

CSR Activities (Corporate Social Responsibility)



Company Visits for Children and On-Site Classes at Schools

Why We Began Our Educational Support Programs as a Game Company

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 of violent content. For example, some local municipalities have designated certain games to be harmful to the healthy development of young people.

At the same time, the idea of a “future career” as a video game creator is very popular among children, and some schools have even begun to incorporate handheld video game consoles into the classroom in recent years.

Given this situation, and in recognition of the fact that some Capcom games contain intense imagery, we believe it necessary to proactively engage in eliminating concerns regarding the healthy development of young people. To fulfill our corporate social responsibility (CSR) as a game maker, Capcom provides instruction on the appropriate way to interact with games. And since 2005 has conducted educational support activities targeting elementary and middle school students to assist career development.

Initial Program

Since January 2005, Capcom has supported company visits, welcoming elementary and middle schools with an interest in touring Capcom while on school trips or as part of their integrated learning activities. In 2007, we began dispatching instructors to schools to conduct on-site classes. Programs utilizing these initiatives go

beyond instructor lecturing by incorporating the abundant use of video to stimulate the interest of participants. For example, during “career education” we provide video of rarely seen development activities to give children a concrete image of development work that previously they could only imagine. “The literacy education” portion is persuasive in its use of video in which experts discuss topics like “Why do people get addicted to video games?” and provide What to watch out for when playing games.

New Programs for the Current Generation

Having received a variety of feedback from educational institutions since launching these initiatives in 2005, we created two new specialized programs reflecting these opinions in addition to the career education program already in use to bring the total number of programs up to three.

In line with new educational guidelines implemented in 2011, the first program eliminates the literacy segment of the on-site classes and expands the career education segment. In addition to introducing localizers who translate and arrange games for overseas markets, game salespeople, finance staff who manage the company’s money and a variety of occupations other than game developers, we ask students to think about (1) what job they want to do, (2) the reason they want to do it and (3) what skills they will need, then provide them with time to announce their decision to the rest of the class.

The second program is called “Capcom Work x Mathematics”. Since 2012, there is a growing concern regarding children’s deteriorating arithmetic skills. In April 2013, we launched the development of a new career education program using arithmetic



On-Site Classes

(Fiscal year ended
March 31, 2015)



Hyogo

Support organizations: **1**

Fukuoka

Junior Chamber: **1**

Osaka

Middle schools: **5**

Elementary schools: **2**

Special support schools: **2**

Tokyo

District committees: **1**

Middle schools: **3**

Chiba

Middle schools: **3**

Elementary schools: **3**

Kagoshima

Elementary schools: **1**

Ehime

Middle schools: **1**

Okayama

Middle schools: **1**

Kanagawa

Elementary schools: **1**



and mathematics to strengthen the children's foundation in "monozukuri" (manufacturing). Beyond introducing future careers, this program allows children to learn the degree to which proportions, equations, combinations and other aspects of arithmetic and mathematics are used in the workplace, enabling students to understand the link between what they are learning in the classroom and their future jobs.

We also distribute the "The Encyclopedia of Work and Mathematics" as a supplemental educational material, which contains interviews with developers and introduces concepts not covered in the classroom to learn at home.

Upcoming Challenges

2015 marks the 11th year since Capcom launched education support activities in 2005.

Initially, on-site classes were conducted at elementary and middle schools. At present, we are expanding the scope of on-site class activities to organizations other than educational institutions, including reform schools, temporary housing in disaster-stricken areas and regional municipalities.

However, compared to 10 years ago when these activities began, the environment surrounding children is undergoing tremendous change. This means the appeal of games and the way people interact with games are also changing. Thus, to continue using games to communicate the importance of work and the proper way to interact with games, Capcom will promote activities enabling an even greater response to educational needs based on advice from university education specialists as well as feedback from schools.

Capcom School Visit Feedback

We received a wide range of comments after our Capcom school visits and student company visits.

- From now on, I will play games on some days, but not others, and set a time limit on how long I play. (Elementary school student)
- Capcom provided very detailed information, such as the meaning of the icons on the game packages, which was very useful. The presentation gave me a lot to think about as a parent regarding raising children and video games. (Parent of elementary school student)
- I thought everyone who works at a game company was a creator, so I was surprised to learn about promotion and lots of other jobs. (Middle school student)
- The presentation helped me develop a love for mathematics. (Middle school student)
- The idea of keeping a journal and noting motivation before class was good. I also applaud Capcom for pointing out the negative aspects of playing games for an extended period of time. (Middle school teacher)
- The students really got the important points regarding work, which I hope they make use of in the future. However, I wish they would provide more data and detailed explanations regarding the adverse effects of playing games for long periods of time. (Middle school teacher)

Capcom is focusing efforts on ESG initiatives to realize mutual benefits with stakeholders and the general public. Specifically, we promote CSR activities contributing to the social good through our business.

Environmental CSR Initiatives

Digital Content software development and sales account for more than 70% of Capcom's consolidated net sales, thus our environmental impact is low compared to typical product manufacturers. Our main environmental impact comes from office work and product distribution, areas in which we strive to conserve energy.

New Building Innovations

10% Reduction in CO₂ Emissions Throughout the Entire Building

The new "Capcom Technical Center", which began operation in fiscal 2015, utilizes the energy-conserving equipment indicated below. As a result, we expect to reduce CO₂ emissions by approximately 10%* throughout the entire building.

Energy-Conserving Effect of New Building Equipment*

- (1) Exterior thermal insulation: 5% reduction
- (2) LED lighting: 40% reduction
- (3) Human/daylight sensors: 20% reduction
- (4) Air conditioning/heating monitors: 30% reduction

Note: Assumes energy consumption of 100% without introduction of this equipment.

Innovations in Amusement Equipments

Efficient Use of Pachislo Frame Materials

Part of the frame used for the Pachislo machine "Sengoku BASARA 3", released in fiscal 2014, incorporated material from previous frames, employing an assembly method minimizing frame replacement parts.

This enables us to reduce waste materials and conserve resources.

Innovations in Product Distribution

Sharing Distribution Networks with Other Companies in the Same Industry

Sharing distribution networks with other companies in the same industries when shipping products enables the efficient supply of products. As a result, we are able to realize reductions in packing materials, fuel and emissions.

Paperless Instruction Manuals

Older game consoles included a printed instruction manual inside the package, but with current game consoles, manuals are now included as data within the software in an attempt to save paper. This enables us to eliminate approximately 7 million game units' worth of paper shipped annually.

The Social Dimension of CSR Activities

Promoting Employee Diversity

Initiatives Aimed at Improving the Work Environment for Women, Promoting Gender Equality and Proactively Hiring Foreigners

Capcom is currently engaged in initiatives aimed at improving the work environment for women, promoting gender equality and proactively hiring foreigners.

In terms of improving the work environment for women, we introduced systems enabling women to take a leave of absence before/after giving birth, childcare leave and shortened working hours, which are promoted throughout the company. In fiscal 2014, 21 employees utilized the childcare leave system, of which five were men. Utilization rate among women was 100% (in fiscal 2013, 18 employees utilized this system, of which three were men and the utilization rate among women was 100%). The return rate after childcare leave was also high. In fiscal 2014, 17 employees returned to the workplace. Excluding those on vacation, 94.4% returned (in fiscal 2013, 14 employees returned, a return rate of 100%). As a result, in the Japanese game industry, known for being a male-dominated industry, nearly 20% of Capcom's developers are women, and we have 20 female managers (representing 9.7% of managers overall). To further increase the proactive involvement of women, we are considering the addition of a daycare facility to the R&D building in 2016. In recognition of Capcom's efforts toward improving the workplace environment for women, since 2012 we have earned the "Kurumin" mark, the symbol of a "company supporting childcare", from the Ministry of Health, Labor and Welfare.

Ratio of Female Employees and Number of Female Managers (Tabulation range: Non-consolidated basis)



"Kurumin" mark



In terms of the proactive employment of foreigners, Capcom is making efforts to strengthen overseas development capabilities including hiring programmers from areas such as Dalian, China. We currently employ 69 foreigners (representing 3.4% of our employees). Going forward, we will create a system for improving motivation in an attempt to increase the ratio of foreign employees, including the support for career advancement and the promotion of foreign managers.

Enhancing Employee Skills

Level-Based and Non-Regular Training

To provide career paths and improve the work environment, Capcom

provides the following level-based skills enhancement training opportunities.

Major Training Programs

| | |
|--------------------------|---|
| Early Career (Years 1-3) | <ul style="list-style-type: none"> • Training for new hires • Follow-up Training (Years 1 & 3) • Mentoring Program |
| Mid-Career | Leadership Training |
| Others | <ul style="list-style-type: none"> • English Instruction • Mental Healthcare • Management by Objectives (MBO) |

Corporate Governance and CSR

Action Criteria and Compliance-Related Employee Education

The “Capcom Code of Conduct” calls for “free competition and fair trade”, “respect for human rights and individuality and the prohibition of discrimination” and “environmental conservation and protection”. To ensure a concrete understanding of these concepts, we created the “Capcom Group Code of Conduct Handbook”, which is distributed to all employees and contains illustrated case studies presented in an easily understandable Q&A format.

We also make use of the company intranet to provide “e-learning sessions on legal compliance” and disseminate “personal information protection rules” to all employees.

Action criteria and compliance are the lynchpin of corporate governance and the foundation upon which we fulfill CSR. Capcom will continue to instill this understanding in all its officers and employees.



Capcom Group Code of Conduct Handbook

Ensuring Employee Health

Monthly Health and Safety Committee Meetings

Monthly Health and Safety Committee meetings include the attendance of an employee representative, an observer and a company representative.

At these meetings, the results of hours worked are analyzed in terms of overtime and workload appropriateness, causal factors and improvement policies are discussed and occupational injuries and workplace environment conditions are reported to the committee to promote the creation of a “comfortable working environment”. Attention is also focused on prevalent illnesses and ailments common among game creators, with public health and industrial doctors regularly invited to perform physical exams and reexaminations to ascertain employee health conditions.

These activities have resulted in a steady increase in the number of employees submitting medical certificates for physical examinations and reexaminations each year.

For the Healthy Development of Young People

Compliance with the CERO Rating System and Independent Public Relations Activities

NPO Computer Entertainment Rating Organization (CERO) was created to provide age-appropriate ratings for video games. Capcom complies with the CERO rating system and rules in addition to

developing independent public relations activities.

The video game industry voluntarily restricts game content and sales methods to limit access to sexual and violent content for the healthy development of young people. Age ratings on game packaging provides purchasers with information pertaining to the age appropriateness of game content, classified into one of five categories: All ages (category A), 12 years or older (category B), 15 years or older (category C), 17 years or older (category D) and restricted to 18 years or older (category Z). CERO members voluntarily prohibit sales of category Z games to users under 18 years old, with 99.6%* of retailers separating game displays by ratings category and checking purchaser identification to confirm age.

In addition, the latest 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.

The industry is making a concerted effort to promote the adoption of this ratings system and improve its efficacy. Capcom has made an effort to promote a greater understanding of this ratings system through detailed explanations in the educational comic “The Secrets of Video Games”, which was distributed to elementary schools and libraries across Japan and used during student visits to the company and on-site classes.

* From the results of “The 4th CERO Age-Based Ratings System Field Survey”

Contributing to Regional Developments

Using Popular Games to Attract Customers and Raise Awareness

Capcom also engages in CSR activities using popular content to support regional invigoration activities and improve public safety.

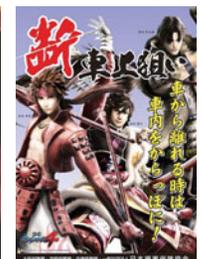
In 2014, Capcom partnered with police departments in Osaka, Kyoto and Hyogo Prefectures, using “Sengoku BASARA” to raise awareness and aid prevention of vehicle-related thefts. The display of 10,000 posters and distribution of 250,000 leaflets improved conditions in Osaka, Japan’s car theft capital. Efforts were also made to reduce the incidence of vandalism in Kyoto and Hyogo Prefectures.

Characters from this series were also used for regional invigoration and the promotion of tourism in Kofu, Yamanashi Prefecture. To this end, the city of Kofu signed a regional invigoration and inclusion agreement with Capcom. In 2019, Kofu will celebrate 500 years since its founding and plans to hold a variety of events in which Capcom will participate. Furthermore, in 2015, Capcom cosponsored a special exhibit of famous warlord weapons and armor that included an appearance by “Sengoku BASARA” at the Saitama Prefectural Museum of History and Folklore to support cultural and historical awareness.

Going forward, Capcom will continue using games to contribute to regional invigoration and improved public safety as a good corporate citizen.



“500 Years x Sengoku BASARA” poster



“Vehicle-related theft” damage prevention awareness poster