



Dreams, Fun and Inspiration

BANDAI NAMCO Group
CSR Report 2008



CONTENTS

The BANDAI NAMCO Group Corporate Philosophy	01
NAMCO BANDAI Holdings Corporate Data	02
The BANDAI NAMCO Group Business Portfolio	03
Message from the President	06
Feature Story on China	08

CSR Management

1 The BANDAI NAMCO Group's CSR Initiatives	18
2 Corporate Governance	19
3 Internal Control	20
4 Commitment to Compliance	21
5 Risk Management	23

Safety, Quality, and Universal Design

1 Quality Management for Safety and Product Development	24
2 Initiatives for Universal Design	28

Environmental Conservation

1 Environmental Management	30
2 Enlightenment Activities for Employees	31
3 Anti-Global Warming Measures	34
4 Development and Marketing of Environment-Friendly Products	36
5 Reducing Waste and Recycling Resources	40
6 Establishing a Recycling System	43
7 Reducing the Environmental Impact of Logistics	44
8 Environmental Communication	46

Cultural & Social Contributions

1 Social Contribution	52
2 Contribution to Culture and Society	53
3 Regional Contributions	57
4 For the Welfare of Children	59

Enhancing Corporate Value

1 Building Excitement and a Sense of Fulfillment in the Workplace	62
2 Career Advancement Support	64

Third-Party Opinions	66
References between this Report and GRI Guideline Indicators	68
Postscript	69

Editing Policy

In *BANDAI NAMCO Group CSR Report 2008*, the activities that the Group is conducting to fulfill its corporate social responsibility (CSR) are described in an easy-to-understand manner, giving specific numerical values.

This report is the second CSR report for the Group, and as one of its features, the report introduces the activities of the BANDAI NAMCO Group in China, which is now attracting the attention of the international community for its quality and safety achievements. Also, to make the report easier to read, we have adopted a universal design font for the text of the report. We hope that this report will give our readers a deeper understanding of the BANDAI NAMCO Group.

Period Covered


This report presents actual data for fiscal 2007 (From April 1, 2007 to March 31, 2008) and also covers some activities that were begun in fiscal 2008.

Organizations Covered

This report covers the consolidated domestic companies of the Group listed on p.04 and 05, but excluding equity method affiliates.

Guidelines Referred to

Environmental Reporting Guidelines (Fiscal 2007 Version)
The 2006 Sustainability Reporting Guidelines



The BANDAI NAMCO Group Corporate Philosophy

This Group Corporate Philosophy acts as the foundation for the Group's decision-making processes and a source of inspiration for every Group employee. In short, it represents the fundamental policy underpinning all the Group's activities. The Group Corporate Philosophy encompasses all the separate corporate philosophies formulated by individual companies in the BANDAI NAMCO Group.

Anchored by this corporate philosophy, the BANDAI NAMCO Group respects the independence and autonomy of every affiliated company, aiming to boost the corporate value of the entire Group by maximizing the creativity of these companies and generating new synergies.

The BANDAI NAMCO Mission Statement

Dreams, Fun and Inspiration

BANDAI NAMCO will continue to provide Dreams, Fun and Inspiration to people around the world through entertainment based on creativity and boundless enthusiasm.

BANDAI NAMCO believes that:

Dreams, Fun and Inspiration are the Key to Happiness

The meaning of Dreams, Fun and Inspiration will essentially change over time, but BANDAI NAMCO holds one unshakable belief: that Dreams, Fun and Inspiration will always hold the key to happiness.

BANDAI NAMCO's basic ethos is defined by:

More Passion, More Innovation, More Perceptive

- Unparalleled curiosity and boundless enthusiasm
- Abundant creativity unrestrained by the status quo
- Open to people's needs and satisfaction from giving inspiration

Our Vision

To become the World's Most Inspiring Entertainment Group

The BANDAI NAMCO Group will constantly strive to be a pioneer, aiming to deepen and widen the appeal of entertainment and winning the hearts of people worldwide who enjoy having fun. Our ultimate goal is to become the World's Most Inspiring Entertainment Group.

The BANDAI NAMCO Group symbol will be used widely by NAMCO BANDAI Holdings Inc. and its affiliated companies, acting as the visual icon for the entire Group.



Brand Concept

Fusion and Evolution

Like a newly energized life form, Bandai and NAMCO will organically integrate and fuse, constantly evolving to generate unparalleled Dreams, Fun and Inspiration—a concept represented in the BANDAI NAMCO Group symbol.

Group Symbol Color

Red, orange and yellow

Our passion and unbridled approach to entertainment is expressed by the layered red, orange and yellow colors in the Group symbol.

NAMCO BANDAI Holdings Corporate Data

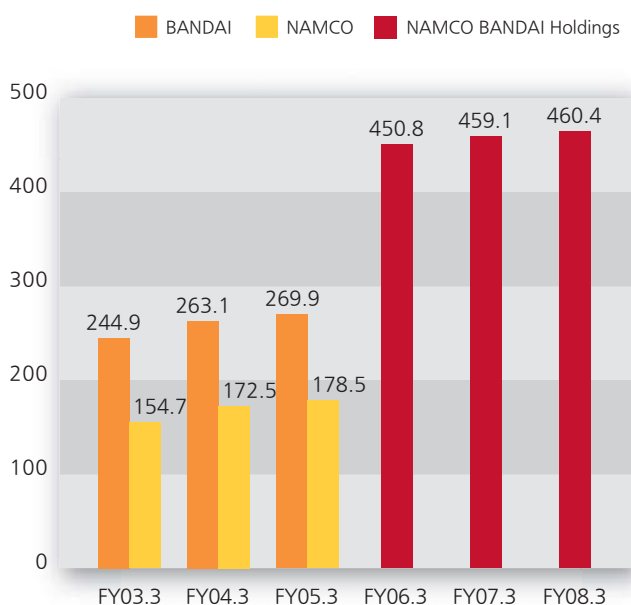
Corporate Data

Corporate Name	NAMCO BANDAI Holdings Inc.
Head Office	9th Floor, Taiyo Seimei Shinagawa Building, 2-16-2, Konan, Minato-ku, Tokyo 108-0075, Japan
Capital	¥10 Billion
Main Business	Planning and execution of medium- and long-term management strategies for the BANDAI NAMCO Group; provision of support for business strategy implementation by Group companies and management of business activities.
Number of Employees	6,948 people
Number of Consolidated Subsidiaries (Including equity method subsidiaries)	62 companies

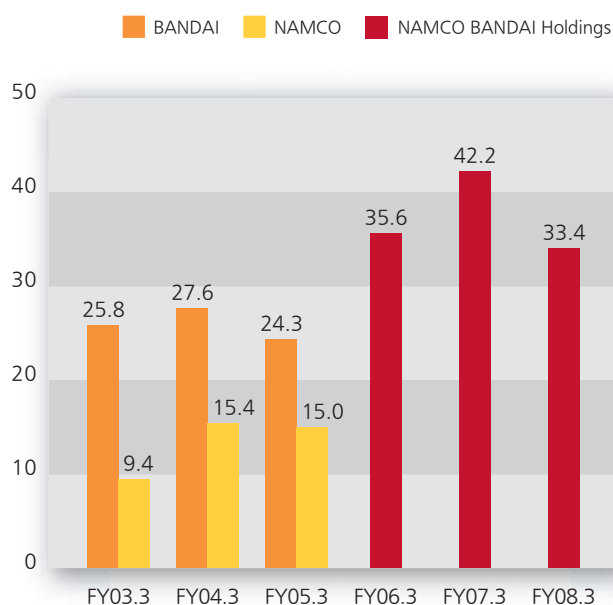
*As of March 31, 2008

Consolidated Financial Data

● Net Sales (Unit: Billions of yen)



● Operating Income (Unit: Billions of yen)



*Figures for FY03.3 to FY05.3 are the consolidated figures for BANDAI and NAMCO prior to the management integration.

The BANDAI NAMCO Group Business Portfolio

The BANDAI NAMCO Group comprises five Strategic Business Units (SBUs) and the affiliated business companies, which support the work of the SBUs. The SBUs, which encompass the operating companies in each field, formulate and implement operating strategies and provide a diverse range of entertainment in Japan and overseas.

The BANDAI NAMCO Group is developing businesses in a wide range of entertainment fields. We have established a holding company, which we believe is the ideal organizational structure for making use of the originality of the brands in each of our fields while fully leveraging Group synergies.

In formulating and implementing operating strategies for Japan and overseas, a central role is played by our five Strategic Business Units (SBUs)—Toys and Hobby, Amusement Facility, Game Contents, Network, and Visual and Music Content—which encompass the operating companies in each field. In addition, we have clarified the lines of responsibility and authority. At the same time, the Affiliated Business Companies provides support for the operations of each SBU.

Strategic Business Units (SBUs)



The key objectives of the management integration into the BANDAI NAMCO Group were to focus the strengths of Bandai and NAMCO, to further enhance the breadth and depth of our business activities in the entertainment industry, which is marked by intense change and competition, and to maximize the enterprise value of the Group. The management integration has allowed us, as an entertainment group, to operate in a wide range of fields—such as toys, amusement facilities, arcade game machines, game software for home video game consoles, network services, and visual software—in the global market. We will aim to secure stable growth and to leverage Group synergies that make full use of these operational fields.

Toys and Hobby SBU

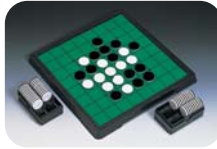
Constantly strive to create unique value for customers

We are working to further advance character merchandising, one of the Group's strengths, and constantly striving to create unique value for customers. In the domestic market, we are broadening our target customer groups and are moving beyond our previous focus on toys by advancing into new fields. In overseas markets, we are aggressively expanding our operations. Moreover, to implement a range of strategies more rapidly, we are aggressively building strategic relationships with external partners.



Engine Gattai Series DX Engine Oh
Bandai Co., Ltd.

These products have remained popular among children for more than 30 years.



Official Othello
Megahouse Corporation

35 years after its launch, the game still remains popular around the world.



Yeah! Family Iroi! Tamagotchi Plus
Bandai Co., Ltd.

The *Tamagotchi Plus* series, which was brought back in 2004.



My First Seika Hasami Asobi/Hajimeteno Hasami
Seika Co., Ltd.

Seika offers a range of stationery from entertainment stationery to school goods.

Main Group Companies

Bandai Co., Ltd.
Seeds Co., Ltd.
BANDAI S.A.
BANDAI ASIA CO., LTD.
BANDAI (SHENZHEN) CO., LTD.

Megahouse Corporation
Plex Co., Ltd.
BANDAI U.K. LTD.
BANDAI INDUSTRIAL CO., LTD.

Seika Co., Ltd.
People Co., Ltd.*
BANDAI ESPAÑA S.A.
BANDAI KOREA CO., LTD.

CCP Co., Ltd.
Bandai America Incorporated
BANDAI (H.K.) CO., LTD.
CREATIVE B WORKS CO., LTD.

Amusement Facility SBU

Leverage Group synergies and provide comfortable and fun facilities that can be enjoyed by large numbers of people

Drawing on distinctive BANDAI NAMCO Group strengths, such as Group synergies, we are providing highly original facilities and high value added services that can be enjoyed by customers of all ages. At the same time, we will increase profitability by improving our cost structure in development and operations. Overseas, we will work to reinforce our profit foundation in accordance with regional characteristics.



NAMCO NAMJATOWN
NAMCO LIMITED

One of the largest indoor theme parks in Japan, featuring a wide range of attractions.



Kochira Katsushika-ku Kameari Kouen-mae Hashutsusho Kochikame Game Park
Banpresto Co., Ltd.
Managed by Pleasure Cast Co., Ltd.

This character amusement facility enables customers to experience the world view of *Kochikame*.



NAMCO WONDER PARK HERO'S BASE
NAMCO LIMITED

The appealing entertainment facilities integrate amusement and characters.



Asakusa Hanayashiki
Hanayashiki Co., Ltd.

The old park, which was opened in downtown Asakusa in 1853 has been operated by Hanayashiki Co., Ltd. since 2004.

Main Group Companies

NAMCO LIMITED
NAMCO CYBERTAINMENT INC.
SHANGHAI NAMCO LTD.*

Pleasure Cast Co., Ltd.
NAMCO OPERATIONS EUROPE LTD.

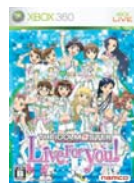
Hanayashiki Co., Ltd.
NAMCO OPERATIONS SPAIN S.L.

NAMCO SPA RESORT LTD.
NAMCO ENTERPRISES ASIA LTD.

Game Contents SBU

NAMCO BANDAI Games aiming to become the world's premier quality game maker

To continually provide games that are fun, enjoyable, and satisfying, we are building a flexible development system by sharing know-how and technologies in the development of game software for home video game machines, arcade game machines, and mobile content. Through these types of initiatives and efforts to increase efficiency, we are working to create a title lineup that is balanced among platforms, and rapidly accommodates changing customer needs.



Idle Master Live for You! (Software for Xbox 360)
NAMCO BANDAI Games Inc.

This idol production game, which was originally an arcade game, is now in its second version as software for home video game consoles.



Family Trainer (Software for wii)
NAMCO BANDAI Games Inc.

This virtual athletic game helps you make up for lack of physical exercise using only a small space less than one square meter.



Umimonogatari Lucky Marine Theater (Medal game machine for arcade)
NAMCO BANDAI Games Inc.

The *Umimonogatari* ("sea story") series was launched for medal game machines with the same image as the original *Umimonogatari* series for pinball games.



Kapibara-san Super DX Nuigurumi-Ryama-san-to-Isshō (Prizes for amusement machines)
Banpresto Co., Ltd.

These original character goods are used as prizes for amusement machines.

Main Group Companies

NAMCO BANDAI Games Inc.
Banpresto Co., Ltd.
NAMCO BANDAI Games America Inc.
NAMCO EUROPE LTD.

Banpresto Co., Ltd.
NAMCO TALES STUDIO LTD.
NAMCO AMERICA INC.
NAMCO BANDAI Networks Europe LTD.

Bec Co., Ltd.
NAMCO TRADING LTD.
NAMCO NETWORKS AMERICA INC.

Banpresto Sales Co., Ltd.
BANPRESTO(H.K.) LTD.
NAMCO BANDAI Games Europe S.A.S.

Network SBU

Striving to make a leap forward to become a comprehensive network company

To be a content provider that is well regarded by many customers, we are continually implementing initiatives from the customer's viewpoint and cultivating our original capabilities in such areas as content, technologies, proposals and operations. We are reevaluating content and improving our business model. Through selection and concentration, we will bolster our earnings base and open up new fields of business.



Mobile Suit Gundam Net Battle
(Game for mobile phones)
Bandai Networks Co., Ltd.

Mobile content including advanced graphics and entertainment value.



Anime.Mobi
(Animation for mobile phones)

Bandai Networks Co., Ltd.

We are providing mobile animation content that draws on the advancing capabilities of mobile phones.



askU.com
(Restaurant information website for PCs and mobile phones)
Bandai Networks Co., Ltd.

This user-participation information service site is operated for PCs and mobile phones.



Camera-de-Kensaku! ER Search

Bandai Networks Co., Ltd.

A variety of technologies is offered for mobile phones.

Main Group Companies

Bandai Networks CO., LTD.

VIBE Inc.

Visual and Music Content SBU

Striving to become a comprehensive production company

By integrating music and printed content with visual content, we will work to create value with new content. At the same time, we are making wide-ranging use of not just packaged media but also network media, such as the Internet and mobile phones. By combining content and media in more advanced ways, we will further expand our operational fields.



Mobile Suit Gundam 00
Sunrise Inc.,
Bandai Visual Co., Ltd.,
and Bandai Channel Co., Ltd.

The animation series continues to attract new fans even today, more than 30 years since the launch.



Keroro Gunso Series

Sunrise Inc.,
Bandai Visual Co., Ltd.,
and Bandai Channel Co., Ltd.

This series is supported by a wide range of fans, from small children to adults.



Yamazakura
Bandai Visual Co., Ltd.

This period film was based on a short story by Shuhei Fujisawa.



No Border (JAM Project)
Lantis Co., Ltd.

This is an original theme song by JAM Project, a top animation song group.

Main Group Companies

Bandai Visual Co., Ltd.
EMOTION CO., LTD.
BEEZ ENTERTAINMENT S.A.S.

Sunrise Inc.
ANIME CHANNEL Co., Ltd.

Bandai Channel Co., Ltd.
Sunrise Music Publishing, Co., Ltd.

Lantis Co., Ltd.
BANDAI ENTERTAINMENT INC.

Affiliated Business Companies

The affiliated business companies have a range of capabilities that enable them to support the SBUs. By using economies of scale to increase efficiency and reduce costs, the affiliated business companies will provide wide-ranging support to bolster the BANDAI NAMCO Group's comprehensive strengths.



BANDAI LOGIPAL INC.
LOGIPAL EXPRESS INC.

These companies focus not only on high-quality, efficient distribution but also on seamless international services, safety, and environmental issues.



NAMCO BANDAI Will

This special subsidiary employs individuals with disabilities and provides cleaning and landscaping services to Group work sites.



Artpresto Co., Ltd.

Printing, design, and web services are a key focus of development efforts by Artpresto.



NAMCO ECOLOTECH LTD.

This company develops a range of environment-friendly products, such as recycled resins and antibacterial hand towels.

Main Group Companies

BANDAI LOGIPAL INC.
NAMCO ECOLOTECH LTD.
Italian Tomato Ltd.*

LOGIPAL EXPRESS INC.
Happinet Corporation*

NAMCO BANDAI Business Services Inc.
Sunlink Co., Ltd.*

Artpresto Co., Ltd.
Sotsu Co., Ltd.*

*Equity method subsidiaries; company names as of June 30, 2008

In fiscal 2008, the BANDAI NAMCO Group will provide "Dreams, Fun and Inspiration" to people, in its CSR activities focusing on the keyword "Pure."

The BANDAI NAMCO Group aims to become the world's most inspiring entertainment group, and to this end, the Group is promoting its business in a range of entertainment fields capitalizing on the uniqueness and synergies of the Group companies. At the same time, we are more clearly recognizing that the social responsibilities that we should fulfill are increasing.

Looking back on fiscal 2007, *Earth Capsule Konchu Saishu*, which is a capsulated toy insect made by Bandai using biomass chips, received the prize from the Minister of Agriculture, Forestry and Fisheries at the 4th Eco-Products Awards. Also, the Funabashi office of LOGIPAL EXPRESS won the prize from the Chairman of the Environmental Restoration and Conservation Agency of Japan and six other offices of the company also received prizes at the Fiscal 2007 Eco-Drive Contest. I believe that these commendations were awarded to the Group in recognition of its steady environmental conservation efforts.

On the other hand, we recall the *Char MODEL portable DVD players BCHW-0001* sold by Bandai Visual, the *Futariha Precure* electric pencil sharpeners sold by Seika, and *Kantoku Shinchan* stuffed toys distributed at amusement facilities as game prizes by Pleasure Cast. We sincerely apologize for the worries and troubles caused to our customers and other stakeholders by these recalls. We are determined to further strengthen our quality control systems to prevent the recurrence of similar problems.

As long-term targets, the BANDAI NAMCO Group aims to increase its sales to one trillion yen, operating

income to 100 billion yen, and overseas sales ratio to 50%. For the Group to develop itself into an entity that is trusted deeply by society and that contributes more to society, it needs to expand its business size and further develop its business overseas. At the same time, all the members of the Group have to be aware of the Group's responsibilities as a corporate citizen.

In fiscal 2008, the Group will conduct its CSR activities across the Group focusing on the keyword "Pure," while respecting the corporate cultures cultivated by each Group company.

— Developing and Providing Products and Services with a "Pure" Mind

First of all, we will encourage all employees engaged in the development and provision of the Group's products and services to conduct their business operations with a "Pure" mind.

We will provide customers with "Pure" products and services. In other words, we will provide them with safe and sound products and services that customers can enjoy with ease of mind and that have a favorable influence on the education of children and for a sound society.

— Making Customers Feel "Pure"

We also think it necessary to develop and provide products and services that make users feel "Pure."

— Conducting "Pure" Business Activities
for the Global Environment

We need to assume social responsibility for our products and services even after they are sold to customers. We have to develop and provide "Pure" products that are environment-friendly throughout their lifecycles, not just while they are in use by customers.

— Encouraging Employees to Become
"Pure" Citizens

Moreover, employees of the BANDAI NAMCO Group will be encouraged to be "Pure" not only in their work but also in their private lives. They are expected to be citizens who comply with social norms and contribute to the development of society.

For the BANDAI NAMCO Group to steadily fulfill its social responsibilities, we will further strengthen our CSR-related systems, including enhancing the roles played by committees. We will share our values across the Group and continue to make concerted efforts to provide "Dreams, Fun and Inspiration" to people around the world.



A handwritten signature in black ink, consisting of stylized initials and a long horizontal stroke.

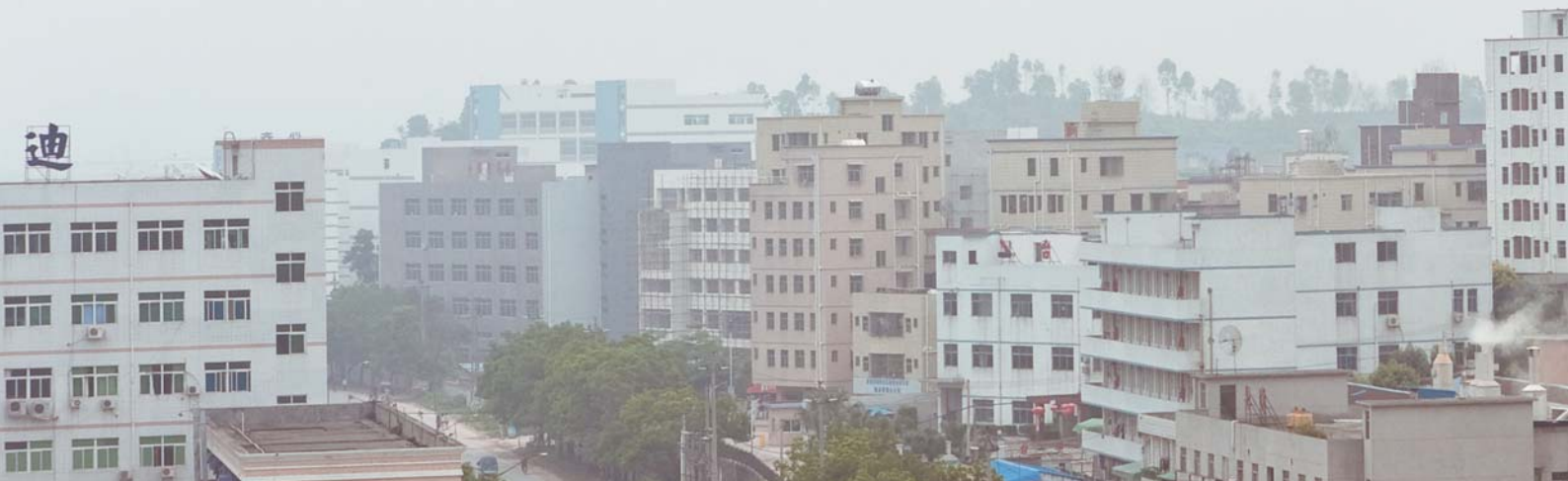
Takeo Takasu

President and Representative Director
NAMCO BANDAI Holdings Inc.

Further Increasing Customer Satisfaction by Establishing a Sound Supply Chain

The BANDAI NAMCO Group regards China as one of its important production bases and has been improving its supply chain in the country through drastic quality control, green procurement, and implementation of the Code of Conduct (C.O.C.) audits to ensure the supply of safe products to customers.

Moreover, we opened a large amusement facility in Hong Kong and are operating it from the viewpoint of customers. We are thus proactively promoting our sales in the country.





BANDAI TRADING (SHANGHAI) CO., LTD.
SHANGHAI NAMCO LTD.
BANDAI LOGIPAL (SHANGHAI) LTD.

Shanghai

Guangzhou

BANDAI (GUANGZHOU) CO., LTD.

Shenzhen

BANDAI (SHENZHEN) CO., LTD.

Hong Kong

BANDAI (H.K.) CO., LTD.
BANDAI ASIA CO., LTD.
NAMCO ENTERPRISES ASIA LTD.
BANPRESTO (H.K.) LTD.
BANDAI LOGIPAL (H.K.) LTD.



The BANDAI NAMCO Group donated three million yen via the Japanese Red Cross Society to the victims of the large earthquake that took place in Sichuan in June 2008. We express our sympathies and condolences to the victims of the earthquake and sincerely pray for their early recovery.

Feature Story on China

Opening of *WONDER PARK PLUS*, a Large Amusement Facility in Hong Kong

The BANDAI NAMCO Group opened *WONDER PARK PLUS* on the sixth floor of the World Trade Centre in Causeway Bay, which is located in the center of Hong Kong, in April 2008. In this large amusement facility operated in an environmentally conscious manner, customers are provided with careful services so that they can play the amusement machines safely and comfortably.



Entrance of *WONDER PARK PLUS*

Using the synergies of the BANDAI NAMCO Group

WONDER PARK PLUS is a large amusement center, which uses all the synergies of the BANDAI NAMCO Group. Approximately 200 commercial game machines, including *Mobile Suit Gundam Senjo No Kizuna* (first appearance overseas) are installed at the amusement center.

Visitors to the amusement center can enjoy watching the statues of *RX-78 Gundam* (the first *Gundam*), *CHAR'S ZAKU*, and *Mametchi* and *Memetchi* from *Tamagotchi*, the wall pictures from *Taiko No Tatsujin*, and various other displays featuring the Group's products. Staff members at the amusement center provide services to satisfy customers of all ages.

Asking customers to use the minimum number of bags



Racks for vinyl bags

At the amusement center, there are several racks from which customers can take free vinyl bags to put the dolls and other prizes they have won by playing games in. However, we have put up a notice asking them to use the minimum number of bags they require.

Inside the amusement center



Reusing GASHAPON™ capsules

At the amusement center, there are many automatic vending machines for GASHAPON capsulated toys, and we have installed special boxes to collect the used capsules. The capsules are then reused for crane game prizes. Capsules that are damaged or stained are also reused for display materials for the amusement center. This is one way that we are recycling resources at the facility.



Collection box installed at the amusement center

Capsules reused for prizes



Safety for younger children

WONDER PARK PLUS welcomes customers of all ages, including those visiting with their family members.

To ensure that younger children can enjoy themselves safely at the facility, we have attached protectors to the corners of display cases to prevent children from being injured if they hit their heads on the corners.



Protector attached to a corner of a display case

Ensuring safety at the amusement center

The power cords to the various machines installed in the amusement center all run along the ceiling to ensure that customers don't trip on a cord and fall over.

Guards are constantly patrolling the amusement center to ensure that no customers aged younger than 16 or wearing school uniforms enter the age limit zone, and they may ask

random customers to show their identification cards. Staff members at the facility also focus on safety so that customers can enjoy themselves free from anxiety.



Power cords run along the ceiling



Guard

comment



Bill Chan

Operations Manager
NAMCO ENTERPRISES
ASIA LTD.

As the operations manager of *WONDER PARK PLUS*, I am responsible for the design and planning of the amusement center, as well as for training and managing the members of staff.

During my work, I am always thinking about how to communicate the wonder of the BANDAI NAMCO Group's amusement center to people in Hong Kong. Local customer needs are somewhat different from customers in Japan and it gives me great satisfaction to plan and manage the amusement center in a way that suits the local culture and habits.

All staff members are committed to providing customers with the best services and an exciting time full of joys and dreams. We look forward to welcoming many visitors to *WONDER PARK PLUS*.

Feature Story on China

Establishing New Bases to Enhance the Toys and Hobby Business

The BANDAI NAMCO Group has established two new companies to strengthen its toys and hobby business, one in China and another in Singapore. BANDAI (SHENZHEN) CO., LTD. was established in April 2008 to take over the work of the Shenzhen office of BANDAI (H.K.) CO., LTD., which was responsible for production management and quality assurance for the company based in Hong Kong. From now on, we will further strengthen our production management and quality assurance systems for toys through the new company in mainland China.



Chinese factory where Bandai products are manufactured

Collecting information for quality assurance

Bandai's toys are sold throughout the world, including in Japan. BANDAI (SHENZHEN) CO., LTD. collects information about the enactment and revision of laws related to our products in the regions in which we operate, as well as about problems with products sold by the industry. It provides the information it collects to our in-house departments, Group companies, and the factories that Bandai commissions to manufacture its products. This ensures that the Group can always respond promptly to both international and local movements in the industry.



Giving instructions to workers

Enhancing the inspection system for hazardous substances

BANDAI (SHENZHEN) CO., LTD. has introduced a range of inspection machines, including an X-ray fluorescence spectrometer to check that no hazardous substances are contained in manufactured products. (See p. 24 for the X-ray fluorescence spectrometers held by the Group.) Using these machines, the company inspects both new and existing products to ensure that they do not contain hazardous substances and to confirm that they are safe.



Inspection machines installed at BANDAI (SHENZHEN) CO., LTD.
Upper left: Infrared-ray analyzer Upper right: Carton vibration tester
Lower left: X-ray fluorescence spectrometer
Lower right: Thermostatic chamber (for cycle testing)



Ensuring the health of inspectors

BANDAI (SHENZHEN) CO., LTD. has sufficient safety measures in place for the inspection machines installed at the company, but some machines give off radiation, and if inspectors are exposed to large doses of radiation, their health can be adversely affected.

To prevent this, the company has installed devices to measure the radiation level. The inspectors themselves carry devices to measure the radiation level to prevent any radiation-related incidents and to allow prompt responses in the event of a problem. In addition, each inspector visits the hospital once a month with their measuring device, where they undergo physical checks on their health. Employees who are pregnant are prohibited from entering rooms where inspection machines that give off radiation are installed.



Radiation measuring device



Measuring device worn around the neck of all inspectors

Improving the education of inspectors

BANDAI (SHENZHEN) CO., LTD. dispatches inspectors to the factories where Bandai products are manufactured, and they (57 inspectors at present) carry out product acceptance inspections at the factories.

To ensure that all inspections are carried out evenly at a high level at all times, the inspectors must pass qualification examinations twice a year in addition to daily efforts to improve their knowledge. Inspectors who do not produce satisfactory exam results have to attend supplementary seminars and retake the examination.



Inspectors Study Meeting

comment



Thomas Wong

Manager

Q.A. Section

USA & Europe Division

BANDAI (SHENZHEN) CO., LTD.

We are promoting quality control for both new and existing products and deal with problems in cooperation with the R&D department and the factory involved. In addition, we send information about standards for toys to Bandai bases across the world, analyzing any product recalls made in each country, and sharing the information we collect within the company.

By clarifying trends in product quality standards in each country, we are ready to respond appropriately even before the standards are actually implemented, something that I am very proud of. It sometimes takes a long time to analyze and evaluate products developed from new concepts and products that use new materials, but we feel great satisfaction when our products are released to the market and purchased by large numbers of customers.

Our aim is to continuously provide products that bring pleasure to people all over the world.

Feature Story on China

Promoting Green Procurement

NAMCO BANDAI Games carries out green procurement not only in Japan but also at all its production bases in the world, including China. Specifically, the company works to procure environment-friendly products, parts, and materials. At its bases in China, employees dispatched from Japan communicate closely with local staff to organize successful study meetings to introduce green procurement and to actually implement green procurement activities at the bases.



Factory where green procurement is carried out

In carrying out green procurement, NAMCO BANDAI Games often visits its suppliers to check the documentation on goods being procured by the company, and inspects and audits their production lines. In addition, the company has installed an X-ray fluorescence spectrometer in Shenzhen, China to check that there are no hazardous substances in the products being procured, enabling us to carry out local inspections on goods procured from suppliers in China.

NAMCO BANDAI Games will continue to communicate closely with its suppliers to make them more aware of the importance of carrying out company-wide green procurement activities.



Meeting at the factory

comment



Ken Sato

Quality Assurance
Department

Amusement Machine
Company

NAMCO BANDAI Games Inc.

I am in charge of green procurement that the company carries out in countries other than Japan. Many of our overseas factories are located in China, and I work to implement green procurement at these factories when I visit them from Japan. In working to implement green procurement, I realize the importance of communicating with local employees in charge of green procurement based on an understanding of local customs. In auditing the factories, I communicate with local staff in charge via interpreters, but on other occasions, I try to communicate directly with local employees. I am now earnestly studying Chinese to make this communication easier.

Interview with Suppliers

We interviewed suppliers who support NAMCO BANDAI Games in green procurement. The suppliers provide in-house education on green procurement and are strengthening their corporate structures by carrying out green procurement themselves.



Factory where green procurement is carried out



Supplier

Mr. Yang Chung-Po

President

WEE CHIN ELECTRIC MACHINERY CO., LTD.

We launched our own green procurement activities in August 2007 at the request of NAMCO BANDAI Games. In the past, we had no knowledge of green procurement, but as a result of introducing green procurement in cooperation with the staff of NAMCO BANDAI Games, we have been able to expand it to our suppliers as well.

At the introduction stage, we had many difficulties. For example, we decided to stop procuring certain parts from suppliers who were not at a satisfactory level in terms of product management, and instead to manufacture them ourselves. These experiences, however, have enabled us to build up relevant know-how.

Green procurement has helped employees change their way of thinking and now all our business sections have improved their performance levels. Also, the fact that we have high product management abilities as a result of green procurement now provides us with a key selling point.



Supplier

Mr. Jack Wei

Manager

Total Quality Management Dept.

TRY Computer Shenzhen Co., Ltd.

When we started green procurement, we had almost no experience of it. At present, however, we have a team of five employees who have been working with green procurement for three years or longer. This team is now leading the company with its knowledge on green procurement.

However, it is difficult for the company to ensure green procurement only by the activities of the team. We therefore educate all employees, including our office and factory workers to make them more aware of the importance of green procurement.

Our company has acquired ISO 14001 certification in response to a proposal by some employees. We are committed to taking voluntary action and improving our level in line with the relevant standards implemented in the EU and Japan.

Feature Story on China



Factory where green procurement is carried out



Supplier

**Mr. Mitsuo
Yamagami**

Operation-General Manager
AOYAGI NEKKEN DENSHI
(SHENZHEN) LTD.

We started full-scale green procurement in 2004, after preparing in 2003. We learned about green procurement for ourselves and also held study seminars for our suppliers. Green procurement standards differ for each supplier, and we procure products from suppliers who have the most severe environmental standards for their products.

Green procurement must be carried out by all employees, and we therefore educate new employees on green procurement in the seminars they attend immediately after they enter the company. Through green procurement, employees are becoming more aware of the importance of product quality, and we have established relations of trust with our suppliers. The activities were thus more effective than expected and they are now part of our corporate culture.

Establishing a Transportation Base

BANDAI LOGIPAL has established a transportation base in Shenzhen, China, where a number of Bandai toy production bases are located. The company ships Bandai products to distributors in each country from the base. To shorten the transportation distances (by truck) within Japan, products for the Japanese market are shipped to either Tokyo or Kobe depending upon their destination in the country.



Shipment terminal



Inspection machine



Inside a warehouse

C.O.C. Audits

Bandai is implementing Code of Conduct (C.O.C.) audits at all its factories in China. The factories are now more aware of the importance of the audits and are steadily implementing measures to improve their manufacturing operations.

*For Bandai C.O.C. audits, see p. 25.



Audit conducted in China

Bandai has implemented C.O.C. audits at all its factories located in Asia excluding Japan. The factories of 207 companies were audited in China, which is the toy production center for the company.

The C.O.C. audits are carried out by an external auditing company and auditors from BANDAI (SHENZHEN) CO., LTD., which coordinates the audit schedules, summarize the audit results, and ensure that the defects found by the audits are corrected by the audited companies.

With the C.O.C. audits, the factories to be audited now understand more about the audits than when they were initially introduced, and proactively accept the auditing. Also, the number of factories that are committed to correcting defects found by the audits is increasing. BANDAI (SHENZHEN) CO., LTD. is making steady efforts to ensure that more factories understand the meaning of and necessity for these audits.

● Number of factories that have received C.O.C. audits in China



comment



Sally Xu

Chief

Quality System
Affairs Section

Q.A./Q.C. Department

BANDAI (SHENZHEN)
CO., LTD.

I am in charge of factory audits on C.O.C., quality management, sharp tool control*1, and C-TPAT*2. Specifically, I arrange for the audits, help conduct the audits, give feedback on the results to the audited factories, give them advice on how to solve the problems identified, make audit reports, and check that the identified problems have been solved. In addition, I update information about our customers' requirements and related laws, provide training for auditors, and deal with emergency issues.

I am proud of my job and enjoy my work. It is sometimes difficult to encourage factories where defects were found by audits to correct these defects, but I am committed to solving any problems by trying my best to respond carefully.

*1 To ensure the appropriate control of cutter knives and other edged tools

*2 Anti-terrorism measures implemented by the U.S. Department of Homeland Security

CSR Management

1

The BANDAI NAMCO Group's

CSR Initiatives

The mission of the BANDAI NAMCO Group is to provide "Dreams, Fun and Inspiration" to people around the world through entertainment, drawing on creative thinking and boundless enthusiasm. To ensure that we can continue to provide "Dreams, Fun and Inspiration," we have formulated Groupwide CSR initiatives that are based on three types of responsibilities outlined below.

In accordance with these fundamental principles, a range of measures are implemented by the Groupwide CSR Committee and its sub-committees—the Social Contribution Committee and the Environmental Project Committee—as well as by the Crisis Management Committee and the Compliance Committee.

Environmental and social responsibilities (safety/quality, environmental conservation, cultural/social support activities)

● Safety/quality initiatives

We follow industry standards and in-house standards, and we have built a system that facilitates the achievement of higher levels of safety and quality, so that customers can use our products with confidence.

● Environmental conservation initiatives

We are aggressively implementing forward-looking environmental conservation measures to ensure that we can continue to provide Dreams, Fun and Inspiration to people around the world.

● Cultural/social support activities

We are also active in areas outside the provision of products and services, such as museum operations and volunteer activities.

Economic responsibilities

We are continually working to enhance management transparency and monitoring the management plans and conditions of Group companies. Moreover, we are working to provide maximum returns to society and stakeholders by selecting the optimal operational fields for Group development and focusing our management resources on those fields.

Legal and ethical responsibilities (compliance)

We have formulated basic compliance standards for Group companies, officers, and employees in Japan and overseas, and we conduct continual monitoring to ensure appropriate observance of legal and ethical standards.

2

Corporate Governance

Basic approach

The BANDAI NAMCO Group, which aims to be the world's most inspiring entertainment group, gives first priority to the provision of benefits to all of the stakeholders who support the Group's business activities. We believe that in striving to continually maximize enterprise value over the long term, bolstering corporate governance is an important management issue.

From this basis, the Group aims to be a corporate group that is trusted by society and make an ongoing contribution to society. While striving to raise management soundness, transparency, and efficiency, we will continually enhance our corporate governance system to facilitate rapid information disclosure. In accordance with these policies, the Group is working to enhance its corporate governance system.

Corporate governance system

NAMCO BANDAI Holdings has 11 directors, of whom two are external directors to ensure strict corporate governance. Moreover, the term of directors has been set at one year or less so that the Company can respond to changes in the management environment as promptly as possible and to further clarify the responsibilities of directors.

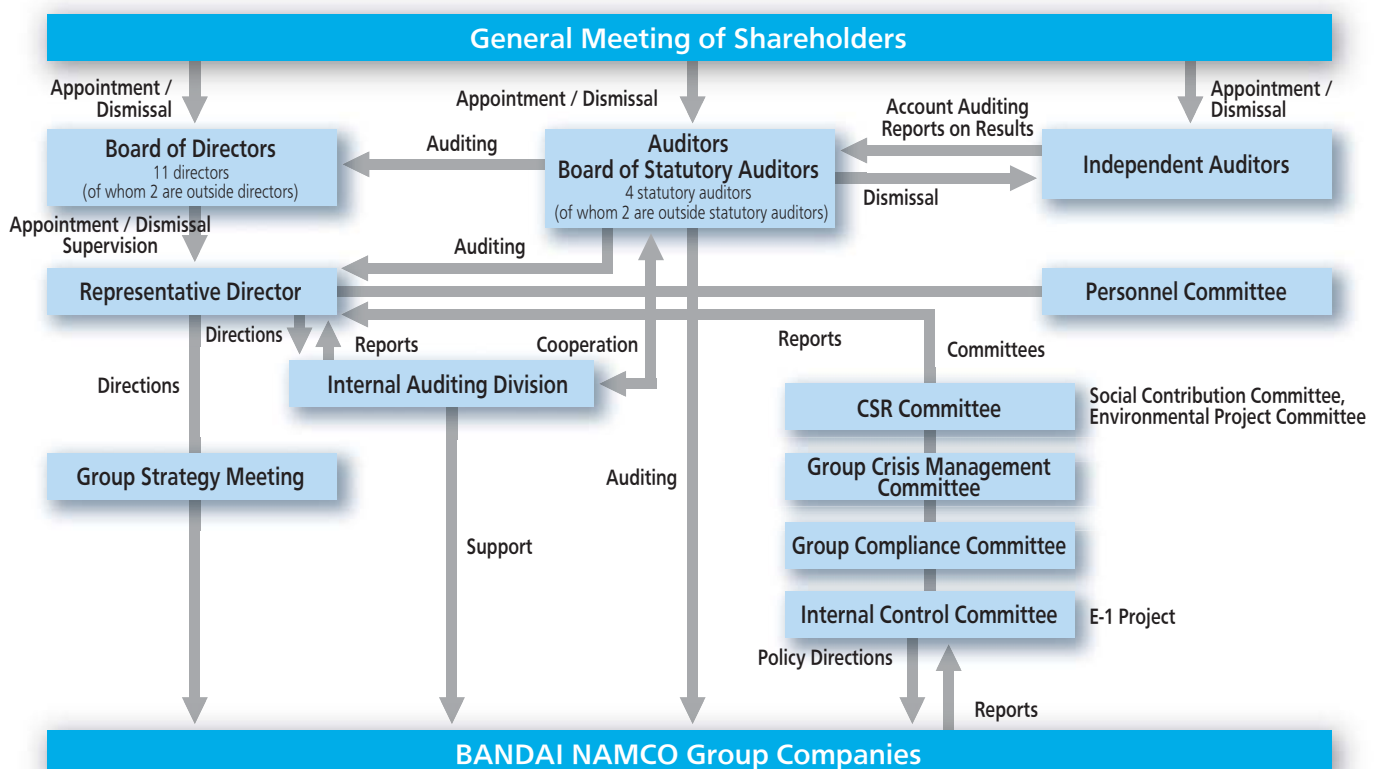
The Company uses the statutory auditor system, and

four auditors (two outside statutory auditors and two full-time auditors) conduct audits based on their responsibilities as determined by the board of statutory auditors. In addition, the independent auditors provide account auditing and the Internal Auditing Division audits business execution. With close interaction centered on the statutory auditors, the auditors are continually monitoring the Company's internal control systems to identify any problems and make recommendations to solve the problems identified.

Establishing a better management system

The BANDAI NAMCO Group makes decisions and reports on matters as provided for in the Companies Act, and examines, determines, and reports on the management of the Group to the meetings of its Board of Directors. Moreover, the Group has a Group Strategy Committee to collect appropriate information about the Group's management and business and to respond promptly to any problems.

At the meetings of the Group's CSR Committee, Group Crisis Management Committee, Group Compliance Committee, and Internal Control Committee, management issues are examined, and the policies to be communicated to Group companies are announced. Also, Group companies may report on their management problems at these meetings and prompt responses are given to reported problems.



As of June 30, 2008.

3 Internal Control

The BANDAI NAMCO Group aims to achieve the best internal control in the entertainment industry and is implementing measures to improve its management efficiency within the SBUs and across the Group.

The E-1 Project is now underway

BANDAI NAMCO Group

In May 2006, the BANDAI NAMCO Group resolved to establish internal control systems in its operating companies as provided for in the Companies Act. Subsequently at the end of June of the same year, the Group launched its "E-1 Project," a group-wide project to promote internal control in compliance with the Financial Instruments and Exchange Law. "E-1" implies the Group's intention to become the No. 1 Group in terms of internal control in the entertainment industry.

● Basic approach to internal control

- Internal control is a premise for daily business operations and it does not need to be looked on as something special.
- Internal control is not just to comply with laws and regulations. It is a tool to strengthen the Group, and we must take this opportunity to further enhance the Group's systems.
- The entire Group, including all Group companies, should work together to establish internal control systems.

● Results for fiscal 2006

In fiscal 2006, NAMCO BANDAI Holdings, Bandai, NAMCO, and NAMCO BANDAI Games led the experimental internal control projects.

● Results for fiscal 2007

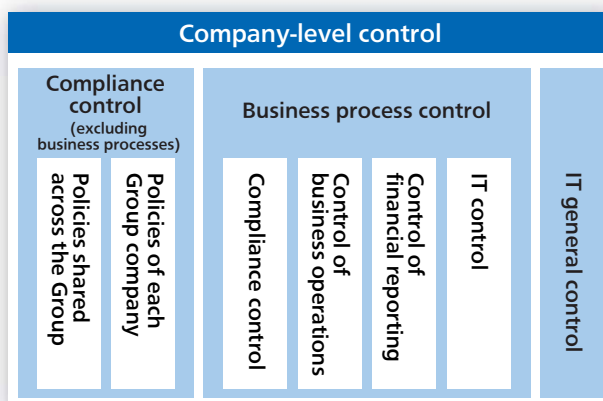
Training Details	Period	Number of Participants
iGrafx training Explanations on the workflow and how to use the RCM creation tool	Japan: from 2006 North America: from Jan 2007 Europe: from March 2007 Asia: from May 2007	Japan: Approx. 100 Overseas: Approx. 50
Self-check training (in Japan) Procedures for internal control self assessment (CSA)	July to Sep 2007	Leading SBU companies Approx. 100
Self-check training (overseas) Same as training in Japan	North America: Aug 2007 Europe: Sep 2007 Asia: Nov 2007	Overseas operating companies Approx. 50
Tertiary documentation training Training on actual assessment of the credibility of financial reporting	Japan: May 2008	Leading SBU companies Approx. 50

In fiscal 2007, relevant expansion was made to operating companies in North America, Europe, and Asia. Also, the Group held training sessions for control self assessment (CSA) in various regions including Japan, and participating Group companies almost completed the

necessary documentation (to identify risks and controls) and self assessment. Furthermore, internal audits were conducted on the self assessment results. As a result, internal control problems in the companies were clarified, and these will be solved within fiscal 2008.

● Range of internal control

The Group attributes importance to company-level control, including the behavior of its managers, while focusing on the credibility of financial reporting and a review of business operations from a broad view in business process control.



● Improving business operations

Some of our domestic operating companies are beginning to implement measures to improve their business operations by identifying problems. They are doing this as one of the initiatives to increase their corporate value under the E-1 project, without limiting the target to compliance with the J-SOX act.

● Written oaths by representatives

NAMCO BANDAI Holdings will submit an internal control report at the end of March 2009 to the Financial Services Agency, and to increase the credibility of this report, we have introduced a special system in which the top representatives of the Group's operating companies assess their internal control since fiscal 2007. The assessment results will be summarized for each SBU and reported to NAMCO BANDAI Holdings with the written oaths of the representatives on the credibility of their assessment results. The holding company will create an internal control report based on the results submitted by the operating companies.

4

Commitment to Compliance

The BANDAI NAMCO Group has clarified its ideas on compliance and makes its Group companies fully aware of these ideas so that the Group can continue to provide "Dreams, Fun and Inspiration" to people around the world as the world's most inspiring entertainment group.

The Compliance Statement and the Charter

Based on the recognition that we have to comply with laws and pursue profit through fair competitions in every country and region where we are doing business, and we established the Charter of the BANDAI NAMCO Group in April 2007 to make contributing widely to society through cooperate activities one of our missions. We announced the BANDAI NAMCO Group Compliance Statement in line with the Charter.

In addition, to give all employees of the Group a deeper understanding of the Charter and how to

implement it in our business operations, we published and distributed copies of the BANDAI NAMCO Group Compliance Handbook to our employees.

In our efforts to audit and supervise important matters related to the entire Group's compliance and to prevent the violation of laws and regulations across the Group we have also established a Group Compliance Committee chaired by the President of NAMCO BANDAI Holdings. Under this system, in the event of a breach of law, we can respond promptly.

BANDAI NAMCO Group Declaration of Compliance

—In order to continue providing "Dreams, Fun and Inspiration" to people around the world—
We declare to:

1. Set an example in following the terms of this charter by behaving ethically and with integrity.
2. Acknowledge the implementation of this charter's terms within the group as our personal mission, and work to rectify and improve the corporate environment.
3. Respond to any violation of this charter or any law with a swift and thorough investigation into the cause, and take measures to ensure its prevention in the future while strictly but fairly punishing the offense.

BANDAI NAMCO Group Compliance Charter

In our vision to become the world's most inspiring company, and our mission to provide people around the world with "Dreams, Fun and Inspiration," we establish the following as the basis for our future actions.

Appropriate Products and Services / Fair Dealings

- We will provide only those products and services which do not damage or otherwise impede the healthy development of young people into adults, in line with our commitment to providing "Dreams, Fun and Inspiration."
- We will not abuse our professional positions or otherwise violate the rules of free trade, and will constantly strive for fairness and transparency in our business dealings.

Respect for All Employees

- We prioritize the lives and health of all individuals within the Group, and will provide a work environment where all employees can safely and comfortably work.

Protection and Disclosure of Information

- We fully understand the importance of any consumer data and personal information acquired in the course of regular business operations, and will not leak said information relating to business operations, and will not leak said information to any outside source, but rather manage it properly, with respect for all privacy concerns.
- We will not cover up or dispose of any information, and will disclose appropriate and reliable corporate information in a timely and fair manner in order to ensure transparency in our business dealings to protect our

stockholders, business partners, and other stakeholders.

Respect for and Usage of Intellectual Property

- We acknowledge that intellectual property such as game contents are a substantial business resource, and will respect the rights of others while protecting our own rights and using our intellectual property effectively.

Preservation of Resources

- We will understand and respect the difference between corporate and personal expenses, and will use corporate funds appropriately.

Contribution to the Environment and Society

- We acknowledge the need to preserve both the natural environment and people's living environments in all of our plans for mid-term corporate development, and will act upon this understanding.
- We, as a "good corporate citizen," will work to contribute to the advancement of world culture through our business endeavors, and strive to help create a bountiful, bright, and healthy lifestyle for people around the world.

Rejection of Anti-Society Groups

- We will maintain no ties with and will firmly reject any and all forces and groups that threaten the safety and order of society.

Overseas Compliance

- We respect the individuality of each region of the world, and will preserve the sanctity of their culture and practices as well as obeying international and local laws and rules.

Protection and disclosure of information

BANDAI NAMCO Group

The BANDAI NAMCO Group fully understands the importance of customer information, personal information, and confidential information that it obtains through its business operations. We manage such information appropriately in consideration of privacy and prevent any leaks of information to external parties. At the same time, to protect our stakeholders including shareholders and business partners and to ensure transparency of management, we timely and fairly disclose our corporate information.

We have distributed copies of the BANDAI NAMCO Group Compliance Handbook to all employees to make them fully aware of the importance of information protection.

In the handbook, the Group's approach to information protection is described and explanations are given regarding the types of information to be protected and on the relevant laws and regulations. Important points to be kept in mind in dealing with information are also detailed. To increase the understanding of all employees, e-learning sessions were conducted in March 2008 and the level of understanding was measured. Based on the results, we will introduce further information-related measures.

Acquisition of the PrivacyMark certification

Bandai Networks VIBE

One important responsibility for companies is to manage personal information in the appropriate manner, and against the backdrop of the development of information and communication technologies and the diffusion of these technologies through society, companies are required to enhance their information management systems.

Bandai Networks and its subsidiary VIBE are engaged in providing network contents services and Internet retailing services, and deal with customers' personal information in various forms in their business operations. The companies established their policies on the protection of personal information in December 2004 and have since been committed to managing personal information properly in their business activities.

Following the full enforcement of the Act on the Protection of Personal Information in April 2005, the two companies further enhanced their personal information management systems, and in the process they acquired the PrivacyMark certification from the Japan Information Processing Development Corporation (JIPDEC). Also, in response to the revision of JIS Q 15001, the standard for personal information protection management systems, the two companies revised their in-house rules and manuals.

In addition to these efforts, the companies each established a special team comprising employees in charge of information management. The team conducts activities to increase employee awareness and to improve operation of the relevant systems. At the same time, regular training, education for new employees, and audits of departments are carried out to improve and strengthen the systems that the companies use to manage information, including personal information.

Establishing and running a whistle blowing system

BANDAI NAMCO Group

BANDAI NAMCO Group companies each have whistle blowing systems, which were established based on the Group's Compliance Management Regulations.

In the event that an employee detects noncompliance within the Group, they should discuss the matter with their manager or report it to the external corporate lawyer, in-house consulting department, or to the auditors. Based on the Whistleblower Protection Act, the names of whistleblowers and their report details are kept confidential, and necessary measures are taken to ensure that whistleblowers do not receive disadvantageous treatment.

If noncompliance is revealed under the whistle blowing system, the compliance committee of the relevant Group company submit a report to the Group's Compliance Committee based on its Compliance Management Regulations and the Committee takes appropriate measures on a case-by-case basis.

VOICE

I work in the Legal Affairs Department to come up with proposals to improve the entire Group's compliance system.

It gives me great satisfaction and motivation when I see the Group's compliance system becoming closer to perfection just as if the last pieces of a jigsaw puzzle were being put into place.

I will continue to work in a manner that is friendly to people and to the Earth as well.



Legal Affairs Department

Naomi Fujii

NAMCO BANDAI Holdings

5

Risk Management

The BANDAI NAMCO Group is solidifying its risk management system so that it can respond promptly and appropriately to various management risks. Specifically, we have formulated Group Crisis Management Regulations and established a Group Crisis Management Committee.

Strengthening the Group's risk management

BANDAI NAMCO Group

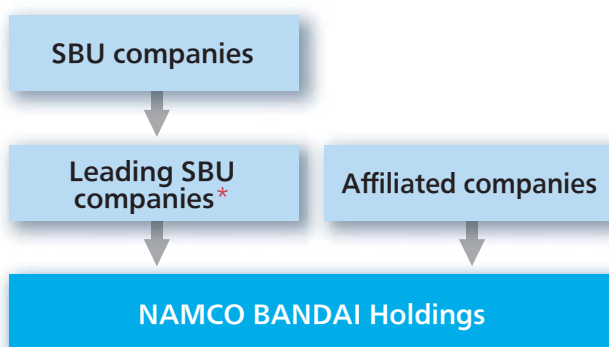
In conducting their business activities, companies face a range of risks, including natural disasters, accidents caused by human error, product quality-related problems, noncompliance with laws and regulations, and litigation. If companies cannot respond appropriately to these risks, corporate management will be badly affected, and this will in turn undermine the interest of their stakeholders.

Recognizing the importance of risk management for the continuity of sound business operations, the BANDAI NAMCO Group has formulated Group Crisis Management Regulations as guidelines for the actions to be taken by each officer or employee when a risk is identified. Moreover, we have founded a Group Crisis Management Committee, which is chaired by the President of NAMCO BANDAI Holdings. This Committee enables us to identify risks, prevent the risks from materializing, and to respond promptly in the face of emergencies.

When noncompliance is identified in a Group company, the compliance committee of that company will report the incident to the Group Compliance Committee based on the Group Compliance Management Regulations.

We will continually strengthen our risk management system to ensure prompt and appropriate responses to a range of management risks, correctly identifying the social trends of the times.

● Reporting route to the Group's Compliance Committee in the event of noncompliance



* Leading SBU companies: Bandai, NAMCO, NAMCO BANDAI Games, Bandai Networks, and Bandai Visual

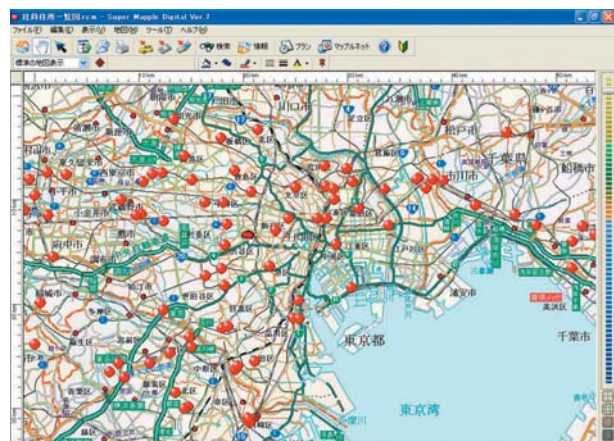
Preparing for disasters

Bandai Bandai Networks

It is important for companies to ensure the safety of their employees in the event of a disaster. Bandai and Bandai Networks have implemented various measures against large earthquakes, including the possibility of an earthquake occurring directly under the metropolitan area. Specifically, the companies have established disaster prevention teams and clarified their roles, stored food and resources for emergency use and introduced personal safety confirmation services.

In addition to these measures, Bandai Networks have developed maps for employees to help them get home after an earthquake, showing the available routes (mainly roads specified by the Tokyo Metropolitan Government as those that can be used even after the outbreak of a large earthquake) from their office to their home. In addition, the company has grouped employees according to where they live, and organized "getting home groups" in preparation for a large earthquake. These efforts were made to ensure that employees are able to return home safely, and to reduce their anxiety levels.

The company also revises its emergency manual every year and distributes copies of the revised edition to all employees so that each person knows how to act in the event of a disaster.



Map developed by Bandai Networks

Safety, Quality, and Universal Design

1

Quality Management for Safety and Product Development

In order to develop and provide customers with safe products, the BANDAI NAMCO Group has been continually implementing measures to improve the quality of its products and services and to strengthen its management systems for safety and the environment.

Standard comprising
350
items

Ensuring quality management based on the Bandai Quality Standard

Bandai

Bandai has been managing product quality based on its policy of developing safe products and providing reliable and satisfactory products to customers all over the world. In 1997, the Product Assurance Department acquired ISO 9002 certification (present ISO 9001:2000) and has since been operating a quality assurance system based on the ISO standard. In addition, the company has established its own voluntary quality standard (Bandai Quality Standard) comprising 350 items.

At the quality standards meeting held every month, the company reviews the Bandai Quality Standard based on the latest trends inside and outside Japan. Also, it shares information and exchanges opinions with other BANDAI NAMCO Group companies as well as with its suppliers to enhance its quality management system.

Bandai asks its suppliers to submit the results of inspections conducted on the products and parts to be supplied to Bandai based on its standards. In 2006, the company introduced an X-ray fluorescence spectrometer and an infrared-ray analyzer in order to carry out reliable checks for any hazardous substances and regulated substances contained in products.



Strengthening the inspection system by introducing an X-ray fluorescence spectrometer

BANDAI NAMCO Group

The BANDAI NAMCO Group has been started to introduce X-ray fluorescence spectrometers to the Group, with the aim of strengthening its inspection systems to check for any hazardous substances contained in products. At present, the following machines have been introduced to the Group's sites.



X-ray fluorescence spectrometer

X-ray Fluorescence Spectrometers Introduced in the BANDAI NAMCO Group

(As of March 31, 2008)

Company name	Quantity
Bandai	1
Seeds	1
BANDAI (SHENZHEN)	1
NAMCO BANDAI Games	2
Total	5



Auditing
47
companies

Promoting green procurement

NAMCO BANDAI Games

NAMCO BANDAI Games started green procurement in 2005 and has since been procuring environment-friendly products, parts, and materials by publishing its green procurement criteria and holding explanatory meetings for its in-house departments and suppliers.

In its written green procurement criteria, the SBU requires suppliers to avoid using hazardous substances based on the relevant domestic laws and regulations as well as Europe's RoHS regulation for the restriction of the use of certain hazardous substances in electrical and electronic equipment. Based on these criteria, the SBU carries out green procurement which into account the supplier's environmental activities as well. At the same time, it is revising the criteria and improving their intelligibility to reflect changes in the related regulations and requests from suppliers.

In fiscal 2007, the SBU held three explanatory meetings in China and Taiwan to ensure that local suppliers are well aware of its green procurement criteria. It also conducted audits on the management of chemical substances contained in products targeting 23 domestic suppliers and 24 overseas suppliers, and conducted follow-up surveys on suppliers who were found to have problems in the audits.

meetings on C.O.C. audits for suppliers and held meetings to report the audit results, at which good examples were introduced and bad examples and improvement measures were explained to help suppliers make improvements.

Through these measures, Bandai is striving to maintain appropriate work environments across its supply chain and is strengthening cooperation with its suppliers.

Number of Suppliers Receiving C.O.C. Audits

Fiscal 2005	Fiscal 2006	Fiscal 2007
37 companies	100 companies	224 companies

Breakdown of Factories Receiving C.O.C. Audits in Fiscal 2007

Region	Number of factories audited	Region	Number of factories audited
China	207	Thailand	4
Taiwan	4	Indonesia	3
South Korea	2	Malaysia	2
Vietnam	2		

Auditing
224
companies

Bandai C.O.C. audits

Bandai

Bandai, which does business both inside and outside Japan, announced its Code of Conduct (C.O.C.) in 1998 with the aim of maintaining the appropriate work environment in its factories across the world. Based on the C.O.C., the company requires all factories to submit survey results on their work environments since fiscal 2004.

In addition, the company has been conducting C.O.C. audits on the factories based on a checklist it has developed. In fiscal 2007, it audited all the factories of 224 companies located in Asia, excluding Japan. The audit results are checked by the department in charge, which requires factories in which problems were detected in the audits to make corrections and improvements, and conducts follow-up surveys on these factories on a continuous basis.

Furthermore in August 2007, Bandai published and distributed copies of the Bandai C.O.C. Manual to all its suppliers to ensure that they are aware of the company's C.O.C. requirements and how it conducts C.O.C. audits. The company also held explanatory

Establishing *monozukuri* criteria

NAMCO BANDAI Games

NAMCO BANDAI Games established its *monozukuri* criteria in July 2008. These are composed of quality criteria, green procurement criteria, and criteria to meet the perfluorooctane sulphonate (PFOS) regulation enforced in Europe from June 2008. From now on, the company will develop products from a comprehensive viewpoint, based on its *monozukuri* criteria and in cooperation with its domestic and overseas suppliers.

Composition of NAMCO BANDAI Games' *Monozukuri* Criteria



In doing business in a range of fields, the BANDAI NAMCO Group has been implementing measures for quality management and environmental protection based on the features of each product area. We will further improve our manufacturing criteria and systems based on the recognition that we must establish a common framework and implement uniform measures across the Group.



Protect the image of its characters

Bandai Bandai Visual

The BANDAI NAMCO Group is implementing clear measures against counterfeit goods and pirated copies, to protect the image of its characters and to ensure that customers can safely use genuine products with ease of mind.

Countermeasures taken by Bandai against counterfeiting

Bandai cooperates closely with copyright holders, sales agents, and other related companies to remove counterfeits from the market.

In Japan, the company constantly monitors the domestic market, including the online market, to promptly detect counterfeits, prevent the inflow of counterfeit products to the Japanese market by asking the customs authorities to prohibit their import. In overseas markets, the company is detecting the manufacturing factories, wholesalers, and retailers of counterfeit products. In particular in China, it is cooperating and exchanging opinions with the related administrative agencies and organizations to implement effective measures in its capacity as a member of the International Intellectual Property Protection Forum (IIPPF).



Genuine product



Counterfeit product

Countermeasures taken against pirated copies

Bandai Visual implements strict measures against the sale of pirated copies of visual content and packaged software. In Japan, the company fights pirated copies by filing criminal charges.

Now, an increasing number of pirated copies made in foreign countries are flowing into the Japanese market, and in response, Bandai Visual is taking action in cooperation with other companies in the industry via the CJ Mark Committee of the Content Overseas Distribution Association (CODA). In China, the company is detecting pirated copies in cooperation with local authorities.

In addition, the company is actively participating in activities to raise consumer awareness of the measures taken against pirated copies and other illegal products.



Genuine product



Pirated copy

40,000 to 50,000 calls a month

Expanding the customer service system

Bandai

Bandai releases approximately 3,000 new product items every year, and receives a range of inquiries, requests, and complaints from customers because the company is releasing so many product items with different features. Its Customer Service Center, which receives 40,000 to 50,000 calls from customers a month, is improving its customer support system in cooperation with the Quality Assurance Department.

In October 2007, the company introduced a new customer support system, which is linked with its development and production systems. In the new system, the company is keeping a database of customers' opinions and requests while taking precautions with its treatment of personal information, so that it can give even more appropriate and careful responses to customers. Also, the company is utilizing the information

collected in the database to develop new products and improve customer satisfaction.

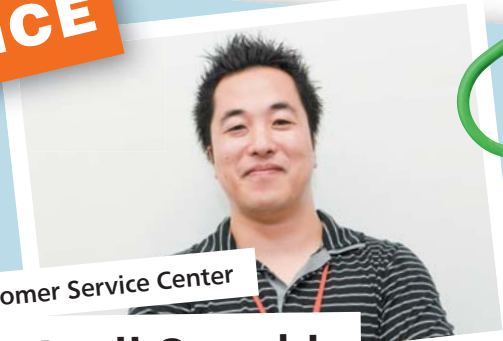


Bandai Customer Service Center



Making preparations for the delivery of parts and products

VOICE



Customer Service Center

Kenji Suzuki

Bandai

I am in charge of analyzing the inquiries made and opinions expressed by customers and give feedback on the results to the departments in the company. I work every day following our motto of "speedy, accurate, and honest customer services."

Important Notice

The BANDAI NAMCO Group issued the following urgent notifications during the period from April 2007 to March 2008 and has given the responses described below.

Released on July 12, 2007

Recall of the Char MODEL Portable DVD Player BCHW-0001

Bandai Visual

With regard to the Char MODEL Portable DVD Player BCHW-001 released by Bandai Visual in March 2004, Nagase & Co., Ltd., which manufactured the product for Bandai Visual, announced that there had been some cases in which the frame parts of the LCDs of portable DVD players made by the company were bent or emitted smoke, and that the company would voluntarily recall the products and return the purchase cost to the purchasers.

The DVD players made for Bandai Visual were included in the recall and so Bandai Visual announced this to customers through newspapers and its website, asking users of the players to return them to the company. As of April 30, 2008, 1,427 players have been recalled.

We sincerely apologize for the trouble caused to purchasers of the products and assure them that this will not happen again.



<How to return your product>

Please call the following telephone number with the product you purchased at hand. When the recall procedures are completed, the purchase cost will be returned to the bank account you designate.

<Contact>

Nagase & Co., Ltd.
Toll-free number for the return of the product (inside Japan): 0120-181-655
Opening hours: 9:00 a.m. to 6:00 p.m. (excluding Saturdays, Sundays, and holidays)

*Personal information collected from customers will never be used for other purposes.

*The relevant information is posted on Bandai Visual's website: (<http://www.bandavisual.co.jp/support/info.html#0712>)

Released on August 22, 2007

Replacement of power cords for Futariha Precure electric pencil sharpeners

Seika

Regarding the Futariha Precure electric pencil sharpeners (CN-0422436-A) released by Seika from November 2004 to September 2005, there were four incidents in which the power cords of the products gave out sparks and stopped working. In response, Seika issued a notification about these incidents to customers through newspaper and its website and recalled 1,660 sharpeners and replaced their power cords free of charge by the end of April 2008.

We sincerely apologize to purchasers of the product for any trouble caused by this problem. We will further strengthen our quality management system to prevent any recurrence of similar problems.

<Please send the product to:> Department responsible for pencil sharpeners
Debika Corporation
5-22 Koroku-cho, Moriyama-ku, Nagoya City,
Aichi 463-0054
Toll-free dial (inside Japan): 0120-92-9575

*Please send the product to the address shown above with freight on delivery for free-of-charge replacement of the power cord.

*When sending the product, please write your zip code, address, name, and telephone number clearly so that we can return the product with its new cord to you. The personal information collected will never be used for other purposes.



<Contact>

Customer service center
Seika Co., Ltd.
Toll-free dial (inside Japan):
0120-461-085
Opening hours: 10:00 a.m. to
4:00 p.m. (excluding Saturdays,
Sundays, and holidays)

*The relevant information is posted on Seika's website as well: (http://www.seika-n.co.jp/press/dendou_kezuri_070822.html)

Released on November 20, 2007

Recall of Kantoku Shinchan stuffed toys

Pleasure Cast

Kantoku Shinchan stuffed toys distributed by Pleasure Cast as special prizes at the Ge-sen Kureyon Shinchan Arashi-wo-yobu Buri Buri cinema studio located in Kasukabe City, Saitama had the Safety Toy (ST) mark on them without having passed the relevant test of the Japan Toy Association. In addition, some of the paints used for the toys contained lead exceeding the regulation standard.

At present, there have been no health problems reported to us, but we are trying to recall all 1,790 Kantoku Shinchan stuffed toys held by customers to replace them with new ones. (As of June 30, 2008)

We deeply apologize for any worry or trouble this incident may have caused to customers and business partners. We will further strengthen our safety and quality management to prevent any recurrence of similar problems.

<Please send the product to:>

Department responsible for Kantoku Shinchan stuffed toys
241-22, Toyoshiki, Kashiwa City, Chiba 277-0863
Toll-free dial (inside Japan): 0120-252-741
Opening hours: 10:00 a.m. to 6:00 p.m. (excluding Saturdays, Sundays, and holidays)

*Please send the product to the address shown above with freight on delivery.

*When sending the product, please write your zip code, address, name, and telephone number clearly so that we can send the new product to you. The personal information collected will never be used for other purposes.



<Contact>

Ge-sen Kureyon Shinchan
Arashi-wo-yobu Buri Buri
Cinema Studio
1-1-1 Minami, Kasukabe City,
Saitama 344-0064
LaLa garden KASUKABE 3F
Tel.: 048-731-6822
Opening hours: 10:00 a.m. to
6:00 p.m. (seven days a week)

These problems are the responsibility of the manufacturers/sellers and neither the copyright holders nor the Japan Toy Association are involved in the problem.

2

Initiatives for Universal Design

The BANDAI NAMCO Group has been uniquely pursuing Universal Design and further improving the user friendliness of its products and services so that more people can enjoy the Group's services and products regardless of their gender, age, nationality, and personal capabilities.

144
participants

Enhancing education on universal design

Bandai

Bandai held a universal design seminar (introductory seminar) at Bandai Academy, an institute for improving employees' skills, in February 2008.

The seminar was the second one held by the company following the one held the previous year. Ms. Yoshie Yokoo, chairperson of the Institute of Advanced Studies in Universal Design was invited to give a lecture on the basics and trends in universal design. A workshop was also held as part of the seminar.

A total of 144 people, including employees of Bandai and other BANDAI NAMCO Group companies and employees of companies cooperating with Bandai in planning and developing products, participated in the seminar to deepen their understanding of universal design.

We will further increase our knowledge, collect more information about universal design, and incorporate universal design more into our product development.



Scene from the universal design seminar



Examples of universal design initiatives

Bandai Seika Megahouse

These companies are implementing universal design from a range of viewpoints, including user-friendliness and packaging design so that more customers can enjoy their products.

● Soreike! Anpanman Stickers Part 3

Bandai

Adopting color universal design, the stickers are easier to see even for people with red-green color blindness.



● Masked Rider Kiva Henshin Belt & Fuessle DX Kivat Belt

Bandai

The shape of the part that joins the belt to the main unit was changed from square to round, so that is easier for children to join them together.



● **My First Seika Series**

Seika

To develop stationery items that are easy to use even for young children, the company devised the following examples based on advice from experts and the results of surveys conducted on children.

• **Okeiko Hasami (scissors)**

The scissors now have a spring installed to make it easier for children to open them after cutting something. Also, a green line is now drawn on the edge of the blade so that children can concentrate on cutting.



• **Tottetsuki Shitajiki (tabbed plastic sheet)**

A tab (with a character) is attached to the plastic sheet to make it easier for children to remove the sheet after use. Also, soft material is used for the sheet so that children can easily write on it using a low writing pressure.



• **Kyara Kids Marker**

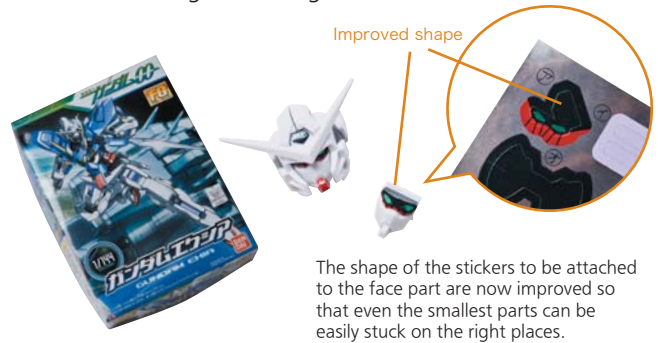
Even small children can grip the marker in their hands, making it easier for them to use.



● **1/144FG Gundam Exia**

Bandai

The parts assembly method was changed to ensure no parts are left unassembled. In the new method, upper arms, lower arms, and other body parts are assembled first and then these parts are connected together using newly designed joining parts. Also, the stickers can now be attached more easily to the appropriate locations thanks to the "guidance signs" attached to the stickers.



The shape of the stickers to be attached to the face part are now improved so that even the smallest parts can be easily stuck on the right places.

● **Gegege Kitaro Gegege Figure Collection**

Bandai Megahouse

Polyethylene bags are used for packaging the products. The viscous bags were difficult to open, but now the bags are perforated and they can be opened more easily.



Thanks to cooperation from Megahouse, both the outer package and the inside bag are perforated.

VOICE

In charge of universal design

Masahiro Sanbonmatsu

Bandai

I would like to deliver enjoyable products to as many people as possible by incorporating universal design. We will continue to contrive ways to provide even more user-friendly products to customers.

Environmental Conservation

1

Environmental Management

The BANDAI NAMCO Group has a system in place to implement environmental projects across the Group. Under this system and based on our environmental policies and vision, we are actively taking measures to promote harmony with the environment as a group engaged in the entertainment business.

Environmental policies, vision, and promotion system of the BANDAI NAMCO Group

BANDAI NAMCO Group

[Environmental policies of the Group]

As a group of entertainment companies that provides "Dream, Fun and Inspiration" as a driving force for the welfare of society at large, we will actively implement measures to promote harmony with the environment based on the recognition that we should contribute to society as a corporate citizen.

[Environmental vision]

Provision of "Dreams, Fun and Inspiration through environmental activities"

[Promotion system]

The BANDAI NAMCO Group formed organizations engaged in environmental projects for each of its SBUs and affiliated business companies in April 2006, aiming to examine the environmental measures that the Group needs to implement and then to put them into practice.

Further, for the management of environmental projects implemented by SBUs and affiliated group companies, we have our Group Environmental Project Committee, which sets the policies and targets for the entire Group. The decisions made by this committee are communicated to the environmental project organizations of the SBUs and incorporated into the policies and targets of each SBU in consideration of its business and characteristics.

In addition, we have subgroups and councils concerning the environment, which discuss daily environmental issues and the results of their discussions are

utilized to increase the environmental awareness of individual employees.

The Group Environmental Project Office was established to support the Committee, supervise the activities related to the entire Group, assist the SBUs in implementing their environmental projects, and promote information sharing among those concerned. We are certain that improving our environmental measures will help us achieve our goal of becoming the "world's most inspiring entertainment group."

● Organizations for Environmental Projects

Group Environmental Project Committee

Chaired by Jun Higashi, Director of NAMCO BANDAI Holdings, Chief Ecology Officer

Group Environmental Project Office

Environmental Project Unit for Toys and Hobby SBU

Environmental Project Unit for Amusement Facility SBU

Environmental Project Unit for Game Contents SBU

Environmental Project Unit for Network SBU

Environmental Project Unit for Visual and Music Content SBU

Affiliated Business Companies

2

Enlightenment Activities for Employees

We are encouraging employees to increase their environmental awareness and conduct environment-conscious activities by organizing environmental seminars, participating in national activities, and providing information through in-house magazines.

● Major Enlightenment Activities

Details	SBU/Company engaged in the activity	Period
Organization of symposiums on environmental management for managers	Game Contents SBU	Dec 2007, March 2008
Organization of environmental seminars for general employees	Game Contents SBU, NAMCO ECOLOTECH	Nov and Dec 2007, March 2008
Organization of environmental training sessions on actual environmental problems	Bandai Networks	Oct and Nov 2007
New employee training from an environmental viewpoint	Bandai	July 2007
Screening of movie about global warming, <i>An Inconvenient Truth</i>	Bandai, NAMCO, NAMCO BANDAI Games	Aug and Sep 2007 (six times in total)
Encouraging employees to take the "eco examination" held by the Tokyo Chamber of Commerce and Industry, and organization of relevant seminars	Toys and Hobby SBU, Game Contents SBU	From Oct 2007
Participation in Team -6%	NAMCO BANDAI Holdings, Bandai, Megahouse, Seika, Seeds, Plex, CCP, NAMCO, NAMCO BANDAI Games, Bandai Networks, Bandai Visual, BANDAI LOGIPAL, LOGIPAL EXPRESS, NAMCO ECOLOTECH	From Sep 2006
Management of environmental information website for employees	Bandai, Game Contents SBU	Updated from time to time
Publication of environmental e-zines	Bandai, NAMCO, Bandai Networks	From April 2007
Publication of environmental articles in in-house magazines	Bandai, Bandai Visual, BANDAI LOGIPAL	From Sep 2007 – Feb 2008
Online questionnaire on environmental issues	Bandai Networks	Dec 2007
Forestation and educational activities in the BANDAI NAMCO Forest	BANDAI NAMCO Group	From April 2007
Environment-friendly product design	Game Contents SBU	From Oct 2007

Organization of symposiums on environmental management for managers

Game Contents SBU

The Game Contents SBU held environmental management symposiums for managers in December 2007 and March 2008, in which the directors, executive officers, general managers, and members of the environmental committees participated.

The first symposium was held on the theme, "Why do companies have to promote environmental

management?" and the second one on, "What should companies reform through environmental management and CSR-oriented management?". Speakers invited from environmentally advanced companies and environmental consulting firms gave lectures and participated in panel discussions.

The Game Contents SBU will continue to hold symposiums for managers, encouraging them to implement and improve environmental management and CSR-oriented management.

169
Passed

Encouraging employees to take the "eco examination"

Toys and Hobby SBU Amusement Facility SBU
Game Contents SBU Network SBU BANDAI LOGIPAL

To help employees acquire basic environmental knowledge and increase their environmental awareness, the BANDAI NAMCO Group encourages them to take the "eco examination" held by the Tokyo Chamber of Commerce and Industry to become "eco people."

In June 2007, the Toys and Hobby SBU held a study meeting for the "eco examination," inviting outside experts as lecturers. As a result, 43 employees of the Toys and Hobby SBU have already passed the examination as of March 31, 2008.

The Game Contents SBU also held a basic seminar for the examination in October 2007 and an intensive seminar immediately before the examination in December of the same year. As a result, 107 employees of the Unit passed the examination.

We will continue to hold study meetings and seminars to support employees in taking the examination, thereby increasing their environmental awareness.

SBU	Number of successful applicants	Number of employees
Toys and Hobby SBU	43	2,005
Amusement Facility SBU	11	1,597
Game Contents SBU	107	2,524
Network SBU	5	132
Visual and Music Content SBU	-	254
Affiliated Business Companies	3	396

Distributing environmental information to employees

Bandai NAMCO Game Contents SBU Bandai Networks
Bandai Visual NAMCO ECOLOTECH

Bandai has been publishing an environmental e-zine once a month since 2006. In this interactive magazine, the company introduces its environmental measures and environmental topics close to people's daily lives, while receiving environmental proposals from readers.

Bandai Visual serialized an environmental article (six times) in its in-house magazine from the September 2007 issue to improve employees' environmental awareness. In the article, the company introduced basic environ-

mental knowledge, in-house environmental measures, and tips for personal environmental measures.

The Game Contents SBU opened an environmental information website in November 2007 with the aim of enabling its business sites and for Group companies to share information on environmental activities. The website introduces basic environmental knowledge, environmental activities conducted within the SBU, and environmental information from the rest of the world. The SBU also gives Environment-friendly products as presents to visitors to the website and communicates a range of information through a bulletin board on environmental information.

Environment-friendly product design

Game Contents SBU

The Game Contents SBU established the Working Group on Environment-Friendly Design for Amusement Products under its Environment-Friendly Product Promotion Subcommittee, which is under the Environmental Project Committee. The Working Group started its activities in January 2008.

The Working Group has been examining environment-friendly design guidelines for amusement products and implementing measures to introduce Life Cycle Assessment (LCA) to assess the environmental impact of products.

Based on the results of the experimental introduction of LCA, the SBU will introduce further environment-friendly product design, focusing on energy conservation, resource conservation, weight reduction, easy dismantling, labeling of materials, and management of chemical substances.

VOICE

Employee who passed the "eco examination"

Mami Furuta

NAMCO BANDAI Games

I passed the examination. I am engaged every day in the sales promotion of game software and the organization of various events. I always try to enjoy both my business and private lives.

Forestation and other activities in the BANDAI NAMCO Forest

BANDAI NAMCO Group

Activities as a forest caretaker

The BANDAI NAMCO Group is participating in the Forest Caretaking Promotion Project conducted by municipalities and enterprises under the auspices of Nagano Prefecture.

In April 2007, the Group concluded a Forest Caretaking Agreement with a foundation named *Shimotakai-gun Yamanouchi-machi Wago-kai* and became the caretaker of a forest that covers around 47 hectares in Shiga Kogen in Yamanouchi-machi, Nagano Prefecture. The signing ceremony was held in May, and commemorative plaques were exchanged and 50 mountain maple trees were planted by Group employees.

The BANDAI NAMCO Group named the forest the BANDAI NAMCO Forest and is sharing a part of the costs that *Wago-kai* is paying for reforestation. Employees of Group companies participate in reforestation and nature observation in the forest, thereby protecting the forest and deepening their understanding of those activities.



Commemorative planting in the BANDAI NAMCO Forest

The BANDAI NAMCO Group Environmental Summit

In October 2007, we held the BANDAI NAMCO Group Environmental Summit in the BANDAI NAMCO Forest to reflect on environmental activities and environmental management.

In the two-day program, approximately 90 employees from Group companies participated in reforestation and nature observation. In addition, a lecture on the advanced environmental initiatives taken by other companies, a workshop on reading social and environmental reports, and a game to show the importance of

keeping a good balance between the economy and the environment were held.

The Summit was held in cooperation with local communities, and the local inhabitants of Shiga Kogen in Nagano Prefecture participated in the event and served as "forest guides" for participating employees. We offset the CO₂ emissions from the venue and from the vehicles used for the event by purchasing green energy. We also used Environment-friendly buses and biodegradable lunch boxes, and encouraged participants to bring their own chopsticks. We thus gave full consideration to the environment during the event.



BANDAI NAMCO Group Environmental Summit



The BANDAI NAMCO Group will continue to hold a range of activities in the BANDAI NAMCO Forest, thereby contributing to reforestation and deepening employees' awareness on the importance of environmental conservation.



Juhyo (trees glazed with ice) by Yoshiharu Iwabuchi, which won a prize from the chairman of *Wago-kai* at a photo contest held in Shiga Kogen in 2007 (Co-sponsored by BANDAI NAMCO Group)

3

Anti-Global Warming Measures

To prevent global warming, each Group company is introducing energy-saving office machines and reducing the power used for lighting. Moreover, we are expanding our activities to include our customers, in order to spread anti-global warming activities through society at large.

Saving
8,640
kWh a month

Introducing energy-saving machines

NAMCO BANDAI Games

The Contents Production Division and CS Company of NAMCO BANDAI Games have been replacing PCs and monitors used in their offices with more energy-saving models with an eye on reducing energy consumption.

They have already replaced 134 PCs used for development activities with more energy-saving models and substituted 380 CRT monitors with liquid crystal monitors that consume less electricity. As a result, they will reduce their electricity consumption by approximately 8,640 kWh a month, which will reduce their CO₂ emissions by approximately 30 kg.

NAMCO BANDAI Games will continue to implement similar measures to further reduce its energy consumption and CO₂ emissions.

Reduced by
120
tubes

Reducing energy used for lighting

NAMCO BANDAI Games | NAMCO TALES STUDIO

Bandai Visual

● Switching all the lights off

Since November 2007, Bandai Visual has been switching all the lights off at its offices after 7.00 p.m. every Wednesday, which is a "no overtime work day," in order to reduce energy consumed by the offices. The company expects this to result in both energy saving and a better work-life balance.

P-7 Company of NAMCO BANDAI Games has been turning the lights off during their 30-minute lunch break since August 2007. This has reduced energy consumption and employees have increased their environmental awareness.

● Using fewer fluorescent tubes

In December 2003, some offices of NAMCO TALES STUDIO began to install only two out of the three fluorescent tubes in the ceiling lighting units. The number of offices that did this was then gradually increased, receiving more cooperation from employees. In 2005, this environmental measure was adopted in all

of the company's offices, and the number of fluorescent tubes in use was decreased by 120.

Even with the decreased number of tubes, the offices are bright enough and the rise in room temperature from the lighting can also be reduced, which results in reduced power consumption for air conditioning as well as for the lighting. In addition, the lamps not in use are kept as spares, which contributes to the effective use of resources.



Only two out of three tubes are installed, but the room is bright enough.



Energy-saving use of PCs

NAMCO BANDAI Games

P-7 Company of NAMCO BANDAI Games has been reducing its energy consumption by specifying more energy-saving parts when it replaces its build-to-order (BTO) PCs. In addition to this, the in-house company widely introduces how to use PCs in a more energy-saving manner to all its employees on its website.

Specifically, employees are instructed how to minimize the monitor's brightness, use a screen saver, use power management software, and turn off the power while the PC is not in use. In this way, the in-house company demonstrates how power consumption can be reduced by energy saving measures as numerical values, and asks employees to cooperate with the company in its energy conservation efforts. New PCs purchased by the company are distributed to users after being made more energy-saving by the installation of a screen saver and power management functions.

NAMCO BANDAI Games plans to implement similar measures at its other in-house companies as well.

6
units in
operation

Introducing cogeneration systems

NAMCO SPA RESORT

At *Spa Resort Liberty* managed by NAMCO SPA RESORT in Kishiwada City, Osaka, a gas cogeneration system is in operation. This system enables electricity to be supplied by a power generator driven by a gas engine, and waste heat from power generation as well as heat from cooling water to be used for cooling, heating, and supplying hot water.

The system comprises six 225 kW gas cogeneration units, and when power is generated with the units, hot spring water can be used instead of cooling water for the generator. Also, surplus electricity is sent to be used by the *Spa Resort Liberty* where it reduces the amount of commercial electricity used, which in turn contributes to preventing of global warming.

In fiscal 2007, the cogeneration system produced 766,745.8 kWh of electricity.



Cogeneration system

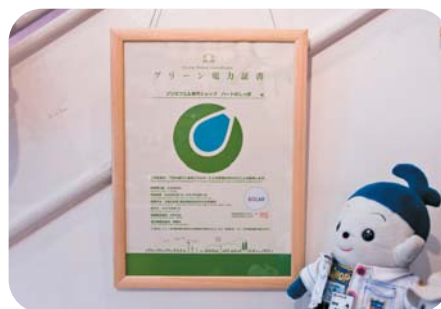


Spa Resort Liberty



The shop named *Heart-no-shippo* is promoting the use of green electricity and asking its customers to participate in the campaign to reduce per-capita CO₂ emissions by 1 kg a day. During the campaign, the shop gives two extra points on their point cards to customers who show their "challenge card." Customers can receive "eco bags" as a present in exchange for their points.

In addition, the shop is holding an "eco quiz rally" and provides customers with stamp cards on which they can accumulate points by cooperating with the shop's initiative to collect end-of-life batteries used in *Primopuel* dolls. The shop is thus providing customers with opportunities to enjoy environmental activities.



Green Power Certification held by *Heart-no-shippo*

VOICE

In charge of *Primopuel* dolls

Hiroko Tajima
Bandai

I am engaged in the planning and development of *Primopuel* dolls. I am working from the customer's viewpoint, hoping that we can bring them more "surprises and happiness."

Cooperating with campaign to reduce CO₂ emissions

Bandai

Bandai is cooperating with the Japanese Ministry of the Environment in its campaign to reduce per-capita CO₂ emissions by 1 kg a day, and is implementing anti-global warming measures at its *Primopuel* shop located in Asakusa, Tokyo with the participation of customers.

4

Development and Marketing of Environment-Friendly Products

BANDAI NAMCO Group companies are committed to developing environment-friendly products, using recycled materials, reducing the generation of waste, and avoiding the use of hazardous substances. We are also producing and marketing machines that contribute to environmental conservation.

60%
content of biomass

Products using biomass materials

Megahouse

Megahouse uses silver skin (thin membrane surrounding the coffee bean) discarded in the coffee manufacturing process as the main material for the *Eco Othello*, *Eco Unbalance*, and *Eco ABC Puzzle* games released in April 2008.

In these products, a biomass material specially processed by mixing silver skin (60%) with polypropylene (40%) is used, which has gained the approval of the Biomass Mark of the Japan Organics Recycling Association. By making effective use of waste materials,

the company is contributing to reducing the consumption of exhaustible resources and waste.

Megahouse will start its Simple Eco Project and expand its environment-friendly product series.



Eco Othello made using silver skin

Questionnaire on "eco" targeting elementary and junior high school students

Bandai Networks is operating a "Kids Research" Internet search service for elementary and junior high school students jointly with NetMile Inc. Kids Research conducted a survey on "eco" using a questionnaire to determine the environmental awareness and activities of students in July 2007 (number of respondents: 696).

Bandai Networks

● Environmental awareness

Question:

Have you ever heard of "eco" or "ecology"?

Answers:

Yes **95.7%** No **4.3%**

Most respondents have thus heard of the terms.

To the question "Have you ever learned about eco (environmental problems) at school?" (with multiple answers allowed), approximately 80% of the respondent children answered that they had learned about environmental problems in the classroom or through on-site training and free research activities.

● Participating in environmental activities

Question:

What kinds of environmental activities are conducted around you? (multiple answers allowed)

Answers:

Recycling milk packages ————— **65.8 %**
 Recycling PET bottles ————— **61.8 %**
 Taking your own shopping bags to stores — **53.9 %**

The above three answers were the top three answers to the question, and they were also popular answers to the question "What types of environmental activities are you actually participating in?". Almost half of the respondent children were participating in the activities described above.

● Environment-friendly products

Question:

What products do you think are environment-friendly? (multiple answers allowed)

Answers:

Notebooks made of recycled paper ————— **74.0 %**
 "Eco bags" ————— **65.5 %**
 Recycled clothes ————— **46.1 %**

These three answers were the most popular, and older children tended to list a greater number of products in answering this question.



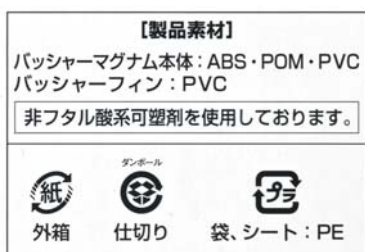
Preventing hazardous substances in products

Bandai

Toys are used by a range of age groups, including infants and small children and they usually come in direct contact with the skin. In view of this fact, Bandai has set stricter voluntary criteria and is testing for the substances contained in its toys and other products against the Food Sanitation Law of Japan.

In particular, we ensure that phthalates, which are used as plasticizers for resin, are not contained in our new products by having a public agency check them as part of our inspection process for new products. In addition, we check for these substances with an infrared-ray analyzer when we receive the products from our business partners.

Also, we clearly state that we do not use phthalates as plasticizers on our products on the consumer information.



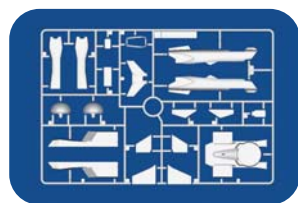
Example of a product label

Reducing materials used for products

Bandai

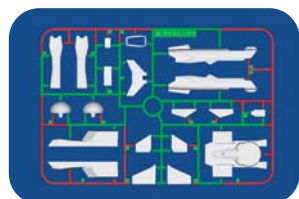
The "runners" that join the small parts for plastic models are discarded after the purchaser has assembled the parts. In order to reduce the consumption of resources and generation of waste, the Hobby Products Department at Bandai has been reducing the use of "runners."

The Department verified whether it could reduce waste in the use of runners for plastic models without sacrificing the quality or strength of the products and is modifying the size and shape of the runners as much as is allowed by the properties of the plastic materials used and the shapes of the parts.



The diameters of the runners in the red area were reduced and their shapes were changed to reduce the amount of material used.

Modification of runners



Environment-friendly paper products

Seika

Seika is promoting the use of Environment-friendly paper and inks for its products used daily by children at school, including notebooks, sketchbooks, and coloring books.

Approximately 60% of the inks used for its products are plant-based inks, and the company will further continue to replace oil-based inks with plant-based inks.

Products made from plastics recycled from home electric appliances

Bandai

In November 2007, Bandai released miniature models of home electric appliances that were sold by Matsushita Electric Industrial during the period from 1945 to 1965.

The miniature models were released as candy toys, in cooperation with the Panasonic (Matsushita) Group. The Panasonic Group uses plastics (polystyrene) recycled from home electric appliances in its products, and 10% to 15% of the same recycled plastic materials are used in the miniature models to reproduce the texture of the actual home electric appliance and to contribute to the environment by recycling resources.

VOICE

In charge of quality testing

Shinichi Kawamoto
 Bandai

I am carrying out tests to ensure that customers can play with our toys with a smile and will not feel disappointed or hurt by our toys.

Earth Capsule™ Konchu Saishu made from Biomass Chips™

Bandai

Using wasted thinned wood for products

In June 2007, Bandai released *Earth Capsule Konchu Saishu* capsulated products (*GASHAPON*) for sale exclusively in automatic vending machines. The toy insects are made using biomass chips and have become the first toys to be approved for the Biomass Mark.

The major material for the products is made by mixing wood chips recycled from thinned cypress trees (approximately 70%) with polypropylene (approximately 30%), and the toy insects made using this material look real.

In March 2008, toy insects made by using silver skin discarded in the manufacture of coffee were released in the second series of the products. The toys are made mainly from natural materials that do not waste exhaustible resources or emit a lot of greenhouse gases. Also, they can be disposed of and incinerated in an environment-friendly manner.



Earth Capsule Konchu Saishu (unicorn beetle)

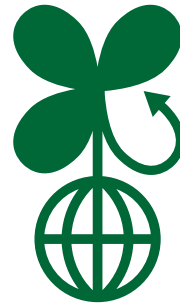
Receiving the prize from the Minister of Agriculture, Forestry and Fisheries at the 4th Eco-Products Awards

In December 2007, *Earth Capsule Konchu Saishu* received a prize from the Minister of Agriculture, Forestry and Fisheries at the 4th Eco-Products Awards held by the Eco-Products Awards Promotion Council.

The product was awarded the prize in recognition of the proactive use of locally available biomass resources for the development of toy insects, which are now popular among children. The toys provide children with an opportunity to think about environmental problems.



Memorial Plaque for the Award



Biomass
Registration No. 070002



Six types of *Earth Capsule Konchu Saishu* manufactured using biomass chips

Cooperating with *Shizenshirabe*

Bandai cooperated with the Nature Conservation Society of Japan in the nature observations held by the Society from July to August 2007.

The activity, named *Shizenshirabe*, is conducted annually with voluntary participation by residents who observe the same target during the same period across Japan. In 2007, participants collected cicada shells. Bandai enclosed a brochure about *Shizenshirabe 2007* in 80,000 of their *Earth Capsule* products to encourage purchasers to participate in the activity. Also, the company asked the purchasers to use the discarded capsules when sending cicada shells to the Society.

In *Shizenshirabe 2007*, 18,570 shells of 20 cicada species were collected and the collected shells were used to check on their habitat distribution in Japan.

VOICE

In charge of the Earth Capsule products

Takeshi Inoue

Bandai

I was in charge of planning the Earth Capsule products. I am working with the slogan, "Nothing gets started if I don't do it myself. I will do whatever I want to do, even if it has already been done by others."

Initiatives for reducing the environmental impact of packaging

Bandai

Bandai has been reducing the environmental impact of packages used for its products, in addition to reducing the environmental impact of the products themselves.

Packaging plays an important role in protecting products, preserving their quality, transportation, labeling and product information, and in sales promotion. In many cases, however, after customers purchase a product, they immediately discard the packaging.

Recognizing this, Bandai is reducing the use of packaging materials and shifting to materials with less environmental impact while still preserving and improving their packaging function as required by each individual product being packaged.

Reducing the package space ratio

Bandai has been reducing the package space ratio* in its packaging, because it is one important way to reduce the environmental impact of the package.

Reducing the space not occupied by the product inside the package allows the materials for the containers, cushioning, and outer cartons to be reduced, which in turn reduces the consumption of resources and generation of waste. Moreover, reducing

unused space will improve the loading efficiency when transporting products, reduce CO₂ emission, and help prevent global warming.

$$* \text{Space ratio} = \frac{\text{Volume of package} - \text{Volume of product}}{\text{Volume of package}} \times 100$$

Review of packaging materials

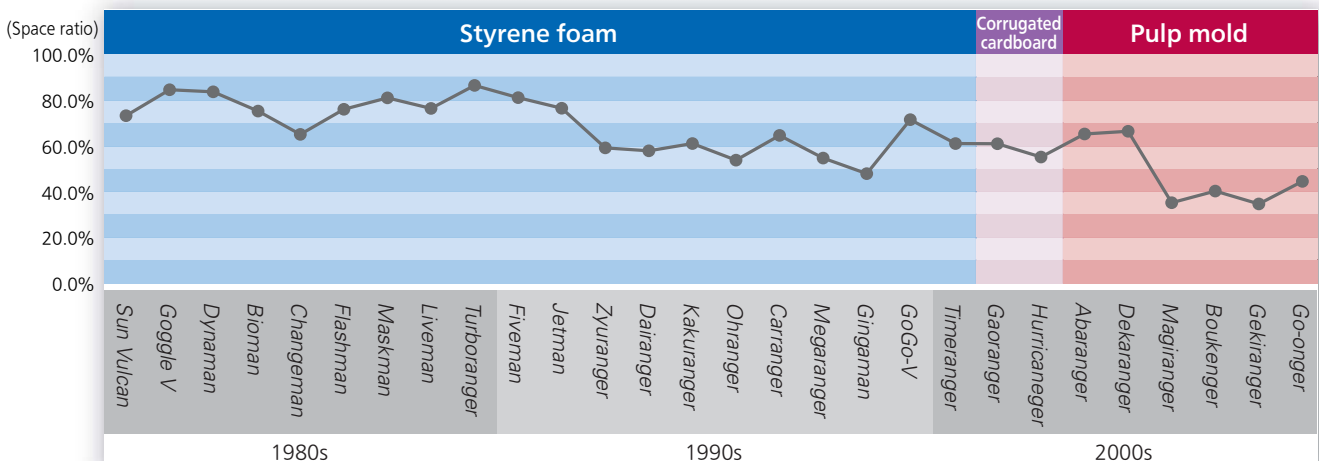
Bandai has been using styrene foam, which is light in weight, durable, and low in cost as packaging materials, but it is now shifting to the use of packaging materials with less environmental impact to reduce the use of exhaustible resources and the amount of packaging materials disposed of as waste.

Styrene foam was used as a packaging material for the *Power Rangers series*, one of Bandai's flagship products. However, Bandai has now changed from styrene foam to corrugated cardboard, and then to pulp mold made from recycled wastepaper, resulting in less environmental impact than ever before.

Reducing the Package Space Ratio (for the *Power Rangers series* packages)



Package Space Ratios and Packaging Materials for the *Power Rangers Series*



5

Reducing Waste and Recycling Resources

To reduce the consumption of resources and generation of waste, we are striving to minimize and recycle the waste generated by our offices and canteens, encouraging employees of Group companies to participate in these efforts.

Reduced by
11,750
cups

Encouraging the use of "my cup"

Bandai NAMCO TALES STUDIO

Bandai and NAMCO TALES STUDIO are encouraging employees to use their own cups ("my cup") to reduce the use of disposable cups for drinks. The degree of implementation depends on the size of each business site and how drinks are served at the site.

● "My Cup Challenge" campaign

The company is conducting a "My Cup Challenge" campaign in the Bandai cafeteria, which is located on the 14th floor of its head office, in cooperation with the company running the cafeteria.

Employees who bring their own cups to the cafeteria and use them to buy drinks receive one point for each drink. When they have collected 15 points, they receive a free drink at the cafeteria. There are also "double point campaign" periods to encourage the use of "my cup" by employees.

This campaign has resulted in the number of plastic cups used at the cafeteria being reduced by 3,500 per year, and employees are becoming more environmentally aware.



● Introduction of automatic vending machines that allow people to use their own cups

Bandai has been replacing the automatic vending machines for drinks installed at its head office with machines that allow employees to use their own cup.

A ten-yen coin is returned to people who buy their drink using "my cup." The company is encouraging employees to use their own cups to buy drinks from the machines with original posters featuring Bandai Environ-

mental Ambassador character *Kuchipatchi* next to the machines.

In November 2007, these automatic vending machines were introduced to five floors at head office, and the use of paper cups was reduced by 11,750 over four months. In the future, the company will replace vending machines on other floors with the new types to bolster the use of "my cup" among employees.



Conducting the "my cup" campaign

● All employees bring their own cups

NAMCO TALES STUDIO started to review the use of disposable cups including both paper and plastic cups in October 2007 and required employees to always use their own cups, except for meetings with guests and visitors from outside the company.

As a result, all employees have their own cups in the office now, and new employees and long-term part timers are also required to bring their own cups to the office when they start work. Thanks to this, the consumption of paper and plastic cups was reduced by approximately 400 and 800, respectively on a monthly basis.

2,000
pairs of
chopsticks
introduced

Discontinuing the use of disposable chopsticks in the canteen

Bandai

Bandai has replaced disposable chopsticks used in its canteen with reusable ones, thereby reducing waste. After examining the durability, cost, and employee needs, the company decided to introduce bamboo chopsticks in the canteen and introduced 2,000 pairs in March 2008 in cooperation with the company running the canteen.

Bamboo chopsticks are very durable even after being washed in a dishwasher. Compared with plastic chopsticks, it is easier to pick up noodles with bamboo chopsticks, so they are popular among employees.

202.6
kg collected

Cooperating in the collection of eco caps

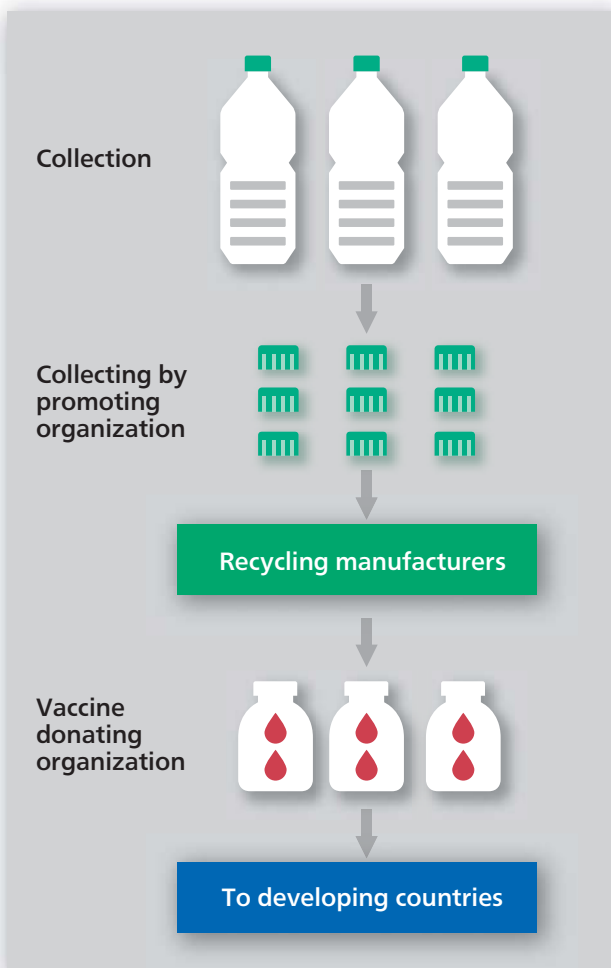
- NAMCO
- NAMCO BANDAI Games
- Banpresto
- NAMCO TALES STUDIO
- Bandai Networks
- Bandai Visual
- NAMCO ECOLOTECH

BANDAI NAMCO Group companies are participating in collecting eco caps. Specifically, the companies collect the caps of wasted PET bottles from employees and send them to an organization that recovers the caps. The organization purchases polio vaccine using the profit made by selling the collected caps, which is used to inoculate children in developing countries.

NAMCO BANDAI Games started cap collection in November 2007, installing special collection boxes on each floor of its offices. Every month, approximately 20,000 caps are collected through these boxes.

This initiative was expanded to include other Group companies: Bandai Networks started collecting in October 2007, NAMCO in December 2007, and NAMCO TALES STUDIO in January 2008.

Flow of Eco Caps



Eco cap collection box (NAMCO TALES STUDIO)



Eco cap collection box made from an ordinary box (NAMCO BANDAI Games)

Collection Results

Target for tabulation: NAMCO BANDAI Games

Period	Nov. 20 to Dec. 26, 2007	Dec. 27, 2007 to Jan. 30, 2008	Jan. 31 to Mar. 13, 2008
Weight	57.1 kg	56.6 kg	88.9 kg
Quantity (approx.)	22,840 pieces	22,640 pieces	35,560 pieces

Polio vaccine	For 28 people	For 28 people	For 44 people
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VOICE

Promoter of collecting eco caps

Yoshiko Matsumoto
NAMCO BANDAI Games

In addition to organizing the collection of eco caps, I am working on the publication of PR magazines and maintaining the company's official website. I enjoy my job and feel very happy when I achieve something new.

Introducing paperless operations

Bandai Networks Bandai Visual

Bandai Networks is introducing paperless operations to reduce the consumption of resources and generation of waste. The company is encouraging employees to reduce their use of paper by putting up enlightenment posters everywhere in the company, and improving the printing capabilities of the office machines.

When copying documents, the double-sided copying function of the copier is used, but for output of hard copy from PCs, few printers can do double-sided printing. To improve this situation, a special kit has been installed on each printer for double-sided printing.

Through these approaches, Bandai Networks has been able to introduce paperless operations using its existing office machines without generating waste by replacing them with new ones.

Bandai Networks will further introduce double-sided printing across the company by improving both printing hardware and software, thereby substantially reducing the use of copy paper.

The company's efforts for paperless operations are spreading to other Group companies, including Bandai Visual, via the employees in charge. All companies will introduce paperless measures to contribute to reducing the environmental impact of the entire Group.



Kit installed on a printer for double-sided printing



Enabling double-sided printing without replacing the printer

Reduced by
1,000
sheets
a month

Reducing the use of paper resources by discontinuing the use of paper towels

NAMCO TALES STUDIO

NAMCO TALES STUDIO had both hand driers and paper towels in its rest rooms in the past, but it stopped using paper towels in January 2008. Also, it replaced paper towels used in the small kitchens within the company with cloth towels. As a result, the use of paper towels was reduced by approximately 1,000 towels a month, contributing to reducing the consumption of resources and generation of waste.



Using a cloth towel and a hand drier instead of paper towels



VOICE

Promoter of introducing paperless operations

Rie Akasaka
Bandai Networks

I am engaged in environmental activities including introducing paperless operations, managing stockpiles, preparing disaster prevention manuals, arranging in-house events, and other jobs as a general secretary.

6

Establishing a Recycling System

The BANDAI NAMCO Group has introduced systems to collect and recycle the waste generated from products delivered to customers, and are recycling products and inventory that have to be disposed of for inevitable reasons.

25
tons
recycledRecycling inventory and
returned products

Bandai

The Candy Toy Business Department of Bandai markets candy toys, and outdated products are returned to the Department. The company examined the composition of materials used for these products to evaluate their recyclability, and this revealed that these products are composed of paper, plastics, and food in a ratio of 50%, 40%, and 10%, respectively.

Based on this examination, Bandai has been experimenting with recycling paper and plastic materials (except for PVC resin) used in the toy products since October 2007. In the future, the company will use recycled materials for the outer cartons and inner boxes of the products as one step in establishing a resource recycling system.

The Card Business Department of the company is recycling card products that have to be disposed of. In 2007, the Department crushed waste cards into small pieces and recycled them into 25 tons of paper resources and cardboard materials. These materials were used for the outer cartons of products and as materials for the walls of the BANDAI NAMCO Groups' booth established at Eco-Products 2007.

3.5
tons
recycledCollecting and recycling
capsules

NAMCO | Pleasure Cast | Hanayashiki | NAMCO ECOLOTECH

At the C2 Factory within the NAMCO WONDER PARK HERO'S BASE, Tokyo Gulliver, Matsudo of Pleasure Cast, and Asakusa Hanayashiki, capsules discarded by customers after they played games are collected using game machines that can be played by inserting used capsules.

Initially, vinyl bags and paper materials were also sometimes inserted into the collection machines, but customers are becoming increasingly aware of the importance of recycling, and now only capsules are inserted into the collection machines. The capsules collected at each store are all recycled via NAMCO

ECOLOTECH, one of the Group companies. In fiscal 2007, the weight of capsules collected and recycled totaled 3.5 tons and the recycled resins were used in stationery, hangers, and home electric appliances.

In the future, the number of stores where discarded capsules are collected will be increased for more resource recycling, with the cooperation of customers.



Collected capsules

630
kg
recycled

Recycling of video cases

Bandai Visual | NAMCO ECOLOTECH

Bandai Visual replaced VHS videos with DVDs and accordingly, video cases became unnecessary. The cases (weighing 630 kg) were recycled in cooperation with NAMCO ECOLOTECH, and the recycled resins were used as construction materials.

VOICE

Promoter of
video case recycling

Toshihiko Saita

Bandai Visual

I am responsible for production management for DVD package products. We are making efforts to mass produce high-quality products that satisfy even customers who are particularly strict about quality.



Reducing the Environmental Impact of Logistics

BANDAI LOGIPAL and LOGIPAL EXPRESS, the principal forces in logistics for the BANDAI NAMCO Group, are engaged in efforts to introduce low-emission vehicles and to promote eco-driving. They are producing solid results in cutting the environmental impact caused by transport of products and other goods.

7
sales offices
win awards

Chairman's Award in Eco-Drive Contest

LOGIPAL EXPRESS

In fiscal 2007 Eco-Drive Contest organized by the Ministry of the Environment and the Environmental Restoration and Conservation Agency of Japan (ERCA) in which 534 business enterprises participated, the Funabashi sales office of LOGIPAL EXPRESS won the Chairman's Award. Also, its six sales offices in Sapporo, Sendai, Shizuoka, Nagoya, Ibaraki and Fukuoka also wanted recognition, demonstrating that the Eco-Drive effort has permeated through the sales offices of the company.

In addition, the Ibaraki sales office was recognized for its continuing actions to implement the Eco-Drive program and won the *Osaka Eco-Drive Grand Prize* in January 2008.

35.4
%
vehicle
usage

Introduction of low-emission vehicles

BANDAI LOGIPAL | LOGIPAL EXPRESS

BANDAI LOGIPAL and LOGIPAL EXPRESS are currently working on introducing low-emission vehicles, focusing on advances in infrastructure development and the distinctive characteristics of the goods and shipments. Presently, the two companies have achieved a low-emission vehicle ownership ratio of 35.4%, including 16 CNG vehicles, two hybrid vehicles and 22 vehicles that comply with the new long-term emission regulations. The two companies plan to continue to work aggressively to boost wider use of these environment-friendly vehicles.

In its drive to improve fuel efficiency, studies are being conducted into the use of air deflectors that minimize air resistance while driving, as well as air dams,

	Number	Percentage
CNG vehicles	16	14.2%
Hybrid vehicles	2	1.8%
Vehicles compliant with the new long-term regulations	22	19.5%
Total	40	35.4%

* An error of 0.1% can be found in the ratio, as a result of rounding off fractions.

eco-tires, and heat storage mats, cold storage devices, air heaters, etc. necessary to put "idling stop" into practice.



Activities that promote eco-driving

BANDAI LOGIPAL | LOGIPAL EXPRESS

BANDAI LOGIPAL and LOGIPAL EXPRESS are working actively to promote eco-driving in society.

LOGIPAL EXPRESS presented a case study report on the theme of "Eco-Driving for the Future of Our Children," at the Automobile Environmental Seminar (organized by the Osaka Prefectural Government and Environmental Restoration and Conservation Agency) held in January 2008.

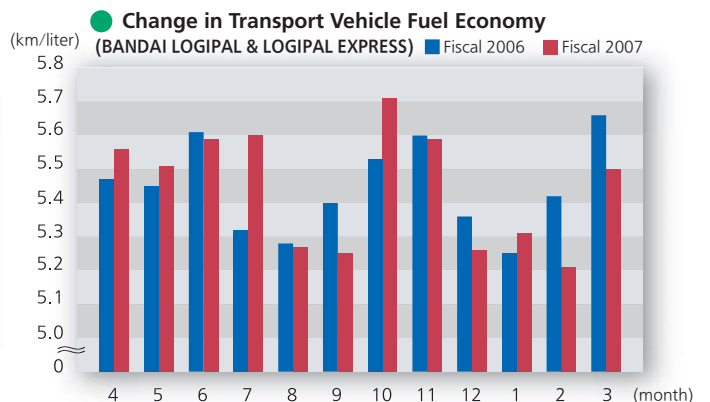
Also, BANDAI LOGIPAL gave a presentation on "Our Future as a Group Subsidiary and Logistics Partner" at the "Kanagawa Eco-Drive Forum 2008" (organized by the Kanagawa Prefectural Government and held in February of that year).

14.7
%
improvement

Continual assessment of fuel costs and improvement efforts

BANDAI LOGIPAL | LOGIPAL EXPRESS

Both BANDAI LOGIPAL and LOGIPAL EXPRESS have installed digital tachographs on all the vehicles in their fleets, in order to check driving speed and engine idling status. At the same time, driving distance and fuel consumption data enables precise assessment of fuel economy. Based on the data, measures are being implemented to cut the environmental impact. As a result, average fuel consumption for all vehicles has improved from 4.77 km/liter in 2003 to 5.47 km/liter in 2007.



Eco-Driving Roundtable (Summary) LOGIPAL EXPRESS

In response to LOGIPAL EXPRESS's Funabashi sales office winning the Chairman's Award in fiscal 2007 Eco-Drive Contest, as well as six other sales offices winning recognition, a roundtable meeting was held on eco-driving at the company's head office in January 2007.

<Participants>

Kanichi Yamamoto,	Funabashi Sales Office Nine years of driving experience in 4 ton and large trucks, chiefly driving 2 ton trucks; fuel economy at 6 km/liter (4 tons)
Satoshi Miyazaki,	Funabashi Sales Office 18 years of driving experience of large trucks in local areas; fuel economy improved from 3.5 to 4.1 km/liter
Masashige Sumiya,	Funabashi Sales Office 22 years of driving experience, chiefly on large (10 ton) trucks; fuel economy improved from 4.0 to 5.1 km/liter
Masayuki Tanaka,	Funabashi Sales Office 29 years of driving experience of large trucks; no specific fuel data because of riding various trucks
Tadashi Tomura,	Manager, Ibaraki Sales Office
Shuichi Hirukawa,	Assistant Manger, Territory/Driving Team, Transport Section, Funabashi Sales Office
Kazuyoshi Hayashi,	General Manager, Transport Section, Funabashi Sales Office
Yoshifumi Umezu,	Manager, Management Planning Division
Noboru Shibata,	Director

— Key points in eco-driving



Tanaka

Umezu: Are there any points you watch carefully in improving fuel economy?

Sumiya: Because I cannot keep the engine on while parked, I select a different parking spot according to the season, such as a sunny spot in winter.

Miyazaki: I am careful not to

step on the pedal more than is necessary.

Tanaka: I learned that releasing the clutch just before stopping will save on gas and am putting this into practice.

Yamamoto: In addition to that, I make sure that I drive at a moderate acceleration speed as much as possible.

Hirukawa: The heat storage mats are very effective, and I hope they will be introduced to more vehicles in the future.

— Eco-driving: Spreading the word

Umezu: What activities have been organized to promote eco-driving in the sales office?

Tomura: We place the greatest importance on the eco-meeting. Also, we work exhaustively on the fundamentals, in driver training. Also, we make efforts to increase environmental awareness among all drivers.

Hayashi: We visited business enterprises that won the award the previous year and asked what kind of activities have been organized. We learned many things, including systematic action in the area of education.



Shibata

— Continuing activities and further improvements

Umezu: What are your plans for the future?

Hayashi: We hope to continue winning recognition

through careful attention to safety and the environment and try to win higher awards.

Tomura: We hope to boost self-reliance at each sales office and to encourage activities organized on the initiative of leaders.

Hirukawa: We hope to cut accidents further and hope to promote this aspect the next time.

Miyazaki: I hope to improve fuel economy even by 0.1% point through careful attention to details and application of ideas in such areas.



Hirukawa



Yamamoto

Sumiya: I'd like to work on achieving an average fuel economy of 5 km/liter.

Tanaka: We hope to work and apply new ideas to be able to win the No. 1 prize (Environment Minister's Award) the next time.

Yamamoto: I plan to make sure that the daily vehicle inspections

and maintenance are thorough and to be prepared to address problems by early detection.

Umezu: We look forward to you working hard for greater safety and eco-driving in the future.

Shibata: I would like to express my respect and admiration for the everyday efforts made by the drivers. Eco-driving not only reduces environmental impact but also contributes immensely to our business operations. I sincerely look forward to your continuing hard work and application of new ideas for winning the Environment Minister's Award next year.



Sumiya

Miyazaki

8

Environmental Communication

In order to communicate with as many customers as possible and to increase their understanding of environmental issues and activities organized by the BANDAI NAMCO Group, as well as to help spread action on environmental protection in society, the Group is involved in organizing various special events and exhibitions and work on communicating information with clarity and simplicity.



Beach cleaning activities at surfing tournaments

Bandai

Real B Voice, the surfing equipment brand in Bandai's *Real B Voice* Business Division, hosts "Buffalos Big Board Classic JAPAN," an annual surfing tournament held on Kugenuma Kaigan beach in Kanagawa Prefecture.

Real B Voice organizes beach cleaning before and after the event and before the actual surfing skills contest to avoid the tournament polluting the beach, and this even results in the beach being cleaner than before. In addition, in cooperation with local residents it has been continuing the beach cleaning every second Sunday of the month since April 2008.



Beach cleaning in action



Presentation of environmental activities at the Tokyo Toy Show 2007

Bandai

At the International *Tokyo Toy Show 2007* held from June 28 to July 1, 2007, Bandai created an environmental activities section inside its booth.

In addition to displaying environment-friendly products such as *Earth Capsule Konchu Saishu* based on biomass chips, copies of a kids' version of the company's environmental report were distributed to show the company's environmental actions. Also, a promotional video featuring the corporate character *Kuchipatchi*, the Bandai Environmental Ambassador, as navigator and narrator had been shown at the show to give a better picture and understanding of our environmental activities to visitors to the Tokyo Toy Show.

The energy used to operate and manage the Bandai booth was supplied from natural energy sources through the Green Power Certification System.



Group participation in "Eco-Products 2007"

BANDAI NAMCO Group

The BANDAI NAMCO Group participated in "Eco-Products 2007" held in December 2007 for the first time as a single corporate group. The exhibition was organized by 11 group members.

The BANDAI NAMCO booth displayed environmental protection and management activities by group member companies, as well as environment-friendly products. In addition, the company's conservation activities at BANDAI NAMCO Forest in Shiga Kogen, Nagano Prefecture, were also presented.

At the same time, the booth offered vending machines that dispensed limited-edition "Eco-Products 2007" capsules when visitors gave correct answers to a quiz, as well as machines that offered environment-friendly games, creating opportunities to learn about ecology for visitors through actual participation and experience.



JAM Project eco-goods sales

Lantis

Lantis is engaged in sales of eco-bags and the own chopsticks: original merchandise of the *JAM Project*, a group of anime song artists. In fiscal 2007, it sold approximately 2,000 eco-bags and 1,500 sets of these chopsticks.

In addition to selling eco-goods, the company implements environment-friendly actions of its own, with all executive officers and employees keeping their own chopstick sets at the office in order to reduce the use of throwaway chopsticks.



JAM Project eco-bag and the own chopsticks sets

1 million copies distributed

Environmental information in simple form for children

Bandai

● **Environmental information website for children: "Bandai Eco Club"**

Bandai created an environmental information website for children in 2006 and revamped it in December 2007 as "Bandai Eco Club."

At "Bandai Eco Club," Bandai's environmental character *Neita*, along with Bandai Environmental Ambassador *Kuchipatchi* and Environment Captain *Primopuel*, serve as guides to introduce to children Bandai's activities on environmental protection.

The website will be upgraded in the future to draw the interest of as many children as possible while including elements of entertainment.

● **Bandai environmental report for children packaged with products**

Since 2005, Bandai has been producing environmental reports for children, offering a simple, easy-to-understand description of its environmental activities, and packaging copies in toys and other products. In 2007, the company produced a booklet titled "Ecology at Bandai—Our Activities" and packaged one million copies in character products for children.

"Ecology at Bandai—Our Activities" offers a look into Bandai's activities, such as ecology awareness in its toy products and its use of natural energy sources, as well as sections where the child is able to check the level of his or her own ecology-consciousness. In this way, the booklet is designed to encourage children and their families to recognize ecology and the environment issues close to their homes.



Bandai Eco Club website (<http://www.bandai.co.jp/kids/eco/>)



Environmental report for children "Ecology at Bandai—Our Activities"



Distribution and sales of eco-bags

BANDAI NAMCO Group

The BANDAI NAMCO Group is promoting wider use of eco-bags through distribution and sales.

Bandai has distributed a total of 31,400 character eco-bags to customers who collect stamps with *Heart-*

no-shippo and those who purchase their garment products at apparel shops and mass retailers nationwide. Eco-bags are provided to all the employees in Amusement Facility SBU, BANDAI LOGIPAL, and LOGIPAL EXPRESS. At Lantis, similar bags are manufactured and sold as exclusive products at live performances by music artists.

In the future, effort will be directed to distribution at special events and at retail stores, as well as to employees, to reduce the use of paper and plastic bags.



Wider use of Forest Certification Paper

BANDAI NAMCO Group

The BANDAI NAMCO Group is also taking action to promote the wider use of Forest Certification paper, made from lumber shipped out of managed forests. In October 2007, corporate group members Artpresto and BANDAI NAMCO Business Service acquired CoC (chain of custody) certification from the Forest Stewardship Council (FSC).

FSC-certified paper is being used for name cards for group member companies, gradually spreading through replacement. The certified paper is also used in the company guide for NAMCO BANDAI Games, along with other environment-aware details such as adoption of folder bindings free of binding materials and devices, water-free printing and use of vegetable-based inks.



VOICE

Officer in charge of environmental information to children

Youko Nakahara
Bandai

I try to look at things from the perspective of "how can ecology be put into action with fun," combining Bandai's entertainment qualities with ecology awareness.



Environmental Performance Data

The following shows the principal environmental performance data for fiscal 2007. In assessment and tabulation of the data, great effort has been devoted to continue to improve accuracy. However, we are currently conducting a review of the data from the perspective of the scope of assessment, tabulation method and third-party evaluation, in order to further increase the rationality and objectivity of the numerical data.

Environmental Coefficients

Activity item	Unit	Fiscal year	NAMCO BANDAI Holdings	Toys and Hobby SBU	Amusement Facility SBU	Game Contents SBU	Network SBU	Visual and Music Content SBU	Affiliated Business Companies
Distance driven by commercial vehicles	km	2006	-	2,005,408	-	-	0	19,363	295,759
		2007	-	1,346,061	1,966,210	305,449	0	655,349	270,091
Amount of fuel (gasoline) purchased	ℓ	2006	-	208,052	-	-	0	4,669	26,968
		2007	-	134,750	116,840	33,212	0	62,012	25,533
Amount of water/wastewater consumed	m ³	2006	-	50,878	1,590	-	7,854	-	22,058
		2007	11	67,938	449,434	40,980	7,876	3,282	17,380
Amount of electric power purchased	kWh	2006	59,898	6,088,000	404,000	-	325,600	643,417	4,290,100
		2007	60,813	11,130,270	129,848,707	14,891,015	302,834	878,848	3,615,350
Amount of gas purchased	km ³	2006	-	0	-	-	0	0	-
		2007	-	0	-	686,303	0	0	0
Amount of general waste	kg	2006	587	337,068	-	-	-	3,318	302,540
		2007	596	270,325	58,000	100,058	3,842	4,368	346,900
Amount of industrial waste	kg	2006	-	-	-	-	-	10,438	-
		2007	-	-	-	93,164	-	11,501	3,350
Amount of copier paper consumed	kg	2006	-	84,190	-	-	4,895	7,162	10,557
		2007	-	71,481	17,419	48,884	4,103	50,204	14,610

- * Some figures not available in the table are shown as "-". The reason is that the actual numerical figure cannot be assessed, although there is data on actual use. The figure "0" means not used, based on research findings.
- * The scope of assessment for "Distance driven by commercial vehicles," "Amount of fuel purchased" and "Amount of electric power purchased" for the Toys and Hobby SBU differ from the figures earlier than 2006. Starting in fiscal 2007, data has been entered for Bandai's Tochigi, Shizuoka and Osaka territories. (For other items, data on these territories are included for all fiscal terms.)
- * Fiscal 2006 data for the Amusement Facility SBU is data for Yaguchi Head Office and Sales Headquarters buildings. From fiscal 2007, the data includes amusement facilities operated nationwide, including the two office buildings. Also note that actual data for some items cannot be obtained for some facilities. In these cases, numerical figures represent estimates based on data for facilities that are assessable, according to the scale of the facility and type of operation, adjusted by facility floor space.
- * Fiscal 2006 data for the Visual and Music Content SBU is for Bandai Visual head office only. Starting in fiscal 2007, the data includes Sunrise, Bandai Channel and Lamis, in addition to Bandai Visual.
- * Fiscal 2006 data for affiliated business companies represents data for BANDAI LOGIPAL and NAMCO ECOLOTECH. Starting in fiscal 2007, Artpresto has been added to BANDAI LOGIPAL and NAMCO ECOLOTECH.

CO₂ emissions 91,755 t CO₂

Green Electric Power Consumption Data

Event name	Date	Company	Venue	Type	Consumption (kWh)
Minori-chan Series picture book website	1 Apr 2007 - 31 Mar 2008	NAMCO BANDAI Games	-	Wind power	11,000
Total of events by Card Business Department	Apr 2007 - Mar 2008	Bandai	Various locations	-	12,000
Shizuoka Hobby Show	17 - 20 May 2007	Bandai	Twin Messe Shizuoka	Wind power	1,000
July-Sept. business meetings	24 May 2007	Bandai	Bandai Head Office Building (2nd & 3rd floors)	Wind power	1,000
International Tokyo Toy Show 2007	28 Jun - 1 Jul 2007	Megahouse	Tokyo Big Sight	Solar power	1,000
International Tokyo Toy Show 2007	28 Jun - 1 Jul 2007	Bandai	Tokyo Big Sight	Solar power	12,000
2nd General Shareholders Meeting and Reception	24 - 25 Jun 2007	NAMCO BANDAI Holdings	Grand Prince Hotel Shin-Takanawa	Hydroelectricity	1,000
Oct-Dec business meetings	25 Jul 2007	Bandai	Bandai Head Office Building (2nd & 3rd floors)	Wind power	1,000
An <i>Inconvenient Truth</i> in-house showing	2 Aug 2007	Bandai	Bandai Head Office Building (3rd floor)	Biomass	1,000
Digital Monster Event, Boys Toy Department	11 Aug 2007	Bandai	Bandai Head Office Building	Biomass	1,000
East Japan Toy Trade Fair	29 - 30 Aug 2007	Megahouse	Tokyo Toritsu Sangyo Boeki Center	Geothermal power	1,000
East Japan & West Japan Trade Fairs	29 - 30 Aug & 12 Sep 2007	Bandai	Tokyo Toritsu Sangyo Boeki Center/Intex Osaka	Wind power	1,000
Girls Planning Office	Aug 2007 - Mar 2008	Bandai	Aoyama Office (until 31 Mar 2008)	Wind power	3,000
Primopuel Store (Bandai-operated)	Aug 2007 - Mar 2008 (Sat & Sun)	Bandai	Asakusa <i>Heart-no-shippo</i> (Tail of Heart) Store	Solar power	4,000
45th Amusement Machine Show	13 - 15 Sep 2007	Banpresto	Makuhari Messe	Wind power	3,000
45th Amusement Machine Show	13 - 15 Sep 2007	NAMCO BANDAI Games	Makuhari Messe	Biomass	2,000
Tokyo Game Show 2007 (Kids Booth)	20 - 23 Sep 2007	NAMCO BANDAI Games	Makuhari Messe	Wind power	12,000
Tokyo Gift Show Fall 2007	4 - 7 Sep 2007	Bandai	Tokyo Big Sight	Biomass	1,000
Tokyo Hobby Show	11 - 14 Oct 2007	Bandai	Tokyo Big Sight	Wind power	1,000
Apparel Department Exhibition	18 - 19 Oct 2007	Bandai	Bandai Head Office Building (3rd floor)	Wind power	3,000
Licensing Asia 2007	31 Oct - 2 Nov 2007	NAMCO BANDAI Games	Tokyo Big Sight	Wind power	1,000
Licensing Asia 2007	31 Oct - 2 Nov 2007	Bandai	Tokyo Big Sight	Wind power	1,000
Private Investors Meeting	10 Nov 2007	NAMCO BANDAI Holdings	Grand Prince Hotel Shin-Takanawa	Wind power	1,000
New Character Announcement Exhibition	6 Dec 2007	Bandai	Ariake	Wind power	4,000
Jump Festa 2007	22 - 23 Dec 2007	Bandai	Makuhari Messe	Wind power	10,000
Christmas illumination	24 - 25 Dec 2007	Bandai	Head office & employee households	Wind power	1,000
Roasis	21 - 31 Jan 2008	Bandai	At Ichinoe Roasis	Biomass	1,000
7-company joint business meeting	14 Feb - 18 Mar 2008	Bandai	Sapporo, Sendai, Tokyo, Nagoya, Osaka & Fukuoka	Biomass	2,000
AOU 2008 Amusement Expo	15 - 16 Feb 2008	NAMCO BANDAI Games	Makuhari Messe	Wind power	3,000
Tokyo Gift Show Spring 2008	8 - 11 Feb 2008	Bandai	Tokyo Big Sight	Wind power	1,000
Kids Photo Bandai Studio	1 - 31 Mar 2008	Bandai	Bandai Studio	Wind power	1,000
Apparel Department Exhibition	24 - 28 Mar 2008	Bandai	Bandai Head Office Building (3rd floor)	Wind power	3,000
Tokyo International Anime Fair 2008	27 - 30 Mar 2008	Bandai	Tokyo Big Sight	Wind power	1,000
				Total	103,000

CO₂ reduction with green electric power consumption 40.17 t CO₂

All-round environmental activities at Bandai Hobby Center

Bandai

Bandai Hobby Center, which started operation in Shizuoka City in March 2006, is the BANDAI NAMCO Group's only wholly-owned plant in Japan. In order to build a "green factory," a variety of environmental programs have been implemented at these facilities. At the same time, action has been taken in manufacturing processes and other plant operations to cut the environmental impact.



Introduction of facilities to cut environmental impact

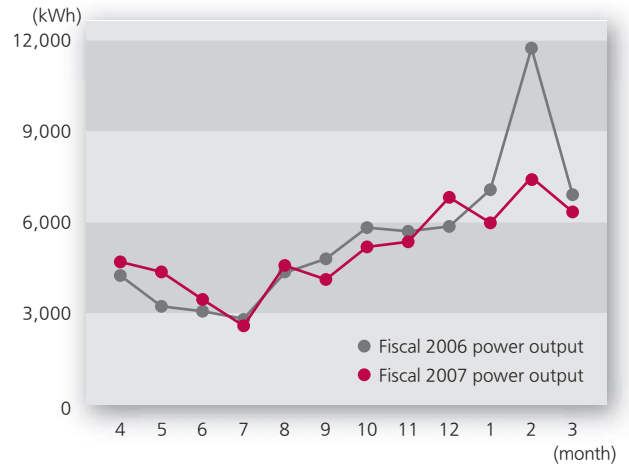
The wall of the Hobby Center is covered with solar panels, which generate more than 56,000 kWh a year from solar energy and supply electricity to the Center. The rooftop of the building is also covered with greenery, which helps with heat insulation and energy conservation, as well as providing space for relaxation for employees.

A water purification system has been installed to enable the reuse of rainwater and underground water, with some 2,000 tons of recycled water being used for lavatories inside the Center and for watering the greenery outside.



Top left: Huge solar panel installed on a wall
 Top: Flush toilet using rainwater
 Left: Greenery coverage underway on the rooftop

● Fiscal 2006 - Fiscal 2007 Solar Power Generation



Promoting recycling

All wastes from manufacturing and business operations inside the Center are being either recycled or controlled for complete waste management, minimizing discharge of substances that impact the environment.

At present, roughly 140 tons of plastic is being recycled each year, with waste oil from the manufacturing processes used effectively in cooperation with a recycling center in the community. Garbage sorting, collection and recycling are underway at its office as well, with organic waste from the cafeteria used as fertilizer.

Attending to the surrounding environment

Due to the presence of residential areas around the Hobby Center, adequate control over noise, vibration, odors, and other disturbances is being implemented. Also, action is being taken to address three-shift operation, in which machines are in operation even during night hours when local residents are asleep, by replacing hydraulic molding machines with electric-powered facilities that generate less noise and consume less electricity in phases.

Attending to people

For easy wheelchair access, slopes have been installed inside the Center. Continual efforts are made to upgrade the working conditions for Center personnel.



BANDAI NAMCO Group Fiscal 2007 Environmental Activities

The environmental activities of the BANDAI NAMCO Group for fiscal 2007 marked the start of the PDCA cycle for the entire group, resolving the disparities that existed among activities organized by the various group member companies. Although differences in activity levels continue to exist, progress is being made to build mechanisms for the management and employees at each group company to recognize environmental activities as actions that should be taken by the company on a continuing basis and to promote and built on these activities as a companywide movement.

Fiscal 2007 Activities & Results and Fiscal 2008 Targets

SBU	Fiscal 2007 Activities & Results	Fiscal 2008 Activity Targets	Action	Key Activity Points
Toys and Hobby SBU	<ul style="list-style-type: none"> Promoting eco products 1. Use of vegetable-based inks; 2. excess packaging; 3. Universal Design Project; 4. industrial waste; 5. garbage problem for capsule-packed products; 6. reduction in discarded batteries Cultivation of eco-mindedness 1. Promotion of environmental projects; 2. environmental training programs; 3. introduction of environmental accounting system; 4. energy & resource conservation activities; 5. environmental public relations Received Grand Prize in the 4th Eco-Products Awards 	Expansion of environmental projects in depth and scale & assistance of activities by various departments	Cultivation of ecology-mindedness	<ul style="list-style-type: none"> Increase in the number of personnel gaining environmental specialist qualifications Distribution of environmental pamphlets in the company
			Development of eco-products	<ul style="list-style-type: none"> Exhibition at Tokyo Toy Show 2008 Exhibition at Eco-Products 2008 Development of environment-friendly products
			Challenging eco-management	<ul style="list-style-type: none"> Mastery of Life Cycle Assessment (LCA) knowledge
Amusement Facility SBU	<ul style="list-style-type: none"> Improvement in employment eco-consciousness 1. "Cool biz" & "warm biz" attire programs; 2. participation in Team -6%; 3. film shows on environmental themes, assistance with eco examinations, etc. Environmental coefficient measurement (for head office building & some stores only) Electric power conservation (cuts in spending with changes in electric power supplier) Capsule recycling by C2 Factory, Tokyo Gulliver Matsudo Store, & Asakusa Hanayashiki Assessment & reduction in energy consumption 	<ul style="list-style-type: none"> Development of infrastructure for reduced energy consumption Dissemination of environmental awareness among Amusement Facility SBU management and general managers 	Environmental coefficient measurement & reduction in energy consumption	<ul style="list-style-type: none"> Environmental coefficient measurement at all facilities of Amusement Facility SBU, including stores System development and minimizing the gap between assumed figures and actual figures ⇒Target figure: Water, electricity & heating costs, real measurement 50% Energy consumption reduction measures at head office and headquarters functions
			Dissemination of environmental awareness	<ul style="list-style-type: none"> Environmental seminars for managers Environmental specialist qualifications for 100% of environmental project members
			Recycling activities	<ul style="list-style-type: none"> Increase in the number of stores collecting empty capsules (three stores as of May 2008)
			Establishment of environmental brand image	<ul style="list-style-type: none"> All companies under the Amusement Facility SBU to participate in Team -6%
Game Contents SBU	<ul style="list-style-type: none"> Reform in the Environment Committee Creation of Environment-Friendly Product Working Group * Promotion of energy-saving design for each company's products In-house awareness activities 1. Training programs (for management & for employees); 2. film shows on environmental themes, assistance with eco examinations, etc. 3. Development of website for employees Reinforcement of green procurement standards & management 	Enable as many employees as possible to: <ul style="list-style-type: none"> Participate in environmental activities! Put environmental activities into action! 	Eco-products (Areas pertaining to product development, design & production)	<ul style="list-style-type: none"> Green procurement Energy-saving design Establishment of an environmental standards, such as LCA assessment
			Eco-management (Areas pertaining to people and organization)	<ul style="list-style-type: none"> Identifying environmental risks Identifying improvement measures
			Eco-management (Environmental activities by each business department)	<ul style="list-style-type: none"> Environmental activities related to and taking advantage of mainstay business Research & surveys that benefit (or are expected to benefit) the mainstay business (in the future)
			Eco-communication (Areas pertaining to improvements in environmental awareness)	<ul style="list-style-type: none"> Planning & implementation of enjoyable eco-communication plans 1. Reinforcement of environmental activities close to everyday living 2. Environmental activities outside the company
Network SBU	<ul style="list-style-type: none"> Energy-saving activities: Reduction in electric power consumption Resource conservation activities: Reduction in use of copier paper Greater purchasing of environment-friendly products: Green purchasing, vegetable-based inks & use of recycled paper Waste reduction/recycling: Greater waste sorting & paper recycling Greater environmental awareness: Email magazine publication & environmental training/education Participation in Team -6% Assistance with taking environmental specialist examinations 	Reduction of CO ₂ emission in offices (Year-on-year reduction of 2%)	Assessment of CO ₂ emissions by offices	<ul style="list-style-type: none"> Review of CO₂ emission calculation standards & methods Calculation of CO₂ emissions based on environmental coefficients for the previous fiscal year Start calculating CO₂ emissions for the current fiscal year
			Assessment of power consumption in offices & review/implementation of reduction measures	<ul style="list-style-type: none"> Identifying items related to electric power consumption in the office Review & implementation of reduction measures for all items
			Reaffirmation of the 3Rs	<ul style="list-style-type: none"> Review & implementation of reduction measures, including PET bottles, paper cups, etc. Reduce copier paper consumption with data transmission instead of fax Review the current state of garbage sorting and recycling Review & promote other 3R measures
Visual and Music Content SBU	<ul style="list-style-type: none"> Participation in Team -6% Environment-related articles in in-house news bulletins Video case material recycling in conjunction with NAMCO ECOLOTECH Office lights turned off at 7 p.m. every Wednesday 	<ul style="list-style-type: none"> Reduction of CO₂ emissions by cutting electricity & heating costs Active participation in environmental activities & gaining employee understanding Boost environmental contribution through improvement of environmental coefficients 	Conservation of electric power, resources, etc.	<ul style="list-style-type: none"> Reduce electric power consumption by designating no-overtime work days Reduce electric power consumption & CO₂ by changing room temperature settings Reduce paper resources consumption, including copier paper Reduce waste & excess with cost control awareness
			Waste reduction, weight mass reduction, reuse & recycling (directly linked to business operations)	<ul style="list-style-type: none"> Non-production of excess inventory (products & sales promotion items) Recycling of unnecessary inventory (products & sales promotion items) after disposal Product manufacturing with recycled materials

SBU	Fiscal 2007 Activities & Results	Fiscal 2008 Activity Targets	Action	Key Activity Points	
Visual and Music Content SBU	→ Continued from p. 50	→ Continued from p. 50	Exhaustive environmental education (to employees)	<ul style="list-style-type: none"> Wider use of personal cups, own chopsticks and eco-bags Wider use of eco-caps Greater awareness of recycling Mastery of environmental knowledge 	
			National movement for measures to prevent global warming	<ul style="list-style-type: none"> Participation in Team -6% 	
			Support of artist activities	<ul style="list-style-type: none"> Promoting environmental and social contribution activities proposed by artists Promoting environment-friendly goods at live performances 	
Affiliated Business Companies	[BANDAI LOGIPAL] [LOGIPAL EXPRESS]	<ul style="list-style-type: none"> Promoting eco-driving activities LOGIPAL-style environmental management system development 		<ul style="list-style-type: none"> Participation in Eco-Drive Contest Green management certification update Driver training by vehicle manufacturers 	
				<ul style="list-style-type: none"> Assessment of environmental aspects and impacts (those with high impact level) Production of simplified environmental management system document Per-basic-unit reduction target established for each sales office Environmental activities at each sales office 	
	[NAMCO ECOLOTECH]	<ul style="list-style-type: none"> Lecture at the BANDAI NAMCO Group Environmental Summit Video case material recycling in conjunction with Bandai Visual Participation in Amusement Facility SBU Environmental Project Development of recycling system for used capsules Environment-friendliness of the company's products 	<ul style="list-style-type: none"> EMS management and promoting environmental action 	EMS management and environmental education	<ul style="list-style-type: none"> Production of EMS documents EMS documents posted on internal LAN (for all employees) External & internal EMS training programs Employees encouraged to acquire qualifications, such as environmental counselors
				Establishment of environmental brand image	<ul style="list-style-type: none"> Part of <i>Oshi-bo</i> and <i>Oshi-bo mini</i> sales contributed to Japan Green Fund Disclosure of environmental activities on own website (updated as needed) Participation in Eco-Products 2008
				Environment-friendliness of the company's products	<ul style="list-style-type: none"> Promoting RoHS-compliance for newly developed products Transition to RoHS-compliance for existing products Increased recycling rate for own products Development & sales of environment-friendly products
	Waste plastic recycling in the Group (Fiscal 2007 recycling volume: Approx. 4.1 tons)			<ul style="list-style-type: none"> Increase in the number of stores in the Amusement Facility SBU that recycle used capsules (target: 10 stores) Increase in the purchase volume of waste plastic discharged by group member companies for recycling 	
[Artpresto]	<ul style="list-style-type: none"> Designing & printing the CSR Report Development of <i>Kokoro</i>, the CSR character for the BANDAI NAMCO Group CoC (Chain-of-Custody) certification from the Forest Steward Council (FSC) 	<ul style="list-style-type: none"> Privacy Mark certification and application Promotion of FSC-certified paper 	<ul style="list-style-type: none"> Promote correct understanding and exhaustive implementation of the personal information management system and of rules on correct information handling Switch to certified paper for name cards, envelopes, paper bags, etc 		

*Activities listed by company, due to operations organized independently by affiliated business companies

VOICE

In the BANDAI NAMCO Group, environmental activities are underway by the five SBUs in different fields of business, and in their affiliated companies, taking advantage of the individual characteristics of each. Also, the Environmental Project Committee convenes regularly to ensure that effective activities are implemented by various SBUs and to disseminate issues that must be addressed by the entire group for implementation on a group-wide scale.

We plan to organize data and improve target accuracy further and exert greater efforts to develop an environmental management system with greater speed in the PDCA cycle. The BANDAI NAMCO Group plans to push for growth in both the scope and depth of its environmental activities, along with CSR activities, in order to remain a trustworthy business corporation, providing "Dreams, Fun and Inspiration," along with safety and security, to society.



Chief Ecology Officer

Jun Higashi

NAMCO BANDAI Holdings

Cultural & Social Contributions

1

Social Contribution

The BANDAI NAMCO Group has an established policy on corporate social responsibility and is promoting continuing CSR activities as an entertainment business group, while mobilizing its management resources effectively.

The BANDAI NAMCO Group's Basic Policy on Social Contribution

BANDAI NAMCO Group

The BANDAI NAMCO Group has set up a Social Contribution Committee under its CSR Committee to review the policy and direction of its contributions as a corporate group.

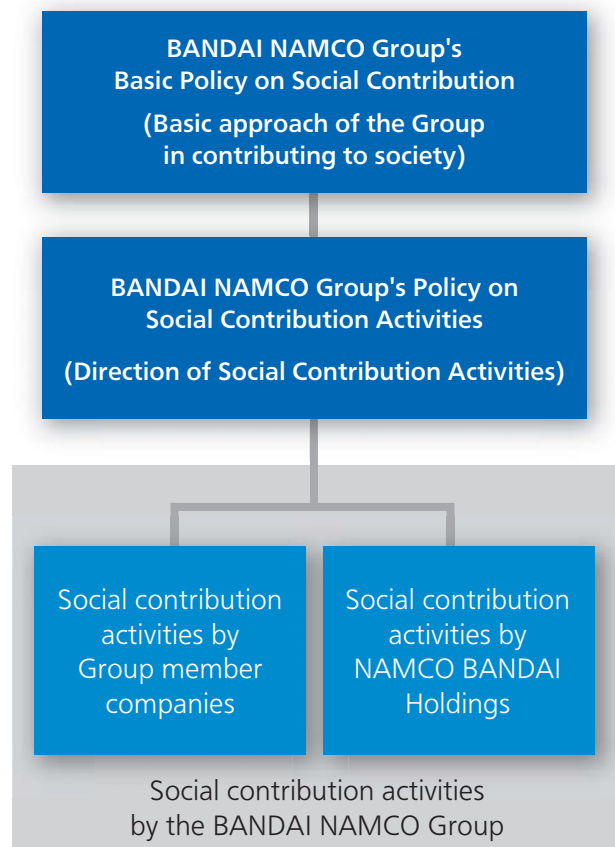
In April 2007, the "BANDAI NAMCO Group's Basic Policy on Social Contribution" was established to define the group's basic approach to social contribution, to define the Policy on Social Contribution Activities for the Group and determine the direction for action.

Based on these policies, we plan to make effective use of the Group's management resources and be involved in these activities on a continual basis as an entertainment corporate group. While each member of the corporate group organizes and implements activities based on its own distinctive business area and characteristics, NAMCO BANDAI Holdings is working on social contribution from a group-wide perspective.

The BANDAI NAMCO Group's Basic Policy on Social Contribution

In order to continue providing "Dreams, Fun and Inspiration" and to assist in creating everyday living that is enriching, happy and healthy, the BANDAI NAMCO Group plans to make active use of its extensive management resources in making its contribution to society.

BANDAI NAMCO Group's Social Contribution Scheme



2

Contribution to Culture and Society

To communicate the excitement and wonder of entertainment to a wider audience from children to adults, cultural and social activities are being organized based on the distinctive strengths of each group member. At the same time, support is being provided to various organizations.

Collection of
30,000
items

Omocha-no-machi Bandai Museum

Bandai

Bandai opened the *Omocha-no-machi Bandai Museum* (floor area of 4,240 square meters) in April 2007, inside the Bandai Collection Center, a Bandai facility located in Toy Town at Mibu-machi, Shimotsuga-gun, Tochigi Prefecture. The Museum has Bandai's own toy collection as well as some of the inventions of Thomas Alva Edison for viewing by visitors and also offers educational events for children and opportunities for research by specialists and for recreational purposes.



● Extensive collection on display

Exhibits at the Museum consist of 7,000 items from Bandai's toy collection of more than 30,000 on display in the Toy History Museum, the Edison Museum offering the largest and best of Edison's inventions in Japan, and a Special Exhibit Section for the display of archived items based on the season and the theme.



Left: Entertaining items from the collection displayed in chronological order

Bottom left: Special Exhibit Section also offers toys for visitors to touch and play with

Bottom: Phonograph demos are held at the Edison Museum



In the entrance hall is a life-size bust of *Gundam* (approx. 6 meters high), while Japan's largest steam locomotive, the Pendel Princess, sits in an outdoor display space. In the garden, a one-sixth scale model of the GASO 101 running on the Bandai Kyuko Dentetsu, which was closed in 1969, is in service for visitors.



Entrance hall



Mini-rail operation

● Support for extracurricular activities

Museum services are also available for use by elementary and junior high schools for extracurricular activities. Staff members offer lectures on the history of toys and the inventor Thomas Edison, followed by a guided tour of the exhibit rooms and demonstrations of toys and Edison's inventions in operation.

In addition, workshops are also available for children to learn about the excitement of invention and ideas and the joy of building and creating objects. With the support of staff members, children can learn about the mechanisms of a steam locomotive, conduct charcoal battery experiments and build kaleidoscopes.

VOICE

Omocha-no-machi
Bandai Museum

Yoshikane Nagasawa

NAMCO BANDAI Business Services

We work on the exhibitions, planning and management of the Museum, in a beautiful environment surrounded by toys from our childhood, Edison's inventions and a beautiful lawn.

19,000
visitors

Co-sponsorship of an international film festival for talented film artists

Bandai Visual

Bandai Visual has supported TOKYO FILMeX, the international film festival, from its first year. The objective of the festival is to show works by gifted film creators in Asia and other countries to audiences in Japan and other countries, based on the festival's policy of "focusing on the creators" and eliminating commercialism.

The 8th TOKYO FILMeX held in November 2007 attracted some 19,000 fans and features films including the top award winner *Tehilim* by Director Raphael Nadjari of Israel.



8th TOKYO FILMeX awards ceremony

Assistance for
14
schools

Cooperation with educational institutions for human resources development

NAMCO BANDAI Games

NAMCO BANDAI Games are supporting various educational institutions with curriculum development and providing speakers, in order to support the development of creators that will lead the game industry in the future.

By offering a curriculum that is attractive to students and based on practical work experience in business, such as lectures on actual development operations and case studies, hands-on tutelage of computer graphics and other programs by professional creators, how to plan workshops and lectures on entertainment theory, the company is contributing to the revitalization of education. In fiscal 2007, it provided assistance to four universities and 10 vocational colleges.



Scene from work presentation

Participation in Yubari International Fantastic Film Festival 2008

Bandai Visual

Bandai Visual held a showing of a film it released on DVD at the Yubari International Fantastic Film Festival held in March 2008.

This international film festival, which has been held annually for 17 years, terminated with the bankruptcy of Yubari City, Hokkaido. (In fiscal 2007, citizens of the city organized the Yubari Support Film Festival.) However, it was brought back in 2008. In Bandai Visual's support of the film festival, which had shown a large number of entertainment films over the years, both live action and animation, the company participated in the "special program" for showings of *Kureyon Shinchan* and *Souko Kihei VOTOMS Pailsen Files*.



Talk show by *Souko Kihei VOTOMS Pailsen Files* director Ryosuke Takahashi (center) held at the film festival



Exhibition of work by graduating students

VOICE

Special delivery of lectures at universities

Yoshihiro Ueno

Bandai Visual

I am involved in managing the animation channels in general in the Visual and Music Content SBU. I am hoping to assist in the development of a sense of excitement in various areas with entertainment brought through the Internet.



Co-sponsoring for ROBO-ONE

Sunrise

Sunrise supports the ROBO-ONE Committee that manages the bipedal humanoid robot competition ROBO-ONE.

ROBO-ONE has been held on a semiannual basis since 2002 on the theme of providing a "greater understanding of robots by as many people as possible and contribution to the advancement of robot technology." In March 2008, ROBO-ONE 13th was held on the theme of "Progress into the Future with Dreams and Inspiration."

In response to requests from private robot developers participating in the tournament, Sunrise granted use of character robots licensed by Sunrise without royalty payments. In addition, the company awards the Sunrise Prize accompanied by a development incentive cash prize at the ROBO-ONE tournament in order to support future engineers and programmers.



Scene from the ROBO-ONE tournament



Assistance with entertainment development and cultural activities

BANDAI NAMCO Group

The BANDAI NAMCO Group actively supports creative entertainment activities and cultural activities.

In November 2007, it supported the "Geidai Arts in Marunouchi," at the Marunouchi Building, Tokyo, a musical performance and exhibition of artwork by students of the Tokyo University of the Arts.

In December of the same year, it sponsored the "Kuma-no Gakkou Charity Concert: Jackie's Christmas" based on the popular picture book *Kuma-no Gakkou* (Bear's School) at the Tamagawa Takashimaya Shopping Center.



Assistance with Toy Library activities

Bandai

Sunrise

BANDAI LOGIPAL

The Toy Library is underway in various parts of Japan with the support of the Japan Toy Library Foundation, a foundation set up by the late Naoharu Yamashina, the founder of Bandai, with his private assets. Toy Libraries are run at more than 500 locations nationwide to offer children with physical and mental disabilities opportunities to have fun and play freely with toys and also to build ties with society through broader exchanges.

Bandai, Sunrise and BANDAI LOGIPAL support the goals of the Foundation and make contributions to assist in purchasing toys and other necessities.



Children playing in a Toy Library



Games Prescription project

NAMCO

NAMCO BANDAI Games

In 2005, NAMCO (currently NAMCO BANDAI Games and NAMCO), together with the New Technology Foundation, Waseda University and the University of Tokyo, started up the Games Prescription, a pioneering project aimed at scientific investigation into the "beneficial aspects of video games." To date, the project has produced results, such as uncovering new possibilities of application in the education of children with developmental disorders.

From 2006, research has started on game content making use of the research findings and on the new theme of "education through play," or the benefits of play in education. Activities are underway focusing on practical applications, such as the development of new products and facilities.



Scene from Games Prescription symposium



Manpower support for public-interest organizations

NAMCO BANDAI Games

NAMCO BANDAI Games sends personnel to various public-interest corporations to support its broad range of business activities in society.

● Digital Content Association of Japan (DCAJ)

DCAJ was founded to promote the production, distribution and application of quality digital content and for healthy development of related industries. Its principal activities include the Digital Content Grand Prix awarded to work, products and persons who have made major contributions to the development of Japan's digital content industry and Digital Creators Competition organized to shed light on aspiring, talented digital content creators.

● Japan Association for the Promotion of Creative Events (JACE)

One of the leading programs of JACE in line with its objective of promoting the development of special events hosted and organized by regional entities, business enterprises and organizations is the Japan Event Awards, the only award program in Japan for organized events in general.



Lectures and classes at universities

Bandai Visual Sunrise EMOTION

Bandai Visual, Sunrise and EMOTION organized an intensive course titled "Modern Animation Theory" at Teikyo University of Science and Technology in September 2007. In addition to classes on the general theory of animation and the current state of the animation production industry, executive officers and specialists from these companies gave lectures on character development, computer graphics technology, marketing and other themes.

In addition, Bandai Visual gave a lecture titled "Overseas Strategies and Activities in Next-Generation Disks" in October 2007 in the Industry-Academia Cooperative Education Program in Content Creation Science at the University of Tokyo, aimed at developing human resources for the creation of high-quality digital content.



Lecture in progress at Teikyo University of Science and Technology



Activities of the New Technology Foundation

NAMCO NAMCO BANDAI Games

The New Technology Foundation is a public-interest organization established in 1986 by then NAMCO president Masaya Nakamura for research, development, promotion and international exchange in the areas of micro-electronics and mechatronics technologies.

The Foundation organizes the All Japan Micro Mouse Contest, the oldest international robot tournament in Japan, which attracts a large number of competitors from other countries.

All Japan Micro Mouse 2007 was held in November 2007 in Tsukuba City, Ibaraki Prefecture. This year, a challenging technology competition called Tsukuba Challenge 2007 was added, in addition to existing tournaments in the micro-mouse, micro-clipper and robot race competition categories. In the Challenge, self-reliant, intelligent robots race unassisted on public roads. The foundation is also engaged in unique academic research focused on human qualities, such as the five senses and the sense of play, in cooperation with universities and other research institutions.



Tsukuba Challenge 2007 competition



Kaikaya Exchange Meetings

NAMCO

Foreign trainees from JICA visited *Kaikaya Yokohama*, the daycare service center run by NAMCO and located inside Yokohama World Porters, in September 2007 for an exchange event.

The trainees are 13 health care officials and executives representing 12 countries including China, India, Mongolia and Thailand, visiting Japan to study the current state and conditions in Japan's aging society. The group visited *Kaikaya* as an example of a facility under Japan's nursing care insurance program.

After a brief presentation on the facility, the visitors participated in a quiz tournament with *Kaikaya* users. Entertaining and informative questions on various countries were asked, such as "most motorcycles seen in the streets of Vietnam are made in Japan – right or wrong?", helping build goodwill and greater mutual understanding.

3

Regional Contributions

The BANDAI NAMCO Group is involved in areas of regional CSR activity where its business characteristics can be utilized, in order to foster coexistence with local communities and build friendly relations with its stakeholders.


Family events held in local communities

Bandai

Bandai head office holds an annual family event every May, to coincide with Asakusa's *Sanja Festival*, inviting the families of employees as well as local residents.

In the 2007 event, part of the head office was opened to the public, with employees and managers setting up concession stands, such as yoyo-fishing and a shooting gallery. There were also hero/heroine costume photo sessions, *Gundam* model assembly workshop, toys and amusement games from Bandai Group companies and various other events, offering enjoyment to some 800 visitors, including families of employees and local residents. In addition, shrines and platforms parading the streets during the festival stopped by for tea breaks.

Bandai plans to boost close exchange with local communities and contribute to society through such family events.



Bandai head office bustling with children


Participation & support of events hosted by Omocha-Danchi-Kumiai

Bandai

At Bandai, *Omocha-Danchi-Kumiai* (Toy Complex Union) in Mibu-machi, Shimotsuga-gun, Tochigi Prefecture participated and sponsored events aimed at community contribution and revitalization.

Omocha-danchi Charity Bazaar held annually in the pre-Christmas season marked its 36th year in 2007. In addition to toy bazaars by Bandai Group companies, eateries and character playthings were set up to boost the fun and excitement of the event.

At the spring festival in April and summer festival in August, facilities of the Bandai Collection Center in the premises are opened to the public for exhibition of the Bandai Collection and mini-railway rides, in order to foster close relations with the residents of the local community.



Omocha-danchi Charity Bazaar

1,500 participants

Co-sponsoring for YOSAKOI Soran Festival

BANDAI NAMCO Group

The BANDAI NAMCO Group sponsored the 16th *Sapporo YOSAKOI Soran Matsuri* (organized by *YOSAKOI Soran Matsuri* Organizing Committee) held in Sapporo City, Hokkaido, in June 2007, as well as *Soran* festivals held in nine cities nationwide.

The 16th *Matsuri* opened with *Student Soran* involving 1,500 students of approximately 15 organizations, which the Group supported. The event is held as "*Student Soran* presented by BANDAI NAMCO."

In addition, original *yukata* and T shirts were handed out to some 600 students. The Group also supported the US high school team *YOSAKOI TEXAS USA*, invited by Sapporo City and *YOSAKOI Soran Matsuri* Organizing Committee as part of cultural exchange, which added excitement to the festival.



Scene from the *Student Soran* presented by BANDAI NAMCO



Donations to regional traffic safety associations

LOGIPAL EXPRESS

As an enterprise in the field of freight transport with cargo vehicles, LOGIPAL EXPRESS supports and cooperates with traffic safety associations to express its respect and appreciation for their activities to promote traffic safety and LOGIPAL EXPRESS's operation territories.

Traffic safety associations work to promote traffic safety education and awareness, traffic safety measures and improvement and development of traffic safety facilities in their respective regions. LOGIPAL EXPRESS makes donations to traffic safety associations in various regions and at the same time cooperates with the activities of such associations by participating actively in traffic safety awareness activities during the annual spring and fall traffic safety campaigns.



Activities to support the Kids Earth Fund

Charaken

The popular picture book series *Kuma-no Gakkou* (Bear's School) planned by Charaken* supports the activities of the nonprofit organization Kids Earth Fund.

Kids Earth Fund works to provide mental care and support to children who suffer from mental anguish as a result of disease, war, natural disaster, etc., through donation of picture books, painting and drawing materials, clothing, pharmaceutical products, etc., to 20 different countries, including those in Africa, as well as through the Art Workshop where children paint and draw on large canvases.

Kuma-no Gakkou series contributes to the Kids Earth Fund in the form of picture books, stuffed animals and stationery supplies, which are used as giveaways to children hospitalized in care facilities and hospitals in Japan and to children in other countries.

*Charaken: Established in 2005 as a wholly-owned Bandai subsidiary for character creation and development from a long-range perspective



The popular *Kuma no Gakkou* series



Talk show with former FMW pro wrestler Hayabusa

NAMCO

In December 2007, a presentation was held at *NAMCO WONDER PARK HERO'S BASE* in *Lazona Kawasaki Plaza*, a large commercial complex opened near JR Kawasaki Station by NAMCO, with Mr. Hayabusa, a former FMW pro wrestler as invited speaker.

Mr. Hayabusa sustained spinal injuries in October 2001 in a freak accident during a wrestling match. He became quadriplegic but, through exhaustive rehabilitation efforts, recovered to the point of being able to stand up on his own. Today, he works on changing the awareness of youth regarding disabilities, through support activities for elderly persons and persons with physical disabilities and mental problems.

His presentation on the day was titled "For Young People Feeling They Are in an Impasse in Society." He spoke passionately, urging young people, "I'm trying very hard – you should, too!!"



Scene from the talk show with Mr. Hayabusa



Donations through Japan Red Cross Society

NAMCO BANDAI Holdings Sunrise

In the hope of helping natural disaster victims to recover as early as possible and to help children regain their "Dreams, Fun and Inspiration," NAMCO BANDAI Holdings gives donations for emergency relief and victim assistance.

In fiscal 2007, the company sent relief money to the victims of the Niigata Chuetsu Earthquake on behalf of the BANDAI NAMCO Group. Also, the company won recognition for its relief assistance to the regions that sustained damage in the Central Java Earthquake in fiscal 2006 and received the Dark Blue Ribbon Medal of Honor from HIM Emperor Akihito.

The group member company Sunrise also supports the activities of the International Red Cross and makes regular contributions to the Japan Red Cross Society.

4

For the Welfare of Children

The BANDAI NAMCO Group is involved in a wide range of activities, including the development of a safe Internet surfing environment, invitations to the facilities of group member companies and assistance to various organizations, for the purpose of promoting the betterment of the everyday living environment and the welfare of children.



Activities through the Committee on the Future of Internet Safety

NAMCO BANDAI Games

NAMCO BANDAI Games is actively participating in the projects of the Committee for the Future of Internet Safety organized jointly by the industrial, government and academic sectors. The objective of the Committee is to develop an environment where children are able to make use of the Internet with safety and security and to make the potential of the Internet something that is close to the everyday lives of children.

As part of its effort, the company has developed a digital content website named *Netto-boshi Mitsuketa!* (I Found the Web-Star!) that also functions as the official portal for the Committee. The website has been open for general viewing since November 2007.

Netto-boshi Mitsuketa! is a website that teaches children how to use the Internet with an entertaining, game-like approach. It can be used as a teaching tool for children to learn safe and secure use of the Internet and serves also as a communication tool between children and their families and teachers.

As a portal site, the website also allows access to information on collaborative projects organized by the industrial, government and academic sectors supported by the Committee for the Future of Internet Safety.



Netto-boshi Mitsuketa! website
(<http://www.fmmc.or.jp/netstar/index.html>)



It is organized for the child Internet user to become the leading character in a game and learn the "Seven Rules" of Internet usage.



Visitor tours of the Bandai Hobby Center

Bandai



Shizuoka Hobby Show
Bandai Hobby Center
Public Viewing
held in May 2008

The Bandai Hobby Center is the company's center for plastic model product planning and development, design, mold production and manufacture. The Center offers tours to visitors.

On the tour, the visitor sees a video presentation of the complete *Gundam* plastic model production process, followed by a presentation on the Center's unique mold casting technologies and commitment to manufacturing, as well as its environmental activities.

Furthermore, the visitor is allowed into areas that are normally restricted, such as visits to the development and design departments and to molding machines in operation. In fiscal 2007, these visits were organized 20 times, drawing roughly 800 visitors.

In addition, visits by elementary and junior high school students are being accepted as part of their comprehensive learning curriculum. In 2007, approximately 2,000 students from 35 schools visited the Center. Furthermore, there are occasions where corporate visits for the purpose



of research into design and molding technology are being accepted, contributing to inter-industry exchange.



Note: These visitor tours are not organized on a regular basis. Tour schedule is announced at the following website.
<http://www.bandai.co.jp/hobbycenter/>



Bandai Children's Survey

Bandai

Bandai is conducting the monthly Bandai Children's Survey through magazines, newspapers and its website so that it can capture the real opinions of children regarding everyday living from a variety of perspectives and to look into the real state of life for children today.

The survey covers guardians of children aged 12 and under, looking into the children's favorite characters, destinations of family trips, the current state of cell phone use, etc., changing the theme for each survey.

The survey findings are published on its website and other venues. Also, the research results for a whole year are compiled into a booklet for distribution in the mass media and among educators.



Opening daycare centers supports employees and contributes to the community

Bandai

In order to support its employees and child care, Bandai has opened *Poppins Nursery Komagata*, a childcare facility authorized by the Tokyo Metropolitan Government, at the head office's employee welfare facility in 2005.

Poppins Nursery Komagata is available not only to children of all employees in the appropriate age range, but also to children of local residents, serving as a community facility.

Furthermore, local residents using *Poppins Nursery Komagata* are invited to the family events organized every May at Bandai head office.



Inside *Poppins Nursery Komagata*



Family event organized Employees' families invited to the new head office

NAMCO BANDAI Games

NAMCO BANDAI Games invited the families of its employees to its new head office building in July 2007, after the move was completed, and held the 1st Family Event.

Roughly 900 family members, including children, enjoyed the event that included "Application Form Rally," in which participants visited a number of locations inside the building, including the President's Office, to receive stamp impressions, performance by the company's characters, and visits to the workplaces where their fathers and mothers work.

The company plans to encourage exchange with the families of employees through such events and create opportunities to gain their understanding toward work and the company.



Children at NAMCO BANDAI Games Future Laboratory

Work experience for junior high school students

NAMCO

In February through March 2008, NAMCO accepted junior high school students for workplace experience at *NAMCO WONDER PARK HERO'S BASE* in *Lazona Kawasaki Plaza*.

The program is aimed at giving young people a learning experience on interacting with people as working adults and to address the growing number of unemployed youths today.

The training program was held for one to two days for the students to learn NAMCO's history and facilities and about the duties on the business operation floor. Later, they wear work uniforms identical to the NAMCO staff and experienced customer reception duties.



Workplace experience program at *NAMCO WONDER PARK HERO'S BASE*

Contributing to World Children's Baseball Foundation

Sunrise

Sunrise support the goals of the World Children's Baseball Foundation that was established by the world's two homerun kings, Sadaharu Oh and Hank Aaron, and contributes to its activities.

The objectives of the Foundation are to foster sound and healthy development of the body and mind and enrichment of character among young people through baseball, as well as to promote international goodwill through dissemination and guidance through instruction of correct baseball rules to young people around the world and to contribute to world peace through the sport.

Development and sales of assistive devices and equipment

NAMCO NAMCO BANDAI Games

BANDAI NAMCO Group upholds the integration of fun and health care and welfare to achieve entertainment free of barriers and is engaged in development and sales of assistive devices for disabled persons. *Talking Aid* series of communication devices for persons with oral and written communication problems have been

upgraded to meet the special needs of users, including development of products that have been made lighter and smaller, products with communication features and large, customized keyboards.

In addition, the company has developed machines that combine entertainment with rehabilitation and bodily function recovery and improvement for elderly and disabled persons, such as *Doki-doki Hebi-taiji RT* (Exciting Snake Extermination RT) and *Wani-wani Panic RT* (Crocodile Panic RT). These devices are being used at healthcare and welfare facilities and other locations.



Talking Aid Light

Doki-doki Hebi-taiji RT

Support for Theater Company HIKOSEN

Bandai

Bandai has been providing continual support for the activities of Theater Company HIKOSEN since 2004.

Under the theme of "bringing beautiful dreams and enchantment for children," the theatrical company has been producing and staging mask play musicals (costume plays) around the world for more than 40 years. Bandai recognized the importance and significance of the company's performance in the emotional development of children and has been provide support in the form of special sponsorship in order to continue its operations.



Theater Company HIKOSEN performance

Enhancing Corporate Value

1

Building Excitement and

a Sense of Fulfillment in the Workplace

We are working on creating workplace environments where each employee in group companies is able to work with a sense of excitement and fulfillment toward work that leads to the growth of dynamic business activities.



BANDAI NAMCO Group Creative Award

BANDAI NAMCO Group

The BANDAI NAMCO Group Creative Award is given to the product service business model (and team) that made a significant contribution to betterment of the Group's corporate value during the year, based on the five perspectives of sales earnings, media and popular attention, innovativeness, overseas developments and group synergy. The award was set up in fiscal 2006.

In the 2nd Creative Award of fiscal 2007, six nominees were screened by the top executives of NAMCO BANDAI Holdings, based on points ratings. After deliberations from the perspective of group synergy, in addition to the points ratings, no winner was found for the grand prize, but BEN10, *Tekken 6* and *Keroro Gunso* were chosen as runner-ups.

BEN10 characters were conceived in the US, and broadcasting of the animation series started in January 2006. Bandai America has developed BEN10 merchandise and is expanding the sales territories for the product in step with subsequent expansion of the broadcast area into Europe. Also, it was awarded the BOYS TOY OF THE YEAR in the UK.

Tekken 6 has achieved powerful game choreography with momentum-building sound, made possible by graphics that rank among the top of the industry in realism. It has also contributed to earnings in a variety of areas.

Keroro Gunso TV series is now in its 5th year and has had three full-length features. It has had a very high group synergy effect and developed into a principal character of the Group.

The BANDAI NAMCO Group plans to work on the development of quality products and services into the future.



Birthday cards for children of employees

Bandai

Bandai sends special birthday cards handwritten by the company president, along with children's purchase coupons, to children of employees on their birthdays.

The card comes with a photo of the child's parent working in the company and a message from the company president regarding the child's current life. The birthday cards are well received by the children and sometimes are returned with charming thank-you notes.

Bandai places great importance on its employees and their families and will continue to do so, to enable the employees' families to gain a greater understanding of the company and their workplaces.



Birthday message handwritten by the president

Action at
305
stores

Contest on evaluating employees and their customer service levels

NAMCO

Since 2002, NAMCO has been conducting the annual "Smile Contest," awarding staff members from among store employees across Japan who earned high ratings from customers for smiles, greetings and other customer service aspects.

In its 6th year, the NAMCO Smile X Smile Contest 2007 was held for a month starting on November 3 at all of its amusement facilities nationwide, for the objective of achieving higher quality customer service and upgrading customer satisfaction.

The contest covers roughly 5,000 employees and part-time workers at 305 amusement facilities, food theme parks, etc., asking customers of these facilities to cast votes on staff members, along with information on their service level and conduct, on service that touches the hearts of customers, makes customers smile and bring excitement to the customer. Based on the findings, roughly 100 staff members evaluated highly by a large number of customers were presented with awards.



Scene from the award ceremony



Activities of THE HOMO LUDENS LABORATORY

NAMCO

NAMCO BANDAI Games

THE HOMO LUDENS LABORATORY (*Jinrui Asobi Kenkyusho*) is a companywide movement started in 2002 by then NAMCO president Kyushiro Takagi to encourage all employees to become professionals of "fun and play" and create a corporate climate filled with a sense of fun and play.

At present, both NAMCO and NAMCO BANDAI Games are carrying on the movement, with the NAMCO president as laboratory director and the NAMCO BANDAI Games president as deputy director. The Laboratory has all employees at the two companies classified as members and is engaged in various research activities.

It has been involved in unique and innovative programs, such as Video Game Prescription (2005-2006) that assembled the knowledge and intellect of the industrial and academic sectors, the ASO-KEN (Studying Playing) Forum for increasing employee awareness, and the creation of Five Senses and Playing Study Group, comprising employees from the two companies.

Selected from
2,750
people

Competing to become No. 1 in customer service N1 Grand Prix

NAMCO

Pleasure Cast

NAMCO held the final round of the N1 (NAMCO Location Staff No. 1) Grand Prix to determine the best customer service staffer at its amusement facilities in February 2008.

Now in its 2nd year, the N1 Grand Prix focuses on betterment of customer service skills and creation of NAMCO-style customer reception. Including Pleasure Cast personnel in the contest starting this year, 13 regional finalists chosen from a field of roughly 2,750 came to the finals. The finalists were screened for customer service skills in role-playing format, with approximately 150 judges reviewing them for positive customer impression, communication skills and impressiveness. Based on the judges' ratings, Misuzu Yoshinaga of Plid's Hiroshima was selected Grand Prix winner.

In addition, Yoshinaga was awarded the Minister of Education, Culture, Sports, Science & Technology (MEXT) Award given to the top scorer in the Grade 1 service skills qualifications examinations sponsored by the *Jitsumu Ginou Kentei Kyokai* (Practical Business Skills Testing Society) supported by MEXT, thus becoming No. 1 in Japan in customer service.

NAMCO aims to achieve facilities management with Japan's best and most satisfying customer service, by stimulating motivation among amusement facility staffers and improving their service skills.



Winners dispatched for training in the US



Scene from the contest finals

VOICE

N1 Grand Prix Winner

Japan's top customer service master

Misuzu Yoshinaga

NAMCO

The entire staff and I work hard to upgrade our customer service capability from the morning meeting until the closing meeting, for everyone at the workplace to be able to deliver service that satisfies the customer – without fail.

2

Career Advancement Support

The BANDAI NAMCO Group is pouring its energy into assuring equal employment opportunities, and in order to stimulate employee incentive to take on challenges, is providing opportunities for career advancement through training programs and open recruitment for job vacancies.

Assuring equal employment opportunities and an environment to reach one's full potential

BANDAI NAMCO Group

The member companies of the BANDAI NAMCO Group provided equal employment opportunities regardless of gender, nationality or academic background. In addition, we are engaged in developing a work environment where each employee is able to mobilize their full potential, by eliminating the influence of employee attributes in compensation.

The percentage of female workers in the leading companies in each SBU (Bandai, NAMCO, NAMCO BANDAI Games, Bandai Networks and Bandai Visual) is 20.6%, and women account for more than half of the new recruits in recent years. Also, women make up 1.6% of all managerial employees.

In promoting business centering on products and services for children, the BANDAI NAMCO Group is working on building work environments that enable employees with children to work with a sense of security for their children. Various programs aimed at helping parents continue to work while taking care of their children, such as work schemes and leave, are being upgraded by adopting opinions and ideas submitted by employees.

Ratio of Female Employees

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Number of employees	3,895	3,950	3,982
Number of female employees	764	811	822
Ratio to total employees	19.6%	20.5%	20.6%

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Number of female managers	35	38	62
Ratio to total employees	0.9%	1.0%	1.6%

Number Taking Childcare Leave

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Number taking childcare leave	17	26	36

Data for the five leading companies of each SBU (Bandai, NAMCO, NAMCO BANDAI Games, Bandai Networks and Bandai Visual)

*Data at March 31 in each fiscal year

Greater employment opportunities for the disabled

BANDAI NAMCO Group

The BANDAI NAMCO Group places emphasis on hiring disabled persons and is increasing the number at its group member companies. As of March 2008, the statutory employment rate for the entire group is 1.83%.

In March 2006, NAMCO BANDAI Will was set up as a company aimed at employing disabled persons. In May, the company was certified as a special subsidiary under the Law for Employment Promotion, etc. of the Disabled, and the Group received designation under the law.

Today, NAMCO BANDAI Will is operating in five BANDAI NAMCO Group locations. Operations include janitorial work, packaging and shipping DVDs, sealing GASHAPON toy capsules, and similar tasks. The scope of business is being expanded to match the skills of disabled employees and to give them a sense of fulfillment, vis-à-vis the business characteristics of the BANDAI NAMCO Group.

Furthermore, the company is also conducting activities such as supplying speakers to neighboring special assistive schools and regular acceptance of disabled persons for trainee experience, providing support for their employment and promoting exchange with local communities.

The range of service operation is expected to broaden further in the future, alongside efforts to boost work content and employment of disabled persons.



NAMCO BANDAI Will employees at work



Entertainment study tour in Las Vegas

BANDAI NAMCO Group

Member companies of the BANDAI NAMCO Group organize and implement training adapted to their respective business operations. At the same time, group-wide programs are also implemented at each milestone in the career of its employees, such as new employee training and BANDAI NAMCO leader programs aimed at training the managers of the future.

The program representative of the groupwide training programs is the study tour of Las Vegas entertainment. This program gives participants a taste of Las Vegas, the foremost entertainment city of the world, and an opportunity to learn from the wide range of elements that make up entertainment. During the five-night stay in the city, employees watch a number of entertainment performances and tour resort hotels and shopping malls.

Participation in the program is open to all employees. Screening is based on reports submitted by applicants, in which the applicant explains their reason for participation and how the experience is to be linked to advancing their own business performance, etc. Participants are required to submit a report on their experiences after completing the program.

In February 2008 (fiscal 2007), 26 managers and employees of NAMCO BANDAI Holdings, Bandai, NAMCO, and NAMCO BANDAI Games visited Las Vegas and immersed themselves in the center of American entertainment. The participants are making use of the excitement and experiences in the program for development and delivery of products and services that make customers happy.



Las Vegas Town Square



X Scream, the terrifying thrill ride



Quark's Bar & Restaurant



Open recruitment for job vacancies

BANDAI NAMCO Group

The BANDAI NAMCO Group set up an open recruitment scheme within the group, following management integration in 2005, for the purpose of optimizing human resource allocation suited to the wide range of business operations within the group and to encourage employees to seek to achieve their full potential.

In fiscal 2007, there were 20 transferees among Bandai, NAMCO and NAMCO BANDAI Games under the open recruitment scheme. The scheme is expected to grow in scope in the future to expand the range of opportunities granted to employees to take on new jobs and challenges. At the same time, it is implemented to foster greater manpower exchange among group member companies and to bolster their business activities.

Open Recruitment Scheme Data

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Number of applicants	42	25	51
Number of transferees	8	11	20

VOICE

N1 Grand Prix Runner-up

Bandai employee working at NAMCO

Atsushi Kondo
NAMCO

I have been transferred from toy sales to video game arcade planning and management and find the new field challenging and self-enriching. My top goal now is to expand the market.

Third-Party Opinions



Mr. Naoki Adachi

President, Response Ability, Inc.

Ph.D. in science. After leaving the National Institute for Environmental Studies, he serves as consultant for CSR programs at innovative business corporations, chiefly in the areas of preservation of biodiversity and CSR procurement by businesses. He serves as a part-time lecturer at the School of Science, the University of Tokyo and a director of the Sustainable Management Forum of Japan, among other posts.

This report presents very well the BANDAI NAMCO Group's difficult task in covering five diverse business areas with differing characteristics, the state of affairs in different business operations, and its attention toward the environment and to society in these areas. On the other hand, it is also a fact that the report gives the impression of only picking the positive aspects of each company.

One of the reasons for that impression is probably because the various measures and programs are not necessarily consistent and uniform throughout the group. Although this is understandable in view of the fact that Bandai and NAMCO are only in their third year of unified operation since the merger of the two disparate business groups and that the group upholds a policy of not applying measures uniformly to preserve the distinctive characteristics of each company, I believe it is necessary for the group to examine the fact that trust in a brand can be maintained only by delivering quality that is consistent throughout the enterprises under the brand name.

At Bandai, for instance, a labor audit is being conducted at all factories of suppliers located in Asian countries outside Japan. NAMCO BANDAI Games implements green purchasing. Although exhaustive auditing of working conditions is impressive, I believe that both companies will be able to audit both environmental and social aspects as well. I look forward to the positive and beneficial management of the member companies being applied to the entire group.

Another point at issue is a qualitative approach to describing the various activities and measures implemented. It is difficult to arrive at a quantitative assessment of the entire picture, determining the extent of the effect on the entire group. In order to present an accurate overall image to the reader, disclosure of quantitative data on a larger number of items is recommended.

Although I have been quite critical up to this point, I evaluate this report highly for its clear presentation of the corporate climate and culture. It is very easy to understand that employees in all divisions and departments are working to take on challenges for the betterment of the environment, society and their workplaces. It is filled with unique and entertaining attempts and efforts, such as packing environmental reports for kids along with toys, toys made of biomass material, and calling for research into living creatures, which are quite impressive. It is like a toy box full of surprises.

Although there are still rough edges to be refined, the report has succeeded in communicating its message that the group places importance on people, written with fun and excitement for the reader. I look forward to future developments in the report that take advantage of the strengths of the group's mainstay business operations of offering entertainment to people.



Mr. Hideto Kawakita

President, International Institute for Human, Organization and the Earth (IIHOE)

The International Institute for Human, Organization and the Earth (IIHOE) was established in 1994 for the democratic and harmonious development of all life forms on Earth. Its main activities consist of assistance in management of civic groups and social enterprises, but it also provide CSR support to major business enterprises.

● Points evaluated highly

- Code of conduct (C.O.C.) audit conducted at 224 factories of all suppliers in Asian countries outside Japan, to encourage action to modify and improve noncompliant aspects (p. 17 & 25). Efforts are being made at comprehensive assessment, as well as

organizing study groups by item, and this is evaluated very highly.

- Distribution of one million copies of "Ecology at Bandai – Our Activities" packed with merchandise for the group's principal users, children (p. 47).
- Development and sales of products using thinned

wood and coffee bean skins and a steady advance in improvements to the package-space ratio (p. 38-39).

- Achievement of the nation's top eco-driving performance at BANDAI LOGIPAL and LOGIPAL EXPRESS (p. 44-45). I look forward to application of the movement to other commercial vehicle drivers for member companies.

● **Points recognized for progress but require further improvement**

- Assessment of electric power consumption at amusement facilities has started. Also, I look forward to exchanges on energy-conserving ideas classified by type of facility.

● **Points that require further improvement**

- Going beyond data assessment, precise targets and promotion plans should be established for many items under CSR, including human rights, in the area of environmental impact reduction and for employees

and business partners. Referring to activities and reports of other companies, I strongly urge the implementation of business management and reporting based on the PDCA system of "issues of the previous year applied to targets for the current year, following by performance and issues in activities of the current year being applied to targets for the next year."

- The unique characteristics and differing backgrounds of the SBUs should be utilized to the maximum, identifying action to create a flagship program in each SBU and sharing and applying best practices.
- Items that require joint action within the group and with outside parties, such as compliance, personal information protection and information security, should be organized and identified to organize comprehensive training and drives, with the holding company playing a more active role in the drive.

川北秀人



Ms. Kikuko Tatsumi

**Managing Director of the Nippon Association of Consumer Specialists (NACS),
Chairperson of the Environmental Committee**

After working as schoolteacher, certified as consumer affairs advisor in 1985 and involved in customer inquiry reception at a Tokyo department store. She is also a member of the Industrial Structure Council and Advisory Committee on Energy and Natural Resources at the Ministry of Economy, Trade and Industry.

As I write, the 2008 G8 Toyako Summit has just been held this July. It was a historic summit where the environment was the main theme and leaders aspired to resolve global problems that should be addressed by the entire world. We look forward to the leading nations reaching agreement on resolving the issue of global warming by setting long-term goals for CO₂ reduction. With this background, expectations are high for attention to the environment in everyday living. On the other hand, there is a demand for "comfort" in all aspects of everyday life. Although these two appear to be contradictory, I believe that these two lead to sustainability in everyday living.

Looking at the BANDAI NAMCO Group's keywords of "Dreams, Fun and Inspiration," the word "fun" means comfort from an engineering perspective. For the group, CSR means fulfilling its mission statement of continuing to deliver "Dreams, Fun and Inspiration" to people around the world. The group's major role in society is to explore how to gain the understanding of the world and to continue to pursue its goal. Each action taken by the member companies of the Group serves as a communication with society.

Dreams, fun and inspiration are nurtured with love, intellect and imagination. It is a wondrous sphere offering ease and comfort that applies not only to children, but to adults as well. I was able to read in the report the presence of people in the BANDAI NAMCO

Group's operations using merchandise as a tool to instill the expectation that its business deliver inspiration and excitement people can feel with their five senses.

Since last year, Chinese-made products have become a social issue. Expression of will in the form of product choice is continuing to affect society silently to this day, as the unvoiced opinion of the consumer. The special feature on China was timely as an expression of the responsibility of the corporate body to address the issue directly. The effort made to disclose and explain its supply chain in China, where tracing back to the raw material of products is allegedly difficult, and its activities was received as an expression of the group's strong resolve on what should be done now.

Environmental awareness begins with an assessment of the current conditions. It is clear that the group has made an effort to organize data for each member company in order to make the PDCA cycle move forward. Although this is an issue to be dealt with in the future, it will become necessary to define the group's long-term goal when trying to set milestones in concrete progress. I look forward to the BANDAI NAMCO Group's work on determining its long-term goals with environment-friendly management and its targets reflecting the distinctive characteristics of each member company.

辰巳菊子

References between this Report and GRI Guideline Indicators

Item	Indicator	Related page in this Report
1. Strategy and Analysis		
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	p. 06-07, 51
2. Organizational Profile		
2.1	Name of the organization.	p. 02
2.2	Primary brands, products, and/or services.	p. 03-05
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	p. 02-03
2.4	Location of organization's headquarters.	p. 02
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	p. 04-05, 08-17
2.6	Nature of ownership and legal form.	p. 02
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	p. 03-05
2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> • Number of employees; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalization broken down in terms of debt and equity (for private sector organizations); and • Quantity of products or services provided. 	p. 02
2.10	Awards received in the reporting period.	p. 06, 38, 44-45
3. Report Parameters		
Report Profile.....		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Contents
3.2	Date of most recent previous report (if any).	Back cover
3.3	Reporting cycle (annual, biennial, etc.)	Contents
3.4	Contact point for questions regarding the report or its contents.	Back cover
Report Scope and Boundary.....		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Contents, p. 04-05
3.7	State any specific limitations on the scope or boundary of the report.	Contents, p. 04-05
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	p. 04-05
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Contents
GRI Content Index.....		
3.12	Table identifying the location of the Standard	Used as reference
4. Governance, Commitments, and Engagement		
Governance.....		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	p. 19
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	p. 01, 18
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	p. 19-20, 30
Commitments to External Initiatives.....		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	p. 23
Stakeholder Engagement.....		
4.14	List of stakeholder groups engaged by the organization.	p. 15-16
Economic		
< Economic Performance Indicators >		
Economic Performance.....		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	p. 02
Environmental		
	Disclosure on Management Approach	p. 30
	Goals and Performance	p. 50-51
	Policy	p. 30
	Organizational responsibility	p. 30
	Training and awareness	p. 31-32

Item	Indicator	Related page in this Report
< Environmental Performance Indicators >		
Materials.....		
EN1	Materials used by weight or volume.	p. 48
EN2	Percentage of materials used that are recycled input materials.	p. 36-38, 43
Energy.....		
EN3	Direct energy consumption by primary energy source.	p. 48
EN4	Indirect energy consumption by primary source.	p. 48
EN5	Energy saved due to conservation and efficiency improvements.	p. 34-35, 49
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	p. 34-35, 48
Water.....		
EN8	Total water withdrawal by source.	p. 48
Emissions, Effluents, and Waste.....		
EN16	Total direct and indirect greenhouse gas emissions by weight.	p. 48
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	p. 34-35, 44, 48
EN22	Total weight of waste by type and disposal method.	p. 48
Products and Services.....		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	p. 08-17, 25, 36-38, 43
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	p. 38, 43
Transport.....		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	p. 44
Labor Practices and Decent Work		
	Disclosure on Management Approach	p. 17, 21-22, 25
	Monitoring and Follow-Up	p. 17, 25
< Labor Practices and Decent Work Performance Indicators >		
Employment.....		
LA1	Total workforce by employment type, employment contract, and region.	p. 64
LA2	Total number and rate of employee turnover by age group, gender, and region.	p. 64
Diversity and Equal Opportunity.....		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	p. 64
Human Rights		
	Disclosure on Management Approach	p. 17, 21-22, 25
	Monitoring and Follow-Up	p. 17, 25
< Human Rights Performance Indicators >		
Child Labor.....		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	p. 25
Forced and Compulsory Labor.....		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	p. 25
Society		
	Disclosure on Management Approach	p. 17, 21-22, 25
	Monitoring and Follow-Up	p. 17, 25
Product Responsibility		
	Disclosure on Management Approach	p. 24-25
	Goals and Performance	p. 24
	Policy	p. 24
	Organizational responsibility	p. 24-25
	Training and awareness	p. 28
< Product Responsibility Performance Indicators >		
Customer Health and Safety.....		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	p. 27
Product and Service Labeling.....		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	p. 36

Postscript

The special feature of the BANDAI NAMCO Group's CSR Report 2008 was China. The group views China as an important production center and is also operating a large-scale amusement facility in Hong Kong. The activities of the member companies in China have been reported in detail for this reason.

Furthermore, the environmental performance data used in the group's business activities has been expanded in scope compared to the previous year, adding the amusement facilities operated by NAMCO. In fiscal 2008, the group plans to build a system to assess all the environmental performance data as early as possible and to boost data accuracy in order to guarantee transparency of the collected data, while accepting third-party inspection.

In addition, great attention was paid to communicating the CSR activities underway actively in each member company, showing how employees are tackling tasks that contribute to the betterment of the environment, society and their workplaces. The BANDAI NAMCO Group operates with five distinctive and disparate SBUs. For this reason, there are occasions where it is difficult to apply activities organized by member companies to the rest of the group. Notwithstanding such problems, we will continue to work on extending activities across the group to the greatest possible extent.

The BANDAI NAMCO Group plans to continue pursuing CSR with attention to communicating with its stakeholders and sincerely asks you to read the report. We then look forward to receiving your comments and ideas.

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Notes on forecast information

Information in this report referring to the future is based strictly on information available to the BANDAI NAMCO Group on August 6, 2008 and based on various hypothetical assumptions, therefore involving risks and uncertainties. For this reason, please acknowledge that actual results may differ widely from projected figures and forecasts herein, due to various unforeseeable causes and factors.



< Soy Ink >

Ink based on soy bean oil used to replace petroleum-based solvent commonly used in inks. It is environment-friendly ink that has 20 to 30 percent less solvent with high boiling point and based on petroleum that is dwindling in supply.



< Non-VOC Ink >

Environment-friendly ink that is advanced further than soy ink, containing nearly zero petroleum-based solvent. It is an innovative, environment-compliant ink at eliminated VOC release into the atmosphere.



< Waterless Printing >

The conventional printing method uses dampening solution which contains IPA (isopropyl alcohol) and other hazardous substances, which result in VOC discharge and water contamination. Waterless printing removes the use of conventional dampening solution and is more oriented toward environment protection.



< FSC-certified Paper >

The company uses paper manufactured from wood from forests that comply with standards of Forest Stewardship Council (FSC), an international, third-party certification body for regulation-compliant forest management.



P-B10016

< Green Printing Mark >

A certification scheme of the Japan Federation of Printing Industries that recognizes printing factories that demonstrate comprehensive environment-friendliness. All materials purchased by a certified plant comply with the Green Standards.

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