, it is reasonable to expect that the number of children hoping to become video game creators will increase further in the future. Additionally, the ratio of smartphone use among young people—45.9% of elementary school students and 70.6% of junior high school students—is rising each year. Game apps for smartphones are also increasingly gaining in popularity and the distance between video games and children is shrinking.

Given this context, based around a desire to promote understanding in society of video games, we accept student visits to our offices, with a focus on elementary and junior high school students, and also actively conduct on-site classes at schools to help promote sustainable economic growth and a sustainable society. At these events, Capcom conducts a program with two sessions: one is a career education support session, which introduces the work done in a game software company and the difficulty and rewards of that work, and the other is a game literacy education support session, which helps students use their own judgement to establish a healthy relationship with games. These programs have in turn been well-received in educational environments. Capcom has also incorporated opinions from educators to improve its educational efforts.

In fiscal 2011, Capcom launched a program focused on the educational theme of career education support in response to classroom requests. In fiscal 2013, Capcom started a new program on work and mathematics targeted towards elementary and junior high school students to help prevent children from losing interest in math.

As a result of these efforts, Capcom has welcomed 3,095 children as part of 380 different field trips to its offices (as of the end of March 2019). Capcom has also held 151 on-site classes for 14,107 students (as of the end of March 2019) at schools such as the one held at Kitanodai Elementary School in Sapporo in November 2018.

Impressions of the on-site classes (An excerpt of this fiscal year's comments)

- I learned that communication is important in work, so in my future club and group activities, I will try to communicate well and cooperate with others. (Junior high school student)
- There was a great deal of enthusiasm. It was also good to see children who like video games getting into it. (Elementary school teacher)
- I saw a lot of students listening intently. The content conveyed the importance not only of mathematics but of various other fields. (Junior high school teacher)

Promotion of Diversity

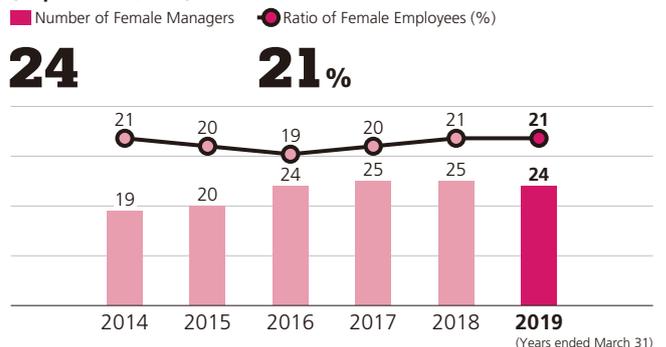
Initiatives aimed at promoting the improvement of the work environment for women and proactively hiring non-Japanese

Capcom is currently engaged in initiatives aimed at improving the work environment for women and proactively hiring Non-Japanese.

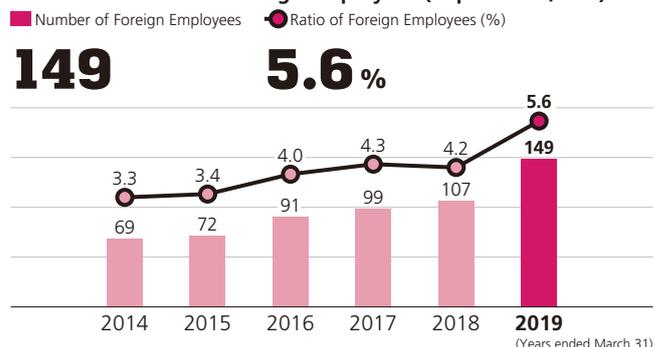
In terms of providing an environment that facilitates women, we introduced systems enabling women to take a leave of absence before and after giving birth, childcare leave and shortened working hours, and promote their use throughout the Company.

In fiscal 2018, 33 employees took childcare leave, 12 of whom were men, and 100% of eligible women took childcare leave (fiscal 2017: 6 men and 100% of 19 women took leave). A high percentage of women returned to work afterwards: 32 returned in fiscal 2018—96.0% if those still on leave are excluded. This is the same as the previous year (96%, or 25 women, returned to work in fiscal 2017). As a result, despite it being said that Japan’s gaming industry is generally dominated by men, women account for roughly 21% of Capcom’s workforce, and 24 (9.4%) of Capcom’s managers are women. In accordance with the execution of the Act on Promotion of Women’s Participation and Advancement in the Workplace, in 2016 we formulated the General Employer Action Plan, which seeks to achieve two things: (1) having women comprise at least 20% of all of new graduates hired, and (2) having women comprise at least 15% of managers. In recognition of Capcom’s efforts toward improving the workplace environment for women, since 2014 we have earned the “Kurumin” mark, the symbol of a “company supporting childcare,” from the Ministry of Health, Labour and Welfare.

Number of Female Managers and Ratio of Female Employees (Capcom Co., Ltd.)



Number and Ratio of Foreign Employees (Capcom Co., Ltd.)



In terms of the proactive employment of non-Japanese individuals, Capcom is making efforts to strengthen overseas expansion capabilities including creating an English hiring website.

We currently employ 149 non-Japanese workers (representing 5.6% of our employees). Going forward, we will create a system for improving motivation in an attempt to increase the ratio of foreign employees, including support for career advancement and the promotion of non-Japanese individuals to management positions.

Providing a Pleasant Workplace

Promoting work-life balance

Creating entertainment culture requires that creators themselves make time for play.

At Capcom, we have established Paid Leave Promotion Days and encourage employees to take extended leave to refresh and look for new sources of inspiration during the year-end/New Year's holidays as well as during the series of holidays in May. Additionally, we have built a four-story bicycle parking facility near our development studio and encourage our employees to live within a five-kilometer radius to shorten commuting times. This saves time and living costs while ensuring that creators have the free time necessary to cultivate their creative powers and imaginations, which is essential for creative work. Moreover, we opened "Capcom Juku" as an on-site daycare facility in April 2017 to provide a stable workplace environment for creators. As

it is located close to work, it provides peace of mind for employees who are married or have children, and has been well-received by those who have utilized it.

➔Please refer to the information below or page 54 of the 2018 Integrated Report.

Supporting employees' health management

The employee cafeteria was renovated in 2016 when the new development studio was completed. Healthy meals are served for breakfast, lunch, and supper.

There is also a massage room staffed by nationally-certified massage therapists at both the Tokyo and Osaka locations to support our employees in maintaining their health.



Employee cafeteria

Fulfilling employee potential in a cutting-edge environment

The biggest motivation for developers working in a creative field such as games is access to an environment that allows them to make their visions a reality. Capcom maintains a cutting-edge development environment that includes 3D scanners, a motion capture studio, a dynamic sound mixing stage, and a Foley stage. In this way, we support our creators in fulfilling their potential.

Capcom Juku

Providing an environment for vibrant childcare combining day care and education

Given the desire to quickly improve the issue of long day care waiting lists accompanying a lack of preschools, Capcom's top management set its sights on the future and wanted to provide an environment in which employees can raise their children with peace of mind while remaining employed over the long term. We opened Capcom Juku in April 2017, aiming to add individual education and growth to standard day care for children. Capcom Juku goes beyond caring for infants and preschool children and accepts a wide range of youth, including after-school kindergarten and elementary school students. This helps employees avoid the stress of not being able to find open facilities for their children.

Furthermore, by offering educational support in the form of a place for learning English, eurhythmics, math, science, and other subjects, Capcom Juku joins its efforts with employees and fosters the growth of children. Currently, as of March 31, 2019, the school takes care of 25 preschool children a month and accepts as many as 25 temporary pupils a month.

Going forward, plans are in place to accept after-school students from nearby elementary schools, to add further convenience for working employees. Capcom Juku also offers Spring School and Summer School with classes taught by employee instructors when standard schools are closed for seasonal breaks.

At the Spring School held in March 2019, there were hands-on classes taught by employee instructors on programming, as well as motion capture, for creating game animations that incorporate human movement. Outside instructors were also invited for painting, English, and other classes.

Additionally, students were able to eat lunch with their parents in the employee cafeteria, which was an opportunity for encouraging parent-child communication.

In the future, we will create a learning atmosphere at Capcom Juku that stimulates and broadens children's curiosity, while also striving for an environment where parents can work with peace of mind so that both they and their families can lead fulfilling lives.



English classroom