



FUN FOR THE FUTURE!

BANDAI NAMCO CSR Activity Report 2012



FUN FOR THE FUTURE!

“Fun for the future!”

At BANDAI NAMCO, CSR activities are “Fun for the future.”

Our work is to provide inspiration to customers by realizing individual ideas of “Dreams, Fun and Inspiration.”

In turn, those “Dreams, Fun and Inspiration” provide healing and encouragement as they spread around the world. We believe that “Dreams, Fun and Inspiration” can change the world, and even change the future.

As a company that provides “Dreams, Fun and Inspiration,” our relationship with the natural environment and society will be guided by the key phrase “Fun for the future.” We will implement CSR activities that lead to happiness for stakeholders by featuring fun today while also contributing to the creation of fun tomorrow.

We believe that entertainment can contribute to society by fostering mutual communication and inspiration among people around the world and by creating a future filled with fun.



©BANDAI

Message from the President

Responsibility and pride as a company that provides “Dreams, Fun and Inspiration”

The mission of the BANDAI NAMCO Group is to provide “Dreams, Fun and Inspiration” to people around the world. Our CSR action concept of “Fun for the future!” incorporates our commitment to providing more smiles and fun for people around the world and to contributing to society, as we truly enjoy our own work at the same time. In this way, we will strive to create “Fun for the future!”

This CSR activity report introduces some of the initiatives that the BANDAI NAMCO Group implements in the provision of products and services. The foundation of our business is the provision of safe products that can be used with peace of mind. In that regard, our CSR activities comprise contributing to the creation of lasting memories through customer enjoyment and providing “Dreams, Fun and Inspiration” to society. Moving forward, we will continue to implement our business activities with a sense of responsibility and pride as an entertainment company.

Shukuo Ishikawa

President and CEO, Representative Director
NAMCO BANDAI Holdings Inc.



BANDAI NAMCO Group CSR Management

To realize the provision of “Dreams, Fun and Inspiration,” the BANDAI NAMCO Group conducts CSR activities in accordance with the concept of “Fun for the future!” Themes that require special initiatives have been identified as “BANDAI NAMCO Group’s Important CSR Themes.” In addition, each strategic business unit (SBU) formulates its own “CSR Major Initiative Themes” and leverages the special characteristics of its operations to implement activities in accordance with those themes. (For further information about Important CSR Themes, please refer to page 17.)

BANDAI NAMCO Group’s CSR Policy

Mission
“Dreams, Fun and Inspiration”

CSR Action Concept
“Fun for the future!”

The Group’s CSR Initiatives

1. Environmental and Social Responsibilities
2. Economic Responsibilities
3. Legal and Ethical Responsibilities

Compliance Charter

Rules related to appropriate products and services / fair dealings, respect for all employees, information disclosure, respect for and usage of intellectual property, protection of information and resources, rejection of anti-society groups, harmony with the environment, and harmony with society.

BANDAI NAMCO Group’s Important CSR Themes

- Safety and Cleanliness of Products and Services
- Environmental Consideration
- Policies Regarding Influence on Society of the Group’s Content and Products
- Supply Chain Management

Each SBU and affiliated business company sets up priority initiatives and works to identify specific activities related to its business operations.

BANDAI NAMCO Group’s CSR Promotion System

From FY 2011.3, the Group has implemented a system under which the presidents of the SBU core companies serve as members of the Group CSR Committee. In this way, the Group has strengthened the CSR system, which makes decisions rapidly and is integrated with operations. In addition, from FY 2012.3, the Group Environment Subcommittee and the Group Social Contribution Subcommittee, which were subcommittees of the Group CSR Committee, were merged to establish the Group CSR Subcommittee. In addition to environmental and social contribution activities, this subcommittee manages progress and shares information regarding initiatives implemented in line with the important CSR themes. Also, for each SBU’s CSR projects, we are implementing more-specific initiatives that draw on the special strengths of each business.

Decisions Made / Reported Items

Board of Directors (CSR matters reported as needed)

Reported Items / Discussed Items

Group Management Meeting (Quarterly)

Group CSR Committee (Semiannually)

Group CSR Subcommittee (Quarterly)

SBU CSR Projects

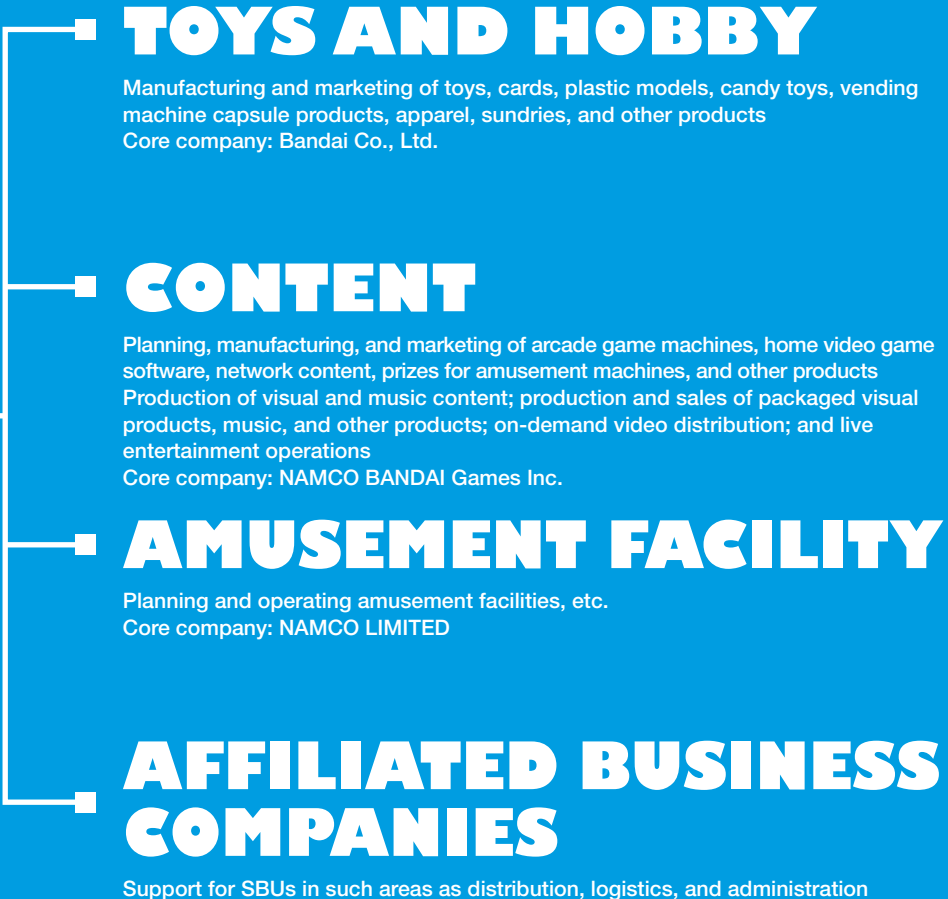
Group Organizational System

The BANDAI NAMCO Group comprises a pure holding company, NAMCO BANDAI Holdings, which oversees three SBUs as well as affiliated business companies that provide support for the SBUs. The SBUs, which are made up of operating companies, formulate and implement operating strategies in Japan and overseas and provide people around the world with a diverse range of entertainment.

Strategic Business Units (SBUs)



NAMCO BANDAI Holdings Inc.



Contents

- 
Toys **5**
 Initiatives Involved in Making Toys
- 
Game Machines **9**
 Initiatives Involved in Creating Game Machines
- 
Amusement Facilities **13**
 Initiatives Involved in Creating Amusement Facilities
- BANDAI NAMCO Group's Important CSR Themes..... 17
- BANDAI NAMCO Forest Activity Report 21
- FACTS & FIGURES..... 22
 - FY 2012.3, Progress Report for Major Initiative Themes for each SBU 23
 - Human Resources-Related Information 25
 - Environment-Related Information..... 26
 - Corporate Governance and Compliance..... 27
 - Risk Management and Information Disclosure..... 28
 - Financial Results Highlights..... 29
- Corporate Information / Notice 30

Editorial Policy

"Fun for the future! The BANDAI NAMCO CSR Activity Report 2012" was issued in order to provide stakeholders with easy-to-understand descriptions of the CSR activities of the BANDAI NAMCO Group. In FY 2012.3, a specific focus was determined for each SBU and activities were implemented to promote concrete progress in the implementation of the "BANDAI NAMCO Group's Important CSR Themes." This report has been made available in the form of a pamphlet and a website. The pamphlet is centered on representative examples of the activities mentioned above, while the website version (in Japanese) is intended to provide more-detailed activity reports and information disclosure.

Period Covered

This report presents activities and results in FY 2012.3 (from April 1, 2011 to March 31, 2012). It also covers some activities started in FY 2013.3.

Organizations Covered

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

Toys

Initiatives Involved in Making Toys

Bandai's toys are used by customers in a wide range of age groups, including infants and small children, and as a result safety and quality are especially important. Accordingly, we implement a range of safety and quality initiatives from the planning stage to the toy store.

This section introduces a selection of these initiatives in the areas of Universal Design (UD), production management, and distribution.



The Process of Making Toys



Taking on the Challenge of Universal Design

Planning

At Bandai, we incorporate UD principles into the process of creating toys so that our toys are easy to use for as many people as possible. In this section, the person responsible for UD since it was first introduced to the Company discusses this process.

Making Products “Easier to Use!” for More People

Bandai began the full-scale use of UD around 2004. UD is an approach to design that ensures that as many people as possible can use products and services, regardless of whether or not they have any disabilities. In other words, making products and services “simpler!” We have made this principle our fundamental policy.

Toys have distinctive characteristics and they are handled by a wide variety of people, so it is difficult to formulate and standardize rules. Accordingly, we work from a number of perspectives, such as color UD.

We tend to think that we all see the same color, but the perception of color differs from person to person. For example, there are people who have trouble seeing “red and green” or “red and black” color schemes. That is why Bandai changed the color of the important notices sections of product packages and instructions, as well as Customer Service Center guides. These were previously printed in red, but we have now switched to the use of orange.

In addition, we have taken steps to increase the ease-of-opening of packages so that they can be safely and easily opened by small children and people with limited hand strength. We also strive to ensure that product parts are easier to assemble. For example, we have plastic models for which the parts can be assembled by stacking the runners, and if a mistake is made the model can be easily disassembled. Our efforts to retain the “genuine pleasure of assembly” that has long been a part of the plastic model experience while increasing usability will lead to ease-of-use for “as many people as possible.”

Promoting “Awareness” In-House

In promoting UD, we are emphasizing the spontaneous enhancement of UD-related issues. One key aspect of those initiatives is the use of special teams composed of selected members from each department. The teams promote UD in the Group and engage in activities to foster “awareness” on the part of the team members, such as experiencing the use of a wheelchair and engaging in exchange activities with the Japan Guide Dog Association. In recent years, this issue awareness has been shared not only within the Group but also with suppliers.

I was born with a disability, and I have no memories of enjoying playing with toys when I was a boy. Toys play an important role in the lives of children. The starting point of my approach to UD is that I don’t want anyone to have an unhappy experience with toys. In the future, I will remain committed to the principles of UD and strive to spread the UD approach of making things “easier to use!”

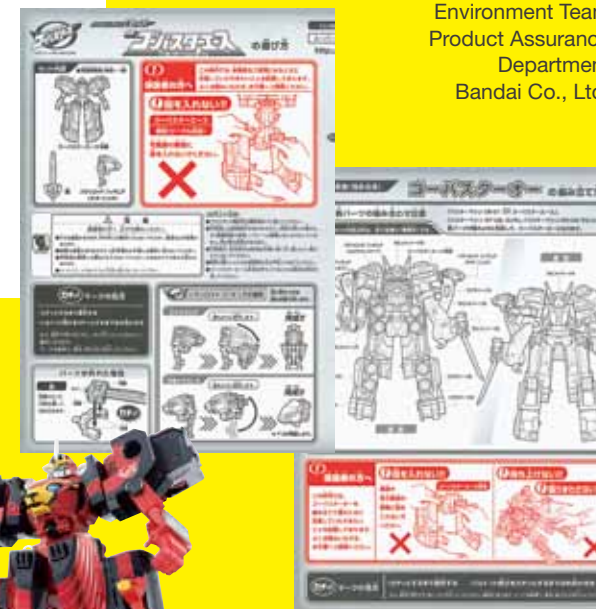
“Easier to use!”
is the spirit of
Universal Design.



Masahiro Sanbonmatsu
Corporate Responsibility &
Environment Team
Product Assurance
Department
Bandai Co., Ltd.



Example of packaging designed to be easy to open



Information that needs to be communicated accurately, such as “Points to note about playing with this toy,” is printed and displayed in combinations of colors that are easy to see and easy to read for many people.

To Provide Safe, High-Quality Products



Bandai, which uses contract manufacturing bases in Asia, strives to provide customers with safe, high-quality products. To that end, Bandai believes that it is important to maintain an appropriate work environment for the employees who manufacture the products.

Accordingly, in 1998 Bandai formulated the Bandai C.O.C. with the objectives of confirming and enhancing the ongoing management of the workplace environment. We also implement C.O.C. (Code of Conduct) audits at contract manufacturing bases, and we are now implementing annual audits at all contract manufacturing bases overseas.



C.O.C. Audits

The audits cover a total of about 80 audit items in 10 categories, such as fire prevention and emergency counter-measures, health and safety, freedom to participate in unions, and wages. The audits are implemented through combinations of three methods—direct audits of work sites; 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 status of improvement. For important issues, a follow-up audit is conducted and the status of rectification measures is confirmed.

FY 2012.3 C.O.C. Audit Results Report

Region	No. of audits implemented
Japan	50
China	148
Thailand	6
South Korea	3
Indonesia	2
Taiwan	1
Total	210

Supplier Conference

Since FY 2009.3, Bandai has held a supplier conference for cooperating manufacturers that work directly with Bandai. At the conference, audit results are reported. From FY 2010.3, staff from local contract manufacturing bases have sponsored and participated in supplier conferences in Shanghai and Shenzhen. Through these types of communications, we can achieve even higher levels of awareness, including not only Bandai but also suppliers.



Supplier conference in Shenzhen

Results of FY 2012.3 Supplier Conference

■ Details

- Report of results of FY 2011.3 C.O.C. audits and policies for FY 2012.3 C.O.C. audits
- Issues confirmed during quality inspection and counter-measures to those issues
- Bandai trademark license agreement
- Presentation by outside speaker

■ No. of participants

June 10, 2011	Tokyo	105 companies	161 participants
June 23, 2011	Shenzhen (China)	82 companies	148 participants
July 28, 2011	Shanghai (China)	33 companies	51 participants
	Total	220 companies	360 participants

Contests for Drivers

BANDAI LOGIPAL periodically holds contests for drivers with the objective of promoting safe driving. In these contests, professional drivers from work sites around the country are selected in accordance with the following criteria: (1) safe driving, (2) reliability, and (3) eco-driving. With instructors from driver training schools serving as judges, the drivers are objectively graded in four areas: written examination, maintenance, practical technique, and driving manners.

In addition, our drivers have been active participants in eco-driving competitions sponsored by the Foundation for Promoting Personal Mobility and Ecological Transportation, where they have won awards.



Aiming for Distribution that is Friendly to People and the Environment

Distribution

BANDAI LOGIPAL INC. and LOGIPAL EXPRESS INC.—the BANDAI NAMCO Group’s distribution companies—are responsible for delivering completed toys to customers. These two companies conduct a range of activities with the objective of realizing distribution that is friendly to people and the environment.

Eco-Driving Activities

Eco-driving activities, which we have continued to implement since FY 2004.3, have become solidly established, and average fuel efficiency companywide has increased by 14.0% in comparison to the point when these activities were commenced.

In addition, when vehicles are replaced, we consider the driving conditions at each site as well as the infrastructure needed for the vehicles, and introduce low-emissions vehicles where appropriate.

In the Tokyo metropolitan area, we continue to use two 3-ton trucks that run on biodiesel made entirely from discarded food oil, and in FY 2012.3 these efforts reduced CO₂ emissions by 19.0 tons.

Results in the Introduction of Low-Emissions Vehicles

	No. of vehicles	% of total vehicles
CNG vehicles	16	13.0%
Hybrid vehicles	1	0.8%
Vehicles compliant with new long-term regulations	36	29.3%
Vehicles compliant with updated new long-term regulations	7	5.7%
Total	60	48.8%

Reference: No. of vehicles: 123

Safety-Related Initiatives

As truck operators, BANDAI LOGIPAL and LOGIPAL EXPRESS continued working systematically in FY 2012.3 in the area of transportation safety management. Safety recorders, which have been upgraded to include video-recording functions on all vehicles, are used to provide safe driving guidance.

In addition to in-house contests for drivers, we also require drivers to participate in safe driving training, and the entire company has worked to realize “safe driving” and “improved quality.”

Our many years of activities were recognized when we received the Police Superintendent’s Award during the spring traffic safety campaign. We were recognized as a company with superior traffic safety practices at the 52nd central meeting for the nationwide traffic safety campaign.



Safety recorder

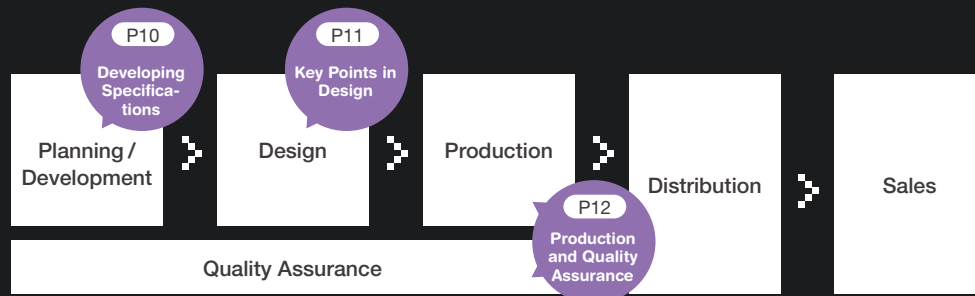
Game Machine Making Process

At NAMCO BANDAI Games, we are focused on the fun of games and are working aggressively in the areas of safety, peace of mind, and environmental consideration in *monozukuri* (manufacturing). This section introduces the initiatives that we implemented during the planning, design, and production of *CLENA2 Queen*, a prize game machine that is popular in amusement facilities.

Game Machines

Initiatives Involved in Creating Game Machines

The Process of Making Game Machines



CLENA2 Queen

At amusement facilities, the *CLENA2 Queen* prize game machine is popular with a wide range of customers. NAMCO BANDAI Games' *CLENA FLEX*, which has the No. 1 share, has become a new standard in prize game machines. The *CLENA2 Queen*, which was introduced in 2011 as the successor to the *CLENA FLEX*, offers substantial improvements in usability and energy efficiency and has earned a high level of popularity.

Planning / Development

To offer games that are enjoyed by as many customers as possible, NAMCO BANDAI Games incorporates customer feedback into the planning and development of game machines. In this section, some of the people responsible for the *CLENA2 Queen* prize game machine, which was launched in FY2012:3, discuss the process of developing the machine.

Giving Shape to the Opinions of Customers

The starting point of my work is my commitment to providing enjoyment and surprise to customers who play the machine. Moving forward, I will remain committed to the idea of providing “enjoyment for people,” and I will continue working to refine my ability to create enjoyable games.



Takashi Shiino

Content Design
Department
Content Design
Group
NAMCO BANDAI
Studios



Makiko Sakurai

Content Design
Department
Content Design
Group
NAMCO BANDAI
Studios



Shigeharu Goto

Mechatronics
Content Design
Group
NAMCO BANDAI
Studios



Masataka Ishii

Mechatronics
Content Design
Group
NAMCO BANDAI
Studios



Kenichi Hirano

P&S Department
Development
Group 1
NAMCO BANDAI
Studios

Renewing the Concept of Prize Game Machines with “Free Prize Chute”

The *CLENA FLEX*, which was launched in 2004, took the No. 1 market share in just two years after its launch. The driving force behind that growth was our thorough, ongoing attention to customer feedback. We went to amusement facilities and repeatedly collected on-site feedback. One example of how we gave shape to that feedback is the chute through which prizes fall. In previous machines, the chute was fixed in one corner of the floor of the machine interior, which limited the scope of the game play and the prizes that could be used. By transcending the idea that the prize drop hatch was just a “small hole” and moving to a system of “free prize drop hatches” over the entire floor, we made it possible for customers to enjoy a wide range of entertainment.

On the other hand, because of the numerous ways the machines could be used, there were people who said, “I don’t know how to use this.” At that time, we started testing the idea of actively proposing new ways of managing amusement facilities using the machines. We distributed useful information, such as examples of successful amusement facilities, through manuals and e-mail magazines, and worked to develop techniques that could be used by facility staff in an easy and enjoyable manner so that customers will have more fun.

The More-Advanced *CLENA2 Queen*

The *CLENA2 Queen* is the successor to the already popular *CLENA FLEX*. To increase the level of enjoyment for customers even further, we went through a process of trial and error for the *CLENA2 Queen*’s specifications.

At all stages of the development process, we focused on feedback from the “front lines.” Through interviews, we received specific suggestions from facility staff, who are in constant contact with customers. These suggestions included “making the prizes easier to see” and “reducing power consumption even further.” We visited several hundred facilities around the country, directly confirming the situation on-site. This work was divided among the team members.

The *CLENA2 QUEEN* that resulted from this process is an entirely new game machine that offers enhanced simplicity and convenience as well as a power-saving design.

* NAMCO BANDAI Studios is a Group company with responsibility for the development of NAMCO BANDAI Games’ products and services.

Design

These are popular machines, and the energy-saving function is making a major contribution to economical operations and environmental countermeasures. On the other hand, even as we make progress in these areas it is essential to ensure that the fun for users is not adversely affected. We incorporated a variety of ideas into the machine. It has a spacious display and an easy-to-see interior. In addition, the cabinet is energy-efficient yet has the same level of brightness as the *CLENA FLEX*.

Simpler, More-Convenient, and Energy-Efficient

Power Consumption

550W → 290W

We made aggressive use of high-output fluorescent light bulbs and LED lighting to maintain the same illumination as the previous version, which had 10 24-watt fluorescent light bulbs and 2 40-watt halogen lamps. As a result, we were able to reduce power consumption by about 47%.

Reducing Power Consumption in the *CLENA2 Queen*

	Conventional machine (<i>CLENA FLEX</i>)		<i>CLENA2 Queen</i>	
Top / sign section	1 fluorescent light bulb (40W)	40W	4 high-output fluorescent light bulbs (32W)	128W
	10 slim fluorescent light bulbs (24W)	240W		
Floor section	2 slim fluorescent light bulbs (24W)	48W	2 LED bars (7.63W)	15W
Spot section	2 halogen bulbs (40W)	80W		
Other electric power		142W		147W
Total		550W		290W

Reduction of about **47%**

Arm / Front Glass

Design that Makes it Easy to See Prizes Inside

We made the prizes inside easier to see by moving the prize arm to a higher spot, narrowing the pillars, and expanding the front glass.

Free Shelf

Making It Possible to Display a Variety of Types of Prizes

The free product display shelf in the cabinet facilitates the placement, securing, and suspension of prizes, making it possible to arrange prizes in accordance with sizes and shapes in a way that is easy for customers to see.



Free Prize Drop Hatch

Presenting a More-Diverse Range of Entertainment Options

We made it possible to flexibly transcend the previous free prize chute specifications. A variety of entertainment variations have been made possible by putting the prize pedestal on an incline.

Production/ Quality Assurance

Focusing on Safety and Peace of Mind as a Matter of Course

No matter how much fun a game is, it is essential that it can be played safely and with peace of mind.

In accordance with a variety of standards, NAMCO BANDAI Games is working in *monozukuri* (manufacturing) to prevent the risk of problems or injuries associated with its products and to reduce the environmental burden of its products.

Hiroaki Oosaki

AM Division
Production Division
AM Business
Headquarters
NAMCO BANDAI
Games Inc.



Hideyuki Taira

Quality Assurance
Department
Business Promotion
Group
NAMCO BANDAI
Games Inc.



Takahiro Teranishi

AM Division
Production Division
AM Business
Headquarters
NAMCO BANDAI
Games Inc.



We use thousands of parts in the *CLENA2 Queen* and other amusement products. All of those parts must be in compliance with a range of laws and regulations. In the future, we will continue working together with our suppliers to implement safe *monozukuri* (manufacturing).



Production

Sustaining High Levels of Both Quality and Quantity

The *CLENA2 Queen* was created by adding a number of new features to the previous model, and as a result its structure has become more complicated. In addition, our mass production system comprises overseas manufacturing bases. As a result, we send our staff on overseas assignments that last for several months. They provide detailed guidance and supervision in accordance with a variety of criteria, such as manufacturing guidance standards and production manuals. In this way, the overseas bases can follow quality standards in all processes, from raw material procurement and fabrication to manufacturing.

Safety

Working to Thoroughly Eliminate Risk

We also pay attention to the shape of machines so that children can play with peace of mind. For example, if the coin slot is pointed, it is possible that a customer's hand could get caught and they could be injured. Or, if someone forces their arm into the prize receipt chute, it could get stuck. Accordingly, at the design and testing phases, we confirm that there are no exterior parts that would be dangerous if they were touched, especially by a child. We have prepared a checklist for these initiatives, and are doing our utmost to prevent accidents.

Environment

From Green Procurement Criteria to Environmentally Friendly Design Guidelines

With laws and regulations regarding chemical substances being strengthened in countries around the world, in 2005 NAMCO BANDAI Games formulated the amusement industry's first green procurement criteria. Since that time, we have worked continually to manage the chemical substances in electrical and electronic products. In January 2012, we formulated the more-comprehensive Environmentally Friendly Design Guidelines. Criteria have been formulated in four areas: chemical substance management, energy-efficiency, resource-efficiency, and reusable design. Based on these criteria, an overall evaluation is made, and products that clear certain criteria are certified as "Eco Amusement Products."

Moving forward, NAMCO BANDAI Games will continue to implement *monozukuri* (manufacturing) that reflects consideration for safety, quality, and the environment.

Amusement
Facility
Making
Process

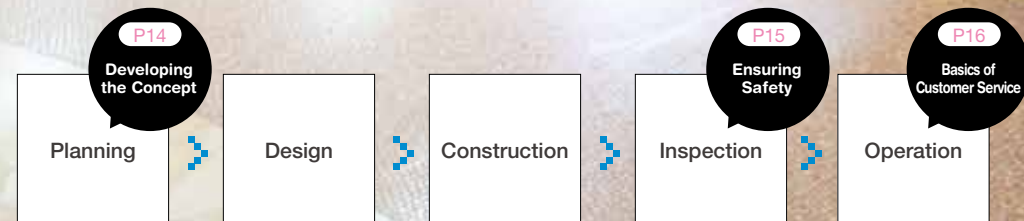
Amusement Facilities

Initiatives Involved in Creating Amusement Facilities

NAMCO has a range of amusement facilities located throughout Japan. With a mission of “making customers happy by providing opportunities for play,” we strive to create amusement facilities that are fun for customers and encourage them to return.

This section introduces the range of initiatives that we implement in creating a new amusement facility, from the start of planning to the point when it opens its doors for customers.

The Process of Creating Amusement Facilities



Kazumasa Yoshida
Character Merchandising Team
Marketing Department
NAMCO LIMITED

We produce entertainment that enables customers to “create memories every day.”

A Nearby Place to Create Memories

The concept is very important when we plan a new facility, and the concept for this area is “a nearby place to create memories that is easy to casually visit on a daily basis.” The *PRETTY CURE! Narikiri Studio* is moved from place to place, and is available in each place for only a limited period of time. However, even after it moves to another location, some customers return to the amusement facility. We are very pleased that amusement facility is used as a daily entertainment venue.

I have fond memories of enjoying the rides at the amusement facilities that were on department store roofs when I was a young child. NAMCO actually got its start as an amusement facility on the roof of a department store. NAMCO has changed the focus of its activities and I am currently engaged in the creation of facilities for a different type of location—large-scale commercial complexes. In the future, I hope that I can continue to participate in the creation of facilities that encourage people to look back at the memories of enjoyable times spent with families.

Customers can “become” their favorite character and have a photo taken.

Planning

NAMCO is developing character-based entertainment areas that recreate the worlds of characters. These entertainment areas, which are moved to a variety of locations, are available in each location for a limited period of time. Kazumasa Yoshida, who was responsible for the planning of the *PRETTY CURE! Narikiri Studio*, discussed his thoughts about the creation of amusement facilities.

Helping Customers to “Become” Animation Characters

In planning character-based entertainment areas, we first conduct a variety of research to ensure that we understand the needs of our customers. Then, based on the results of that research, we establish a functional framework that enables children to have fun, while making full use of the appeal of the characters. With *PRETTY CURE! Narikiri Studio*, we have recreated the story of the TV program and created an environment that enables customers to “become” the animation characters.

Theme music is played at the entrance, and customers experience an increasingly festive mood as they enter the entertainment area. The character costumes are put on in a castle, which is very popular among girls. After they transform into the characters, they can play with a variety of toys, and can follow along with a video so that they can dance with the characters in the animation. From the time they enter the entertainment area until they go home, the animation story is recreated in a simple manner, and they are able to “become” the characters, making it possible for them to experience at a nearby location the characters’ world that are usually not available to them.

Character costumes arranged in a row.
Children can enjoy playing in a costume and pretending to be a princess.



Inspection

In actually giving shape to the planned facilities, a variety of checks are performed in anticipation of visits from a wide range of customers. This section explains the quality assurance initiatives that are implemented prior to the opening of a facility.

Safety and Peace of Mind Initiatives

The customer support team conducts quality assurance activities for all of NAMCO's facilities. "Safety" is the foundation of a "place of entertainment" that can be enjoyed by anyone. In other words, our job is to eliminate, to the greatest extent possible, the risks involved in children playing in an amusement facility.

In character-based entertainment areas, a wide range of toys are used in each installation, and there has been an increase in the number of items for which safety needs to be confirmed. In this environment, we have a two-phase system of checks that incorporates both in-house testing and safety checks implemented by external institutions. However, the most important thing is for the people responsible to visit the facility in person and to conduct checks based on the line of sight of a child. With *PRETTY CURE! Narikiri Studio*, we took into consideration the range of heights among children in the target age group and conducted line-of-sight checks on that basis.

Before the Facility is Completed

Confirming plans and blueprints and verifying safety

We notify the planning department about any possible safety-related issues that can be foreseen at the planning stage.

While the Facility is Under Construction

On-site verification of the safety of equipment and the interior of facilities

We make comments from a variety of viewpoints at the facility site. For example, we check to see if there is anything dangerous in the facility traffic flow pattern.

After the Facility is Completed

Checks and support after the facility is completed

We confirm that previously identified problems have been improved and that no new problems have emerged.

Spaces where children move around as they play, including the floors, are protected with soft materials.



We also think about traffic patterns and confirm that passageways are wide enough.

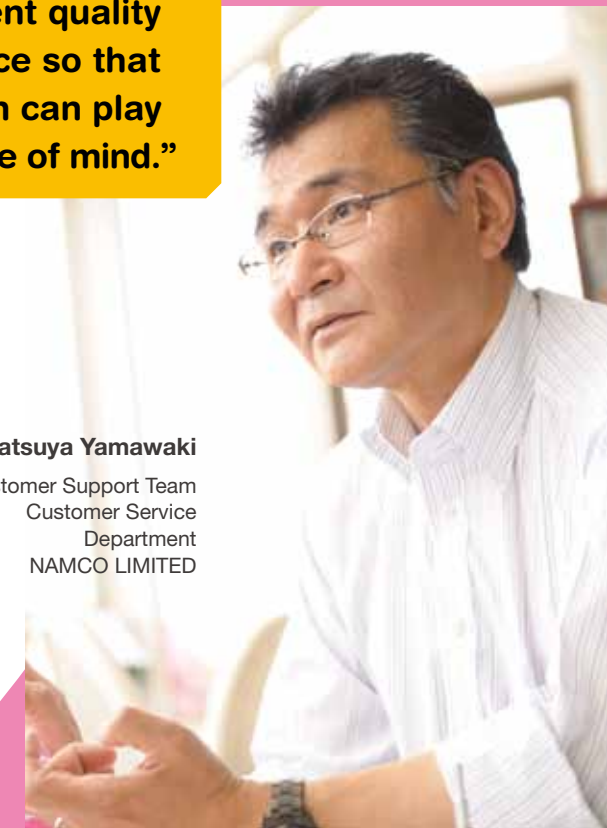
Our job is to implement quality assurance so that "children can play with peace of mind."

Relax and Have Fun

As a person who works behind the scenes in facility operations, I really enjoy seeing the smiles of children in the facility. For these children, a visit to the amusement facility is a major event. That's why I would like children to wholeheartedly enjoy playing at the amusement facilities and to create memories. To that end, I will do my utmost to create safe amusement facilities that can be enjoyed with peace of mind.

Katsuya Yamawaki

Customer Support Team
Customer Service
Department
NAMCO LIMITED



Operation

After an amusement facility is completed, the staff is an important element in customer enjoyment. This section introduces the efforts of the staff development team, which is responsible for the development of these important staff members.

A Thorough Approach to Smiles, Greetings, and Eye Contact

When a customer comes to the amusement facility, the first thing that we do is offer a greeting message with a smile. Showing the spirit of hospitality and creating an atmosphere in which it is always easy to talk is NAMCO's basic approach to customer service. That approach has three key elements: Smiles, Greetings, and Eye Contact. Our goal for these elements is 100% for all employees at all times.

When a new amusement facility is completed, on-site training is implemented prior to the opening. The fundamentals of hospitality do not change even in an amusement facility that has a new concept. In accordance with NAMCO's mission of "making customers happy by providing opportunities for play," a rigorous approach to the fundamentals is a major precondition for ensuring that our approach to hospitality permeates all of our facilities. To that end, training starts with fostering an understanding of NAMCO's mission, and we then provide guidance in such areas as voice training and greeting styles so that staff members can naturally offer "smiles, greetings, and eye contact."

"Striving to Obtain 300% Customer Satisfaction"

NAMCO's Mid-term Plan calls for "striving to obtain 300% customer satisfaction," and we will aim to achieve customer satisfaction of more than 100% for all customers. To that end, in accordance with the fundamentals of "smiles, greetings, and eye contact," it is essential that we provide services that "inspire" customers at levels that exceed their "satisfaction." When we use the term "inspire," we refer to hospitality that reflects extra thoughtfulness. It is the staff who create amusement facilities that customers want to come back to, and they also create the opportunities and environments conducive to repeat customers. I work in staff development, and I think that my role is very important. I look forward to continuing to work in this field in the years ahead.

We aim to achieve 100% satisfaction from all customers.



Feedback from Amusement Facilities

Suguru Ueda

Store Leader
NAMCOLAND KID'S
LaLaport Yokohama
NAMCO LIMITED

Priority on Daily Communications

At this amusement facility, we place a high priority on communication with customers, even if it's just waving at children on a ride. At the *PRETTY CURE!* entertainment area, we work to bring smiles to the faces of families. Even as we enjoy our own work, we will continue striving to offer hospitality that helps to facilitate fun so that we can hear customers say "Thank you" and "See you again!"

Kuniyuki Kawakami

Staff Development Team
Customer Service Department
NAMCO LIMITED

Smile 100

NAMCO is implementing "Smile 100," a customer-service contest where the customers pick the winning staff members. The ceremony for this award enables staff members with superior customer service skills to serve as models for others and to have a favorable influence on their environment.



BANDAI NAMCO Group's Important CSR Themes

Identification of Important CSR Themes

To identify the four Important CSR Themes, we made a list of 68 CSR activity themes based on interviews with experts and a range of external research reports. From those, the four important themes were selected in accordance with such factors as GRI guidelines and other standards and the Mid-term Plans of Group companies.

Safety and Cleanliness of Products and Services

The Group is giving priority to its efforts to further enhance the safety and cleanliness of its products and services, which is the foundation of the provision of "Dreams, Fun and Inspiration."

▶ Please see pages 6, 8, 12, 15, 16, 18

Environmental Consideration

To ensure ongoing "Dreams, Fun and Inspiration" for the next generation, the Group will work to show consideration for the environment, to reduce energy consumption in its operating activities, and to reduce the use of resources in its products and services.

▶ Please see pages 8, 11, 19, 21

Policies Regarding Influence on Society of the Group's Content and Products

To provide "Dreams, Fun and Inspiration" to people around the world, we value freedom of expression, and are working to appropriately provide customers with a wide range of content and products.

▶ Please see page 20

Supply Chain Management

To achieve qualitative improvements in the "Dreams, Fun and Inspiration" that we provide, the Group will work to enhance supply chain management in each of its business areas.

▶ Please see pages 7, 12, 20

Overview of Major Initiative Themes for each SBU and Affiliated Business Company * When there is no operational area corresponding to an important CSR theme, the row is blank.

To implement more-detailed activities for the Important CSR Themes, each SBU and affiliated business company formulated "Major Initiative Themes." The following themes were announced for FY 2012.3.

▶ For further information about specific results reports, please refer to pages 23 and 24.

Important CSR Themes	Toys and Hobby SBU	Content SBU	Amusement Facility SBU	Affiliated Business Company*
Safety and Cleanliness of Products and Services	Focusing on safety and peace of mind	Focusing on safety and peace of mind	Initiatives to foster sound sales areas and to promote social learning for youth	[BLP/LPX] Safe driving [Artpresto] Strengthened system for handling personal information, chemical substance management
Environmental Consideration	Act Now for Future Smiles	Environmental consideration and energy saving	Determination of environmental burden data / implementation of specific energy reduction methods	[BLP/LPX] Eco-driving [Artpresto] Reduced energy consumption at work sites
Policies Regarding Influence on Society of the Group's Content and Products	Control of ethical expression in content / products	Formulation of appropriate language expression for content	—	—
Supply Chain Management	Monitoring of labor standards auditing related to production at Bandai (C.O.C. audits)	Relationship with suppliers	—	[BLP/LPX] Optimizing the supply chain on a Groupwide basis [Artpresto] Labor Standard Audits (C.O.C. audits)

* BLP: BANDAI LOGIPAL INC.; LPX: LOGIPAL EXPRESS INC.

Important CSR Themes: Safety and Cleanliness of Products and Services

1 Product Safety Forum



Once a year, Bandai holds the Product Safety Forum for employees in the Toys and Hobby SBU to support the provision of safe products that can be used with peace of mind by customers. At the forum, a wide variety of information, such as examples of past accidents and customer feedback, is provided and shared so that safer *monozukuri* (manufacturing) can be implemented.

Providing employees with information about safe *monozukuri* (manufacturing)

2 Holding Lectures on Green Procurement



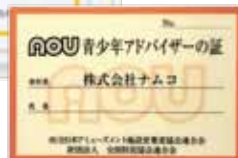
In order to facilitate safe, secure *monozukuri* (manufacturing), NAMCO BANDAI Games implements a variety of initiatives related to the management of chemical substances in products. NAMCO BANDAI Games was also the first company in the amusement industry to implement green procurement, and Group employees give lectures about green procurement at universities and other venues.

Group employee giving lecture about green procurement at a university

3 Acquiring AOU* Youth Advisor Certifications



With the objective of contributing to the sound development of youth, NAMCO is promoting the acquisition of AOU Youth Advisor certifications. In FY 2012.3, 60 people acquired the certification. NAMCO currently has 346 AOU Youth Advisors, who implement activities in conjunction with school-related organizations and PTA groups in local communities.



AOU Youth Advisor Certification

* AOU: All Nippon Amusement Machine Operators Union

4 Receipt of Police Superintendent's Award



In recognition of its continued efforts in the area of traffic safety, LOGIPAL EXPRESS received the Police Superintendent's Award during the spring traffic safety campaign in 2011. Moving forward, LOGIPAL EXPRESS will continue working on traffic safety.

Award received by LOGIPAL EXPRESS

Important CSR Themes: Environmental Consideration

1 Issuing Portfolio of Environmental Activities

In FY 2009.3, we began to issue and distribute to employees “Act Now for Future Smiles,” which is a portfolio with a theme of environmental activities. We are aiming for the portfolio to become a tool that will introduce a range of environmental initiatives throughout the Company, thereby planting seeds of environmental awareness in individual employees and fostering action.



The portfolio can be seen at this link:
<http://www.bandai.co.jp/corporate/environment.html>

2 Posting Environmental Information in Restrooms

NAMCO BANDAI Games and Banpresto are working to promote CSR awareness by posting environmental and other CSR information in employee restrooms. In addition to information about each company's activities, these postings also include such information as examples of the activities of SBUs and outside companies and information about events.



Example of environment-related news posted in an employee restroom

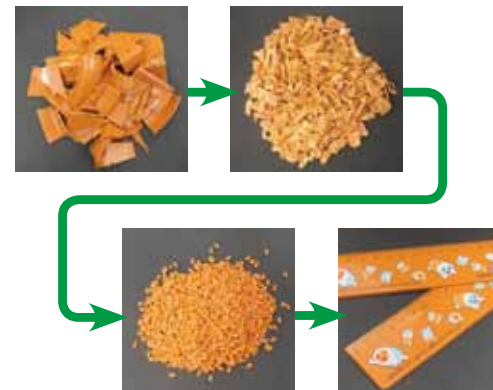
3 Taking Steps in Facility Management to Prevent Global Warming (CO₂ Reductions)



In amusement facilities, we have switched to LED lamps in crane games (4,484 units), for a reduction of about 1,343 t-CO₂. In 2012, we switched the large medal games (1,593 units) in 184 amusement centers across the country from 6,787 halogen lamps to LED lamps, saving 475 t-CO₂. In the future, we will continue to implement environmental measures that are directly linked to business activities.

Reducing electricity consumption by switching from 40W-to-57W halogen lamps (top) to 4.5W-to-5W LED lamps (bottom)

4 Product Recycling



NAMCO BANDAI Games has begun the recovery and sorting of plastic parts that have been discarded. The plastics are recycled into pellets which are then reused (FY 2012.3: 1,125 kg). The recycled plastics are reborn as new products. Moving forward, we will continue striving to make the best use of limited resources.

Ruler made from plastic that had been discarded

Important CSR Themes: Policies Regarding Influence on Society of the Group's Content and Products

1 Ethical Research



Bandai rigorously checks the ethical expression of its products, and to enhance the awareness of employees involved in product development, and Bandai conducts ethical training for Group companies in Japan and overseas. Moving forward, Bandai will gather information, such as various regulations and market conditions, and will work to create products that customers can enjoy with peace of mind.

Implementation of training for Group companies in Japan and overseas

2 Safe and Secure Game Software Content

NAMCO BANDAI Games is selling products in markets around the world, and accordingly NAMCO BANDAI Games has joined related ethics screening committees in each country. Products are screened before they are sold. In addition, for each project, we work continually to create products that follow regulations without losing their entertainment appeal. In this way, we aim to create products that can be enjoyed by anyone with peace of mind.

Rating Organizations in each Country

Japan
CERO (Computer Entertainment Rating Organization)

United States
ESRB (Entertainment Software Rating Board)

Europe
PEGI (Pan European Game Information)

Germany
USK (Unterhaltungssoftware Selbstkontrolle)

South Korea
GRB (Game Rating Board)

Australia
ACB (Australian Classification Board)

Important CSR Themes: Supply Chain Management

1 New Plant Audits / Continuing Transaction Audits

Bandai has established a system for the registration of plants operated by contract manufacturers.

The registration of a new plant entails the confirmation of documents as well as a new plant inspection by auditors from BANDAI (SHENZHEN) CO., LTD., which has been mandatory since April 2008.

Under this framework, the audits cover a total of 19 items, and a plant is not registered until rectification measures for any unsatisfactory items have been completed and verified. In FY 2012.3, these audits were conducted 117 times in Japan and overseas. In addition, to ensure the maintenance of quality at continuing plants as well, we are implementing audits of continuing plants in the same way as new plants. In FY 2012.3, we completed these "continuing plant audits" at 65 companies.

New Plant Audit Items (Selected Items)

- Are workers on fabrication and product packaging lines wearing hats in accordance with instructions?
- Are they using paints that are certified for chemical safety, such as heavy metals?
- For parts that are produced externally and parts that are purchased, are inspections conducted upon receipt to verify that there are no problems?

2 Supplier Auditors and Effective Information Sharing



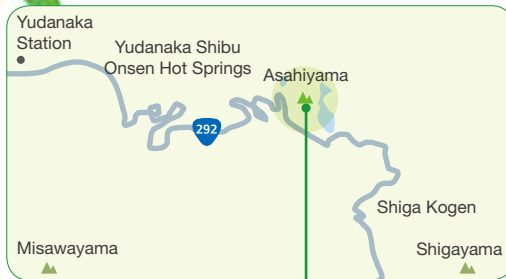
Establishment of dedicated websites for suppliers



NAMCO BANDAI Games has established dedicated websites to share information with suppliers, such as information about the control of chemical substances and the publication of various guidelines. In addition, NAMCO BANDAI Games also conducts audits (green audits) of suppliers in Japan and overseas. Moving forward, we will closely track market trends, such as legal revisions. In addition, we plan to take steps to strengthen and expand the chemical substance management system, including enhanced measures for overseas suppliers.

Green audit

BANDAI NAMCO Forest Activity Report



The BANDAI NAMCO Forest is located in a section of Asahiya in Shiga Kogen, Nagano Prefecture.

What is BANDAI NAMCO Forest?

The BANDAI NAMCO Group is participating in Nagano Prefecture's Forest Caretaking Promotion Project. The Group has signed a "forest caretaking agreement" with a forest support foundation, the Shimotakai-gun Yamanouchi-machi Wago-kai. Accordingly, the BANDAI NAMCO Group is providing support for certain forest management activities. In this way, the BANDAI NAMCO Forest will help to foster a deeper awareness of CSR among employees.



The children who live in the area near the BANDAI NAMCO Forest, together with Jackie, the main character of The Bears' School, danced and used Jackie's origami to create an original picture book.



It is possible to trek up the mountain road while enjoying nature as well as a quiz about the BANDAI NAMCO Group.

Taking national route 292 from Nagano City in the direction of Shiga Kogen, the BANDAI NAMCO Forest can be seen on the left. This is the entrance to the Asahiya mountain road.

Asahiya Trekking Course
Total length: 2 kilometers; Required time: 1 hour, 10 minutes
Elevation: 140 meters



At the forest, Group employees engaged in forest maintenance activities, such as thinning; experienced the abundance of nature; and deepened their understanding of environmental conservation.



BANDAI NAMCO CSR Activity Report 2012

FACTS & FIGURES

FY 2012.3, Progress Report for Major Initiative Themes for each SBU

Toys and Hobby SBU

Important CSR Themes	Toys and Hobby	FY 2012.3 Activity Report
Safety and Cleanliness of Products and Services	Focusing on safety and peace of mind	<ul style="list-style-type: none"> ■ Made self-declaration of compliance with ISO10002 ■ Holding monthly advisory council meetings to implement timely revision of Bandai quality standards ■ Starting formulation of quality standards for buy-sell products ■ Holding monthly study meetings with cooperating manufacturers ■ Holding study and training sessions for crisis management response drills and implementing real-time drills ■ Holding monthly meetings to exchange Group information throughout the Toys and Hobby SBU, working to enhance SBU-wide initiatives through information-sharing
Environmental Consideration	Act Now for Future Smiles	<ul style="list-style-type: none"> ■ Reducing the empty space in packaging ■ Continuing initiatives to reduce empty space in packaging ■ Implementing CO₂ reduction activities ■ Improving facility operation by formulating management standards and implementing enhancement activities ■ Managing electricity consumption through the installation of demand-monitoring equipment ■ Collecting capsules for recycling ■ Approximately 4.8 tons (same as previous year) ■ Recycling of materials from returned candy toys
Policies Regarding Influence on Society of the Group's Content and Products	Control of ethical expression in content / products	<ul style="list-style-type: none"> ■ Continuing independent control of ethical expression in character content and products ■ Conducting product design reviews, monitoring ethical expression, and providing notifications
Supply Chain Management	Monitoring of labor standards auditing related to production at Bandai (C.O.C. audits)	<ul style="list-style-type: none"> ■ Implementing labor standards audits at all final packaging plants overseas ■ Assuming responsibility for execution of labor standards audits at the principal plants of the BANDAI NAMCO Group

Content SBU

Important CSR Themes	Content	FY 2012.3 Activity Report
Safety and Cleanliness of Products and Services	Focusing on safety and peace of mind	<ul style="list-style-type: none"> ■ Advancing and expanding green procurement at NAMCO BANDAI Games ■ Revising green procurement criteria ■ Renewing dedicated websites for suppliers / implementing explanation meetings ■ Deepening and expanding <i>monozukuri</i> (manufacturing) standards, and extending those standards to SBUs
Environmental Consideration	Environmental consideration and energy saving	<ul style="list-style-type: none"> ■ Formulating and implementing environmental standards, safety standards, and quality standards ■ Holding explanation meetings for suppliers and in-house seminars ■ Advancing PDCA cycle for CO₂ reduction activities ■ Creating framework to determine data for SBU companies ■ Planning and implementing enjoyable eco-communication initiatives
Policies Regarding Influence on Society of the Group's Content and Products	Formulation of appropriate language expression for content	<ul style="list-style-type: none"> ■ Determining the status of "methods of checking linguistic expression" for each of the NAMCO BANDAI Games businesses ■ Determining the status of "methods of checking linguistic expression" during localization procedures for the above businesses ■ Continuing ethical training for new employees and implementing the same training for creative staff
Supply Chain Management	Relationship with suppliers	<ul style="list-style-type: none"> ■ Increasing the percentage of companies in Japan subject to green audits (to more than 50%) ■ Implementing green screening at manufacturing plants in China ■ Considering the outsourcing of screening operations and implementing trials ■ Collecting information about C.O.C. audits

Amusement Facility SBU

Important CSR Themes	Amusement Facility	FY 2012.3 Activity Report
Safety and Cleanliness of Products and Services	Initiatives to foster sound sales areas and to promote social learning for youth	<ul style="list-style-type: none"> ■ Progress in acquisition of AOU Youth Advisor certifications Number of people who acquired certification: 60 Cumulative total number of people who have acquired certification: 346 Number of centers with certified staff: 179 (87.3% of centers) ■ Implementing "Smile 100," a customer-service contest where the customers pick the winners Using customer votes to select the top 100 staff members on the basis of making large number of customers smile ■ Formulating and revising study programs involving company visits and workplace experience Accepting junior high school students for company visits, including students visiting the area on school excursions as well as those from local schools • NAMCO head office visits: 7 schools, 31 students • Hanayashiki: 21 schools, 118 students
Environmental Consideration	Determination of environmental burden data / implementation of specific energy reduction methods	<ul style="list-style-type: none"> ■ Accurate collection of environmental burden data within the SBU Increasing the environment-related data determination rate through negotiations with suppliers >Achieving more than 90% ■ Implementing large-scale electricity consumption reduction measures, centered on the regions supplied by Tokyo Electric Power and Tohoku Electric Power, as part of the summer electricity-saving campaign ■ Encouraging people to take the Eco Test (Certification Test for Environmental Specialists) 12 people passed, and the cumulative total number of people with certification reached 202 ■ Implementing response to Law Regarding the Rationalization of Energy Use, Environmental Regulations, etc. • Ministry of Economy, Trade and Industry's: Law Regarding the Rationalization of Energy Use • Local governments: Global warming counter-measure regulations

Affiliated Business Companies

Important CSR Themes	Affiliated Business	FY 2012.3 Activity Report
Safety and Cleanliness of Products and Services	[BANDAI LOGIPAL INC., LOGIPAL EXPRESS INC.] Safe driving [Artpresto Co., Ltd.] Strengthened system for handling personal information, chemical substance management	<p>[BANDAI LOGIPAL INC., LOGIPAL EXPRESS INC.]</p> <ul style="list-style-type: none"> ■ Implementing driver training ■ Providing safety guidance during roll call ■ No. of vehicular accidents: 6 <p>[Artpresto Co., Ltd.]</p> <ul style="list-style-type: none"> ■ Strengthening system for controlling access to company facilities ■ Installing wire locks for notebook computers ■ Implementing procedures to renew P Mark
Environmental Consideration	[BANDAI LOGIPAL INC., LOGIPAL EXPRESS INC.] Eco-driving [Artpresto Co., Ltd.] Reduced energy consumption at work sites	<p>[BANDAI LOGIPAL INC., LOGIPAL EXPRESS INC.]</p> <ul style="list-style-type: none"> ■ Participating in eco-driving competition ■ Reducing electricity usage through Environmental Committee activities <p>[Artpresto Co., Ltd.]</p> <ul style="list-style-type: none"> ■ Converting to power-saving office equipment ■ Promoting the Cool Biz and Warm Biz energy-saving campaigns
Supply Chain Management	[BANDAI LOGIPAL INC., LOGIPAL EXPRESS INC.] Optimizing the supply chain on a Groupwide basis [Artpresto Co., Ltd.] Monitoring of labor standards auditing (C.O.C. audits)	<p>[BANDAI LOGIPAL INC., LOGIPAL EXPRESS INC.]</p> <ul style="list-style-type: none"> ■ Promoting international combined transport ■ Using multiple ports ■ Utilizing warehouses in China (local) <p>[Artpresto Co., Ltd.]</p> <ul style="list-style-type: none"> ■ Providing overviews and explanations of C.O.C. audits ■ Promoting awareness of and thorough attention to C.O.C. audits among suppliers

Human Resources-Related Information

Figures for the core company in each SBU (Bandai / NAMCO BANDAI Games / NAMCO)

Number of employees by type of employment

(People)

		FY 2008.3	FY 2009.3	FY 2010.3	FY 2011.3	FY 2012.3
Full-time employees	Male	2,761	2,829	2,999	2,892	2,866
	Female	663	695	761	741	751
Junior employees	Male	1,516	1,364	1,331	1,208	1,156
	Female	1,097	986	857	770	754
Contract employees	Male	232	168	137	40	50
	Female	59	53	52	39	46
Temporary employees	Male	1,061	837	663	569	544
	Female	1,005	798	664	619	703
Total	Male	5,570	5,198	5,130	4,709	4,616
	Female	2,824	2,532	2,334	2,169	2,254
	Total	8,394	7,730	7,464	6,878	6,870

Number of female managers

	FY 2008.3	FY 2009.3	FY 2010.3	FY 2011.3	FY 2012.3
Female managers (people)	55	50	71	74	88
Ratio to total employees	0.7%	0.6%	1.0%	1.1%	1.3%

Number of employees hired after graduation

	FY 2008.3	FY 2009.3	FY 2010.3	FY 2011.3	FY 2012.3
Number of employees hired after graduation (people)	90	105	105	88	72
Number of female employees included (people)	33	38	38	30	30
Percentage of female employee included	36.7%	36.2%	36.2%	34.1%	41.7%

Employment rate for people with disabilities (Group total)

	FY 2008.3	FY 2009.3	FY 2010.3	FY 2011.3	FY 2012.3
Employment rate for people with disabilities	1.82%	1.74%	1.79%	1.88%	1.81%

Averages

	FY 2008.3	FY 2009.3	FY 2010.3	FY 2011.3	FY 2012.3
Average years of continuous service (years)	7.1	7.5	8.3	8.2	8.9
Average age (years)	36.8	37.2	38.0	38.0	38.6

Number of employees that took leave for childcare or nursing

(People)

	FY 2008.3	FY 2009.3	FY 2010.3	FY 2011.3	FY 2012.3
Number of employees that took leave for childcare	62	81	105	94	101
Number of male employees included	1	5	1	4	2
Number of employees that took leave to home nurse	4	3	2	1	0
Number of male employees included	1	1	0	0	0

Annual paid leave utilization rate

	FY 2008.3	FY 2009.3	FY 2010.3	FY 2011.3	FY 2012.3
Annual paid leave utilization rate	43.0%	63.7%	59.5%	60.4%	60.5%

Industrial accidents

	FY 2008.3	FY 2009.3	FY 2010.3	FY 2011.3	FY 2012.3
Industrial accidents (incidents)	84	94	64	63	46

Overview of systems to promote achievement of work-life balance (especially programs that surpass legal requirements)

System	Overview
Childcare leave	Can be taken until the end of the fiscal year in which the child turns 18 months old or until the day the child turns two years old.
Childcare support	Available until the child completes third grade. In addition to shorter working hours, includes exemption from overtime and late night work.
Childbirth congratulatory money from the Group (from October 2011: childbirth / child-rearing support money from the Group)	When childcare leave of one week or longer is taken, payment of ¥2 million for each child, starting with the third child.
Childbirth leave for male employees	Male employees can take up to five days of paid leave when their wives give birth.
Flex time system	Normal working hours are determined not on a daily basis but on a monthly basis.
Child-rearing flex time system	For employees who are raising children who have not yet started junior high school, normal working hours are determined not on a daily basis but on a monthly basis.
Family support leave	Up to two days per year. (Children's school entrance ceremonies, kindergarten graduation ceremonies, birthdays of first-degree relatives and spouses, employee's wedding anniversaries, etc.)

* The specific details of these systems vary for each company.

Environment-Related Information

CO₂ emissions volume and reduction ratio by SBU

(t-CO₂)

	Emissions volume				Reduction % change in FY 2012.3 compared with	
	FY 2009.3	FY 2010.3	FY 2011.3	FY 2012.3	FY 2011.3	FY 2009.3
Toys and Hobby SBU	10,723	10,449	10,156	9,212	-9%	-14%
Content SBU	9,420	8,457	7,911	7,098	-10%	-25%
Amusement Facility SBU	88,947	80,137	68,944	62,893	-9%	-29%
Affiliated Business Companies	1,778	1,694	1,560	1,403	-10%	-21%
NAMCO BANDAI Holdings Inc.	165	248	227	193	-15%	17%
Total	111,033	100,985	88,798	80,799	-9%	-27%

* NAMCO BANDAI Holdings Inc. changed its location, leading to changes in results.

The Group has formulated Mid-Term Group Environmental Targets for the three-year period beginning April 2009. The plan includes the following specific objective: "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 FY 2009.3, our objective is to reduce CO₂ emissions from our worksites by 5.4% by the end of FY 2012.3." We made substantial reductions and achieved that objective.

Environmental management scope:

- ▶ All Group companies

Scope of collection of environmental performance data:

- ▶ All consolidated Group companies (excluding affiliates accounted for by the equity method)

Management standard:

- ▶ Emissions volume

Overview of environmental performance data for FY 2012.3

Measured items			Unit	FY	NAMCO BANDAI Holdings Inc.	Toys and Hobby SBU	Content SBU	Amusement Facility SBU	Affiliated Business Companies	Total
Fuel	Gasoline	From use of company vehicles	kl	2011.3	0	56	64	103	36	259
				2012.3	0	64	69	179	39	351
	Other*		kl	2011.3	0	49	11	0	3	63
				2012.3	0	56	10	0	3	69
	Kerosene*		kl	2011.3	0	0	1	5	12	18
				2012.3	0	0	0	1	12	13
	Diesel fuel	From use of company vehicles (diesel vehicles)	kl	2011.3	0	61	0	0	919	980
				2012.3	0	52	0	0	928	980
	Other*		kl	2011.3	0	43	0	0	2	45
				2012.3	0	0	0	0	1	1
	Heavy oil A*		kl	2011.3	0	4	0	0	0	4
				2012.3	0	6	0	0	0	6
Petroleum gas*	Liquefied petroleum gas (LPG)	t	2011.3	0	5	0	12	0	17	
			2012.3	0	4	0	11	7	22	
Other than from use of company vehicles*		t	2011.3	0	0	0	0	69,179	69,179	
			2012.3	0	0	0	0	70,266	70,266	
Combustible natural gas	Other combustible natural gas	m ³	2011.3	0	0	15,924	0	0	15,924	
			2012.3	0	0	15,924	0	0	15,924	
Water	Tap water used		m ³	2011.3	1,053	56,596	49,096	171,512	7,784	286,041
				2012.3	990	55,533	47,451	142,309	6,884	253,167
	Hot spring water used		m ³	2011.3	0	604	0	80,467	0	81,071
				2012.3	0	560	0	39,030	0	39,590
	Waste water		m ³	2011.3	743	57,623	36,092	252,050	7,784	354,292
				2012.3	745	56,347	37,286	181,330	6,884	282,592
Electricity*			kWh	2011.3	467,031	20,776,157	15,073,603	150,677,515	3,955,120	190,949,426
				2012.3	396,758	18,524,701	13,321,660	138,086,429	3,609,679	173,939,227
Other fuels	City gas*		m ³	2011.3	10,615	48,801	447,070	1,567,805	193	2,074,484
				2012.3	11,778	46,659	484,402	1,342,622	100	1,885,561
	Steam (industrial use)*		MJ	2011.3	0	0	0	0	0	0
				2012.3	0	0	0	0	0	0
	Steam (excluding industrial use)*		MJ	2011.3	0	0	0	1,909,561	0	1,909,561
				2012.3	0	0	0	1,685,850	0	1,685,850
	Hot water*		MJ	2011.3	0	0	294,066	14	0	294,080
				2012.3	0	0	271,154	35	0	271,189
	Cold water*		MJ	2011.3	220,409	0	2,349,959	8,288,683	0	10,859,051
				2012.3	199,629	0	1,897,968	6,453,382	0	8,550,979
Waste	Non-industrial waste		kg	2011.3	1,197	417,210	99,651	1,286,080	191,050	1,995,188
				2012.3	1,205	397,635	96,103	1,279,203	78,139	1,852,285
	Industrial waste		kg	2011.3	1,109	829,742	171,167	684,292	47,712	1,734,022
				2012.3	1,366	952,331	249,616	1,857,828	13,585	3,074,726
	Recycling volume		kg	2011.3	1,936	714,484	99,685	74,817	4,198	895,120
				2012.3	2,115	412,267	113,510	91,265	22,282	641,439
Photocopy paper			kg	2011.3	8,668	71,260	48,130	22,992	19,957	171,007
				2012.3	8,830	55,460	61,789	26,197	16,345	168,621

* In accordance with the Law Regarding the Rationalization of Energy Use, the BANDAI NAMCO Group calculates CO₂ emissions from the items marked "*" in the table above.

Corporate Governance and Compliance

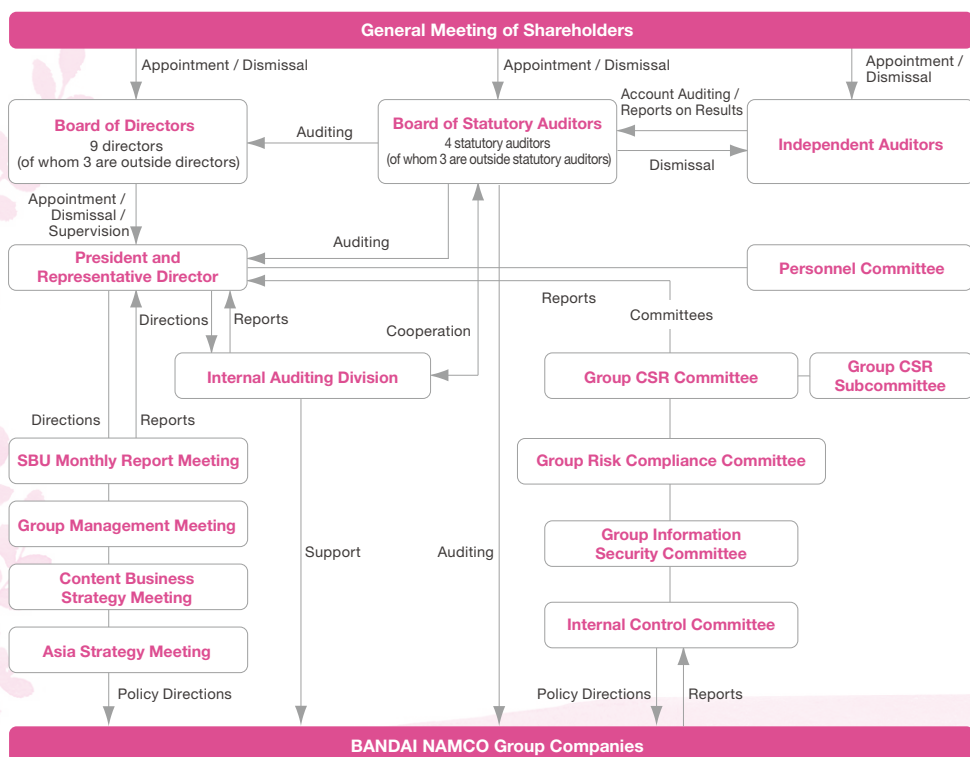
Corporate Governance

Policies / Basic Approach

Our highest priority is the provision of benefits to all of our stakeholders, who support our business activities. We believe that in continually maximizing enterprise value over the long term, bolstering corporate governance is an important management issue. The Group aims to be a corporate group that is trusted by society and that makes an ongoing contribution to society. While striving to raise management soundness, transparency, and efficiency, we will build a corporate governance system that facilitates appropriate information disclosure.

Corporate Governance System

NAMCO BANDAI Holdings has nine directors, including three outside directors, and the Company is working to bolster the management oversight function. Also, to respond rapidly to changes in the management environment and to clarify further the responsibilities of directors, the term of office of directors has been set at one year.



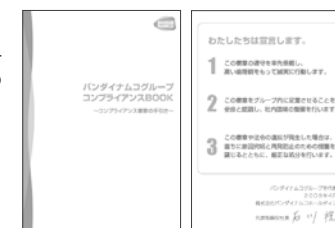
Compliance

Policies / Basic Approach

As the "Leading Innovator in Global Entertainment," the BANDAI NAMCO Group has clarified its thinking on compliance and takes steps to make its Group companies fully aware of these thoughts. 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 announced the BANDAI NAMCO Group Declaration of Compliance in line with that 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 FY 2012.3, 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 15,000 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.



Risk Management

Recognizing the importance of risk management for the continuity of sound business operations, the BANDAI NAMCO Group has formulated the Group Risk Compliance 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 Risk Compliance Committee, which is chaired by the President of NAMCO BANDAI Holdings. This committee is working to enhance our system for identifying risks, preventing 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 Risk Compliance Committee based on the Group Risk Compliance 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.

Risk Management and Information Disclosure

The BANDAI NAMCO Group's Business Continuity Plan (BCP)

In preparation for a major disaster or accident, the BANDAI NAMCO Group has formulated fundamental Group policies for BCP and is preparing the more detailed BCP based on the fundamental policy. In addition, we have also begun to implement employee education through e-learning, and are implementing measures to support the assurance of customer safety and the more-rapid restart of business activities.

The BANDAI NAMCO Group's Fundamental Policies for BCP — For the continued provision of “Dreams, Fun and Inspiration” —

The mission of the BANDAI NAMCO Group is to provide inspiration to customers by realizing individual ideas of “Dreams, Fun and Inspiration.”

In turn, those “Dreams, Fun and Inspiration” provide healing and encouragement as they spread around the world. We believe that “Dreams, Fun and Inspiration” can change the world, and even change the future.

In the event of a major disaster or accident, the BANDAI NAMCO Group will not only place the highest priority on human life but will also work to rapidly restart and maintain operations and to continue to provide “Dreams, Fun and Inspiration” to as many customers as possible.

- Giving the highest priority to confirming and maintaining the safety of Group employees and their families as well as customers
- Taking responsibility for the rapid restoration of operations and the provision of products and services
- Working together with local communities to support restoration and reconstruction

Information Disclosure

To increase management transparency, the BANDAI NAMCO Group releases management information in a variety of formats.

Results Presentations

After announcing our results, we hold results presentations for institutional investors and securities analysts. At these presentations, we also provide explanations of other matters, such as our Mid-term Plans. Moreover, on the website of NAMCO BANDAI Holdings, we provide video streaming of the presentations and downloads of the materials distributed at the presentations as well as Q&A materials.

- ▶ URL for IR and investor information:
<http://www.bandainamco.co.jp/en/ir/index.html>

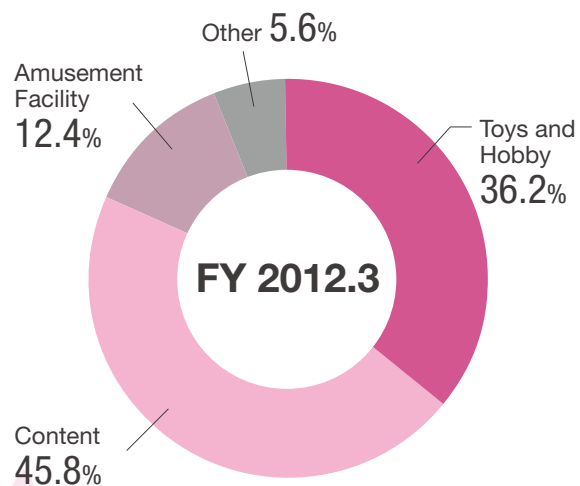
General Meeting of Shareholders

NAMCO BANDAI Holdings strives to utilize the General Meeting of Shareholders not only as a venue for resolutions but also as an opportunity for dialogue with shareholders, and accordingly we work actively to facilitate better communications. After the conclusion of the General Meeting of Shareholders, we have provided opportunities to engage in dialogue with corporate officers and provided displays of products and services.



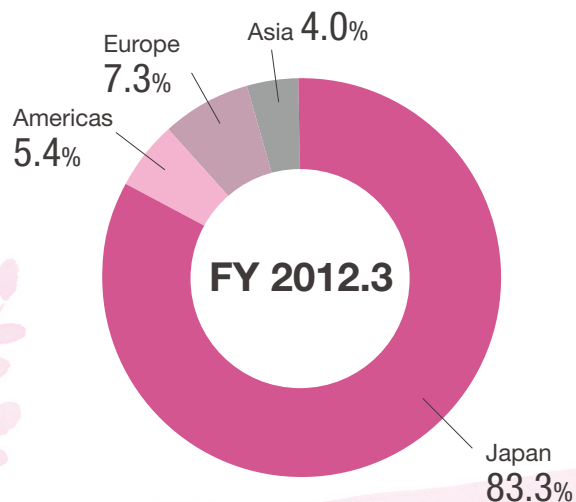
Financial Results Highlights

Composition of Sales by SBU



* Calculated using sales before elimination of intersegment transactions.

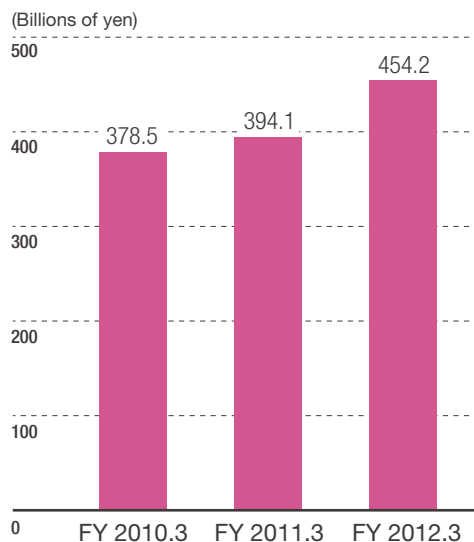
Reference: Composition of Sales by Geographic Areas



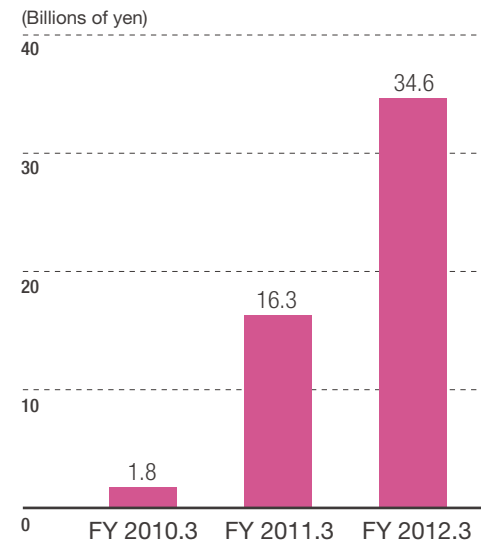
*1. Estimates based on Company data

*2. Calculated using sales to external customers

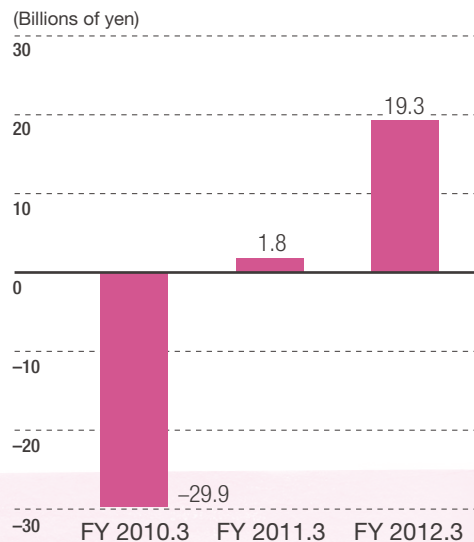
Net Sales



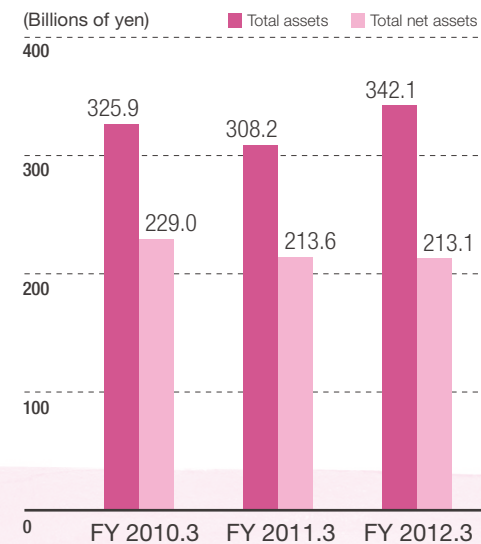
Operating Income



Net Income (Loss)



Total Assets / Total Net Assets



Corporate Information / Notice

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 management strategies for the
BANDAI NAMCO Group; provision of support
for business strategy implementation by
Group companies and management of
business activities.
- **Number of Group Employees**
7,013
- **Number of Consolidated Subsidiaries**
72 subsidiaries
7 equity-method affiliates

Notice

Since the Great East Japan Earthquake in March 2011, the BANDAI NAMCO Group has implemented a range of support activities. This section introduces some of those activities.

[Examples of Support Activities from March 2011 to March 2012]

- Donations to Japanese Red Cross Society (Total of ¥146,008,638* from March to September 2011)
- Donations to American Red Cross (Donations from U.S. bases: US\$134,400)
- Donations of toys and apparel for children in areas affected by the disaster
- Invitations to the Bandai Hobby Center (Bandai's plastic model plant) for people who evacuated to Shizuokua City
- Dispatch of the Namukyara Cheering Section (original characters from 43 prefectures nationwide) to reconstruction support events

* Includes donations from employees of Group companies / Revenues from the use of *Taiko Drum Master* game machines at NAMCO amusement facilities and collection of donations at facilities / A portion of entrance fees at Asakusa Hanayashiki / Collection of donations at the events by Lantis Co., Ltd., and NAMCO BANDAI Games Co., Ltd.

In addition, we have introduced a system offering choices of complimentary gifts for shareholders, and one of the choices is to make a donation. Through Save the Children Japan (SCJ), these donations are used for a range of activities that support children in areas affected by the disaster. For each of these donations, NAMCO BANDAI Holdings is providing a matching donation.

Also, in partnership with Save the Children Japan (SCJ), which is conducting support initiatives in areas affected by the disaster, we are offering a range of activities, such as events for children. In FY 2012.3, we sponsored Christmas-wreath-making events and plastic model classroom activities at temporary housing facilities in Rikuzentakata City in Iwate Prefecture and in Natori City in Miyagi Prefecture. Moving forward, over the medium to long term we will continue to implement activities to support reconstruction in order to help the children who will support the future.



CSR Report 2012 Web Version

Provides details of specific social and environmental issues in addition to the information reported in this booklet.

Web Version (Japanese) Detailed activity report

<http://www.bandainamco.co.jp/social/index.html>

Pamphlet Version

The special feature focuses on key examples of activities



The popular bears' school series of picture books from Charaken tells the story of the daily lives of Jackie, a young girl bear cub, and her 11 brothers. The idea of "valuing a casual day of fun" is in accord with our CSR activities, and with Jackie as the central character, we are broadly leveraging our CSR concept of "Fun for the future!"



Guidelines referred to:
GRI (Global Reporting Initiative)





NAMCO BANDAI Holdings Inc.

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

URL: www.bandainamco.co.jp/

Issued: August 2012 (Last Issued: August 2011)