



CSR

Report 2009

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

Mission Statement

Dreams, Fun and Inspiration

Dreams, Fun and Inspiration are the Engine of Happiness. Through our entertainment products and services, BANDAI NAMCO will continue to provide Dreams, Fun and Inspiration to people around the world, based on our boundless creativity and enthusiasm.

Our Vision

To become the Leading Innovator in Global Entertainment

As an entertainment leader across the ages, BANDAI NAMCO is constantly exploring new areas and heights in entertainment. We aim to be loved by people who have fun and will earn their trust as the Leading Innovator in Global Entertainment.

Our Symbol



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

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

Corporate Data

Corporate Name

NAMCO BANDAI Holdings Inc.

Head Office

NAMCO BANDAI Mirai Kenkyusho 4-5-15, Higashi-Shinagawa, Shinagawa-ku, Tokyo 140-8590, Japan

Capital

¥10 billion

Main Business

Planning and execution of medium- and long-term business strategies for the BANDAI NAMCO Group; provision of support for business strategy implementation by Group companies and management of business activities.

Group Employees (As of March 31, 2009)

7,176

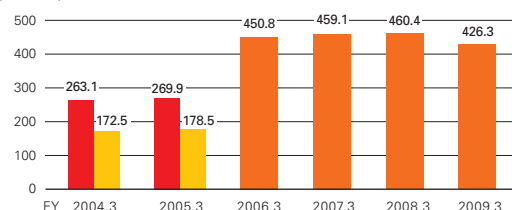
Number of Consolidated Subsidiaries (As of March 31, 2009)

79 subsidiaries, 11 affiliates

Consolidated Financial Data

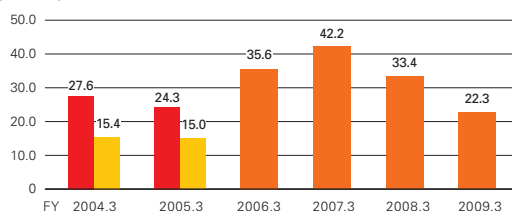
Net Sales

(¥ billion)



Operating Income

(¥ billion)



■ Bandai ■ NAMCO ■ NAMCO BANDAI Holdings

* Figures from FY2004.3 to FY2005.3 are the consolidated figures for Bandai and NAMCO prior to the management integration.

Editorial Policy

This report was issued to provide stakeholders with easy-to-understand descriptions of the CSR activities of the BANDAI NAMCO Group.

The BANDAI NAMCO Group comprises four SBUs (Strategic Business Units) and the affiliated business companies, which support the SBUs, and this report also provides information for each SBU. We received third-party feedback in FY2008.3, and in accordance with that feedback, we have worked to provide tables of objectives and results for each SBU and to report on management and initiatives in accordance with the PDCA (Plan-Do-Check-Act) cycle.

In the three special features—Creating Entertainment Places through Communication, Bandai Code of Conduct Audits, and Employee Roundtable Discussion—we report on activities that provide “Dreams, Fun and Inspiration.” Without wide-ranging dialogue with stakeholders, there can be no CSR initiatives. Accordingly, we hope that this report is read as one facet of our stakeholder communications and that we hear your opinions through the enclosed survey or our website.

Period Covered

This report presents activities and results in fiscal year 2009.3 (from April 1, 2008 to March 31, 2009).

It also covers some activities that were begun in fiscal year 2010.3.

Organizations Covered

This report covers the consolidated domestic companies of the BANDAI NAMCO Group, with the exception of equity-method affiliates.

Guidelines Referred to

- GRI (Global Reporting Initiative)
“Sustainability Reporting Guidelines Version 3.0”
- Ministry of the Environment, “Environmental Reporting Guidelines” (2007 version)

Publication Information

August 2009 (Previous report: August 2008; Next report: August 2010 (planned))

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Business Overview of BANDAI NAMCO Group

The BANDAI NAMCO Group comprises four 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.

Toys and Hobby SBU

We will expand the "Character Merchandising Model" on a global scale.

In the Toys and Hobby SBU, we will take steps to expand the "Character Merchandising Model," an area in which the Group excels in Japan, on a global scale. In the Japanese market, we will aim to establish dominant positions in all product categories. In the overseas market, we will seek to strengthen characters and products originating locally, in addition to those originating from Japan, and actively develop new categories. We will also improve cooperation among different regions.

Main Group Companies

Bandai Co., Ltd. / Megahouse Corporation / CCP Co., Ltd.
 Seeds Co., Ltd. / Plex Co., Ltd. / People Co., Ltd.
 Sun-Star Stationery Co., Ltd. / BANDAI AMERICA INCORPORATED
 BANDAI S.A. / BANDAI U.K. LTD. / BANDAI ESPANA S.A.
 BANDAI (H.K.) CO., LTD. / BANDAI ASIA CO., LTD.
 BANDAI INDUSTRIAL CO., LTD. / BANDAI (SHENZHEN) CO., LTD.
 BANDAI (GUANGZHOU) CO., LTD. / BANDAI KOREA CO., LTD.
 CREATIVE B WORKS CO., LTD.



Super Sentai (Power Rangers) series

Bandai Co., Ltd.
 These established characters for boys have been popular with children for many years.



Mobile Suit Gundam series plastic model

Bandai Co., Ltd.
 This plastic model is a part of the Mobile Suit Gundam series, which has sold more than 400 million units.



Tamagotchi Plus series

Bandai Co., Ltd.
 This portable LCD toy series, which is popular around the world, is now available with a color LCDs and offers expanded entertainment possibilities.

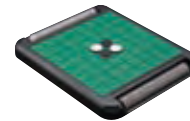
Character apparel for children

Bandai Co., Ltd.
 Our wide range of character apparel for children, which extends from innerwear to outerwear, incorporates a playful spirit.



Battle Spirits card game

Bandai Co., Ltd.
 This new-generation card game links TV animation and magazines.



Best Othello

Megahouse Corporation
 Othello, which originated in Japan, is now a favorite of people around the world.

Game Contents SBU

We will leverage our strength in game contents on a worldwide level.

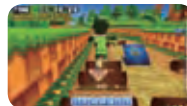
In the Game Contents SBU, we will focus on leveraging our strength in game contents on a worldwide level by deriving synergies from our strong capabilities in planning and development for home video game software, arcade game machines, and mobile content. Especially in home video game software, we will strengthen our worldwide development structure to take full advantage of the Group's strengths.

Main Group Companies

NAMCO BANDAI Games Inc. / Banpresto Co., Ltd. / D3 INC.
 VIBE Inc. / Bec Co., Ltd. / Banpresoft Co., Ltd.
 NAMCO TALES STUDIO LTD. / Banpresto Sales Co., Ltd.
 NAMCO TRADING LTD. / NAMCO BANDAI Games America Inc.
 NAMCO AMERICA INC. / NAMCO NETWORKS AMERICA INC.
 NAMCO BANDAI Games Europe S.A.S. / NAMCO EUROPE LTD.
 NAMCO BANDAI Networks Europe LTD. / BANPRESTO (H.K.) LTD.



Soul Caliber IV for the Xbox 360 and the PLAYSTATION 3
 NAMCO BANDAI Games Inc.



Active Life Outdoor Challenge for the Wii
 NAMCO BANDAI Games Inc.



SUPER ROBOT WARS K for the DS
 NAMCO BANDAI Games Inc.



Taiko Drum Master Mobile
 NAMCO BANDAI Games Inc.



Mobile Suit GUNDAM Senjo no Kizuna
 NAMCO BANDAI Games Inc.

Arcade game machines

Our business in this field centers on large-scale machines that can only be enjoyed at amusement facilities.

Note: In April 2009, NAMCO BANDAI Games Inc. and Bandai Networks Co., Ltd. were merged.

Visual and Music Content SBU

We will contribute to the enhancement of the entertainment-hub by creating quality content.

The Visual and Music Content SBU plays an important role in creating content, the source of the Group's business. By creating quality content, we will enhance the Group's entertainment-hub. Moreover, we will improve profitability by establishing an optimum content portfolio based on the strategic and flexible allocation of resources and recouping investments from a global perspective.

Main Group Companies

BANDAI VISUAL CO., LTD. / Sunrise Inc. / Bandai Channel Co., Ltd.
EMOTION CO., LTD. / SUNRISE MUSIC Publishing Co., Ltd.
Lantis Co., Ltd. / BANDAI ENTERTAINMENT INC.
BEEZ ENTERTAINMENT S.A.S.



Mobile Suit Gundam series
Sunrise Inc. (Production)
Mobile Suit Gundam has maintained a broad range of support over 30 years since the first TV broadcast in 1979.



Distribution of high-resolution visual content for mobile phones
Bandai Channel Co., Ltd.
We distribute a wide range of content for mobile phones.



Battle Spirits TV series
Sunrise Inc. (Production)

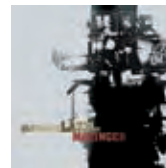
Animation products
We offer a diverse array of animation products for a wide range of customers.



Live-action films
BANDAI VISUAL CO., LTD. (Participated in production)
We also offer a range of live-action films other than animation.



CODE GEASS: Lelouch of the Rebellion R2
Sunrise Inc. (Production), BANDAI VISUAL CO., LTD. (Participated in production)



Music
Lantis Co., Ltd.
We offer products in a range of genres, centered on music related to animation and games.

Amusement Facility SBU

We will leverage our distinctive know-how in developing amusement facilities that distinguish the Group from its competitors.

In the Amusement Facility SBU, we will pursue efficient and effective management by accelerating our scrap-and-build initiatives to respond to the rapidly changing business environment and customer needs. Moreover, we will focus on leveraging the distinctive entertainment know-how of the BANDAI NAMCO Group in developing amusement facilities that distinguish the Group from its competitors.

Main Group Companies

NAMCO LIMITED / Pleasure Cast Co., Ltd. / Hanayashiki Co., Ltd.
NAMCO SPA RESORT LTD. / NAMCO CYBERTAINMENT INC.
NAMCO OPERATIONS EUROPE LTD. / BOWLING STATION S.L.
NAMCO ENTERPRISES ASIA LTD. / SHANGHAI NAMCO LTD.



NAMCO Wonder Park
Hero's Base

Facilities combining amusement and characters
NAMCO LIMITED
At this appealing entertainment facility, everyone can become a hero or heroine.



Kochikame Game Park

Character amusement facilities
Pleasure Cast Co., Ltd.
Amusement facilities that enable customers to experience the world view of characters.



NAMCO NAMJATOWN
NAMCO LIMITED
NAMCO NAMJATOWN is one of the largest indoor theme parks in Japan, featuring a wide range of attractions, a food theme park, and a healing park.



Asakusa Hanayashiki
Hanayashiki Co., Ltd.
Asakusa Hanayashiki, which opened in 1853 and joined the group in 2004, is a long established park located in the old town section of Tokyo.

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 provide wide-ranging support to bolster the BANDAI NAMCO Group's comprehensive strengths.

Main Group Companies

BANDAI LOGIPAL INC. / LOGIPAL EXPRESS INC.
NAMCO BANDAI Business Services Inc. / Artpresto Co., Ltd.
Happinet Corporation / Sotsu Co., Ltd. / Italian Tomato Ltd.



BANDAI LOGIPAL INC., LOGIPAL EXPRESS INC.
BANDAI LOGIPAL and LOGIPAL EXPRESS focus not only on high-quality, efficient distribution but also on seamless international services, safety, and environmental issues.



NAMCO BANDAI Will Inc.
NAMCO BANDAI Will, a special company that employs individuals with disabilities, provides cleaning and other services to Group worksites.



Happinet Corporation
Happinet uses the latest facilities and systems in the distribution of such products as toys and game consoles.



NAMCO BANDAI Business Services Inc.
NAMCO BANDAI Business Services provides support for the administrative work of the BANDAI NAMCO Group.



Working Together with Stakeholders to Create the Future of the BANDAI NAMCO Group

In July 2009, we invited Peter D. Pedersen, the President and CEO of E-Square Inc., to the *Omocha-no-machi Bandai Museum* for a conversation with Shukuo Ishikawa, President and CEO of NAMCO BANDAI Holdings.

Sustainable Growth

Pedersen A friend of mine, U.S. entrepreneur Paul Hawken, wrote that traditionally, managers were grand storytellers that painted pictures of the future of their companies, but that today many managers talk of little but trends in their company's stock price or sales. I think that is a very important point. I know that you became the head of the BANDAI NAMCO Group in April of this year. As the leader of the Group, what kind of "story" do you see for the Group in the years ahead?

Ishikawa The mission of the BANDAI NAMCO Group is to provide "Dreams, Fun and Inspiration" to people around the world through a wide range of entertainment. And as a result, we want to have large numbers of people enjoy our products and to build a society in which children and adults around the world can enjoy fun, happy lives.

At the same time, we want to sustain the BANDAI NAMCO culture far into the future, and I have a strong sense of my responsibility in that endeavor. Of course, we have to generate a profit, but from a long-term perspective, we also have to strive for future-oriented growth.

Pedersen That is extremely important, isn't it? There is a saying, "There is no business to be done on a dead planet." For a company to achieve sustainable growth, first we have to achieve a sustainable society. I think the ideal situation is to have both of those objectives aligned.

Ishikawa We are seeing significant changes in values, such as what makes customers happy, and what they enjoy. For example, there is ongoing growth in demand for recyclable products. If we can provide products and services that meet those needs, our competitiveness as the Group will increase. And I believe it is possible to achieve both the sustainable growth of the Company and the formation of a sustainable society.

Incorporating the Awareness of Each Individual in Initiatives

Pedersen From that viewpoint, what is your approach to global environmental problems and other issues directly confronting modern society, and what role will the Company play in those areas in the years ahead?

Ishikawa As a corporate citizen, it is clear that we have a responsibility to contribute to resolving the issue of climate change as well as other social problems. As most of the users of our products are children, we are, of course, especially concerned with safety. Moreover, we have also established and are already working toward specific numerical objectives, such as providing environmentally friendly products and reducing the environmental impact of amusement facilities.

In addition, the most important issue is the extent to which employees understand the importance of those initiatives, and

whether they can incorporate them into the products and services that they provide each day.

Pedersen That's true. I have heard that the Group has moved production to overseas locations, such as China, and that your suppliers are increasingly globalizing their operations. Would you discuss the Group's management system in that regard?

Ishikawa In addition to assigning staff to local regions to monitor quality control, we have also established a system with a variety of checks, such as in the areas of green procurement and code of conduct auditing activities. We were very pleased that, as we provided further explanations to our suppliers, we steadily began to make smooth progress.

CSR Activities that Draw On BANDAI NAMCO's Strengths

Pedersen A moment ago, we spoke about "employee awareness." What has the Group done to raise the awareness of its employees, who are its closest internal stakeholders?

Ishikawa We do not simply say to employees "do this" or "do that." As top management, we must first demonstrate our own awareness. I believe that it is important to demonstrate an approach that actively supports a wide range of activities, including those that are not linked to the generation of higher profits. I want to communicate as clearly as possible that this is the essence of the Group's CSR activities.

Pedersen In that sense, I think that the key words I have seen the Company use—enthusiasm, creativity, and hospitality—are very good. The Company is very serious about its work, but it is wrapped in "fun."

Ishikawa That's right. But, rather than being too serious, I want to aim for CSR activities that people think are "entertaining and interesting," just like you would expect from an entertainment company. The Group has always had a corporate culture in which employees are extremely free to state their opinions and put forth their own ideas. We want to take a proactive approach to cultivating employee opinions and implementing BANDAI NAMCO-style CSR activities.

Stakeholders—Our Biggest Allies

Pedersen Finally, please discuss the Company's relations with its stakeholders. Moving forward, I believe that, in corporate management, relations with stakeholders will become increasingly important. What are the Group's policies for stakeholder relations?

Ishikawa I do not like the viewpoint of an adversarial relationship, that is, companies versus stakeholders. First, in accordance with the awareness that companies are also members of society, we will deal directly with shareholders, customers, employees, and residents of local communities. We will directly demonstrate what type of company we are, and in that way strive to obtain the understanding of our stakeholders. I think that is the starting point.

Pedersen That's right, working together is the best risk management, isn't it? In particular, with globalization progressing, it is becoming nearly impossible to eliminate all risks. And what's more, the approach of preventing risks from materializing by deepening relationships with stakeholders seems to be quite effective.

Ishikawa I agree. In terms of treating stakeholders as adversaries, even if a company does it now as a temporary measure, they won't be able to get away with it in 5 or 10 years time. Stakeholders are partners in thinking about "how can we soundly develop the company," in other words, they are our biggest allies.

In the future, the Company will continue to enhance its relations with stakeholders. Together, we will strive to ensure that BANDAI NAMCO is a company that provides "Dreams, Fun and Inspiration" to more people—a company that is trusted by society.



Peter D. Pedersen
E-Square Inc.
President and
Chief Executive Officer

Shukuo Ishikawa
NAMCO BANDAI Holdings Inc.
President and CEO and
Representative Director

Peter David Pedersen

Born in Denmark in 1967, Mr. Pedersen graduated from the Department of Anthropology, University of Copenhagen. After setting up his career as an environmental consultant, Mr. Pedersen also worked as a newscaster. In 2000, he established E-Square Inc. and became its chief executive officer. He continues to be active in environmental and CSR consulting for businesses. Mr. Pedersen's published works include *People with Visions in a Country without a Vision* (written and edited by Pedersen in Japanese; published by Kaizosha), *Dictionary of Environmental Management and Strategy* (written by Pedersen in Japanese; published by the Industrial Research Center of Japan), and *Life in LOHAS* (written by Pedersen in Japanese; published by Business-sha).

Note: For further information about *Omocho-no-machi Bandai Museum*, please refer to page 26.

Creating Entertainment Places through Communication

We want to deliver dreams and inspiration to more customers. Based on that idea, the BANDAI NAMCO Group is focusing resources on the creation of entertainment spaces while emphasizing dialogue with customers, not only at amusement facilities but also at product development worksites.

NAMCOLAND HERO'S CAMP

Product Development Initiatives

Clena-Flex is a crane game machine launched in 2004 by NAMCO BANDAI Games. In just two years since its launch into a market dominated by competing machines, it has garnered the top share of the market by sales. Its outstanding success was a result of the approach adopted by the development team—listening to the voices of its customers, who are the managers of amusement facilities, and incorporating market feedback into the development process to give form to the final product.

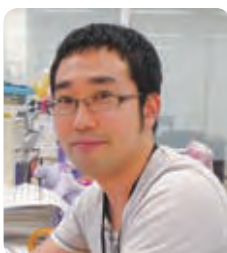


Clena-Flex crane game machine

Listening to Amusement Facility Managers

“Initially, I got started by conducting research into competing machines.” That was the recollection of Takashi Shiino, an assistant manager. He went to amusement facilities and listened to the managers, and he gradually began to get an idea of what they wanted. In previous game machines, the position and size of the hole used to dispense prizes had been fixed, limiting the type of prizes that could be offered. *Clena-Flex* changed that, however, by making it possible for the managers to use their ingenuity to offer a greater range of entertainment possibilities.

For the end user to enjoy the playing experience, first of all, facilities need machines that are easy for the facility managers to use so that the managers can maximize the attractiveness of the machines for players. Shiino said that actively sharing that objective with the development engineers enabled the development team to overcome certain challenges that they traditionally faced. “I directly experienced how an awareness of marketing issues among all related personnel is essential to making outstanding products.”



Takashi Shiino
Assistant Manager
Game Design Section
AM Creative Department
NAMCO BANDAI Games

Proposing New Ways to Use Machines

However, the initial reaction after the launch of the new machines was far from favorable. Because of the numerous ways the machines could be used, there were many people who said, “I don’t know how to use this.”

At that time, the company started testing the idea of actively proposing new ways of using the machines. “We used manuals and e-mail magazines to communicate with managers, showing them examples of facilities that had generated increased sales through their own ingenuity, such as prize stacking techniques and various installation methods. These initiatives were well received, and we got a good response,” said Hironobu Morikawa. Subsequently, sales gradually began to increase.

Morikawa said, “In thinking about how we can get people to enjoy these machines, we go to the facilities to take a close look at facility operations.” The ideas that we obtain in this way are used in product development and improvement. Facilitating two-way communications with facility managers is the starting point for the creation of products that are enjoyed by many people.



Hironobu Morikawa
Game Design Section
AM Creative Department
NAMCO BANDAI Games



Clena-Flex operations manual

Facility Initiatives

On the other hand, at amusement facilities, we are also listening to customer feedback and moving ahead with initiatives to create spaces that offer broader appeal.

NAMCOLAND Hero's Camp, which was opened in October 2008 at Airport Walk Nagoya, is a large-format amusement park with large-scale models of *Ultra-Man* characters and monsters. Store manager Kei Sakai said, "We are aiming to offer spaces that are inviting while at the same time being unusual."

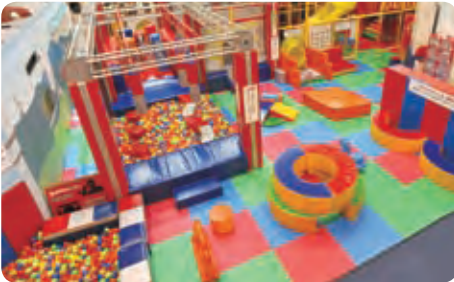


Kei Sakai
Store Manager
NAMCOLAND
Hero's Camp Nagoya

Focused on Fun for the Whole Family

At *Ultra-Man Base*, an athletic park, and *NAMCOLAND Hero's Camp*, which consists of amusement spaces with diverse arrays of game machines, we have implemented numerous measures to ensure safety, such as avoiding the use of sharp objects and hard materials so that children can play without worry as well as installing game machines in a way that eliminates blind spots where adults cannot see.

We have also given consideration to families playing together, such as arranging game machines so that two or more people can play at the same time, and leaving space so that onlookers can cheer on players. Sakai said, "Being able to see their children having fun is the greatest enjoyment for parents, so I want to create spaces where children's smiles can be seen as much as possible."



Safe area reflecting consideration for small children

Relaxation Spaces Closely Linked to Communities

The development of these types of facilities is based on an approach of thoroughly listening to customer feedback.

"We are always telling staff that their job is not simply customer service, and that we want them to enjoy the role of proactively interacting with customers. Sakai said, "Rather than 'going when called,' we want staff to take the initiative and proactively reach out, even if just for insignificant small talk. From these types of conversations, almost every day we find new ways to make facilities better." For example, it was customer feedback that resulted in our decisions to increase the number of child-steps and offer free use of rest chairs.

In addition to dialogue between staff and customers, recently we have been seeing interaction among customers who met in the facility, and they are enjoying their conversations with each other. Sakai noted, "We want our facilities to be spaces where customers can link up with each other without going through staff. We want to create better facilities that are continually improved through feedback from customers and communities."



Child-step



Kai family

Voices from Customers Who have Visited our Facilities

"I came here for the first time with my son, who really likes *Ultra-Man*. We played at *Ultra-Man Base*. The facility maintenance was excellent, and it was clean, so we could relax and play. I would come again if there was a space that was a little bigger and I could take pictures of my kids playing (laughs).

All of the staff are friendly, and they stoop down to the eye level of the kids to talk with them. There are many shops, and I definitely want to come to play again."

Bandai Code of Conduct Audits

In addition to Japan, Bandai has many production bases in Asia, principally in China. To ensure a stable supply of safe, high-quality products to customers, we believe that it is important to maintain an appropriate work environment for the employees who manufacture the products. Accordingly, we implement code of conduct (COC) audits at production facilities.

Bandai Monozukuri (Manufacturing) and Overseas Cooperating Plants

In the 1990s, at the overseas plants that did contract production work for industrialized countries, child labor and long work hours became a global problem. In the toy industry, there was a rapid increase in activities to improve the work environment, such as the formulation of the ICTI: CARE Process*, a corporate code of conduct.

Bandai also has many overseas production bases, and as of the end of FY2009.3 about 90% of Bandai's toys were produced under contract at plants in Asia, principally in China. From the viewpoint of supply chain management as well, we believe that the maintenance of an appropriate work environment at overseas plants is an important corporate duty, and consequently from FY1999.3 we began to aggressively enhance our systems.

Bandai's Overseas Toy Plants



*ICTI: CARE Process
An international ethical manufacturing program in the toy industry that was formulated in 1995 by the International Council of Toy Industries (ICTI). The objective of the program is to secure safe, worker-centered environments in toy factories around the world.

Implementation of COC Audits in Japan and Overseas

The first step in the process was the formulation of the Bandai COC in FY1999.3. Based on this code, we have implemented COC audits, which are work environment audits, at overseas contract production plants. In FY2005.3, we conducted audits at 40 companies, and in FY2008.3 we audited all of the contract production plants. Through the implementation of periodic audits once a year, we aim to confirm and further improve the status of the work environment.

For contract production plants in Japan, we began initiatives in FY2009.3, and we completed audits at 20 companies during the year. In FY2010.3, we will further expand the scope of these activities, and we intend to complete audits at 50 companies within the year.

Number of COC Audits Completed

FY2005.3	FY2006.3	FY2007.3	FY2008.3	FY2009.3
40	37	100	224	228

Audited Plants in FY2009.3

(Unit: Company)

Region	Number of Audits	Region	Number of Audits
Japan	20	Vietnam	1
China	195	Thailand	3
Taiwan	3	Indonesia	3
South Korea	2	Malaysia	1

Audit Framework and Details

In auditing overseas production contract plants, we file audit requests and then coordinate scheduling through production cooperating manufacturers. In China, the COC audits are carried out by an external auditing company and auditors from BANDAI (SHENZHEN) CO., LTD.

The audits cover a total of 80 audit items in 10 categories, such as fire prevention and emergency countermeasures, health and safety, freedom to participate in unions, and wages. The audits are implemented through combinations of three methods—direct audits of worksites; audits of documents, such as time cards and pay statements; and audits conducted through employee interviews.

After an audit, the results are fed back to each plant through the cooperating manufacturers, and we request the submission of a report detailing measures for rectifying unsatisfactory items, which summarizes the state of improvement of the unsatisfactory

items. Major issues are confirmed through a follow-up audit.

In FY2009.3, examples of post-audit rectification measures included the use of metal gloves by employees working with paper cutters and the use of masks with filters in painting booths where organic solvents are used.

Audit Categories

Fire prevention and emergency countermeasures

Freedom to participate in unions

Health and safety

Disciplinary measures

Cafeterias and dormitories

Work hours

Child labor / Prisoner labor

Wages

Discrimination

Legal and other elements

Auditing Process

1

Audit application and scheduling

Audit application and scheduling are handled through cooperating manufacturers, and the Bandai COC Audit Implementation Agreement is concluded.

2

Audit implementation

Suitability is verified through combinations of three methods—on-site visits, document/record confirmation, and employee interviews. In this way, consideration is given to understanding the work environment from an objective viewpoint.

3

Results feedback

Audit reports that describe whether or not each item was satisfactory, and the reasons why, are provided to local plants through the cooperating manufacturers.

4

Progress of corrective measures

Each plant is requested to provide documentation of the results of corrective measures for any unsatisfactory items. We require the implementation of measures to make all items satisfactory.



On-site audit



Document audit



Employee interview

Comments from Suppliers

We consider COC audits to be an important social responsibility. At first, it was difficult to understand the audit content, but after six years, the understanding of both managers and employees has improved, and our knowledge of such issues as safety and welfare has increased. This has created trust in the company among employees, who now can work with a greater sense of reassurance. Moving forward, we want to continue to fulfill our social responsibilities.



Francis Ho
Manager
Justwide Industrial Limited

Initiatives to Increase Awareness

When we began to conduct these audits, there were cases where we did not get the countermeasure report. However, as the understanding of the importance of COC audits spread among the contract production plants, we saw a steady increase in corrective measures. Also, several times a year Bandai employees visit local worksites with cooperating manufacturers, and have direct discussions with suppliers regarding corrective measures for unsatisfactory items.

Furthermore, for domestic cooperating manufacturers, we hold an annual supplier conference at which audit results are reported. About 250 people attended the first conference,

which was held in FY2009.3. In March 2009, we also held a conference in Shanghai and Shenzhen, and staff from local contract production plants participated. Through these types of communications, we can achieve even higher levels of awareness.

In addition, the people responsible for operating departments are provided with the annual audit results reports for all plants so that transactions are based on understanding the situation at each plant.



Supplier conference in China



Atsuki Ishii
General Manager
Product Assurance Department
Bandai

Future Issues

The improvement and stabilization of plant work environments through COC audits is indispensable in raising the quality of the products made at those plants. Moving forward, in addition to plants where audits are currently being conducted, we will work to improve the work environments at manufacturers that handle secondary processing. It will also be necessary to respond to further globalization.

In addition to providing dreams to children who play with Bandai toys, we also want everyone at suppliers involved with production to have their own dreams, and accordingly we will continue to implement COC audits.

Game Contents SBU COC Audits

In December 2008, NAMCO BANDAI Games conducted its first COC audits at nine plants involved in the production of controllers for *Taiko Drum Master Wii*. In the future, we intend to

implement COC audits at production plants for consumer goods, a field in which a considerable portion of production is commissioned to toy-related plants.

Employee Roundtable Discussion

The BANDAI NAMCO Group
—A Fun and Inspiring Place to Work



This roundtable discussion was held at Shiohaze Park in Shinagawa-ku, Tokyo, where the 18-meter-tall real-sized *Gundam* model was under construction.



Yasunori Ishigaki
(28th year at the company)
Production Team
Hobby Products Department
Bandai

I am involved through to the realization of the final product, so for me it is enjoyable to see a customer pick up a plastic model that I have worked on. I spend a lot of time doing market research in stores, too.

I have worked in production for 20 years, and during that time I have not seen any change in our eagerness to take on challenges. I would like everyone, even new employees, to “think of something new, and carry it out in your own way.”



Naoko Tsunoda
(4th year at the company)
Abiko Shopping Plaza
NAMCOLAND
Amusement Facilities Division 1
NAMCO

When people consult with me, I give them advice rather than simply telling them what to do. I always ask, “What do you think?”

I have always been interested in animation-related work, and I have been a *Gundam* fan since I was a child. I am very happy that the things I like are now a part of my job.

I get along well with my boss, and we always talk about a lot of things, so it is very easy to consult with them whenever something comes up. When I tell my boss my opinion, they always listen sincerely to what I have to say.

I chose to work at this company because I thought it would be good to have work where I could make people happy, and I could say, “Congratulations” every day. My dream has come true, and now I have become a **NAMCOLAND** manager.

I work in a small store, so I can personally experience how, if I make a single recommendation, or if we make a single improvement to POP materials, for example, it can immediately result in a sale. I also enjoy interacting with customers.



Hiroyuki Kikukawa
(5th year at the company)
GUNDAM Business Department
BANDAI VISUAL

My dream is to make products that are loved over many years, like *Mobile Suit Gundam*, which I have enjoyed for 30 years now. Currently, I am steadily gaining experience as I work toward my dream.

I have been given responsibility for all of the decisions at my amusement facility, such as which game machines to introduce. I get to take on a lot of challenges, and I always think “I am glad I joined this company.”

Onsite Reports from Employees



I work in the production of *Gundam* plastic models at the Bandai Hobby Center.



I plan and produce packaging for *Gundam* visual products.



In April, I became manager of the Abiko Store. Every day is full of new discoveries and a lot of fun!

The BANDAI NAMCO Group provides Dreams, Fun and Inspiration through entertainment, and accordingly we believe that it is important for each employee to realize Dreams, Fun and Inspiration through their work.

Group employees work with the passion, creativity, and determination needed at an entertainment company, and this is another element that makes BANDAI NAMCO unique.

In June 2009, we assembled a group of seven employees from a variety of departments, who discussed how their work was fun and inspiring.



Kyoko Nakata
(12th year at the company)
Customer Service Team
Product Assurance Department
Bandai

Bandai's corporate culture is the same in every department—"the person who comes up with an idea gets to do it." New people have the freedom to do what they want. It may be challenging, but there is a real sense of accomplishment.

We take all of the feedback that comes into the Customer Service Center and digitize it so that it can be viewed by anyone in the Group. So I can directly see how customer feedback is used at the next stage.

Sometimes we receive letters of thanks from customers. I am always happy to receive them, and even now I have one displayed in front of my desk, as something I treasure.



Tomio Fujihashi
(12th year at the company)
Kawasaki Transportation Team
Transportation Department,
Kawasaki Sales Office
LOGIPAL EXPRESS

My job is all about being trusted. In any case, the starting point of my work is "safe driving." The other day, I received a commendation for 10 years of safe driving, and want to steadily extend that record.

When we use the word "delivery," it may seem like "just transport," but if worst comes to worst and there is an accident or a late delivery, then the event that has been planned could be ruined. We always feel that pressure.



Hiroki Yonezawa
(22nd year at the company)
NE Business Development
Department, Network
Entertainment Business Group
NAMCO BANDAI Games

I do my best to be fast yet polite in packing and transporting. I was very pleased when a customer said, "For an important package, it has to be LOGIPAL."

Rather than relying on spending, we work hard at promotional activities that we can do ourselves. Also, to get introductory articles in magazines, the key point is how well we can communicate the quality of the products.

When I worked in a retail store, I was a "singing, dancing store employee," and I personally enjoyed the products that I showed to children. Currently, I don't have as many opportunities to do that, but I still have the same approach of "enjoying the product myself while demonstrating it."

At the event to launch *Wii Family Ski*, I was happy to hear a professional skier say, "It's like I am skiing." I am very pleased when we effectively communicate the excellence of the products, and I feel that my job is really worth doing.

Currently, I really enjoy promotion planning. I want to create promotions that surprise customers, that customers think are new, and that are unforgettable.

When I am asked "You work at BANDAI NAMCO, don't you?" I think that I have work hard so that I don't harm the company's good image. Rather than telling people "Enjoy your work!", I would like to create an environment where the employees and the customers, and I, just naturally enjoy ourselves. That's why I think it is important to do a good job behind the scenes.



I handle inquiries at the Customer Service Center.



I deliver toys and other products to stores and wholesalers. I drive a four-ton truck.



I work in promotions for home video games. I am also a member of the environmental committee.



I am responsible for network business, principally mobile phones.

As an expression of our appreciation to all of the *Gundam* fans, the Group has commenced the *Mobile Suit Gundam 30th Anniversary Project*, which included the production of a real-size *Gundam* statue. As one facet of the *GREEN TOKYO Gundam Project*, this model is on display in Shiohaze Park in Shinagawa-ku, Tokyo, from July 11 to August 31, 2009. For further information, please refer to page 52.

Corporate Governance

Policies • Basic Approach

The BANDAI NAMCO Group gives first priority to the provision of benefits to all of its stakeholders, who support the Group's business activities. We believe that in striving to continually maximize corporate value over the long term, bolstering corporate governance is an important management issue. As a corporate group, we aim to be trusted by society and to make an ongoing contribution to society. While striving to enhance management soundness, transparency, and efficiency, we will continually bolster our corporate governance system to facilitate rapid information disclosure. In accordance with this approach, the Group is working to reinforce its corporate governance system.

Corporate Governance

NAMCO BANDAI Holdings has nine directors, including three outside directors, and the Company is working to bolster the management oversight function. The term of directors has been set at one year or less to ensure 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, with four statutory auditors (including two full-time statutory auditors) who conduct audits based on their responsibilities as determined by the Board of Statutory Auditors. The Internal Auditing Division rigorously audits business execution, while the independent auditors provide account auditing. With close interaction centered on the statutory auditors, the auditors continually monitor the Company's internal control system to identify any issues and make recommendations to solve the issues identified.

Internal Control System

In FY2007.3, the BANDAI NAMCO Group launched the Group-wide E-1 Project, under which we have moved forward with

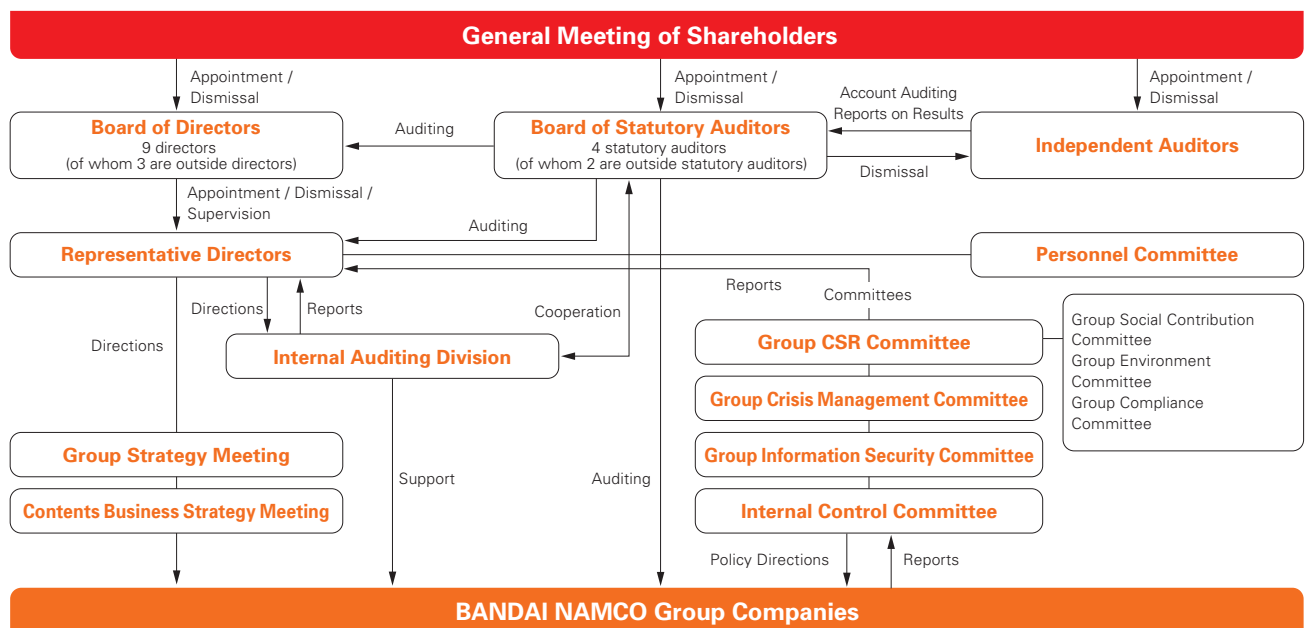
internal control system evaluation and implementation and have worked to resolve the major internal control issues faced by Group companies.

From FY2009.3, the submission of an internal control system report to the Financial Services Agency (FSA) is mandatory. 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 respective company's internal control system. The results of the internal control assessments from the top representatives of the Group's operating companies are reported to NAMCO BANDAI Holdings. Based on those reports, the effectiveness of the Group's internal control system is determined.

In accordance with those results, the internal control system report submitted to the FSA concluded that the Group had an effective internal control system for financial reporting as of the end of FY2009.3.

In FY2010.3, we will shift internal control system evaluation and implementation from the E-1 Project to a specialized department. Moving forward, the entire Group will work to raise the quality of the Group's internal control system.

Corporate Governance Structure



As of June 23, 2009

Compliance

Policies • Basic Approach

As the “Leading Innovator in Global Entertainment,” the BANDAI NAMCO Group has clarified its approach to compliance and is taking steps to ensure that Group companies are fully aware of its stance.

Based on the recognition that the important components of a company’s mission include strict compliance with the laws in every country and region where it does business and the pursuit of profit through fair competition, in April 2007, we formulated the BANDAI NAMCO Group Compliance Charter, and we announced the BANDAI NAMCO Group Declaration of Compliance in accordance with the Charter.

Developing Compliance Awareness

The BANDAI NAMCO Group has formulated the BANDAI NAMCO Group Compliance Charter, which outlines eight categories of pledges that must be followed by all Group officers and employees in conducting business activities. To facilitate the daily implementation of the Charter at all Group companies, we published the BANDAI NAMCO Group Compliance Handbook and distributed it to all Group officers and employees.

In FY2009.3, we offered two e-learning sessions based on the BANDAI NAMCO Group Compliance Handbook. These sessions, which were targeted at all Group officers and employees, were completed by a total of 12,000 people. Moreover, each Group company implemented its own company-specific compliance training. Moving forward, we will conduct periodic training to continue to develop compliance awareness and further enhance our compliance system.



Compliance Handbook

Risk Management

Recognizing the importance of risk management for the continuity of sound business operations, the BANDAI NAMCO Group has formulated the Group Crisis Management Regulations as guidelines for the actions to be taken by each Group officer or employee in the event of a crisis. Moreover, we have established the Group Crisis Management Committee, which is chaired by the President of NAMCO BANDAI Holdings. This committee is working to enhance our system for identifying risks, preventing the risks from materializing, and responding promptly in the event of a crisis.

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

Moving forward, we will continue striving to correctly identify the social trends of the times and to strengthen our risk management system to ensure prompt and appropriate responses to a range of management risks.

Establishing and Operating a Whistleblowing System

All BANDAI NAMCO Group companies have formulated internal regulations and have established and operate whistleblowing systems.

In the event that an employee detects noncompliance, they should discuss the matter with their manager or, through the whistleblowing system, report it to a representative director, external corporate lawyer, in-house consulting department, or the auditors. In accordance with the Whistleblower Protection Act, measures are taken to ensure that whistleblowers do not receive disadvantageous treatment as a result of their actions. If an incident of noncompliance is revealed under the whistleblowing system, appropriate measures are implemented in accordance with the compliance regulations of the respective company.

Response to H1N1 Influenza

The BANDAI NAMCO Group is working to disseminate information about H1N1 influenza. With the objective of providing accurate information and appropriate infection countermeasures, we formulated the H1N1 Influenza Prevention Manual in November 2008 and distributed it to all officers and employees of Group companies (including full-time, part-time, and temporary employees).

CSR Management

Policies • Basic Approach

The Group’s mission is to provide “Dreams, Fun and Inspiration” to people around the world through entertainment based on creativity and boundless enthusiasm. To ensure that we can continue to provide “Dreams, Fun and Inspiration,” we have formulated Groupwide CSR initiatives that incorporate three types of responsibilities.

In accordance with our fundamental principles for CSR initiatives, we have established the Group CSR Committee and its sub committees—the Group Social Contribution Committee, the Group Environment Committee, and the Group Compliance Committee—as well as the Group Crisis Management Committee, the Group Information Security Committee, and the Internal Control Committee. These committees are active in the implementation of a wide range of initiatives.

CSR Initiatives

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.

CSR Promotion System

Reported Items

Board of Directors
(CSR matters reported as needed)

Reported Items • Discussed Items

Group Strategy Meeting (Monthly)

Group CSR Committee (Quarterly)

Group Compliance Committee
(as needed)

Group Environment Committee
(Bimonthly)

Group Social Contribution
Committee (Quarterly)

Note: Period in parentheses show the number of times that the meeting or committee is convened.

Together with Stakeholders

The BANDAI NAMCO Group, which is active in a wide span of business activities, has a diverse range of stakeholders. Through its business activities, the Group provides many products and services to children and young people. Most of those products are manufactured at cooperating factories in overseas locations, such as in Asia, by suppliers outside the Group. Accordingly, two-way communications with its many suppliers is an important issue for the BANDAI NAMCO Group.

By maintaining good relationships with our stakeholders and implementing our mission of providing “Dreams, Fun and Inspiration” to people around the world, we will contribute to society. In this way, we will strive to realize our vision of being the “Leading Innovator in Global Entertainment.”

The BANDAI NAMCO Group’s Relationships with Stakeholders

To become the leading innovator in global entertainment
Group Corporate Philosophy (Vision)



Together with Group Employees

Policies • Basic Approach

We are striving to create workplace environments where each employee is able to work with a sense of excitement and fulfillment, and to link the resulting employee motivation to the implementation of dynamic business activities.

The Group provides equal opportunities, without regard to age, to all employees who are passionate about their work. Moreover, we are aggressively implementing initiatives to ensure that employees can take advantage of all available opportunities within the Company, such as an open recruitment system for job vacancies that supports human resources exchanges among Group companies.

■ Employment and Promotion of a Diverse Range of Employees

To ensure diversity among employees, the BANDAI NAMCO Group provides equal employment opportunities regardless of gender, nationality, or academic background. In FY2009.3, the percentage of women in the four core operating companies was 20.7%, and women have accounted for more than 50% of new hires in recent years. In addition, the percentage of women managers is 1.4%. Moving forward, we will take steps to aggressively expand the employment of women.

Number of employees by gender

(Unit: people)

	FY2007.3	FY2008.3	FY2009.3
Men	3,139	3,160	3,216
Women	811	822	841
Total	3,950	3,982	4,057

Number of women managers

(Unit: people)

	FY2007.3	FY2008.3	FY2009.3
Women managers	38	62	58
Ratio to total employees (Unit: %)	1.0	1.6	1.4

Note: Four core operating companies in SBUs (Bandai, NAMCO BANDAI Games, Bandai Visual, NAMCO). On April 1, 2009, NAMCO BANDAI Games and Bandai Networks merged.

■ Open Recruitment System for Job Vacancies

Following the management integration in 2005, we set up an open recruitment system within the Group with the objectives of optimizing human resource allocation for the wide range of business operations within the Group and of encouraging employees to strive to achieve their full potential.

The number of applicants under the open recruitment system is increasing each year, and in FY2009.3, 35 positions were filled with employees recruited through this system. In the future, we will continue to expand opportunities for employees to leverage their own capabilities and take on the challenge of new assignments, to promote human resources exchanges among Group companies, and to foster increasingly dynamic business activities.

■ Employment of People with Disabilities

The BANDAI NAMCO Group places emphasis on hiring people with disabilities and is working to expand the number of these employees at Group companies.

In FY2009.3, the employment rate for people with disabilities for the entire Group was 1.74%, down from 1.83% in FY2008.3, due to expansion in the scope of the Group in comparison with the previous fiscal year.

Employment rate for people with disabilities

(Unit: %)

	FY2008.3	FY2009.3
Employment rate for people with disabilities	1.83	1.74

Note: The statutory employment rate for people with disabilities is 1.8%.

■ Establishing Supportive Work Environments

The Group conducts stress checks for all employees to ensure that they can work to their full potential. Moreover, we are taking steps to meet the lifestyle needs of our employees and to support varied working patterns, such as the introduction of flex time systems.

■ Support for Childbirth and Childcare

As one form of support for childbirth, the Group provides a congratulatory gift of ¥1 million for third and subsequent children. Moreover, drawing on opinions and suggestions submitted by employees, we are upgrading various programs aimed at helping mothers and fathers continue to work while caring for young children, such as childcare leave and reduced hours options while children are young.

Number of people taking childcare leave

(Unit: people)

	FY2007.3	FY2008.3	FY2009.3
Number of people taking childcare leave	26	36	46

Note: Four core operating companies in SBUs (Bandai, NAMCO BANDAI Games, Bandai Visual, NAMCO). On April 1, 2009, NAMCO BANDAI Games and Bandai Networks merged.

The BANDAI NAMCO Group and Society

Policies • Basic Approach

The BANDAI NAMCO Group has clarified its CSR policy, and while making effective use of its management resources, we are promoting continuing CSR activities as a corporate group in the entertainment business.

In accordance with the “BANDAI NAMCO Group’s Basic Policy on Social Contribution,” each Group company implements activities that reflect consideration for the characteristics of its field of business. Moreover, NAMCO BANDAI Holdings implements CSR activities from a Groupwide 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 a contribution to society.

FY2009.3 Initiatives

■ Connecting with Local Communities through BANDAI NAMCO Forest

The BANDAI NAMCO Group participates in the Forest Caretaking Promotion Project conducted under the auspices of Nagano Prefecture. In this regard, the Group is participating in community activities in Shiga Kogen (Yamanouchi-machi, Nagano Prefecture), the location of the *BANDAI NAMCO Forest*. In FY2009.3, through the Shimotakai-gun Yamanouchi-machi Wago-kai Foundation, Group companies donated such products as toys, picture books, and stationery to a nursery school in Shiga Kogen. In addition, at the Wago-kaikan, we offered a screening of the theatrical version of the movie *Tamagotchi* for local children and held a quiz competition led by its characters.



BANDAI NAMCO Forest in Shiga Kogen

■ Participation in Eco-Products 2008

Following up on its participation in the previous year, the BANDAI NAMCO Group participated in the Eco-Products 2008 exhibition, which was held in December 2008. A variety of environment-related initiatives were introduced by 14 Group companies. At the exhibition, our booth construction also reflected consideration for resource conservation, such as through the use of recycled cardboard.

In addition to exhibits at the BANDAI NAMCO booth, we again held an Eco-Rally in which correct answers to a quiz were rewarded with eco-message stickers available only at the exhibition.

For the first time, at *BANDAI NAMCO Eco Stage*, easy-to-understand explanations of environmental issues and activities were provided by popular characters, such as *Go-on Red (Engine Sentai Go-onger)*, *Kuchipatchi (Tamagotchi)*, *Primo Puel*, *Najavu (NAMCO Namjatown image character)*, and *WadaDon (Taiko Drum Master)*. In addition, a number of activities were introduced through ornament-making workshops using pine cones from *BANDAI NAMCO Forest*. In these ways, we provided opportunities for many people to learn about the environment through direct participation and experience.



BANDAI NAMCO Eco-Stage with Go-on Red

Future Issues and Objectives

The BANDAI NAMCO Group will continue working to implement sustainable activities and will strive to further deepen communication with society while drawing on its distinctive strengths as an entertainment company to provide information.

Group Environmental Activities

Policies • Basic Approach

The Group has established various organizations for environmental projects, and in accordance with our environmental policy and environmental vision, we are aggressively implementing initiatives as an entertainment group in harmony with the environment.

Group Environmental Policy

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 good corporate citizen.

Environmental Vision

Provision of “Dreams, Fun and Inspiration through environmental activities”

Promotion System

In April 2006, the BANDAI NAMCO Group formed organizations engaged in environmental projects for each of its SBUs. In project management, the Group Environment Committee determines Groupwide policies and targets. The decisions of the committee are incorporated into the environmental project activities of each SBU.

Note: For more information about the Group Environment Committee, please see the CSR Promotion System on page 15.

Medium-Term Group Environmental Targets

The Group has formulated a Mid-term Business Plan for the three-year period beginning April 2009. We have also established mid-term environmental targets, which will focus our efforts to reduce the environmental burden in conjunction with the

expansion of operations over the period covered by the mid-term plan (Please see the table below.).

In order to prevent global warming, there is a need for world-wide initiatives to reduce emissions of greenhouse gases. Accordingly, in comparison with FY2009.3, the Group has set the target of reducing CO₂ emissions by 5.4% by the end of FY2012.3, including the effects of business expansion.

Moreover, in accordance with the Group mission of providing “Dreams, Fun and Inspiration,” as an industry leader, we will work to reduce the environmental burden of the products and services that we provide to people around the world. We will also draw on our distinctive strengths to communicate the importance of the environment to the children who will support the future.

Medium-Term Group Environmental Targets

As an entertainment industry leader, we will promote environmentally friendly policies in products and services for all Group companies. At the same time, in comparison with FY2009.3, our objective is to reduce CO₂ emissions from our worksites (domestic and overseas consolidated companies) by 5.4% by the end of FY2012.3.

CO₂ emission reduction targets by SBU (Achievement period: FY2010.3 to FY2012.3)

SBU	Reduction ratio
NAMCO BANDAI Holdings	3%
Toys and Hobby SBU	3%
Game Contents SBU	3%
Visual and Music Content SBU	3%
Amusement Facility SBU	6%
Affiliated Business Companies	3%

- Environmental management scope: All Group companies
- Scope of collection of environmental performance data: All Group consolidated companies
- Reference year: FY2009.3 (April 2008 to March 2009)
- Management standard: Emissions volume

● Educational Activities for Employees

BANDAI NAMCO Forest Activities

In October 2008, with the participation of about 20 employees of Group companies, we installed 11 birdhouses and signs with eco-related information. This activity was selected from 70 ideas submitted by about 40 people using the *Kaikaiya* Yokohama day service center, which is currently operated by *Kaikaiya*. (The center was operated by NAMCO at the time of this activity.) These items were installed alongside roadways with the objective of deepening the understanding of environmental conservation among the people visiting the *BANDAI NAMCO Forest*.

Encouraging Employees to Take the “Eco Examination”

To help employees acquire basic environmental knowledge and increase their environmental awareness, the BANDAI NAMCO Group encourages them to take the Certification Test for Environmental Specialists (Eco Examination) held by the Tokyo Chamber of Commerce and Industry to become “eco-people.” As of the end of March 2009, there were 491 eco-people Groupwide.

Number of eco-people at the end of March 2009

(Unit: people)

SBU	Number of eco-people	
	End of March 2008	End of March 2009
NAMCO BANDAI Holdings	1	12
Toys and Hobby SBU	43	164
Game Contents SBU	112	194
Visual and Music Content SBU	0	5
Amusement Facility SBU	11	60
Affiliated Business Companies	3	56
Total	170	491

Note: People who were temporarily transferred are counted at the unit they transferred from, as of the end of March 2009.

Distributing Environmental Information to Employees

BANDAI NAMCO Group companies are using such means as e-zines, in-house portal sites, and in-house newsletters to provide employees with basic environmental knowledge and information about environmental activities.

● Groupwide Environmental Initiatives

Capsule Collection and Recycling

At eight Group facilities, including *NAMCO WONDER PARK HERO'S BASE*, we collect capsules that are no longer needed after customers have played games. We are promoting collection through such means as installing game machines that can be played by inserting used capsules. The capsules collected at each store are all recycled through NAMCO ECOLOTECH. In FY2009.3, 2.6 tons of capsules were collected and recycled, and the recycled resins were subsequently used in such products as stationery, hangers, and home electric appliances.

● Results in the Use of Green Power Generation

As one facet of its efforts to prevent global warming, the Group is using green power for events and exhibitions implemented by Group companies. In FY2009.3, the amount of green power purchased was 161,000 kWh, compared with 103,000 kWh in FY2008.3.

● FY2009.3 Environmental Performance Data (Please see page 20.)

Results of FY2009.3 Environmental Activities

In FY2009.3, the BANDAI NAMCO Group's CO₂ emissions (related to energy consumption) were about 112,265 tons. Of that total, the operation of facilities by the Amusement Facility SBU accounted for about 80%. This is a result of the distinctive characteristics of the amusement facility business, where electricity is used to operate amusement machines.

Moving forward, the Group will strive to contribute to reductions in energy consumption and CO₂ emissions, not only through the promotion of energy saving at facilities, such as those operated by NAMCO, but also through such means as cooperation with NAMCO BANDAI Games, which develops and produces amusement machines.

Review Report

To confirm the details of the environmental performance data collected from each worksite, a third-party review was implemented by Bureau Veritas Japan, Inc. It was determined that there were no discrepancies between the environmental performance data in this report and the collected data.



For further information, please see:
<http://www.bandainamco.co.jp/social/csrreport>

Third-Party Review Report

Trends in Energy Consumption

Since its founding, the Group has worked to expand the scope of its tracking of energy usage and waste generation in its business activities, while also realigning organizations and offices. Accordingly, the scope varies from year to year.

For the FY2009.3 environmental performance data, the scope includes all NAMCO BANDAI Holdings consolidated companies, in Japan and overseas. However, estimates are used for certain tenant properties for which energy usage data cannot be obtained.

Overview of Environmental Performance Data in FY2009.3

Measured Items		Unit	Fiscal Year	NAMCO BANDAI Holdings	Toys and Hobby SBU	Game Contents SBU	Visual and Music Content SBU	Amusement Facility SBU	Affiliated Business Companies	Total	
Vehicles	Distance traveled by company vehicles	km	2007.3	0	2,005,408	—	19,363	—	295,759	2,320,530	
			2008.3	0	1,346,061	305,449	655,349	1,966,210	270,091	4,543,160	
			2009.3	0	1,821,482	291,824	649,431	1,148,568	2,370,978	6,282,283	
Fuel	Crude oil	kl	2009.3	0	0	0	0	0	0	0	
			Of which, condensate (NGL)	kl	2009.3	0	0	0	0	0	0
	Gasoline	From use of company vehicles	kl	2007.3	0	208	—	5	—	27	240
				2008.3	0	135	33	62	117	26	373
				2009.3	0	179	36	59	119	146	539
				Other	kl	2009.3	0	10	12	0	38
	Naphtha	kl	2009.3	0	0	0	0	0	0	0	
	Kerosene	kl	2009.3	0	0	0	0	11	18	29	
	Diesel fuel	From use of company vehicles (diesel vehicles)	kl	2009.3	0	174	0	0	0	348	522
		Other	kl	2009.3	0	24	0	0	0	0	24
	Heavy oil A	kl	2009.3	0	2	0	0	0	0	2	
	Heavy oils B, C	kl	2009.3	0	0	0	0	0	0	0	
	Petroleum asphalt	t	2009.3	0	0	0	0	0	0	0	
	Petroleum coke	t	2009.3	0	0	0	0	0	0	0	
	Petroleum gas	Liquefied petroleum gas (LPG)	From use of company vehicles	t	2009.3	0	0	0	0	0	0
			Other	t	2009.3	0	68	0	0	26	27
		Hydrocarbon gas	m ³	2009.3	0	0	0	0	0	0	0
	Combustible natural gas	Liquefied natural gas (LNG)	t	2009.3	0	0	0	0	0	0	0
		Other combustible natural gas	From use of company vehicles	m ³	2009.3	0	0	0	0	22,919	22,919
			Other	m ³	2009.3	0	0	15,924	0	0	15,924
	Coal	Coking coal	t	2009.3	0	0	0	0	0	0	0
		Steam coal	t	2009.3	0	0	0	0	0	0	0
		Anthracite	t	2009.3	0	0	0	0	0	0	0
Coal coke	t	2009.3	0	0	0	0	0	0	0		
Coal tar	t	2009.3	0	0	0	0	0	0	0		
Coke oven gas	m ³	2009.3	0	0	0	0	0	0	0		
Blast furnace gas	m ³	2009.3	0	0	0	0	0	0	0		
Converter furnace gas	m ³	2009.3	0	0	0	0	0	0	0		
Water	Tap water used	m ³	2007.3	—	50,878	7,854	—	1,590	22,058	82,380	
			2008.3	11	67,938	48,856	3,282	449,434	17,380	586,901	
			2009.3	8	57,780	54,908	4,964	261,448	5,440	384,548	
	Hot spring water used	m ³	2009.3	0	0	0	0	272,830	0	272,830	
	Waste water	m ³	2007.3	—	50,878	—	—	1,590	22,058	74,526	
			2008.3	11	67,938	—	3,282	449,434	17,380	538,045	
2009.3			8	33,938	54,235	4,300	533,058	5,440	630,979		
Electricity	kWh	2007.3	59,898	6,088,000	325,600	643,417	404,000	4,290,100	11,811,015		
		2008.3	60,813	11,130,270	15,193,849	878,848	129,848,707	3,615,350	160,727,837		
		2009.3	301,605	21,104,004	17,532,207	1,619,755	187,759,563	3,405,081	231,722,215		
Other fuels	City gas	m ³	2007.3	0	0	—	0	—	—	0	
			2008.3	0	0	686,303	0	—	0	686,303	
			2009.3	0	17,101	708,671	1	1,383,558	231	2,109,562	
	Steam (industrial use)	MJ	2009.3	0	0	0	0	6,775,615	0	6,775,615	
	Steam (excluding industrial use)	MJ	2009.3	410,004	0	420,726	1	0	0	830,731	
	Hot water	J	2009.3	0	0	0	0	0	0	0	
Cold water	MJ	2009.3	230,329	0	117,923	69,130	0	0	417,382		
Industrial waste	Non-industrial waste	kg	2007.3	587	337,068	—	3,318	—	302,540	643,513	
			2008.3	596	270,325	103,900	4,368	58,000	346,900	784,089	
			2009.3	623	242,370	165,467	20,181	1,398,750	97,744	1,925,135	
	Industrial waste	kg	2007.3	—	—	—	10,438	—	—	10,438	
			2008.3	—	—	93,164	—	11,501	—	3,350	108,015
			2009.3	0	843,842	127,626	132,357	1,005,315	23,661	2,132,801	
Recycling volume	kg	2009.3	4,860	165,649	45,445	133,091	12,395	4,681	366,121		
Photocopy paper	kg	2007.3	—	84,190	4,895	7,162	—	10,557	106,804		
		2008.3	—	71,491	52,987	50,204	17,419	14,610	206,701		
		2009.3	9,083	63,824	35,679	60,606	23,401	17,612	210,205		

CO₂ emissions

Approximately 112,265t CO₂

Note: In the above table, "—" is used to indicate that actual figures could not be obtained, "0" is used to indicate that investigation showed that the item was not used.

Certain measurement items were added from FY2009.3. Consequently, there are items for which there are results for the three years from FY2007.3 to FY2009.3 and items for which there are only results for FY2009.3.



Senior Management Commitment

In looking back over the CSR activities of the Toys and Hobby SBU in FY2009.3 in preparing this report, I think that it was a year in which we began to see the development of a distinctive Bandai style of CSR activities. Of course, we are still not completely satisfied, and we continue to strive to be a company that plays an essential role in society and to share that commitment throughout the company, thereby fostering a sense of pride among employees. As a result, we are growing into a stronger organization. However, it is important to continue these initiatives, and accordingly we will continue to strive to enjoy our work and to implement CSR activities that broadly communicate that enjoyment.

Kazunori Ueno
President and Representative Director
Bandai

Toys and Hobby SBU CSR

Major FY2009.3 Topics



2008
製品安全対策優良企業

Receipt of Award for Excellence in Product Safety

In the FY2008.3 Minister of Economy, Trade and Industry Awards for Best Contributors to Product Safety, Bandai, was awarded the gold prize in the Large Manufacturer and Importer Category. This prize reflected the high evaluation of Bandai's approach to safety and peace of mind, such as the company's setting of its own quality standards that include legal, regulatory, and industry standards; the aggressive monitoring of production facilities, including quality testing results and work environments; and product safety related education and information exchange among cooperating manufacturers.



Nikkei Monozukuri Award

The Bandai Hobby Center, which is responsible for *Mobile Suit Gundam* series plastic models—from planning and design to production—received the 2008 Nikkei Monozukuri Award. This reflected the high evaluation of the center's results in increasing production efficiency through the use of multi-color mold casting technologies that can form up to four different colors and materials at one time; the building design, which incorporates the idea that the center would be shown to consumers interested in *Gundam*; and the operation of environmentally friendly facilities, such as solar power generation and the use of rainwater.



Operation of Omocho-no-machi Bandai Museum

In April 2007, Bandai opened the *Omocho-no-machi Bandai Museum* at Toy Town in Mibu-machi, Shimotsuga-gun, Tochigi Prefecture.

The museum is used for extracurricular lessons by elementary schools and junior high schools, and specialized staff members offer lectures about the history of toys and the biography of Thomas Edison.



Focusing on Safety and Peace of Mind

As a company that provides dreams and inspiration, our policy is to “focus on creating safe, secure products and providing customers around the world with products that they trust and find satisfying.” In addition to laws, regulations, and industry and other quality and safety standards, we also set our own, more-rigorous standards, and we are working to offer stable safety and to increase quality.

Environmental Conservation • Social Contribution Initiatives

Protecting the environment for the children who will support the next generation is one of the social duties of any company. Accordingly, we are proactively implementing a range of activities through the Environmental Project Unit for Toys and Hobby SBU. Our fundamental policy is to “contribute to society by providing dreams and inspiration through toys and services,” and consequently we are actively implementing social contribution activities.

Future Vision

We will secure a dominant No. 1 position in the domestic market and, targeting “true globalization,” develop operations based on a solid grasp of cultural and market characteristics. Bandai takes pride in the spirit of independence that forms an important part of its corporate culture, and we will draw on that spirit in efforts to be a company that can deliver dreams and inspiration to users around the world. In this way, we will foster the creation of new social activities.

FY2009.3 Targets and Results

Item	FY2009.3 Targets	FY2009.3 Results	Degree of Completion	FY2010.3 Targets
Environmental Management	Implementing environmental activities under the Environmental Project Unit for Toys and Hobby SBU	Held six meetings, basically achieved all environmental targets set by 26 divisions	△	Making progress in the quantitative visualization of environmental targets in order to objectively track and evaluate the results and current state of environmental activities
Enhancing Environmental Awareness	Enhancing environmental awareness through Eco Examination certification	A total of 164 “eco-people” in the Toys and Hobby SBU (as of March 31, 2009)	○	Working to increase in-house environmental awareness through the further creation of “eco-people.” At Bandai, 10% of employees have been certified. Aim for further certification of Toys and Hobby SBU employees in FY2010.3.
Together with Business Partners	Enhancing the work environment through the implementation of COC factory audits	Implemented work environment audits for all 208 plants of overseas companies and for 20 companies in Japan; made progress with corrective measures	○	Continuing to implement COC audits for all overseas plants. For domestic plants, expanding audit target to 50 companies and striving for further improvement.

○: Target achieved △: Target basically achieved ×: Target not achieved



Eco Unit Award

The Bandai Environmental Project, which is registered as an Eco Unit with the Tokyo Chamber of Commerce and Industry, won the Eco Unit Award 2008 for the high degree of environmental awareness reflected in its activities. These included original activities, such as the fun and open approach to the implementation of environmental activities and the publication of a collection of examples of environmental activities, as well as encouragement of the next generation of children and environmental activities incorporating cooperation with elementary school children.



Publication of “Act Now for Future Smiles”

This collection of examples of environmental activities introduces the employees who led the activities of the Environmental Project Unit for Toys and Hobby SBU in FY2008.3. We published the collection with the objective of encouraging Group employees to notice environmental problems from a variety of angles, to think about what they themselves can do, and to take action to bring smiles to the faces of the children, who support are our future.



Support for “Green Lanes Environmental Diary” Project

Bandai is providing support for the Green Lanes Environmental Diary project of the Green Cross Japan Foundation. Under this project, elementary school students, who will support the natural environment in the years ahead, keep environmental diaries. The objective of this project is to encourage students to think about the local natural environment encountered in their daily lives and to discuss what can be done on a local basis. The children of employees took on the challenge of keeping diaries for 12 weeks, and they had remarkable results, including an individual merit award.

Together with Customers

Policies • Basic Approach

As a company that provides dreams, fun and inspiration, our quality policy is to “focus on creating safe, secure products and providing customers around the world with products that they trust and find satisfying.” In each of our fields of business, in addition to laws, regulations, and industry and other quality and safety standards, we also set our own, more-rigorous standards. We are implementing ongoing initiatives targeting increased quality in our products and services, and we are also working to bolster our management systems in the areas of safety and the environment.

Quality-Related Initiatives

To develop and provide products that customers can use with a sense of reassurance, we are implementing a range of quality control initiatives. The Product Assurance Department acquired ISO 9001 certification in 1997 and has since been operating a quality assurance system based on the ISO standard. Product quality is confirmed from a variety of perspectives. Most of Bandai’s products are made at cooperating factories overseas. We have consequently opened production management bases overseas and are working aggressively to implement quality control and to confirm production conditions. In addition, we are taking steps to enhance the collection and feedback of information as well as the training of inspectors.

Bandai Quality Standard

To ensure toy safety, Bandai has established the Bandai Quality Standard, which comprises 350 items. In each product category, Bandai is actively following the laws and regulations, such as the Food Sanitation Law; industry quality and safety standards (ST standards); and the toy safety standards—such as ASTM and EN-71—of various countries overseas, including the U.S. and Europe.

At a quality standards meeting held each month, the company reviews the Bandai Quality Standard based on the latest trends inside and outside Japan. To further enhance our quality management system, we also share information and exchange opinions with other BANDAI NAMCO Group companies as well as with our suppliers. We believe that we can consistently deliver safe products to customers through rigorous compliance with these standards.

Quality Assurance • Control Process



Safety-Related Initiatives

Bandai was awarded the gold prize in the Large Manufacturer and Importer Category in the FY2008.3 Minister of Economy, Trade and Industry Awards for Best Contributors to Product Safety, a program that recognizes companies for proactive initiatives in the field of product safety. The receipt of this prize reflected the high evaluation of Bandai’s approach to safety and peace of mind, including Bandai’s setting of its own quality standards that include legal, regulatory, and industry standards and strict management of compliance with those standards; the auditing of production facilities, including quality and safety management conditions as well as the maintenance and enhancement of work environments; and the periodic implementation of training for cooperating manufacturers and risk avoidance at the manufacturing / mass production stages.

This award has enhanced our ability to receive objective opinions from authorities about our product safety activities as well as to identify related issues. In addition, the award has further increased the motivation of the Group to work together toward ongoing progress in product safety. Rather than being content with this award, however, we will continue working in the area of product safety so that we can provide customers with safe products that can be used with a sense of reassurance.



Product safety awards ceremony

Initiatives in the Area of Hazardous Substances

Toys are used by a range of age groups, including infants and small children. Accordingly, Bandai implements tests of the substances in its products. In addition to the Food Sanitation Law, these tests are conducted in accordance with Bandai’s own more-rigorous voluntary criteria.

Internally, the company has introduced an X-ray fluorescence spectrometer and a Fourier transform infrared spectrometer (FTIR) in order to carry out analysis and measurement of plasticizers.



Test involving dropping toys



Identification of materials through FTIR



■ Universal Design • Kyoyu Gangu Initiatives

The Toys and Hobby SBU has introduced the principles of universal design so that more people can enjoy its toys.

In addition, we are also working aggressively with an independent toy industry proposal known as Kyoyu Gangu. This proposal regards toys that can be enjoyed by children with visual or hearing disabilities and can also be easily used by parents with visual or hearing disabilities.

In 2008, 12 products were included in a catalog as Kyoyu Gangu. These included *Othello Kiwame*, which enables players to distinguish by touch which side of a disc is facing up, black or white, through the addition of notches on the black side of the discs. *Biribiri Dr. Game*, in which results are communicated through vibrations, can also be enjoyed by people with hearing disabilities.



Othello Kiwame



Biribiri Dr. Game

■ Protecting the Image of Our Characters

Bandai is working closely with related companies to protect the image of its characters and to ensure that its customers can enjoy worry-free use of safe products. We are moving forward with measures targeting counterfeit goods in Japan and overseas.

In Japan, we constantly monitor the domestic market, including the online market, and ask customs authorities to prohibit the import of counterfeit products. In these ways, we are working to promptly detect counterfeit products, to prevent their appearance on the market, and to secure their prompt removal if found.

In overseas markets, we conduct independent surveillance and countermeasures targeting counterfeit products. In addition, in our capacity as a member of the International Intellectual Property Protection Forum (IIPPF), we are cooperating and exchanging opinions with the related administrative agencies and organizations to implement effective measures.



Genuine product



Counterfeit product

■ Customer Feedback is a Valuable Asset

Bandai releases approximately 3,000 new products a year, and due to the large number of products with different features, the company receives a wide range of inquiries, requests, and complaints from customers. Bandai's Customer Service Center, which receives 40,000 to 50,000 calls from customers each month, works closely with the product development and quality assurance departments to improve its customer support system.

The customer support system, which was introduced in October 2007, is a tool that is used for managing and analyzing the wide range of feedback from customers. The system is searchable by all employees. Customer feedback is analyzed and used in quality improvement initiatives in a wide range of departments, such as product development, quality assurance, production, and marketing.

We are making effective use of the broad span of feedback received from customers as a valuable asset in our efforts to raise customer satisfaction and product value.

VOICE



Takako Fukui
Product Assurance Department
Bandai

To deliver products that satisfy customers, we focus not only on compliance with existing standards but also on meeting the changing preferences of customers. I feel a strong sense of satisfaction and responsibility about working in manufacturing while maintaining a focus on the consumer's perspective.

Future Issues and Objectives

Bandai, which aims to be the leading innovator in global entertainment, will continue to bolster its overseas operations and take on emerging challenges in new product fields. Accompanying operational expansion, we will strive to cultivate an even more detailed understanding of the regulations of various countries in the areas of product safety and the environment. In addition, we will formulate and enhance safety standards in line with conditions in society and each product field. Moving forward, we will continue to endeavor to provide Dreams, Fun and Inspiration to people around the world.

Together with Employees

Policies • Basic Approach

Bandai believes that everyone wants to have fun, and we have a human resources policy of “same spirit, different talents,” under which individual talents and capabilities can be fully utilized.

We think of Bandai as a group of “different talents” with the “same spirit,” that is, providing people with dreams and inspiration. There are many opportunities for employees to create their own work, and everyone has an equal opportunity, from managers to new hires. We want employees to take advantage of all available opportunities in the company.

■ Employment and Promotion of a Diverse Range of Employees

At Bandai, it is an everyday occurrence for employees who take the initiative, get others involved, and produce results to quickly be given more responsibility. Moreover, the corporate culture differs by department and changes over time, as do the strength and market position of the Bandai brand. Consequently, by gaining experience in multiple departments, employees can develop an understanding of each department’s characteristics, strengths, and weaknesses, and ultimately can grasp the true nature of Bandai’s business. Although the frequency of transfers varies, we are actively implementing personnel transfers, both within the same department and between different departments.

Number of employees by gender (Bandai)

(Unit: people)

	FY2007.3	FY2008.3	FY2009.3
Men	834	806	815
Women	343	355	352
Total	1,177	1,161	1,167

■ Enhancing Workplace Environments

To foster healthy work styles among employees by promoting a balance between work and home life, Bandai established a family support leave system in April 2008. Under the family support leave system, employees can take up to two days a year for such purposes as family nursing or caregiving (two-parent households), children’s school entrance or graduation ceremonies, birthdays in single parent households (including the employee), wedding anniversaries (only those celebrating the anniversary), and volunteer activities. In FY2009.3, 137 people received days off under this system.

■ Anniversary • Birthday Celebration System

Bandai has established a system that enables employees and their children to celebrate anniversaries and birthdays together. On their birthday, employees receive messages written personally by the company president and their supervisor and a ¥1,000 book gift certificate enclosed in an original design envelope. In addition, on their wedding anniversary, employees receive a ¥10,000 gift certificate also enclosed in an original design envelope. Moreover, on their birthday, the children of employees are presented with a photograph of their mom or dad at work, a message written personally by the company president, and a ¥3,000 gift certificate for children’s products.

■ Training and Education

At Bandai, we want all employees to be able to grow toward their dreams—things that they want to do or to learn—regardless of whether they are new employees or experienced veterans. Accordingly, rather than a training framework in which every employee is constrained to the same program, under Bandai’s system employees can select the training that meets their objectives at the time (with the exception of such programs as new employee training and position-based training).

The training framework includes the Bandai Adventure program, which is provided to all new employees, without regard to whether they are recent graduates or mid-career hires. Through outdoor activities, this program enables the new hires to experience the Bandai Values that are shared by all employees, while also teaching them about teamwork and leadership.

Bandai’s Major Educational • Training Curriculum

(Unit: people)

Type of training		FY2009.3 Results
Position-based training		100
Bandai Academy (Monthly training held with the objective of self-development. Lectures from internal and external speakers, etc.)		300
Core human resources development training	Basic management training	23
	BANDAI NAMCO leader programs	8

Future Issues and Objectives

In accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, Bandai has continually worked to enhance its child-rearing support system, and in May 2009 the company was awarded the Kurumin Mark in recognition of its support of child rearing. Moving forward, as a company that provides value in a range of areas in line with the times, we will take a flexible approach to the employee work environment rather than limiting ourselves to previous ways of doing things.

Together with Local Communities

Policies • Basic Approach

To enable more people, from children to adults, to enjoy the wonder of entertainment, we are implementing cultural and social activities that leverage the distinctive characteristics of the Toys and Hobby SBU and are providing support to a variety of institutions and organizations.

■ Cultural Activities

Operation of *Omocha-no-machi Bandai Museum*

In April 2007, Bandai opened the *Omocha-no-machi Bandai Museum* at Toy Town in Mibu-machi, Shimotsuga-gun, Tochigi Prefecture. The museum exhibits Bandai's own toy collection as well as some of the inventions of Thomas Edison for viewing by visitors, and it also offers educational events for children and opportunities for research by specialists as well as for recreational purposes. Exhibits at the museum include the Toy History Museum, which has 7,000 items from Bandai's toy collection of more than 30,000 on display, and the Edison Museum, which offers the largest and best collection of Edison's inventions in Japan.

In addition, the museum is used by elementary schools and junior high schools for extracurricular lessons, and specialized staff offer lectures about the history of toys and the biography of Thomas Edison.



Omocha-no-machi Bandai Museum

Support for the Toy Library

The Toy Library program is being implemented in various parts of Japan with the support of the Japan Toy Library Foundation, which was set up by the late Naoharu Yamashina, the founder of Bandai, with his personal 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.



Activities of the Japan Toy Library Foundation

■ Exchanges with Local Communities

Sponsorship of Family Events

The Bandai head office holds an annual family event every May, to coincide with the Asakusa Sanja Festival. The families of employees are invited as well as local residents.

In the future, through family events and other means, Bandai will continue working to foster exchange with local residents and to contribute to local communities.

Implementing Bandai's Children's Survey

Bandai conducts 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 look into the real state of life for children today. The research results are compiled into a booklet for distribution through the mass media and among educators.

Participation in and Support for Omocha-Danchi-Kumiai Events

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

Future Issues and Objectives

The Toys and Hobby SBU will effectively utilize its management resources and implement sustainable activities as a corporate group in the entertainment industry. In addition, we will implement unique activities that reflect the distinctive characteristics of our fields of business.

Environmental Activity Policies

Policies • Basic Approach

In accordance with the key phrase “Act Now for Future Smiles,” from the children who will support the next generation, in 2004 we formulated our Environmental Vision, Environmental Policy, and Activity Guidelines for the group, and on that basis we are implementing a range of activities.

Environmental Vision

Improving the Environment—Mind and Nature

Environmental Policy

We believe that, as members of society, all companies have the responsibility and duty to contribute to society, and we strive to promote harmony with the environment.

Environmental Management

The Toys and Hobby SBU has established an environmental project organization that is chaired by the president of Bandai. As the core operating company of the Toys and Hobby SBU, Bandai has established the project’s executive office and supports the implementation of new environmental activities, such as the formulation of policies and the advancement of projects.

In FY2009.3, the environmental project organization had three main themes: (1) ecology-mindedness (cultivating environmental awareness among employees and implementing environmental activities), (2) eco-products (creating products with consideration for resource conservation and environmental impact reduction), and (3) eco-management (constructing and implementing of systems for sustained environmental measures). On that basis, we implemented unique activities formulated by various departments and group companies.

In the future, we will continue to draw on our unique strengths to implement a range of activities.

FY2009.3 Toys and Hobby SBU Environmental Project Organization

Chairman: Kazunori Ueno
(President and Representative Director, Bandai)

Implementation: Atsuki Ishii
(General Manager, Product Assurance Department, Bandai)

Executive Office: Environmental Activity Promotion Team,
Product Assurance Department, Bandai

- Bandai
- Megahouse
- CCP
- Seeds
- Plex
- Seika*

*Seika Co., Ltd., and Sun-Star Stationery Co., Ltd. merged in March 2009.

Approach to Environmental Activities

Policies • Basic Approach

The environmental activities of the Toys and Hobby SBU are implemented under a project system in which operating divisions and companies can participate. At regular bimonthly meetings, reports are made about the environmental targets set at the beginning of the year, and progress and challenges are shared. To ensure the smooth progress of project activities, the Executive Office serves as the Bandai Environmental Activity Promotion Team, Product Assurance Department, and in accordance with the three main themes, it supports activities to facilitate the achievement of objectives by participating divisions.

Reducing the Use of Plastic with Capsules that are Just the Right Size

In FY2009.3, the Bandai vender department used biomass chips™ made from thinned wood waste and coffee bean skins for capsule products (*Gashapon*) for sale exclusively in automatic vending machines. These were the first toys to be awarded the Biomass Mark.

In addition, we reviewed the capsule sizes, and we now select the size of the capsule based on the size of the contents, where

previously the size had been determined separately for each price range. By making aggressive use of small capsules in this way, in FY2009.3, we were able to reduce the amount of plastic used by 280 tons from FY2008.3. In the future, we will work on capsule recycling, and in conjunction with group companies, we will consider a framework for collecting empty capsules and recycling them.



Selecting capsules in accordance with the size of the contents



■ Eco-activities through Small Products

Bandai's Candy Toy Business Department is aggressively implementing environmental education activities through candy toys. To foster environmental awareness among children, environmental messages promoting eco-activities are included on the packaging. In the first three months, 20 different messages were included on 6.67 million products.

Moreover, we are recycling products that are returned because they are outdated. In FY2009.3, about 52% of the waste material was separated by hand and recycled. Paper was recycled into cardboard, and a portion was used for our booth at Eco-Products 2008. In addition, 6,500 pieces of cardboard were reused in cases for product shipping. Plastics and other materials were used to reduce energy consumption in making cement, and the ashes were used as an ingredient for cement. In the future, we will continue to implement eco-educational activities and recycling.



Separating recyclable materials from candy toys

■ Toys that Use Only a Single Battery

We strive to make toys that feature environmentally friendly reduced battery usage and can be safely enjoyed by children without worry. Accordingly, we have worked to design toys that use fewer batteries. As a result of examination of this issue, we reached the conclusion that reducing the number of batteries used at one time would lead to a reduction in the total volume of battery usage. We are considering a framework for reducing the usage of two or more batteries to a single battery.

Toys frequently use large amounts of electrical power for very short periods of time, but by using safe, environmentally friendly ICs, we can operate toys with reduced amounts of electricity. Moving forward, we will strive to commercialize products using this technology.



Test of transitioning from two batteries to a single battery.

■ Reducing the Empty Space in Packaging

Making product packaging smaller has favorable effects on the environment because it not only reduces resource usage but also leads to lower energy consumption in the distribution process. However, packaging has important functions, such as protecting the



Example of a 21.25% reduction in empty volume

product and providing product explanations, and accordingly making packaging smaller is not an easy task. Bandai has established a series of targets for reducing the package space ratio. As a result, employee awareness of this issue has begun to change.

■ Environmental Activities Spreading Around the World

At 12 Toys and Hobby SBU bases in 9 countries and regions in North America, Europe, and Asia, group companies have begun to implement environmental initiatives. Because conditions differ by country or region, there is no single unified theme but each company is working in accordance with the key phrase "what we can do now." In addition, each company periodically receives information about environmental activities from Japan. From France, we received the following comment: "The examples from Japan were great suggestions, and we implemented a "my cup" policy."

In the future, with consideration for the individual characteristics of each country or region, we will continue to implement activities that spread environmental awareness around the world through communication.



"My Cup" initiative implemented in France

■ Distributing Environmental Information

As one facet of our environmental project, in FY2009.3 we began to issue and distribute to employees "Act Now for Future Smiles," which is a summary of our environmental activities. Our aim was to provide a tool that introduces a range of environmental initiatives throughout the company, thereby planting seeds of environmental awareness in individual employees and fostering action.

Also, to build awareness among children about Bandai's environmental activities and the importance of environmental issues, each year we distribute copies of a booklet—"Ecology at Bandai—Our Activities"—in the same package with merchandise. In FY2009.3, children received this booklet together with 2 million units of merchandise. This booklet is full of fun content, such as an environmental comic book featuring the *Tamagotchi* character *Kuchipatchi*. In addition, we also offer the Bandai Eco Club environmental website for children. Moving forward, we will continue to provide information about environmental activities that leverage Bandai's distinctive characteristics.

Bandai Eco Club

<http://www.bandai.co.jp/kids/eco/>



Ecology at Bandai—Our Activities

Future Issues and Objectives

To increase the number of eco-people, the Toys and Hobby SBU will distribute information and conduct educational activities for employees.

Site Report

Bandai Hobby Center

The Bandai Hobby Center (Shizuoka City, Shizuoka Prefecture), a plant in Japan wholly owned by the BANDAI NAMCO Group, began operation in March 2006 as a production facility for *Gunpura*®.



■ About Bandai Hobby Center

In order to establish a “green factory,” we are continually implementing environmental impact reduction initiatives in the center’s facilities and production processes.

Bandai Hobby Center

■ Environmental Initiatives

Aiming to establish something like a “space colony” for the *Mobile Suit Gundam* series, with a closed loop system that recycles materials internally, we have deployed systems that contribute to a reduced environmental impact. These include large solar panels, a water purification system for the use of rainwater and groundwater, hybrid trucks, and rooftop greening initiatives.

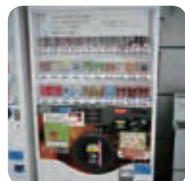
The large solar panels generate more than 56,000 kWh a year, which is used for such purposes as lighting in the center showroom. The water purification system reuses about 2,000 tons of rainwater and groundwater a year for lavatories inside the center and other purposes.

The rooftop of the building has also been covered with greenery, contributing to heat insulation and energy conservation, as well as providing space for employees to relax. On clear days, Mt. Fuji is visible from the rooftop.

In addition, we have replaced vending machines that dispense paper cups with machines that are compatible with the “My Cup” initiative. In these ways, we have implemented comprehensive environmentally friendly measures, from large to small.

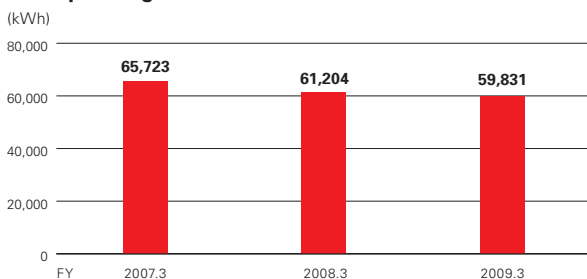


Rooftop greenery



Vending machines that allow people to use their own cups

Solar power generation



■ Using Waste as a Resource and Implementing Appropriate Waste Management

The waste that is generated at the center accompanying manufacturing and business operations is either recycled or appropriately controlled for complete waste management, thereby minimizing the discharge of substances that impact the environment.

We are working to implement reductions from the design stage, and we are also cultivating ideas that leverage the center’s distinctive strengths, such as plastic models made from recycled materials. At present, roughly 140 tons of plastic is being recycled each year. Waste oil from the manufacturing process is used effectively in cooperation with a recycling center in the community.



Ecopura Gundam plastic model

■ Consideration for the Surrounding Environment

Due to the presence of residential areas around the Bandai Hobby Center, we are taking steps to ensure adequate control over factors that production sites need to consider, such as noise, vibration, and odors.

Also, because we are implementing a three-shift operation, we need to avoid noise-related problems in the surrounding area, especially at night. To that end, we are implementing a transition, in stages, from hydraulic molding machines to electric-powered facilities that generate less noise and consume less electricity.

■ Exchanges with Local Communities

In addition to educational tours for members of the public, the center offers tours for schools, such as elementary and junior high schools.* Moreover, we held a public viewing in conjunction with the Shizuoka Hobby Show, in May, where we introduced a wide range of activities, such as those that highlight our commitment to manufacturing and environmental measures.



Public viewing at Shizuoka Hobby Show

* Educational tours are not always available. For information about how to apply for a tour, please refer to the following website: <http://www.bandai.co.jp/hobbycenter/>.



BANDAI INDUSTRIAL CO., LTD.

BANDAI INDUSTRIAL, in Thailand, handles the production of Power Rangers series robots and toys as well as of vending machines for capsule toys. Located near New Bangkok International Airport, the plant was rebuilt in February 2008 to facilitate the production of higher-quality products.



BANDAI INDUSTRIAL

● Environmentally Friendly Production Plant

In rebuilding the plant, the company focused on the creation of a facility that was friendly to the surrounding environment as well as to employees. To reduce the impact on the surrounding environment and improve the work environment, large-scale exhaust purification equipment that prevents the external exhaust of harmful substances has been installed in the new coloring plant. Consequently, we have achieved emission results that are substantially below the limits set by Thailand's environmental standards. Moreover, by applying heat-resistant paint to the roofs of the coloring and molding plants, we have limited the temperature increase in the plants to about 3 to 5 degrees celsius, thereby improving the work environment.

Also, of 42 hydraulic molding machines, 14 have been changed to an electric-powered type that consumes less electricity. In the future, plans call for a continued transition to the low-energy-consumption electric-power type.

In addition, two water wheels have been installed in a stream that runs through the grounds of the plant from a nearby marshy district, and the company has preserved the environment of the stream and the fish that live in it.

As a result of these activities, the plant has been awarded ICTI: CARE* certification. Also, targeting the acquisition of ISO14001 certification, the company has focused on environmental education for employees from April 2009, and plans call for the acquisition of certification during FY2010.3.

* For information about the ICTI: CARE certification process, please refer to page 9.



Employees planting trees

Seeds Co., Ltd.

Seeds is a domestic group production company located in Mibu-machi, Shimotsuga-gun, Tochigi Prefecture.



Seeds

● About Seeds

Seeds has acquired ISO9001 (advanced quality management systems) and ISO14001 (environmentally friendly manufacturing) certifications, and is an authorized ISO17025 testing center (reliable testing). In this way, Seeds provides safe, secure products and services on a foundation of rigorous quality control.

● Product Initiatives

In accordance with ISO14001, environmental initiatives are an action target in each department. For example, we are proposing specifications for a reduced package space ratio. In addition, the company is always working to eliminate waste. During the development and design stages, we are striving to reduce the number of parts as much as possible for each product without compromising quality. To provide safe products to customers, we are working to increase product safety through the operation of independent testing for the presence of harmful substances.

● Environmental Initiatives

At Seeds, the sorting of trash is implemented on a company-wide basis. Materials such as paper, cardboard, plastics, metals, and plastic bags are separated for recycling and delivered to a recycling company.

In FY2010.3, targeting a further 10% reduction in CO₂ emissions, Seeds will encourage its employees to commute to work by walking or riding a bicycle, bus, or train.



Senior Management Commitment

I believe that in Europe, where proactive environmental initiatives are being implemented, many people place a high value on their own country's traditions and culture.

We have a corporate culture that enables us to have fun while accomplishing challenging tasks, like increasing revenues and profits while simultaneously reducing CO₂ emissions.

By refocusing on the original corporate culture that we have cultivated and implementing CSR activities in accordance with our philosophy of providing "Dreams, Fun and Inspiration," which cannot be duplicated by other companies, I think that we will be able to support the sustained growth of the company.

Shin Unozawa
President and Representative Director
NAMCO BANDAI Games

Game Contents SBU CSR

Major FY2009.3 Topics

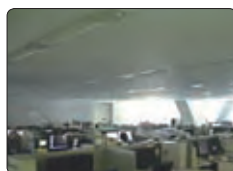


Publication of Game Contents SBU Environmental Activity News Newspaper

At the end of March 2009, we published the Environmental Activity News as a means of disseminating environmental information to employees.

The content summarized the environmental activities implemented by the Game Contents SBU, and a copy was distributed to each SBU employee.

We plan to issue the Environmental Activity News again as a tool for communicating with employees.



Turning Off Floor Lighting to Reduce Energy Consumption

At NAMCO BANDAI Games P-7 Headquarters, to increase awareness of energy-saving and environmental issues, all floor lighting is turned off for 30 minutes each day during the lunch break. By continuing this activity each day, employee understanding has been enhanced, and this practice has now taken hold, to the extent that even if the person responsible forgets to turn off the lights, someone else takes the initiative and turns them off. All of the headquarters' employees are working to save energy.



Taiko Drum Master Eco Card Game

At the end of the previous year, the *Taiko Drum Master Eco Card Game*, which was created as a sales promotion tool in conjunction with the launch of new titles for home and arcade use, is also a tool to educate children about the environment.

In addition to promoting sales of *Taiko Drum Master*, it is also used at Eco Products exhibitions and in-store events, and we are pleased that it helps to promote understanding of environmental issues while customers enjoy playing the game.



Game Contents SBU CSR

In FY2008.3, the Game Contents SBU commenced companywide environmental initiatives under the slogan “Be aware of the environment!” In FY2009.3, we introduced a new slogan, “Let’s participate in environmental activities and take action!” In accordance with that slogan, we formulated three directions: (1) eco-products—creating environmentally friendly products, (2) eco-management—linking environmental and business activities, and (3) eco-communication activities—implementing environmental awareness/education activities for employees and management. On that basis, we moved forward with environmental activities.

Major FY2009.3 Initiatives

In the field of eco-products, we formulated monozukuri (manufacturing) standards for overall quality, such as in making environmentally friendly products. And in the field of eco-management, in certain areas we began to test the incorporation of environmental activities into business activities. We commenced a variety of initiatives in the area of eco-communication activities that are closely linked to employees’ daily activities. These included the implementation of activities to reduce the environmental impact of our office buildings, the hosting of environmental symposiums, and the launch of a website for the provision of environmental information. Concurrent with these environmental

activities, from the viewpoint of making products that reflect consideration for social issues, we commenced COC auditing of production processes in certain product fields.

Future Vision

In FY2010.3, we will implement activities not just from an environmental viewpoint but from an overall CSR viewpoint, and during the year we would like to increase corporate value and take the first step toward growing into a company with sustainable operations. To those ends, we will foster autonomous environmental and social contribution activities from employees and business departments and link them to the reform and improvement of our core business activities.

FY2009.3 Targets and Results

Item	FY2009.3 Targets	FY2009.3 Results	Degree of Completion	FY2010.3 Targets
Environmental Activities (Overall)	“Let’s participate in environmental activities and take action!”	Formulated new directions: (1) eco-products, (2) eco-management, and (3) eco-communications—and implemented activities.	○	“Let’s incorporate environmental activities into business activities!”
Environmental Activities (Promotion of eco-products)	Promote eco-products through the establishment of the Game Contents SBU Environmentally Friendly Product Promotion Subcommittee	Held monthly meetings on the topic of environmentally friendly products, formulated monozukuri (manufacturing) standards, commenced LCA research, and began to introduce COC audits on a trial basis.	△	Implement measures for products that reflect consideration for social issues as well as the environment.
Environmental Activities (Promotion of eco-management)	Promote the incorporation of environmental activities into business activities	Implemented Fun Game, Clean Earth campaign, exhibited for the first time at the environmental corner of the Amusement Machine Show and AOU Show, and created and distributed an eco card game sales promotion tool.	△	Develop environmental activities that contribute to business development.
Environmental Activities (Promotion of eco-communications)	Promote environmental awareness among employees by implementing environmental activities closely linked to daily activities	Hosted environmental management symposiums, launched a website for the dissemination of environmental information, and published the Environmental Activity News and distributed it to all employees.	○	Provide support for employee’s individual, autonomous activities.
Social Contribution Activities	—	Implemented local cleanup activities, donated funds from recycling activities to children’s homes, and sponsored “national elementary school miracle quiz.”	—	Clarify activity objectives from a CSR management viewpoint, in particular, implement activities with a focus on employee initiative and morale.

○: Target achieved △: Target basically achieved ×: Target not achieved



“Eco Understanding” Placards

At NAMCO BANDAI Games, we believe that grassroots activities are necessary to raise the environmental awareness of employees, and accordingly in the lavatories we display placards with environmental themes, titled Eco Understanding.

These placards, which are displayed where it is easy for employees to see them, are a creative means of communicating the company’s environmental activities in a natural way to employees, who can enjoy reading them without even having to make a special effort.



Installation of Vending Machines that Allow People to Use their Own Cups

With the objective of reducing the volume of paper cups used and limiting waste, NAMCO BANDAI Games Mirai Kenkyusho has installed vending machines that allow people to use their own cups.

We are working to further limit waste by expanding the use of these “My Cup” vending machines to other companies in the Game Contents SBU, such as Banpresto and Bec.



Searching for Eco-Slogans

To raise employee participation in and awareness of environmental activities, we are recruiting eco-related slogans. The theme is based on companywide environmental activities, such as Cool Biz and No Overtime Days. The winning slogans will be selected from among the submissions and displayed within the company.

These unique slogans will serve as the educational tools that are most closely linked to employees’ daily activities.

Together with Customers and Business Partners

Policies • Basic Approach

As a company that strives to contribute to society, NAMCO BANDAI Games is proactively implementing activities in accordance with its environmental policy—as an entertainment company, working in harmony with the environment will lead to customer happiness and satisfaction in the future.

■ Formulation of Monozukuri (Manufacturing) Criteria Version 1.0

In January 2009, NAMCO BANDAI Games formulated version 1.0 of its monozukuri (manufacturing) criteria, which comprises (1) quality criteria, (2) green procurement criteria version 3.0, and (3) criteria to meet perfluorooctane sulphonate (PFOS) regulations.

(1) Quality criteria

The objectives of the quality criteria are to produce safe products at uniform levels of quality, principally consumer products (toys, home video game machines, apparel, vending machine products, and amusement prizes), and to communicate product information to customers in an appropriate manner.

(2) Update green procurement criteria to version 3.0

The green procurement criteria apply to amusement and electrical products. The objective of these criteria is to foster the procurement of environmentally friendly products from business partners active in environmental conservation.

We have applied this approach, which is at the leading-edge in the amusement machine industry, and introduced it in the field of consumer products. These criteria were applied to the controller for *Taiko Drum Master Wii*, which was launched in December 2008.

(3) PFOS regulations

These criteria were formulated in accordance with the PFOS regulations (June 2008) in Europe that ban the use of PFOS* in all products.

* PFOS: perfluorooctane sulphonate

■ Commencement of COC Audits on Trial Basis

At production contract plants in China that are involved with consumer game software, NAMCO BANDAI Games has commenced COC audits conducted by third-party auditors with a thorough knowledge of China's labor law. In addition to thorough checks of working conditions and safety standards, the audits also include environmental items, such as proper handling of waste. In FY2009.3, audits were implemented at nine plants.

■ Fun Game, Clean Earth Campaign

As an eco-management initiative linking business activities with environmental activities, in January 2009 the company began the Fun Game, Clean Earth campaign, where NAMCO BANDAI Games acts on behalf of customers, using green power to offset the electricity that is used to enjoy the games.

The packages of games that are participating in the campaign include a card with a serial number. When customers register the serial number on the website, a 30-hour green power certificate is issued, offsetting the power used to play the game.



Green power certificate

Eco-mori! (Fun Game, Clean Earth campaign website)
<http://green.bandainamcogames.co.jp>

■ Reuse of Sticker Printing Machines

When their popularity wanes, arcade game machines are removed from amusement facilities. Some are sold as used machines, but the majority are disposed of as industrial waste. NAMCO BANDAI Games is conducting tests of a program to extend the lifecycle and sales of these used machines with only a small investment by reconditioning them using the smallest possible refurbishment kit.



Future Issues and Objectives

We will expand the scope of our activities from monozukuri (manufacturing) that is focused on environmental friendliness to monozukuri with a broad focus on a wide range of social issues, including CSR procurement.



Together with Employees

Policies • Basic Approach

NAMCO BANDAI Games is a company that provides “Dreams, Fun and Inspiration” to customers through games. Accordingly, we believe that employees must first find “Dreams, Fun and Inspiration” in their own work. If the company is not a fun and inspiring place to work, then we will not be able to communicate our vision effectively with our customers.

We strive to create an environment that is suitable for our goal of becoming the world’s No.1 game company, and accordingly we have a robust employee benefits system. This system includes an education and training program with abundant edu-tainment (education + entertainment) components, and a cafeteria-style social benefits plan that employees can use to meet their own individual needs.

■ Employment and Promotion of a Diverse Range of Employees

At NAMCO BANDAI Games, we hire by position without regard for whether applicants are new graduates or mid-career job-seekers. Under this system, applicants can indicate a preferred job category before they are hired and enter the company. Also, after new hires enter the company, they are not worried or confused about whether they will be assigned to the job that they want. They are instead assigned to the job that they selected, and consequently they are able to make a smoother start in their new role. After entering the company, not everyone continues in the same job category that they originally selected. Rather, in some cases employees move to new job categories in line with their capabilities, suitability, and own preferences. The company has many employees who, in this way, have moved on from the jobs they had when they originally entered the company, thereby leveraging their experience and utilizing their capabilities within new job categories.

Number of employees by gender (NAMCO BANDAI Games, Bandai Networks)

(Unit: people)

	FY2007.3	FY2008.3	FY2009.3
Men	1,433	1,489	1,633
Women	298	310	344
Total	1,731	1,799	1,977

Note: On April 1, 2009, NAMCO BANDAI Games and Bandai Networks merged.

■ Enhancing Workplace Environments

At NAMCO BANDAI Games, in order for employees to work while remaining healthy in body and mind, we offer health checks with detailed components by age group. In addition, we also offer telephone consultations through specialized institutions, health-related consultations with full-time industrial physicians and

public health nurses, and mental health support through telephone, e-mail, and face-to-face counseling, both inside and outside the company.

■ Training and Education

At NAMCO BANDAI Games, our policy is to offer training employees enjoy and can apply right away that is high quality and that participants will subsequently recommend to their co-workers. Accordingly, game-based training activities comprise about one-half of the training that we offer. For example, trainees study management and other work-related topics using management simulations in the form of board games or card games. These training activities are produced through the cooperation of company employees who have MBAs, management strategy staff members, and game creators who have won international prizes. In addition, we are providing support for activities targeting



the acquisition of qualifications, such as through taking university classes and attending outside seminars.

Training

NAMCO BANDAI Games’s Major Educational • Training Curriculum

(Unit: people)

Type of training	FY2009.3 Results
Instructor meetings	50
Coaching training	97
Mid-career hire training	141

Future Issues and Objectives

At NAMCO BANDAI Games, there are many employees who truly enjoy their work and become totally absorbed in it, and consequently increasing overtime is an issue. Accordingly, we introduced “No Overtime Day” on payday each month. In this way, we are striving to vary the pace of work and to ensure that all employees can manage their physical well being.

Together with Local Communities

Policies • Basic Approach

The Game Contents SBU will proactively implement exchange with a wide range of people and local communities and will implement activities that address their needs.

■ Wheelchair-Compatible Racing Game

NAMCO BANDAI Games conducted research into arcade game machines that can be enjoyed by people in wheelchairs. We took steps to improve the games so that they can be readily enjoyed by people in wheelchairs, such as converting foot-pedal accelerators to hand operation and attaching ramps to the cabinets.

On October 13, 2008, we held an event at *NAMCO WONDER PARK HERO'S BASE* using a version of *Wangan Midnight Maximum Tune* that had been improved using these techniques. In the future, we will continue to implement this type of research to expand the player group for these games.



Racing game event

■ Sponsorship of Nationwide Quiz for Elementary School Students

NAMCO BANDAI Games sponsors a nationwide quiz for elementary school students. This is an event for elementary school students throughout the country who compete in teams of three in a competition that determines the No. 1 quiz team in Japan. At the second event, held in summer 2008, 25,018 teams from throughout Japan competed. As their prize, the team that emerged victorious from the preliminary rounds and the final round received a “dream support plan.”

The team that won the tournament realized their dreams—to plant coral, swim with dolphins, and experience kayaking in a mangrove forest in Okinawa. In the future, in support of the goal of this program, which is to help children realize their dreams, we will strive to help make the tournament a continued success.



Tournament at Asakusa Hanayashiki

■ Shinagawa Cleanup Operation

On October 18, 2008, regional cleanup activities were conducted in cooperation with neighborhood associations and local companies that have offices in the Shinagawa seaside region. From NAMCO BANDAI Games, 63 people coordinated by the Environmental

Project Unit worked together with other participants. In about two hours, the participants collected twenty-seven 45-liter bags of garbage and five buckets of cigarette butts.

After the cleanup, a party was held with families and friends of the participants, and already friendly relationships in the community were enhanced. In the future, we will continue these types of activities to contribute to local communities and will work to develop environmental communication activities.



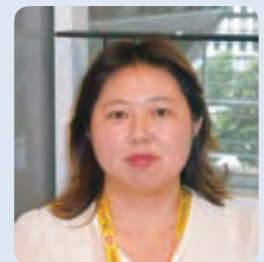
Cleanup activities

■ Collection of Used Clothing

The NAMCO BANDAI Games Future Laboratory conducted an environmental charity drive to collect old clothes.

Employees brought in clothes they no longer needed, which were collected and sold to a used clothing shop. For the first time, the company matched the amount raised with its own donation, and the funds were then used to purchase stationery and candy that were donated to local children’s homes.

VOICE



Seiko Okami
Leader of the
Used Clothing Collection
NAMCO BANDAI Games

Looking at the happy faces of the children, I believe all of our efforts were worth it. From the viewpoint of recycling, I would like to think of some other activities as well.

Future Issues and Objectives

We will work to expand our interactions to include many people with whom we do not yet have contact with, and through that communication we will search for new business opportunities.

Environmental Activity Reporting

Policies • Basic Approach

We will implement activities that reflect our corporate philosophy of "Dreams, Fun and Inspiration." To that end, we will endeavor to implement activities that are fun and activities that cultivate human skills that are useful in society.

■ Sponsorship of Environmental Symposium

At the Game Contents SBU, with the objective of implementing both CSR management and environmental management and linking them to enhance the level of our activities, we sponsored an environmental management symposium, inviting experts from outside the company to address directors and executive officers. In the future, we will continue working to harmonize management and environmental activities.



Symposium

■ Cool Biz • Warm Biz Initiatives

With the objective of enhancing employee awareness of energy-saving issues, the NAMCO BANDAI Games Mirai Kenkyusho produced special round fans, lap blankets, and educational posters. These were used not only by employees but also by visiting



customers. In this way, we are working to enhance understanding of our activities and to encourage participation in them.

Left: Special Cool Biz round fan
Right: Lap blanket for use by employees and visitors to stay warm

■ Participation in the Lights Down Campaign Sponsored by the Ministry of the Environment

The Game Contents SBU participated in the Lights Down Campaign promoted by the Ministry of the Environment, turning off its signs from June 20 to July 7, 2008. As a result, we saved about 3,125 kWh of electricity and reduced CO₂ emissions by about 1.2 tons.

From 8:00 pm on July 7, 2008, we turned down the lights at the NAMCO BANDAI Games Mirai Kenkyusho and other offices. As a PR initiative, visitors on that day were greeted by a receptionist wearing an informal cotton kimono.



Lights Down Campaign educational poster

■ Environmental Information Website Opens

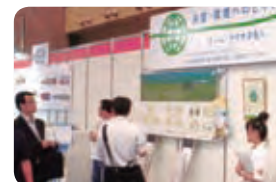
With the objective of sharing information related to environmental activities with other offices and group companies, the Game Contents SBU launched an environmental information website.



Environmental information website

■ First Environmental Corner Exhibition

For the first time, NAMCO BANDAI Games opened an environmental corner at the 46th Amusement Machine Show held in September 2008. The corner introduced green procurement standards, environmentally friendly initiatives, and in-house environmental activities. In addition, the electrical power needs of the booth, about 4,000 kWh, were met with green power.



Environmental corner

VOICE



Yoshinobu Watanabe
Eco-packaging
NAMCO BANDAI Games



At its amusement machine operations promotion department and amusement machine service department, NAMCO BANDAI Games is implementing environmentally friendly measures. These include the use of recycled paper for the envelopes used for invoices and delivery statements, and switching to window envelopes that use paper rather than vinyl for the window portion material, making the entire envelope recyclable and easy to sort from other types of garbage.

Future Issues and Objectives

The Game Contents SBU will advance the creation of systems in which more employees can voluntarily participate in environmental activities. At the same time, we will continue to implement initiatives leveraging the distinctive characteristics of an entertainment company.



Senior Management Commitment

The mission of BANDAI VISUAL and the other companies in the Visual and Music Content SBU is to create high-quality visual and music content and to deliver that content to customers around the world. Products that are unforgettable can transcend national borders and time and can create happiness, joy, and vitality. BANDAI VISUAL and the other Visual and Music Content SBU companies will contribute to the growth of the Group by creating visual and music content that is handed down from generation to generation and by facilitating the broad use of that content in the products and services of Group companies.

Kazumi Kawashiro

President and Representative Director
BANDAI VISUAL

Visual and Music Content SBU CSR

Major FY2009.3 Topics



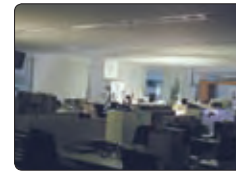
Progress in Recycling

We conducted trials to verify the feasibility of material recycling for products that had previously been discarded as industrial waste, such as products that did not meet quality requirements and products returned from stores. Although we still face the challenges involved separating the recyclable materials, as a result of the verification testing we succeeded in recycling polycarbonate, which is the raw material of DVDs. In comparison with the previous practice, when these materials were sent to incinerators, we achieved a substantial reduction in waste fees and made a contribution to environmental conservation.



Sponsorship of Film Festivals

We provided sponsorship for the relaunch of a film festival in the city of Yubari, which had gone bankrupt. The Yubari International Fantastic Film Festival was restarted, and we exhibited products at the festival. In addition, we also provided sponsorship for regional events, such as Tokyo FILMeX and the ROBO-ONE competition.



No Overtime Days

BANDAI VISUAL has made each Wednesday a "No Overtime Day," with the lights turned down in all buildings and the air-conditioning turned off at 7:00 pm. This once-a-week policy serves to enhance employee health maintenance and to promote communication. In addition, by reducing the volume of electricity that we purchase, we are reducing CO₂ emissions volume and contributing to the prevention of global warming.

Visual and Music Content SBU CSR

The Visual and Music Content SBU is continually working to meet the needs of society in the areas of environmental problems, social contribution, compliance, and corporate governance. In particular, in the environmental field, initiatives designed to facilitate material recycling have been commenced on a groupwide basis. We are also implementing global warming countermeasures by working to reduce the CO₂ emissions volume of our worksites. In the area of social contribution, we will strive to contribute to the continued success of the company while sponsoring a range of events related to visual and music content and expanding the base of fans for our products.

Major FY2009.3 Initiatives

Giving priority to enhancing employee awareness of environmental problems, we launched a CSR website and are implementing educational activities. Specifically, we began initiatives targeting the reduction of waste through environmentally friendly product planning and the recycling of polycarbonate, which previously could not be recycled and had to be incinerated. We worked to ensure that employees have a shared awareness of CO₂ emissions reduction issues, making each Wednesday a “No Overtime Day,” and we took steps to link that no overtime day program to reduced energy consumption and employee health maintenance.

Future Vision

In FY2010.3, to clarify CO₂ emissions volume reduction targets, we will work to enhance the visualization of environmental data. To that end, we will improve tools for sharing information within the SBU and take steps to unify objectives in order to implement more-effective environmental initiatives.

Through visual and music content and publishing operations, the Visual and Music Content SBU will continue to implement environmentally friendly initiatives and social contribution activities.

FY2009.3 Targets and Results

Item	FY2009.3 Targets	FY2009.3 Results	Degree of Completion	FY2010.3 Targets
Environmental Management	Thoroughly implement employee education in regard to environmental problems	Launched CSR website	△	Enhance the SBU's information sharing tools
Global Warming Prevention	CSR activity reporting Take on challenge of environmental specialist examinations	Provided information about CSR activities through in-house website Five people in the SBU became “eco-people”	○	Make progress in the visualization of environmental data
Reduce Waste Volume	Progress in reducing waste volume • container sizes Advance reuse and recycling	Implemented DVD recycling Reduced volume of waste from sales promotion materials	△	Thoroughgoing initiatives in recycling and reuse
Together with Local Communities	Sponsorship of Yubari International Fantastic Film Festival Sponsorship of Tokyo FILMeX	Sponsored film festivals	○	Continued sponsorship and exhibitions

○: Target achieved △: Target basically achieved ×: Target not achieved



Environmental Specialist Certification Examination

We encourage employees to take the Certification Test for Environmental Specialists (Eco Examination) held by the Tokyo Chamber of Commerce and Industry, and in the past year five employees passed the test to become “eco-people.” The objective of this effort is not to generate large numbers of people who have passed the test but rather to enhance the spirit of participation and increase awareness of environmental problems and energy-saving issues. With five people passing the test, we will take this opportunity to focus the entire SBU on enhancing awareness of environmental problems and energy-saving issues.



Eco-activities of Artists

Lantis worked with affiliated artists to distribute environmental messages and to sell eco-goods, such as eco-bags and reusable chopsticks, at concert venues. In the future, Lantis will continue to provide support for artists who distribute environmental messages to fans through valuable artist original goods.



Employee Education

From FY2009.3, with the objective of enhancing employee education, we are working to increase employee skills by conducting a variety of training in such areas as accounting, legal affairs, and management. Employees can take training in accordance with their schedules, and there are now more than 20 training lectures available.

Social Activities Reporting

Policies • Basic Approach

By developing and providing visual content and music content that entertains people around the world, the Visual and Music Content SBU contributes to the cultural development of society.

Accordingly, we continue to implement production-related investment and are working to discover and nurture talented creative artists. We believe that creating globally popular products that provide inspiration to people around the world is the greatest social contribution that we can make.

■ Together with Customers

BANDAI VISUAL's strong commitment to quality control for its products includes not only picture quality and sound quality but also package printing, accessories, and other elements. In addition, we have established a dedicated customer service center, and we respond rapidly to the many customer inquiries that we receive about products as well as to such issues as product damage that occurred during shipping. BANDAI VISUAL has established a system under which customer opinions and desires are utilized in future product development.

■ Employment and Nurturing of a Diverse Range of Employees

BANDAI VISUAL employs people who always have a spirit of taking on challenges, have a desire for change, and are creative. Also, we believe that it is important to have a vision that extends into the future and to be able to communicate that vision through one's own thoughts and words.

New employee training includes programs to build an understanding of the company's position and mission, as well as on-the-job training with the objectives of introducing the actual operations of each department, becoming acquainted with each department's roles and targets, and rapidly building an understanding of the flow of the company's overall operations. The

preassignment training is concluded with presentations of the topics studied.

Moreover, six months after new employees enter the company, they undergo follow-up training. In this training, they review the jobs to which they have been assigned and, from the perspective of finance, deepen their understanding of the corporate activities in which they are directly involved.

■ Skill Enhancement Training

In FY2008.3, BANDAI VISUAL began to offer wide-ranging skill enhancement training, extending from core knowledge, such as management, accounting, and legal affairs, to the specialized knowledge needed in each operating department. Employees can attend the lectures in accordance with their own individual schedules. We expect this program to provide important opportunities for employees to learn about the operations of other departments and to expand the breadth of their knowledge and skills as working people.

■ Together with Local Communities

In FY2009.3, the Visual and Music Content SBU continued to proactively participate in events in a wide range of areas. As we did in 2007, we once again sponsored the Yubari International Fantastic Film Festival, which had been halted at one point in the past because of the bankruptcy of the city of Yubari. In accordance with the theme of the 2008 festival—Continuing—the BANDAI NAMCO Group will continue to provide this support. Moreover, we will also continue to provide sponsorship for regional events, such as Tokyo FILMeX and the ROBO-ONE competition.



Yubari International Fantastic Film Festival

Number of employees by gender (BANDAI VISUAL)

(Unit: people)

	FY2007.3	FY2008.3	FY2009.3
Men	111	106	124
Women	53	50	58
Total	164	156	182

Future Issues and Objectives

The global economic slowdown from the second half of 2008 has had a major influence on the entertainment industry. At times like this, when there is substantial cause for concern about the future, we believe that, more than ever, people need high-quality entertainment products that give them dreams and hope.

On the other hand, it has been said that human resources development in the animation industry has fallen behind, and accordingly we will implement wide-ranging initiatives to discover and support talented creative personnel, without regard to age or experience.



Environmental Activity Reporting

Policies • Basic Approach

We are moving forward with employee education about environmental problems and with energy-saving initiatives in offices.

Employees are educated about environmental problems and are taught how environmental initiatives are linked to reduced costs for the company. By tracking monthly electricity purchases and waste and providing this information to employees, we are working to raise awareness about further CO₂ emissions volume reductions.

■ DVD Material Recycling

For BANDAI VISUAL's DVD products to be recycled, it is necessary to separate the components. To confirm the amount of work that this entails, in FY2009.3, we conducted trials using products that had been returned by stores or customers. As a result, we were able to confirm that the labor costs required for separation and the cost of pulverization processing could be absorbed by the revenue from sales of the resulting material. Accordingly, in FY2010.3, we will strive to further expand these operations and make further progress in recycling.

■ Office Initiatives

Dedicated CSR Website

On the company's intranet, we established a CSR website that provides information to all employees about the activities that the company is implementing. To raise employee awareness, in the future we will display usage volumes for water and electricity, and work to make it easier for employees to visualize the data.

Eco Cap Collection

With an appeal to employees that "With 800 caps a child's life can be saved," we collected PET bottle caps. By communicating on the website the number of caps that had been collected, we were able to increase the awareness of each employee.

Promoting the Use of Bicycles

As one measure to prevent global warming, the Visual and Music Content SBU made an appeal to employees to use bicycles, and we are discontinuing the use of company vehicles and instead promoting the use of fuel-efficient vehicles.

No Overtime Days

Each Wednesday has been made a "No Overtime Day," with the lights and the air-conditioning turned off at 7:00 pm. By reducing the amount of electricity purchased, this activity is linked to the prevention of global warming.

Support for the Eco-activities of Artists

To increase environmental awareness, artists affiliated with Lantis asked for help with environmental problems, and original eco-bags and reusable chopsticks were distributed at tour venues. Lantis will do everything it can to support the artists who are calling for increased environmental friendliness.

■ Cultivating "Eco-People"

In FY2009.3, to spread environmental awareness, members of the Environmental Project Office took the environmental specialist certification examination, and as a result the SBU now has its first five "eco-people." Aiming to further increase the number of "eco-people," we will continue to share a range of information, thereby enhancing environmental awareness so that employees make full use of this information in their daily activities.

Future Issues and Objectives

Implementing Initiatives and Educating Employees to Achieve Further Reductions in CO₂ Emissions Volume

To achieve future reductions in CO₂ emissions volume, the Visual and Music Content SBU plans to track numerical environmental data and formulate initiatives for reduction targets. In addition, we will work to raise environmental impact awareness by facilitating the visualization of environmental data and indicating actual reduction achievements. Furthermore, we will work to share information in order to better achieve objectives and will confirm the state of progress at SBU liaison committee meetings. At the same time, to increase the number of "eco-people," the SBU will distribute information and conduct educational activities for employees.



Senior Management Commitment

The Amusement Facility SBU operates facilities in Japan and overseas. At these facilities, which are used directly by customers, we strive to increase awareness of customer-centered facility management, environmental friendliness, and social contribution, and we assign employees who are active in the local community. In particular, we are cultivating techniques and know-how through various certification organizations and original educational programs. The objectives of these initiatives include increasing the level of customer service, enhancing safety awareness, and supporting sound environments for teenagers.

Moving forward, the Amusement Facility SBU will continue working toward its objective of realizing amusement facility operations that are highly regarded by society.

Masahiro Tachibana
President and Representative Director
NAMCO

Amusement Facility SBU CSR

Major FY2009.3 Topics



Participation in Team Minus 6%

From June 20 to July 7, we participated in the “CO₂ Reduction / Lights Down Campaign” promoted by the Ministry of the Environment. As a member of Team Minus 6%, we assigned a person in the headquarters building with responsibility for the campaign, under which the lights were turned down from 7:30 pm each Tuesday and Thursday until July 7. In addition, we introduced energy-saving activities that could be implemented right away, such as “Always Turn the Switch Off,” “2-Up, 3-Elevator Use,” and “Keep the Thermostat at 28 Degrees.”



Cultivating “Eco-People™”

To help employees acquire basic environmental knowledge and increase their environmental awareness, NAMCO encourages them to take the Certification Test for Environmental Specialists (Eco Examination) held by the Tokyo Chamber of Commerce and Industry.

All of the company’s directors and general managers took and passed the December 2008 examination. As of the end of March 2009, 63 NAMCO employees had passed the examination.



Implementing Environmental Data Audits

To confirm the accuracy and collection methods of the environmental performance data collected from each domestic SBU company, a third-party review was implemented at facilities in three different industry sectors.

Improvements were required at one facility. These improvements included the handling of supporting documents (forms, etc.), the specification of the collection location, and the clarification of collection procedures and the person responsible for them. Based on these improvement requirements, the ability of SBU companies to accurately track environmental data was bolstered.



Amusement Facility SBU CSR

In regard to the environment, the SBU is working to track environmental data at the facility level, such as data about energy consumption, waste volumes, and consumable usage, and to achieve reductions in these areas. In quality, the SBU is focusing on food safety and on rigorous expiration date management for the food products that are used as prizes.

Moreover, as a member of local communities, we are working to provide worry-free, safe entertainment in our amusement facilities.

Major FY2009.3 Initiatives

In FY2009.3, we worked to prepare the foundation for reduced energy consumption and to enhance environmental awareness among managers and administrators. Specifically, we conducted high-priority surveys to determine energy consumption and waste generation levels, and we encouraged managers to become "eco-people" by taking the certification test for environmental specialists.

In addition, we worked to enhance customer service techniques and know-how to ensure that we provide customers with high-quality service.

Future Vision

In consideration for the environment, we must implement measures to further reduce the environmental impact of our operations. We are working to reduce energy consumption through a wide range of initiatives, such as introducing energy-saving equipment in amusement facilities and encouraging manufacturers of amusement machines to develop energy-saving products.

FY2009.3 Targets and Results

Item	FY2009.3 Targets	FY2009.3 Results	Degree of Completion	FY2010.3 Targets
Environmental Management	Determine waste volume Target: determine volume for 90% of facilities	Surveyed and generated data for emissions volume by facility Data determined for 90% of facilities	○	Waste volume has basically been determined. Therefore, work to achieve further reductions.
Global Warming Prevention	Determine actual figures for energy consumption Target: determine consumption for 50% of facilities	Surveyed and generated data for emissions volume by facility Data determined for 42% of facilities	△	Increase % for which data has been determined and conduct detailed analysis for establishment of reduction measures
Reduce Waste Volume	Increase number of facilities at which capsules are recovered From 5 facilities in 2007 to 20 facilities	To raise collection percentage, installed collection boxes with gimmicks at three facilities	×	Strengthen cooperation with other related Group companies, expand to 20 facilities
Together with Employees	Have 47 employees take the environmental specialist certification exam Pass rate: 90%	47 people took the exam and 42 passed Pass rate: 89.4%	△	Aiming to increase the number of "eco-people," strive to increase the number of certified environmental specialists to 50

○: Target achieved △: Target basically achieved ×: Target not achieved



Environmental Activities Closely Linked to Daily Lives

Previously, paper towels were used in the lavatories at NAMCO, but in October 2008 the company switched to automatic hand dryers.

Also, to save resources and limit the generation of waste, we are taking such steps as holding paperless meetings, using both sides of printer paper, and collecting paper in a recycling box.



Sponsorship of 3rd N1 Grand Prix

The final round of the N1 (NAMCO Location Staff Number One) Grand Prix was held in December 2008.

The objectives of this grand prix, which was the third one held, were to enhance customer service skills and develop NAMCO-style customer service. Staff members from Pleasure Cast and overseas companies also participated. Tests were held from the viewpoints of likability, communication skills, and first impressions, and the winners received overseas training.



Acceptance of Workplace Trainees

In April 2008, NAMCO accepted 28 students for trainee experience at *NAMCO WONDER PARK HERO'S BASE*.

This trainee experience program was offered as a countermeasure to the NEET (Not currently engaged in Employment, Education or Training) trend and as an opportunity for students to observe interactions among working adults. The program started on the first of the month and lasted for two days. Participants learned about NAMCO's history, facilities, and floor operations guidance, and they also experienced actual customer service operations.

Together with Customers

Policies • Basic Approach

Through precise quality control and NAMCO-style customer service, we will provide worry-free, safe, and comfortable amusement facilities.

In order to be locations for communication in a wide range of human relationships—such as parents and children, families, friends, and groups—we will provide products that can be used with peace of mind, facilities that are safe, and customer service that is pleasant.

NAMCO facilities will provide hospitality with a considerate attitude and will assist in the creation of pleasant memories.

Quality and Safety Initiatives

NAMCO uses a variety of candy and other food products as prizes. To provide customers with safe items, at our facilities we periodically clean machines and check expiration dates. In particular, to facilitate smooth expiration date checks even when products with different dates are mixed together, we have obtained the cooperation of candy companies so that candy packages include colors showing the expiration dates. In this way, the dates can be checked at a glance.

Promoting Service Skills Certification

To foster the acquisition of customer service skills, we are promoting certification under the service skills qualification examinations sponsored by the Jitsumu Ginou Kentei Kyokai (Practical Business Skills Testing Society). This certification covers both theoretical and practical skills, and in FY2009.3, 125 company employees passed pre-grade 1 and 147 passed grade 2. Three of those who passed were selected by the society for special merit awards.

Together with Employees

Policies • Basic Approach

With the objective of supporting fun, enriching, happy, and healthy lifestyles, we strive to build facilities that attract and inspire a wide range of people.

NAMCO is implementing a variety of initiatives to draw closer to realizing optimal hospitality, such as activities to enhance customer service and activities to bolster the customer service capabilities of facility staff members.

Employment and Promotion of a Diverse Range of Employees

NAMCO refers to its amusement facilities—the places where customers have fun—as “locations,” and we think of them as important places where we can interact directly with customers and communicate our concept of fun. New hires start their careers as location staff members. Subsequently, there are a variety of career paths, such as amusement facility managers, who are responsible for location management; employees with behind-the-scenes skills who support location operations; and employees who commercialize new kinds of fun. No matter what career path is taken, however, the job activities rest on the foundation of the location experience.

Enhancing Workplace Environments

At NAMCO, we believe that mental and physical health, freedom from concern about the future, and sufficient leisure time are essential for people to realize their full potential. We offer support in the form of medical examinations, health-related consultations, and mental health support options, so that employees can work healthy in body and mind. At NAMCO, the key word for employee welfare is “independence,” and we have prepared a variety of systems and measures that are essential to the realization of that independence. Moreover, because we have amusement facilities throughout Japan, in many cases job transfers involve relocations. When employees are transferred, the company rents apartments or condominiums that employees can use. In this way, we are working to reduce the burdens faced by the employees who have been transferred.

Number of employees by gender (NAMCO)

(Unit: people)

	FY2007.3	FY2008.3	FY2009.3
Men	761	759	644
Women	117	107	87
Total	878	866	731

● Training and Education

NAMCO has a training system for each level of job classification. In addition to people who have accepted employment offers and new employees, we also offer level-based training to support employees who have been promoted and skills-based training to support skill enhancement for employees who have worked at the company for more than one year.

In level-based training, we offer “Produce Your Own Career! Career Design Training!” In this training, participants reflect on their own career histories, think carefully about their strengths and areas for development, and experience producing their own future career paths. In addition, in group work, participants receive advice and support from friends who also work at NAMCO. This training has become a source of mutual, positive motivation for participants.

NAMCO's Major Educational • Training Curriculum

(Unit: people)

Type of training	FY2009.3 Results
Level-based training “Produce Your Own Career! Career Design Training!”	77
Skills-based training Seminar on exchange with other industries	11



Training

Together with Local Communities

Policies • Basic Approach

NAMCO operates amusement facilities with the objective of creating a wide range of experiences and places that feature the most fun. Accordingly, to ensure better communications with families and local communities, we have acquired enhanced customer service skills as well as knowledge and skills about sound environments for teenagers.

● Educating Youth Advisors

With the objective of fostering sound environments for teenagers in local communities, we are actively participating in youth advisor education courses sponsored by AOU*, an industry organization. Participants who complete the course are certified as AOU Youth Advisors by the National Institution for the Promotion of Youth Education. Currently, NAMCO has 183 of these advisors, who implement activities in conjunction with school-related organizations and PTA groups in local communities.

* AOU: All Nippon Amusement Machine Operators Union

VOICE



Toshiki Hinata
NAMCOLAND Mito
NAMCO

By showing my AOU Youth Advisor certification and explaining our activities, I was able to obtain the understanding of juvenile probation officers that our amusement facility is a wholesome place to play.

Future Issues and Objectives

We believe that amusement facilities play important roles in contributing to society as local communication “stations,” and accordingly we will proactively build ties with local communities in such areas as youth development and culture/education. In addition to increasing the customer service capabilities of facility staff, we will also be active as a member of local communities in the acquisition of knowledge and skills in legal and regulatory issues, social contribution, and environmental activities.

Environmental Activity Reporting

Policies • Basic Approach

In FY2009.3, we worked to track a range of environmental data and prepared the foundation for energy-saving initiatives. In addition, we also implemented initiatives closely linked to daily employee activities, such as collection of recyclable resources, paperless operations, and "lights down" activities.

The Amusement Facility SBU considers activities and systems targeting conformity with the Revised Energy Conservation Law and the Act on Promotion of Global Warming Countermeasures to be an urgent task. In FY2009.3, with the objective of accurately tracking energy usage and managing emissions intensity, we made the collection of energy-usage data a priority. In addition, the responsibility for this task was assigned to individuals in each department of SBU companies, thereby establishing a framework that facilitates responsible activities.

In addition, to increase the environmental awareness of employees, all directors and managers were required to become "eco-people" by passing the environmental specialist certification exam.

Environmental Management

The Environmental Project Unit for Amusement Facility SBU assigned environmental project members to each domestic SBU company, and these employees tracked energy usage and waste emissions volume.

To facilitate the tracking and totalization of energy data at the facility and worksite levels, surveys are based on the contracts with energy suppliers. Waste volume is surveyed at the facility level through reports from waste processors and the number of garbage bags used. There are certain facilities for which the volume is difficult to ascertain due to the nature of the contract, but moving forward, we will take steps to facilitate accurate reporting of volumes by the lease counterparty.

Global Warming Prevention Initiatives

Introduction of Cogeneration Systems



The gas cogeneration systems introduced by *NAMCO Spa Resort* supply power by using a gas engine to run an electrical generator, while the emitted heat and coolant are used for heating / cooling and hot water.

After this system was introduced, we no longer needed the 90 kW heat pump and related equipment that had been used for heating and cooling the spa water. In addition, it is possible to generate 150 kWh through the operation of the generator. By supplying power to *Spa Resort Liberty* (Osaka), a hot spring spa facility, we are reducing the amount of commercial energy that we use.

Power from cogeneration system

(Unit: kWh)

	FY2008.3	FY2009.3
Commercial power	4,200,022	4,035,756
Power generated by cogeneration	766,746	764,622
Total	4,966,768	4,800,378
Cogeneration power percentage	15.4%	15.9%

About 16% of annual power usage is internally generated.

Tracking Facility Energy Usage

In FY2009.3, in looking at energy consumption, we worked to track electricity, gas, and water usage volumes for all facilities and worksites. In regard to tracking energy at leased facilities, the energy supplier and the lessor enter the primary contract, and the lessor sends a secondary invoice to the lessee. In some cases, the invoice contains the actual figures for the volume used, and in other cases these figures are combined with the lease payments into a single total. As a result, we have developed a better understanding of how difficult it can be to track the total usage.

In FY2009.3, we had the objective of tracking actual data for 50% of our amusement facilities, but we failed to achieve that goal, reaching only 106 of 252 facilities (42%). In the future, we will ask large contract counterparties to disclose more information and will continue striving to increase the tracking percentage.

Energy-usage tracking materials

In this way, we are undertaking integrated management of energy-usage data from each facility.

* For actual data, please refer to page 20.



Initiatives at Facilities

At our amusement facilities, we previously offered the unlimited distribution of prize bags as one facet of customer service. As an environmentally friendly initiative, however, we reevaluated prize bag sizes and distribution methods. With the understanding and cooperation of customers, we are working to reduce the volume of these bags that are used.

Previously, we had placed large volumes of these bags near prize game machines so that they could be easily used by customers. At certain facilities, however, we have changed the way we distribute these bags. Together with POP materials promoting environmentally friendly use, we have installed prize bag shelves near staff counters and change machines.

Moreover, we are changing the way we distribute flyers and tickets. In the past, we used paper, but we are shifting in stages to electronic distribution via mobile phones.

Prize bag reduction volume

(Unit: thousand bags)

	Shoulder	Extra large	Medium	Total
FY2008.3	4,200.8	1,442	4,080	9,722.8
FY2009.3	2,863.2	1,460	4,090	8,413.2
Amount of reduction in bags	-1,337.6	18	10	-1,309.6

CO₂ equivalent reduction (incineration at 870 degrees celsius)

(Unit: tons)

	Shoulder	Extra large	Medium	Total
Carbon content	47.0g / bag	20.5g / bag	6.7g / bag	—
CO ₂ reduction volume	-230	1.35	0.25	-228.4

VOICE

Takuya Iwamoto
Wonder Park Hero's Base
NAMCO



With the objective of reducing CO₂ emissions volumes, at our facility we are implementing an educational activity known as the My Hug Plan. By carrying their prizes home without using prize bags, customers can also participate in eco-activities. In this way, we are reducing the use of prize bags.

Enhancing Environmental Awareness

We are encouraging employees to take the environmental specialist certification examination so that they gain basic knowledge about the environment and enhance their environmental awareness.



Managers are required to obtain this certification so that they can set an example for other employees. Accordingly, we are introducing seminars and providing reference books. In addition, we also provide an incentive for acquiring the environmental specialist certification.

People passing the environmental specialist examination

(Unit: people)

	FY2008.3	FY2009.3	FY2009.3	FY2010.3
	Up to 3rd	4th	5th	Target
Previously certified	—	13	21	63
Newly certified	13	8	42	50
Total certified	13	21	63	113

Note: Including retirees

Reducing Waste

In the Amusement Facility SBU, we are conducting a range of activities under the theme of tracking waste emissions volume.

With a special emphasis on garbage volume and separation activities, we were able to determine emissions volumes for 90% of about 260 bases, and we are now continuing these surveys. To enhance awareness and promote reduction activities, we are working to disseminate this information through a database that makes it easy to visualize the current situation.

NAMCO Ecology Database

	7月	8月	9月	10月	11月
ファミコン	431.6	15.7	280	331.5	202
エコーOP	4303.9	3708.1	3437.7	3243.7	3856.6
7NOTES	416.2	375.95	354.65	323.05	313.95
ソニー	6760.1	17700.4	10822.9	11175.27	10612.9
アソシエイト	7610	15100	11440	6760	8130
アプレジャーキャスター	3246.16	4025.81	4192.81	3499.25	2667.56
企画推進部	3064.3	4387.1	1300	1864.5	1057
伊豆園地	20749.5	25667.97	21516.03	20520.5	19337.95
九州館	16780.2	19607.8	17228.5	18429.8	16828.6
京都園地	15863.3	16417.35	15479.3	14696.3	15183.95
知好会館	3168	3322	3033	3108.5	2722
中国園地	12761.8	17897.6	11409.5	12178.5	10092.15
甲日本館	15781.95	16840.25	14555.25	14352.7	14894.5
北日本館	16158.2	20849.28	18247.8	14013.7	15399.7

Note: For actual data, please refer to page 20.

Future Issues and Objectives

With environmental impact reduction as a key issue, we will work to reduce CO₂ emissions volume by 6% by FY2012.3, in comparison with the FY2009.3 level.

In reducing CO₂ emissions volume, a complete understanding of the amount of energy used is essential, and in that regard negotiations with lease counterparties regarding information disclosure are an urgent issue. We will proactively introduce energy-saving equipment, such as air-conditioning systems and lighting equipment. At the same time, we will consider ways to improve all aspects of amusement facilities, such as asking amusement machinery manufacturers to develop energy-saving equipment.

BANDAI LOGIPAL • LOGIPAL EXPRESS

■ Together with Employees

LOGIPAL Children's Visiting Day

In July 2008, LOGIPAL EXPRESS held LOGIPAL Children's Visiting Day, inviting 9 children of employees to the Funabashi office.

The children participated from the morning meeting and were able to experience the roll call. In this way, they were able to get a real sense of their parents' work. In addition, the children were given explanations of the vehicle schedule board, searched to find their parents' names on the board, toured the warehouse, and studied from a booklet about how toys are made and delivered.

Although they were a little anxious, the employees spent a day filled with pride, and the children's eyes sparkled as they climbed aboard the trucks driven by their parents.



LOGIPAL Children's Visiting Day

■ Environmental Policy

BANDAI LOGIPAL and LOGIPAL EXPRESS are implementing environmental activities in accordance with their environmental policy: The LOGIPAL companies work continually to promote environmental conservation in accordance with the concept of "distribution that is friendly to people and the environment." For example, we are working to reduce the volume of CO₂ emissions through the proposal of sea transport by region and the reduction of domestic land transport.

■ Green Management Initiatives

LOGIPAL EXPRESS acquired Green Management certification in FY2005.3, and has maintained it since that time.

Green management certification is granted to trucking companies and warehouse operators. Under this framework, which is based on ISO14001, the Foundation for Promoting Personal Mobility and Ecological Transportation awards green management certification,

on a worksite basis, to transport companies implementing operational management with a low environmental impact. LOGIPAL EXPRESS has acquired green management certification at seven sites that operate trucks, and is also aiming to acquire green management certification at the new Kawasaki office.

Vehicle maintenance is one element of green management, and if poor maintenance results in a breakdown while a truck is on the road, it can lead to traffic jams and excess CO₂ emissions. Accordingly, LOGIPAL EXPRESS is working to prevent trouble by ensuring that daily inspections are conducted properly. In addition, because the overall approach is also evaluated, the company is not only implementing eco-driving and other vehicle-related environmental activities but also companywide green management initiatives.



Green Management certification logo mark

■ Together with Local Communities

Donations to Traffic Safety Associations

LOGIPAL EXPRESS makes donations to traffic safety associations in six regions where the company has worksites that operate commercial vehicles. For LOGIPAL EXPRESS, which conducts its operations through the use of trucks, safety is something that can never be forgotten. This support is an expression of our appreciation for traffic safety associations, which conduct activities to promote traffic safety in their respective regions.

The Ibaragi Traffic Safety Association, in Osaka, uses contributions to purchase helmets used in safety education activities at elementary schools.

Supporting a Campaign to Eliminate Fund Transfer Fraud

In support of a campaign sponsored by the Katsushika Police Station to eliminate fund transfer fraud, LOGIPAL EXPRESS provides a large wing truck, which has sides that open and close. The truck, which is used as a stage for short plays, is a contribution to educational activities that leverages the distinctive characteristics of a transportation company.



Reducing the Environmental Burden of Transportation
Eco-Driving Initiatives

LOGIPAL EXPRESS has conducted eco-driving activities since FY2005.3. By implementing the 10 recommendations of eco-driving, such as starting and stopping slowly, we are implementing driving that is not only environmentally friendly but also safe.

We participate each year in the Eco-Drive contest organized by the Ministry of the Environment, and awareness of eco-driving is increasing.

Employees who drive trucks are striving not only to eliminate idling but also to improve fuel mileage. Currently, we have improved to the point that further gains will be difficult, but based on the idea that there are no results without goals to strive for, we are working each day to achieve additional improvements in fuel mileage, even if only by small amounts.



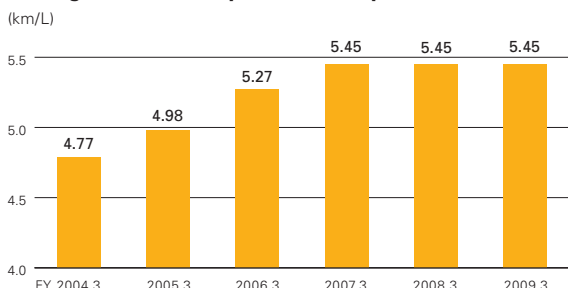
Training

Results in the Introduction of Low-Emission Vehicles

	Vehicle	%
CNG vehicles (natural gas vehicles)	16	14.5
Hybrid vehicles	2	1.8
Vehicles compatible with long-term targets	24	21.8
Total	42	38.2

Note: Due to rounding, the total presented differs from the sum of the individual components by 0.1 percentage point.

Average fuel consumption of transportation vehicles



Test of the Use of Biodiesel Fuel

Truck transportation poses a dilemma: it is indispensable in the delivery of goods but it results in CO₂ emissions. To resolve this problem, we believe that the introduction of plant-derived fuel (fuel made from waste cooking oil) will be necessary, and while there are risks, we decided to commence tests from May 2009.

Enhancement of Distribution Bases

With consideration for how the location of its distribution bases will enable it to conduct environmentally friendly, highly efficient distribution, LOGIPAL EXPRESS has three bases in the Tokyo metropolitan area (Funabashi, Odaiba, and Kawasaki) that are working to further reduce the distance over which goods are transported.

NAMCO BANDAI Will Inc.

NAMCO BANDAI Will Initiatives

With the objective of employing people with disabilities, the BANDAI NAMCO Group established NAMCO BANDAI Will Inc. in March 2006. In May, NAMCO BANDAI Will was certified as a special subsidiary as stipulated by Japan's Law for Employment Promotion, etc., of the Disabled, and the Group received designation under the law. Employees of NAMCO BANDAI Will are regarded as being employed by the parent company.

NAMCO BANDAI Will handles work for Group worksites. In addition, the company also supplies speakers to nearby special

assistive schools and regularly accepts people with disabilities for trainee experience. In these ways, NAMCO BANDAI Will is providing support for the employment of people with disabilities and promoting exchange with local communities.

In the future, the company will continue working to expand the range of Group locations at which it operates, to expand work content, and to accelerate the employment of people with disabilities.

Third-Party Opinions



Mr. Naoki Adachi, Ph.D. (Science)
President, Response Ability, Inc.

After leaving the National Institute for Environmental Studies, he has served as consultant for CSR programs at innovative business corporations, chiefly in the areas of preservation of biodiversity and CSR procurement. He also 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.

Last year's suggestions were adopted, and this year the structure of the CSR report is significantly different. Because each SBU's activities are explained in detail, it is easy to understand each SBU's CSR initiatives. Moving forward, I would like to see more about the relationship between Groupwide initiatives and SBU-level initiatives.

Quantitative CO₂ reduction targets have been established as Groupwide environmental targets, and a system has been established for the collection of data on a Groupwide basis. These initiatives can be evaluated highly as Groupwide commitments. However, the target of a 5.4% reduction in total volume by FY2012.3, in comparison with FY2009.3, might be seen as somewhat of a low target if one looks only at the numbers. However, reducing total volume while the business is growing represents a major reduction in emissions intensity. To make that point easier to understand, perhaps emissions intensity targets could be included. Also, I would like to see the ultra-long-term targets, such as for 2025 or 2050, and medium-term targets presented with the Company's future vision. Furthermore, in regard to items other than climate change countermeasures, I think a quantitative presentation facilitating continual comparison between the future

and the current situations for the Group as a whole would make it easier to understand the overall picture and state of progress.

In regard to labor-related audits in supplier plants, I think that the Company is one of the most advanced in Japan. This year, in addition to all overseas suppliers, audits were conducted at 20 major companies in Japan. This marks important progress. Moving forward, I would like to see these steadily expanded to all domestic suppliers, and to the suppliers of other companies in the Group, as well as the dissemination to other Japanese companies of the know-how acquired by the Company over many years of this experience.

In the field of labor, non-regular employment has become a major social problem. In certain divisions, the Company also seems to depend to a considerable extent on non-regular workers, such as part-time workers. I have heard that the Company is conducting training for these non-regular workers that is similar to that provided for regular workers. The inclusion of specific numbers in this area would increase transparency and serve as a model for other companies.

Next year, the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10) will be held in Japan. I know that the Company is planning initiatives related to biodiversity, and I look forward to reading about these initiatives as well in next year's CSR report.



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 provides CSR support to major business enterprises.

This evaluation is based on the content of the CSR report and discussions with the CSR officer of the Group holding company.

The CSR initiatives of the Group and its major companies are not based on mid-term targets and plans. However, it has commenced initiatives closely linked to daily activities and has begun to implement the PDCA management cycle.

Points evaluated highly:

- Code of conduct (COC) audits were conducted at all suppliers in Asian countries both outside Japan (208 factories) as well as in Japan (20 locations) to encourage action to modify and improve noncompliant aspects (pages 9 and 10). Efforts are being made toward comprehensive assessment, as well as organizing study groups by item, and I evaluate this very highly.

- For children, who are the principal end-users of the Group's products and services, environmental messages were included on the packages of 6.67 million candy toys, and two million copies of "Ecology at Bandai—Our Activities" were packed with merchandise and distributed (page 28).
- BANDAI LOGIPAL and LOGIPAL EXPRESS are moving forward with the highest level of eco-friendly safe driving in the country, and testing of the use of biodiesel has commenced (pages 47 and 48). Seeds has begun initiatives to promote eco-commuting by employees (page 30). I look forward to the application of eco-driving to the commercial vehicles of other Group companies, as well as the introduction of eco-commuting.
- Each SBU is independently producing and publishing collections of easy to understand examples of initiatives for the environment, such as "Act Now for Future Smiles" (page 28) and "Environmental Activity News" (page 31).
- "Future Issues and Objectives" was introduced as a section for many of the topics introduced in this report. I would very much like to see efforts to improve targets and plans for the current fiscal year and the years ahead, based on an evaluation of the current status of the medium-term targets and plans.

Points recognized for progress made but requiring further improvement:

- The formulation of a three-year plan for CO₂ reduction from FY2010.3. Establishment of comprehensive medium-term CSR targets and action plans, including the reduction of other environmental burdens and the enhancement of the human rights of employees and workers at suppliers. In regard to these targets and plans, I strongly urge the implementation of practices and reporting based on the system of “issues of the previous year applied to targets for the current year, followed by performance and issues in activities of the current year being applied to targets for the following year.”
- The precision of environmental performance data is steadily increasing. In particular, the assessment of water and electric power consumption at amusement facilities is improving. Also, I continue to look forward to exchanges of ideas for on-site daily energy-conserving actions classified by type of facility.
- I evaluate highly the commencement of environmental initiatives through the participation/cooperation of customers, such as collecting empty capsules at stores and implementing green power offsets (page 33) with online games. In the future, I look forward to efforts to promote ongoing participation and cooperation by more customers, such as the visualization of results achieved.

- In regard to the composition of this report, the detailed introduction of the initiatives of each of the Group’s SBUs is highly evaluated. I look forward to more-detailed explanations of results and challenges in the implementation of initiatives in regard to important issues in accordance with the special characteristics of each company. For example, in the Amusement Facility SBU, the report could include information about energy saving in such areas as lighting and air conditioning as well as about the treatment of part-time employees, while in the Game Content SBU, information about the ease of continuing to work could be included. I would like to see improvement in indicators of workforce diversity, such as the percentages of female and non-Japanese managers and the usage rates of various systems, such as child care, nursing, and caregiving.

Points that require further improvement:

- 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 for comprehensive training and initiatives, with the holding company playing a more active role in those initiatives.



Ms. Kikuko Tatsumi
Managing Director of the Nippon Association of Consumer Specialists (NACS), Chairperson of the Environmental Committee

After working as a school teacher, she certified as a consumer affairs advisor in 1985 and was involved in the handling of customer inquiries 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.

The notion of a “low-carbon society,” which was included in the FY2008.3 environmental white paper, has become widely used in a short period of time without any problems. Furthermore, we are seeing new words enter our lexicon that evoke global warming, such as carbon footprint and carbon offset.

In this setting, despite being concerned about the short-term future of the environment, consumers cannot quite keep pace with the accelerating changes taking place in society; they are worried about living safely in their daily lives, and they are losing their energy for the future. This is something that is common the world over.

In this social context, there is a need for companies that provide a little “freedom from pressure” in daily life. For companies that are sustainable. On that basis, I read this year’s CSR report.

In the top interview, the president’s comments explained the Company’s policies in a very easy to understand way. The interview included very promising content, such as aiming “for CSR activities that people think are ‘entertaining and interesting,’ just like you would expect from an entertainment company,” “approaching stakeholders as the biggest allies,” and “working together to provide ‘Dreams, Fun and Inspiration.’” These specific initiatives, results, and issues are summarized in the subsequent sections, and overall the report is easy to read.

The special feature section has three themes, and, from the consumer’s perspective, I was interested in how the Company communicates with customers. There is no question that results have been obtained by having employees target their efforts directly toward the customer. This year, the Consumer Affairs Agency will begin operations. I look forward to increased recognition of the importance of two-way communications with customers and to reports on new results in the future.

Also, as a consumer with high concern for the environment, I highly evaluate the COC audit report in the second feature section. The Company has about 90% of its products manufactured at contract factories in Asia, principally China. Accordingly, its responsibilities as a supplier of products include explaining about the proactive implementation of COC audits. In addition, this explanation also provides consumers with a sense of reassurance about the products that they have purchased.

I believe that decisive CO₂ reduction initiatives will also show results in the future. I am active in promoting consumer awareness about the importance of considering the entire product lifespan in making product selections, and I look forward to future efforts to broadly communicate to consumers the Company’s initiatives to further reduce packaging, which is a very prominent issue.

Finally, I believe that products and services that are created by people who truly enjoy their work will help to create the vitality and smiles for tomorrow that we are now in danger of losing.



GRI Guideline Indicators

Item	Indicator	Related Page in This Report
1 Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	5-6
1.2	Description of key impacts, risks, and opportunities.	5-6,15
2 Organizational Profile		
2.1	Name of the organization.	1
2.2	Primary brands, products, and/or services.	3-4
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	1,3-4
2.4	Location of organization's headquarters.	1
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.	3,4,9-10
2.6	Nature of ownership and legal form.	1
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	3-4
2.8	Scale of the reporting organization, including: • 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.	1
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	3
2.10	Awards received in the reporting period.	21-22
3 Report Parameters		
• Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	2
3.2	Date of most recent previous report (if any).	2
3.3	Reporting cycle (annual, biennial, etc.)	2
3.4	Contact point for questions regarding the report or its contents.	2
• Report Scope and Boundary		
3.5	Process for defining report content, including: • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report.	2,15
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	2
3.7	State any specific limitations on the scope or boundary of the report.	2,3-4
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.	3
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.	2
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	—
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	3
• GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	Used as reference
• Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	49-50
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.	13
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	13
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	13
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	13
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	13
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	13
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.	1,15
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.	13,15
• Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	14
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic.	24
• Stakeholder Engagement		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	11-12
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	9-10

Item	Indicator	Related Page in This Report
5 Management Approach and Performance Indicators Economic		
Economic		
• Aspect: Economic Performance		
EC1	Core 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.	1
EC4	Core Significant financial assistance received from government.	—
• Aspect: Market Presence		
EC6	Core Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	9
• Aspect: Indirect Economic Impacts		
Environmental		
Disclosure on Management Approach		
• Aspect: Materials		
EN2	Core Percentage of materials used that are recycled input materials.	28-29
• Aspect: Energy		
EN3	Core Direct energy consumption by primary energy source.	20
EN4	Core Indirect energy consumption by primary source.	20
EN5	Add Energy saved due to conservation and efficiency improvements.	36,45,48
EN6	Add Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	19-20,27-29,33,45
• Aspect: Water		
EN8	Core Total water withdrawal by source.	20
EN10	Core Percentage and total volume of water recycled and reused.	29
• Aspect: Emissions, Effluents, and Waste		
EN16	Core Total direct and indirect greenhouse gas emissions by weight.	20
EN18	Add Initiatives to reduce greenhouse gas emissions and reductions achieved.	19-20, 27-29,40, 45,47-48
EN22	Core Total weight of waste by type and disposal method.	20
• Aspect: Products and Services		
EN26	Core Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	19-20,27-29,33,40
EN27	Core Percentage of products sold and their packaging materials that are reclaimed by category.	27-29,40
• Aspect: Compliance		
EN28	Core Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	—
• Aspect: Transport		
EN29	Add Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	48
Labor Practices and Decent Work		
Disclosure on Management Approach		
• Aspect: Employment		
LA3	Add Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	16,25
• Aspect: Occupational Health and Safety		
LA8	Core Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	16,34,43
• Aspect: Training and Education		
LA11	Add Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	25,34, 39,44
• Aspect: Diversity and Equal Opportunity		
LA13	Core Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	16,25,34, 39,43
Human Rights		
Disclosure on Management Approach		
• Aspect: Investment and Procurement Practices		
HR2	Core Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	9-10
• Aspect: Child Labor		
HR6	Core Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	9-10
• Aspect: Forced and Compulsory Labor		
HR7	Core Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	9-10
Society		
Disclosure on Management Approach		
• Aspect: Anti-Competitive Behavior		
SO7	Add Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	—
Product Responsibility		
Disclosure on Management Approach		
• Aspect: Customer Health and Safety		
PR1	Core Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	23
• Aspect: Product and Service Labeling		
PR5	Add Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	24
• Aspect: Compliance		
PR9	Core Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	—

● Looking Back at CSR Report 2009 ●

Under the BANDAI NAMCO Group's new Mid-term Business Plan, which started in FY2010.3, we set new medium-term Group environmental targets. In addition to achieving CO₂ emissions reduction targets, as a leader in the entertainment industry, we also recognize the importance of formulating a range of environmentally friendly initiatives in products and services. Rather than separately implementing individual initiatives in such areas as environmental conservation, social responsibility, and compliance, we would like to build a framework linked to operating activities based on mutual relationships among those areas.

For this year's report, we have taken into account the opinions we received regarding the previous year's report, and we have presented the initiatives of each SBU separately. This provides a clearer picture of activities based on the distinctive characteristics

of each business, as well as Groupwide activities, and the results have been highly evaluated by third-party experts. The activities of the BANDAI NAMCO Group extend over a wide range of fields, and in the future, we will strive to provide further information about them and to report that information in ways that are even easier to understand.



Jun Higashi
Manager of Group CSR Committee
Director, Chief Ecology Officer
NAMCO BANDAI Holdings

Mobile Suit Gundam 30th Anniversary Project

Mobile Suit Gundam is a TV animation that was planned and produced by Sunrise and first broadcast in 1979. The setting of the series is a world in which humans have no choice but to move to a space colony due to a population explosion, food shortages, and environmental problems. This new genre—real robot animation—was created through the incorporation of complex human drama elements that did not exist in previous robot dramas, such as detailed scientific evidence and the background and setting. As of the latest version, *Mobile Suit Gundam OO Second Season*, there have been 12 TV animations, 13 theatrical versions, and 12 original video animations. The series has maintained strong support over many years.

In 2009, it is *Mobile Suit Gundam's* 30th anniversary. To express its appreciation to *Gundam* fans, the BANDAI NAMCO Group launched the *Mobile Suit Gundam 30th Anniversary Project*. In accordance with the overall concept of the project—Always Beginning—it is being implemented on a Groupwide basis from three perspectives: Real G, Feel G, and Soul G.

For the Real G perspective, an 18-meter-tall real-sized *Gundam* model was built to enable fans to experience the real *Gundam*. As one facet of the *GREEN TOKYO Gundam Project*, this model was on display in Shiokaze Park (Tokyo) from July 11 to August 31, 2009.

Under the *GREEN TOKYO Gundam Project*, through the use of the *Mobile Suit Gundam* content, donations to the *Green Tokyo Fund* were made from the event receipts. With the objectives of revitalizing green Tokyo and fostering wide-ranging cultural communication from Tokyo, the BANDAI NAMCO Group contributed to this project to link to greening activities in Tokyo and the activation of Tokyo parks.



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