

### Environmental Action as an Entertainment Company

Capcom's Digital Contents business accounts for approximately 80% of the Group's consolidated net sales and primarily entails the development and sale of software. This gives Capcom an environmental impact that is lower than the general manufacturing industry. Because our environmental impact comes largely from the power used at amusement facilities and for manufacturing pachislo machines, as well as from distributing our products, we are focused on saving energy.

### Reducing Power Usage

#### Reducing CO<sub>2</sub> emissions by promoting energy saving measures companywide

Capcom has worked to cut power usage through efforts that include ongoing power saving at all of its places of business, saving energy at its amusement facilities, and implementing peak shifting for the power used by PCs and other electrical equipment. The fiscal year ended March 2017 saw our CO<sub>2</sub> emissions increase compared to the previous fiscal year due to the construction of the R&D Building #2 and Capcom Technical Center. However, in the fiscal year ended March 2021, we succeeded in reducing emissions by 9.5% compared to the previous year by introducing energy-saving equipment at those facilities and promoting the switch to LED lighting at each workplace.

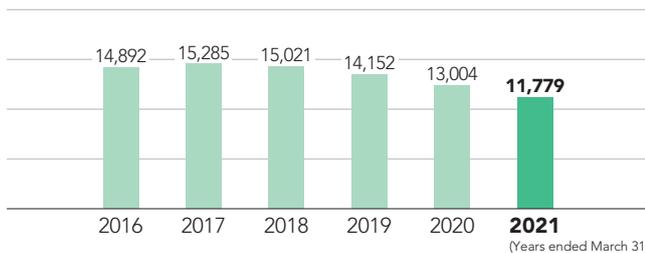


Promoted energy-saving initiatives, including switching to LED lighting at each workplace

\* Assumes energy consumption of 100% without introduction of this equipment.

#### Capcom's CO<sub>2</sub> Emissions (Non-consolidated) (t)

# 11,779 t



### Rated "S Class" six years in a row by the Business Operator Class-Based Assessment System

Every year Capcom has achieved year-on-year reductions to its energy intensity. For these efforts, Capcom has been awarded S Class (out of classes S, A, B, and C) status for six years running under the Business Operator Class-Based Assessment System that has been administered since 2016 by the Agency for Natural Resources and Energy in accordance with the Act on Rationalizing Energy Use (Measures Pertaining to Factories).

(Non-consolidated)

FY	Energy Intensity*	Vs. Previous FY
2015	0.06193	92.9%
2016	0.06018	97.2%
2017	0.05994	99.6%
2018	0.05869	97.9%
2019	0.05583	95.1%
2020	0.05186	92.9%

\* Calculated using the method defined by the Agency for Natural Resources and Energy. The Agency for Natural Resources and Energy website: <https://www.enecho.meti.go.jp/en/>

### Innovations in Product Distribution

#### Conserving resources through digital sales of game software

In the past, games included a printed instruction manual inside the package, but in recent years, these manuals are now included as data within the software as a way to save paper. This enables us to eliminate approximately 30.10 million game units' worth of paper manuals annually.

Moreover, the increasing popularity of digital sales, where games are downloaded after purchase, has made it possible to conserve resources used to produce discs, semiconductors, software packaging, and other components in addition to paper resources.

In the fiscal year ended March 2021, the resources used in the equivalent of around 23.15 million units of game software were conserved as a result of digital sales. We will continue promoting digital sales of game software with the aim of achieving effectively zero resource consumption in the future by selling solely via digital download.

#### Sharing distribution networks with other companies in the industry

Sharing distribution networks with other companies in the same industry when shipping products enables the efficient supply of products. As a result, we are able to realize reductions in packing materials, fuel and emissions. In the future, we aim to achieve further reductions by decreasing the volume of distribution through the promotion of digital sales.

## Relationship with Customers

### Development and Manufacturing Initiatives

#### Reducing the environmental impact of pachislo machines

In solidarity with the efforts of the Japan Pachislo Machine Industry Association (Nichidenkyo), Capcom manufactures and sells pachislo machines partially made from recycled parts and equipped with standardized “green devices” aimed at controlling power usage.

#### Status of disposal of used arcade game machines

Year	Amount recycled	Thermal recycling*1
2015	77.8%	22.2%
2016	77.9%	22.1%
2017	74.4%	25.6%
2018	83.7%	16.3%
2019*2	00.0%	00.0%
2020	99.77%	00.0%

\*1 Volume used as heat source for hot water, heating, etc.

\*2 Capcom switched to new cabinets in fiscal 2019, so there was no collection of used arcade game machines.

### Promoting workplace proximity

At Capcom, we encourage employees to live within five kilometers of their place of work and to commute by bicycle. As such, we have arranged company housing near our offices and built bicycle parking close to our R&D facilities. The primary goal is to promote a proper work-life balance by shortening commuting distances, but at the same time, it also helps reduce greenhouse gas emissions associated with use of transportation.



Bicycle parking

### Exploring renewable energy

In October 2020, the Japanese government pledged to be carbon neutral by 2050. The goal is to realize a carbon-free society by 2050 and effectively eliminate greenhouse gas emissions.

Realizing carbon neutrality will require the introduction of renewable energy that does not produce CO<sub>2</sub> emissions. At Capcom, we have begun looking into the introduction of renewable energy to do our part to bring about a sustainable society.

### 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 high-priced 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 2021, the percentage of home video games sold overseas was 80.9%. Naturally, translation (localization) of video games developed in Japanese is required so that game players around the world can enjoy them. The volume and importance of localization is increasing year after year due to factors such as improvements in game machine performance, support for online gameplay, and an increase in the number of languages accompanying a more diversified, global audience. As such, Capcom’s localization team is involved in game development from the initial stages.

By carrying out localization concurrently with development, rather than following completion of the Japanese language version as had been done in the past, Capcom is able to launch games simultaneously around the globe. What is more, depending on the country, simply translating games developed under Japanese norms can end up hurting users unexpectedly due to historical, religious, or cultural differences.

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

#### Example of culturalization



Resident Evil is known as Biohazard in Japan.