

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 CO₂ 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.

Healthy Development of Entertainment

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 game platforms 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 on blockchain games | Enforced July 1, 2021 |
| 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 information on its activities.
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 p. 61

Addressing addiction to pachinko and pachislo

Pachinko and pachislo are a form of entertainment that has taken root in society. At the same time, however, there is concern over players becoming addicted. For that reason, the Recovery Support Network (RSN), a pachinko addiction consultation hotline, was established in 2006 with the support of industry organizations. In addition to the launch of this free phone-based consultation service, various measures were implemented in the industry to prevent addiction. These measures included putting up posters at all locations nationwide to raise awareness of RSN, establishing a system in which pachinko and pachislo advisors (specialist staff) are stationed at each location to provide customers with appropriate information on addiction, and preparing guidelines for addressing addiction at pachinko parlors. In 2017, the Pachinko and Pachislo Industry Association for the 21st Century, which consists of 13 organizations from the amusement industry, announced the "Declaration on Pachinko and Pachislo Addiction," strengthening measures to address pachinko and pachislo addiction and declaring it as a top priority. In May 2021, the association played a central role in holding online forums on the "Special Website for the Issue of Pachinko and Pachislo Addiction," which provides an overview of addiction and information on industry initiatives. The website has rolled out various educational activities.

In fiscal 2019, the "Basic Guidelines for Measures to Address Pachinko Addiction" and the "Pachinko and Pachislo Industry Guidelines for Measures to Address Addiction" were established based on the government's Basic Plan for Promoting Measures to Address Gambling and Other Addictions.

Capcom endorses and cooperates with these initiatives to contribute to healthy development of the industry.

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.

* The tours were suspended in fiscal 2020 to help prevent the spread of COVID-19.

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, 24 staff members have received this certification.

Cumulative number of participants in senior tours

2,582



* The tours were suspended in fiscal 2020 to help prevent the spread of COVID-19.



Senior tours

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
https://www.capcom.co.jp/support/index_game.html (Japanese only)

Protecting the personal information of our customers

Capcom has more than 10 million records containing personal information on customers, accumulated from site memberships, 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.

In response to the unauthorized access of Capcom’s network in 2020, improvements were made to the security system to prevent recurrence. Additionally, the Information Technology Security Oversight Committee, which includes multiple outside experts, was established in January 2021. It holds regular meetings with the aim of further improving information security.

Expanding opportunities for customers to play games

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 game manufacturer—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.

Since 2013, we have held Capcom Cup to determine the top players in the world. We are also working to provide amateur players with opportunities to shine, such as with the new Street Fighter League: College-JP 2019 for students, in June 2019.

Through these activities, we aim to increase points of contact with our customers and improve customer satisfaction. In fiscal 2021, we will hold Capcom Pro Tour Online 2021, a series of 32 1-on-1 tournaments carried out in 19 regions across the globe. We are also introducing a team ownership system in the Japanese esports league Street Fighter League: Pro-JP 2021, in which eight companies form original teams that participate. In these and other ways, we are expanding the scope of our activities.



Street Fighter League: Pro-JP 2020

Relationship with Regional Communities

Contributions to Regional Revitalization

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

The appeal of video game content was demonstrated to the world during the opening ceremonies of the preeminent international sporting event of summer 2021 held in Tokyo when video game music was played to accompany the entrance of the athletic teams. 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 awareness raising 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



Yukihiro Ohuchi

General Affairs Division, Miharu Municipal Government

Miharu is an historic castle town known as the birthplace of Megohime, the daughter of Tamura Kiyooki (who was the lord of the Miharu Castle), and wife of Date Masumune, who was nicknamed *Dokuganryu*, or the One-Eyed Dragon.

We collaborated with Capcom to utilize the Felyne characters from *Monster Hunter* in a traffic safety PR campaign. The main target of the campaign was elementary and junior high school students, and the Felyne were a big hit with children and students.

Going forward, we hope to continue collaborating with Capcom, a company that values community engagement, utilizing anime and game content that appeals to young people in regional revitalization efforts.

Supporting regional revitalization using the appeal of Capcom video game content

Regional Revitalization Activities

Initiatives Across Japan

- 経 Economic Development
- 文 Cultural Awareness Raising
- 防 Prevention Education
- 選 Participation in Elections
- 他 Other

Kyoto Prefecture: Mascot for vehicle-related theft prevention awareness

Hyogo Prefecture: Mascot for vehicle-related theft prevention awareness

Okayama Prefecture: Co-sponsorship of special museum exhibit

Wakayama Prefecture: Support for campaign to attract visitors

Kochi Prefecture: Mascot for House of Councillors election

Kochi Prefecture: Mascot for gubernatorial election

Miyagi Prefecture: Mascot for gubernatorial election

Ibaraki Prefecture: Co-sponsorship of special museum exhibit

Saitama Prefecture: Co-sponsorship of special museum exhibit

Kofu, Yamanashi Prefecture: Conclusion of comprehensive partnership agreement

2020: Kofu, Yamanashi Prefecture: Stamp rally

Ueda, Nagano Prefecture: Support for tourism event

Hamamatsu, Shizuoka Prefecture: Support for tourism promotion

Okazaki, Aichi Prefecture: Support for tourism promotion

2020: Osaka Prefecture Mascot for employment support event

Osaka Prefecture: Mascot for vehicle-related damage and theft prevention

Use in recruitment ads for cybercrime investigators

2020: Fukushima Prefecture Mascot for Tamura Police Station traffic safety awareness campaign
Production of original collaborative merchandise, including posters and reflectors

2020: Fukushima Prefecture Plastic file folders for traffic safety awareness in Tamura area

2020: Osaka Prefecture Mascot for Cybercrime prevention
Production of posters and display of original collaborative videos on digital signs in train stations

Relationship with Employees

Promoting Healthy Relationships with Games

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

Games are a relatively new cultural phenomenon with little academic research, and discussions tend to focus on the detrimental effects rather than the educational aspects. Recently, recognition by WHO of gaming disorder made headlines as did the establishment of the Kagawa Prefectural Ordinance on Countermeasures for Addiction to Internet and Computer Games. However, video game creator is a popular future career choice among children, and programming and other such lessons will be made compulsory in Japanese elementary schools starting in 2020. Many private sector efforts are also underway, including opening programming academies for youth. Considering these developments, it is reasonable to expect that the number of children hoping to become game creators will increase. Additionally, smartphone use rates among young people—53.1% of elementary school students and 79.3% of junior high school students—are rising each year. Smartphone games are also gaining popularity and children are growing more familiar with games.

Given this, with a desire to promote social understanding of games, we accept visits to our offices from primarily elementary and junior high school students and conduct on-site classes at schools to promote sustainable economic growth and social development. Class programs have three sessions: Career Education introduces the work done in a game company and its challenges and rewards; Game Literacy Education helps students use their judgement to build a healthy relationship with games; and CAPCOM: Work × Mathematics shows students how mathematics—typically not a favorite subject—is used in work. These programs have been well-received with schools, and Capcom is incorporating educators’ feedback to improve them. In addition, based on prior feedback expressed by educators we launched an online program starting in fiscal 2021, which also allows us to hold classes smoothly even during the COVID-19 pandemic. We will continue to launch new initiatives to enable us to respond flexibly over a wider geographical area than before.

Altogether, Capcom has welcomed 3,355 children as part of 403 different field trips to its offices (as of March 31, 2021). Capcom has also held 174 on-site classes for 15,726 students (as of March 31, 2021) at schools such as the one held at Miharu Junior High School in Fukushima Prefecture in November 2020.

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

- Listening to the stories of people who do the work, such as programmers and sound creators, and observing their enthusiasm made me want to be like them when I start working in the future. (Elementary school student)
- Because it came from a game creator rather than a teacher, the lesson of how to make and interact with games really resonated with the children. (Elementary school teacher)
- (The students) seemed to recognize that they themselves were consumers and realize that on the other side of the games there are efforts being made by the game creators. (Junior high school teacher)

Promotion of Diversity

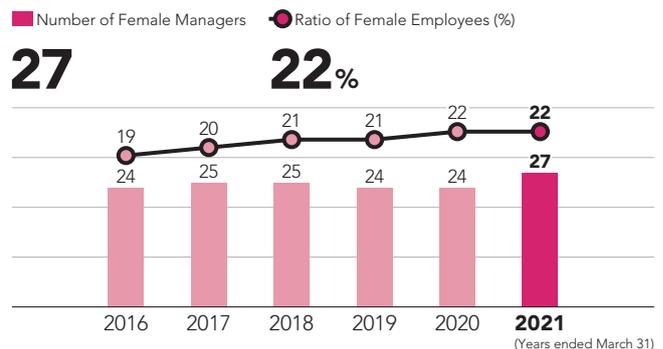
Initiatives aimed at promoting the improvement of the work environment for women and proactively hiring non-Japanese

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

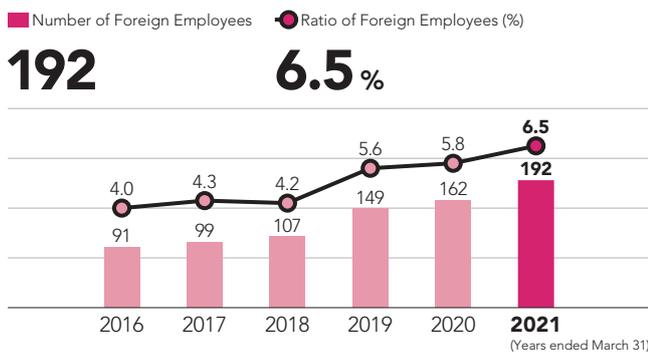
In terms of providing an environment that facilitates women, we introduced systems enabling women to take a leave of absence before and after giving birth, childcare leave and shortened working hours, and promote their use throughout the Company. In fiscal 2020, 34 employees took childcare leave, 17 of whom were men, and 100% of eligible women took childcare leave (fiscal 2019: 23 employees, 10 of whom were men and 100% of eligible women took leave). A high percentage of women returned to work afterwards: 31 (96.9%) returned in fiscal 2020 (fiscal 2019: 27 (100%) returned). As a result, despite it being said that Japan’s gaming industry is generally dominated by men, women account for roughly 22% of Capcom’s workforce, and 27 (10.3%) of Capcom’s managers are women. In accordance with the execution of the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women’s Participation and Advancement in the Workplace, in 2019 we formulated the General Employer Action Plan, which seeks to achieve two things: (1) developing a personnel system that contributes to diversity in work styles, and (2) having women comprise at least 15% of managers by the end of fiscal 2024. 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.

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 192 non-Japanese workers (representing 6.5% 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.

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



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



Comments from a female employee

Alicia Kim

Senior Director
Communications
Capcom U.S.A., Inc.



I oversee the North/South American PR, social/community, and customer service teams, which are responsible for communications including those with media, fans and customers. I myself am a big fan of Capcom's games which makes it even more rewarding to see the recognition and reputation of our brands grow through our hard work. During the COVID-19 pandemic, there were restrictions in place preventing us from having regular face-to-face interactions with others including colleagues, media partners and player communities. However, by adapting our approach to use digital tools and strategies, we were able to find new ways to achieve our goals in an effective manner. As a manager, I endeavor to lead in such a way that allows team members to demonstrate their full potential by fostering a supportive atmosphere and collaborative culture.

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 giving creators 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 2015 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 managing their health.

Fulfilling employee potential in a cutting-edge environment

The biggest thing when it comes to motivating developers working in a creative field such as games is access to an environment that allows them to bring their ideas to life. 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 vision.

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, desiring to provide an environment in which employees can raise their children with peace of mind while remaining employed over the long term. We operate Capcom Juku 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, 2021, the school takes care of 19 children a month and accepts as many as 18 temporary pupils a month.

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.