CSR REPORT 2017

We define CSR as "Putting Smiles on the Faces of Everyone Nintendo Touches." This CSR report is a digest version of the activities Nintendo has been working on to achieve our CSR goal. Please refer to the Nintendo Co., Ltd. website for more detailed information about our CSR activities. We welcome your opinions and comments about the CSR Report 2017 on our website.



Reporting Scope

The scope of this report covers the activities and data of the Nintendo Group (Nintendo Co., Ltd. and its main subsidiaries). Any information not within this scope is explicitly identified as such. For the purposes of this report, the term "Nintendo" refers to the entire Nintendo Group. Nintendo Co., Ltd. is referred to by its complete name.

Reporting Period

This report mainly covers activities in fiscal year 2016 (from April 2016 through March 2017), in addition to some recent activities and some activities prior to fiscal year 2016.

Data for financial results and employees include figures through the end of March of each fiscal year; environmental data covers January through December of each year.

Publication Date

Publication date of English report: July 2017 (The next English report will be published in July 2018)

Nintendo Overview

Company Name Nintendo Co., Ltd.

Location

11-1 Hokotate-cho, Kamitoba, Minami-ku, Kyoto, Japan

Founded

September 1889

Incorporated November 1947

Capital 10,065 million yen

Sales

489,095 million yen (fiscal year ended March 2017)

Number of Consolidated Employees

5,166 employees (as of the end of March 2017)

Business Description

Manufacture and sale of home leisure equipment



Without Fear of Change, Nintendo Continues Its Efforts to Put Smiles on the Faces of Everyone It Touches

Protecting what is important and changing what needs to be changed, without being bound by tradition. At Nintendo, we continually work to create new surprises. These efforts are based on our corporate social responsibility (CSR) policy: putting smiles on the faces of everyone Nintendo touches.



Timisnima

Tatsumi Kimishima Representative Director and President Nintendo Co., Ltd.

Pursuing the New Potential of Video Games to Deliver Even More Surprises and Smiles

At Nintendo, we have thus far provided fresh and fun surprises to make everyone we interact with smile. This policy will remain unchanged as we move forward; we want to provide people throughout the world with new and fun experiences that they have never had before.

Nintendo Switch was launched in March 2017 as a new platform that is a home console video game system and is also portable, enabling users to have fun anywhere. Nintendo Switch includes gameplay styles and game content that our fans have not previously experienced with Nintendo games. It also includes various ideas that enable people to instantly enjoy themselves even if they have not yet played video games. An example of this would be 1-2-Switch, a game exclusive to Nintendo Switch that was released on the same day as the system launch. In this game, two players face off by looking each other in the eye, instead of watching the game screen. New forms of communication are created as each player tries to predict the other's moves through their gestures and the looks on their faces. Although the origins of 1-2-Switch can be traced back to Hanafuda (traditional Japanese playing cards with flower motifs) and the decks of four-suit playing cards that Nintendo has made from the beginning, 1-2-Switch offers a completely new type of gaming experience that fully utilizes Nintendo's unwavering

Our efforts to produce new surprises are not limited to Nintendo Switch. We are constantly working to provide new software for Nintendo 3DS and new applications for smart devices. We are also expanding our community of smiles with a variety of collaborative efforts that involve companies beyond the game-development field. This is part of our basic strategy to expand the population that experiences Nintendo's intellectual property (IP).

Collaborating to Move Forward With CSR

We constantly strive to consider all our stakeholders with the "omotenashi" spirit of traditional Japanese hospitality to put smiles on the faces of everyone Nintendo touches.

For instance, we developed *Nintendo Switch Parental Controls*, a free application that enables parents and guardians to easily monitor their children's gameplay activities by using a smart device linked to their Nintendo Switch system. Not only can parents and guardians easily restrict the types of software that their children can play based on their children's ages as well as posts to social media, but there is functionality to set an alarm notification for when their children exceed the agreed amount of gameplay time. Parents and guardians can also use the reporting features to review, at a glance, which games their children are playing. *Nintendo Switch Parental Controls* is an application that encourages parents and guardians to communicate with their children and jointly decide on guidelines for how they have fun with games.

With Nintendo Switch, we also focused on its ability to deliver high performance with low power consumption. All feasible efforts were made to reduce the environmental load on the planet while still improving performance through technological innovations. Our approach to environmental issues also drove us to reconsider how we package our products and to make our operations manuals available online instead of providing printed copies. Conserving natural resources remains a priority at Nintendo.

Since fiscal year 2007, we have placed a CSR focus on CSR procurement as we work closely with our production partners to deliver products that are both high-quality and safe throughout the world. I believe that physically going to each location to assess the conditions and issues at hand, and working with our production partners to consider what is necessary to build on our mutual strengths, has resulted in the improved production we are seeing this time.

In addition, we believe it is critical for all of us to come together in our diverse workplaces to create new ideas and innovations. The conditions and issues that surround diversity will naturally vary by country and region. In this regard, at Nintendo, our basic policy is to ensure that the responsible parties in different regions accurately understand the issues at stake and are independently making efforts to constantly identify and implement optimal solutions.

Our Value Creation Source Lies in the Nintendo DNA Within Each Employee

There are three core components to the Nintendo DNA that have been fostered by each and every one of our employees: originality, flexibility and sincerity. These components are the source of our ability to create value within a gaming industry that is highly competitive and constantly changing. We know that we will need to rely on the strengths derived from the Nintendo DNA to continue offering new and fun experiences. That is why we need proactive internal structures that support people who are willing to take risks without fear of failure and encourage them to get the job done autonomously. When we began work on Nintendo Switch, we adopted an internal structure completely different from the past to develop this new hardware system. We made many changes, such as selecting employees who had previously focused on software development to lead the hardware development project. We determined that such changes were necessary to create new ideas and products, and it is critical that we adopt internal policies that are not reliant on past models.

At Nintendo, we will continue to pursue new possibilities for fun while remaining aware of the structures and systems that enable employees, who are steeped in the Nintendo DNA, to continually take on challenges.

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Putting Smiles on the Faces of Everyone Nintendo Touches

Shareholders and Investors At Nintendo, we define our corporate social responsibility (CSR) as putting smiles on the faces of everyone Nintendo touches. As our business activities affect society in many ways, we decided that, starting in fiscal year 2015, we would place even greater emphasis on CSR, based on both internal and external expectations. Shareholders and Investors Community We work to build relations of trust with our shareholders We are committed to being a corporate citizen that is held in high regard by society, through contributions that only and investors through the return of profits and timely disclosure of information. We also strive to continuously Nintendo can make. improve our corporate value for long-term partnerships. Chemical Substance Everyone Environment Employees Nintendo At Nintendo, our goal is to continue bringing smiles to the We aim to create an environment in which all employees next generation of children. To that end, we carefully can fully demonstrate their individual strengths and consider the ways in which we design our products, and **Touches** realize their maximum potential. conduct business activities from an environmental perspective. In this way, we can better fulfill our responsibility to preserve the global environment for future generations. Product Safety **Business Partners** Consumers We strive to constantly improve the quality of our We strive to build even stronger relationships with our products by learning from consumer feedback. Our goal business partners, in a wide variety of industries, to help is to always provide consumers with fun, safe and make our consumers smile. comfortable experiences.

CSR Priority Areas



CSR Management

Based on the PDCA (plan-do-check-act) cycle, we strive to be an organization that can periodically review its own involvement in projects, identify potential issues in advance and take necessary actions. At the same time, we make efforts to ensure that everyone we interact with understands our thought processes. We are also fully aware of society's expectations for Nintendo.



Pursuing the New Potential of Video Games

Games can positively affect society as they offer the potential for new forms of communication. We hope that people will recognize this by using our products. Our goal is to enable even one more person to live a happier, more fulfilling life through their use of Nintendo products.



Advancing CSR Procurement With Our Production Partners

Advancing CSR activities throughout the entire supply chain is a way to not only improve working conditions for those employed at our production sites, but to also produce high-quality products and, ultimately, lead to more consumer smiles. We continue to work together with our production partners, and focus on mutual understanding and communication.



Promoting a Diverse Work Environment

At Nintendo, we bring together employees with a wide range of characteristics and work together to make those we interact with smile. Providing our employees with a working environment that empowers them is among the sources of our competitive edge. In addition, it is critical that we, as a global corporation, foster within our employees an appropriate awareness of human rights.



Providing New and Fun Experiences With Nintendo Switch

At Nintendo, we have developed Nintendo Switch™ as a new video game system that enables users to experience a wider range of gameplay styles. Users can move away from their television screens and take the Nintendo Switch system with them to play wherever they like. Moreover, because users can have fun playing with Nintendo Switch alone, in large groups or with anyone, and the system provides fun experiences that people throughout the world have never seen before, we hope to see even those who have had little to no experience with video games smiling and enjoying themselves.



A Hardware System With Three Play Modes

With Nintendo Switch, three different gameplay modes, namely, TV mode, tabletop mode and handheld mode, can be selected to suit the gaming situation. By changing the mode, users can have fun anywhere, any time, with anyone. In TV mode, Nintendo Switch can be connected to a large-screen TV so that the whole family can share in the fun. Tabletop mode can be used even in locations without a TV by sharing the Nintendo Switch screen to play. Handheld mode enables users to have fun with engaging games, whenever they please.

TV mode









Sharing Two Controllers Easily

Nintendo Switch comes with a pair of left and right Joy-Con controllers that can be used independently when detached from the system. By sharing one of the Joy-Con controllers with a friend, users can start competing or cooperating with each other anywhere. We hope that in addition to gaming veterans, people who have had little to no experience with games, will be attracted to this feature, and start having fun and interacting with others more.

Fun, New Communication as Your Eyes Meet

Nintendo Switch fully utilizes new functionality that we have reviewed and researched extensively at Nintendo. The use of the HD rumble*1 feature enables users to, for example, experience the realistic sensation of ice cubes colliding in a glass if they move the Joy-Con controller, and the IR Motion Camera*2 has the ability to recognize such things as the shape and movement of objects. Incorporating such features broadens the range of expressions possible with only the Joy-Con controller, enabling users to play without looking at the screen. One example of this is 1-2-Switch, a new video game in which players can enjoy facing off while looking each other in the eye. The mini-games included in 1-2-Switch, such as Ball Count and Safe Crack, use the HD rumble feature to, for example, enable players to count the number of balls in a box, judging solely from the sensations of the Joy-Con controller in their hand, or use the Joy-Con controller as the dial on a safe and slowly turn it to work out the combination. The mini-game Eating Contest uses the IR Motion Camera to detect how many sandwiches a player has eaten, based on the chomping movements of their mouth, to determine who wins the contest. These new and fun experiences that anyone can easily enjoy were made possible through Nintendo's years of extensive research.





- *1 The HD (high-definition) rumble feature enables a rich variety of vibration movements.
- *2 The IR Motion Camera is a camera that detects the shape, movement and distance of objects.

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Yoshiaki Koizumi

General Producer, Nintendo Switch Entertainment Planning & Development Division Nintendo Co., Ltd.

Kouichi Kawamoto

video game hardware system that had never been seen before.

General Director, Nintendo Switch Entertainment Planning & Development Division Nintendo Co., Ltd.



The Challenge of Creating Something Never Seen Before

■Q1: Could you talk about the development process?

Koizumi

It all started when then-president Satoru Iwata called the two of us into his office. Both of us had been involved in software development up until that point, but Mr. Iwata told us that he wanted us to be in charge of creating a platform, and to create something that had never been seen before. During that meeting, he also instructed us to go beyond simply building the platform, and instead begin by freely imagining everything that could be involved, including the direction and value proposition for the platform, the development framework and production methodologies.

Kawamoto

After receiving this assignment, we began to deeply discuss the areas where previous platforms exceled, and where it would make sense to consider revisions. Those involved in this project included many young people from a range of departments. When it came to the development framework, we went forward with methodologies that included the ability to ensure we were on the right track even when an actual product was not available, by creating as close a prototype as possible to physically touch and evaluate what we were working on, and the ability to make prompt decisions with a limited number of people.





Q2: What were some of the most important considerations for you?

Koizumi

As we developed Nintendo Switch, there were several concepts that we had in mind: Can we play full-fledged games on it? Would we feel safe letting children play with it? Will everyone have fun playing it together? It was that last concept of everyone having fun playing it together that came to the forefront in our minds.

Kawamoto

I think one of the drivers here was our realization that now even when people get together and go out in public places, such as restaurants, they all seem to be in their own separate worlds. We kept thinking, if only they could have more fun together. Nintendo has long been a company that has offered products and amusements, such as playing cards, that encourage people to have fun together. We wanted Nintendo Switch to be Nintendo's best way of bringing people together and having fun to date.

■ Q3:How did the hardware's new features come about?

Kawamoto

There are teams within Nintendo's hardware division that research different ways to play games. They search for technologies that enable the new play styles that they conceive and, conversely, come up with new play styles that arise from technologies. We examined those new play styles and technologies, evaluated how surprising and interesting they were, their future potential and whether they were feasible in terms of cost before making our selections.

Koizum

The newly incorporated HD rumble and IR Motion Camera features had already been under research before the Nintendo Switch project began. Software developers have considered and will consider a wide variety of uses for these new features, both for titles available from the Nintendo Switch launch and ones coming in the future. It is exciting to imagine how these technologies will be used.

■ Q4: Did you need to use any secret strategies to bring your ideas to life?

Koizumi

There were so many ideas in the mix, but when we came up with the idea to have two controllers that could be connected to and removed from the system, it was as if a light bulb came on over my head. This idea would not only enable users to enjoy full-fledged games, but it would also make the hardware easily portable and enable two users to play with each other as soon as they take the system out of the box.

Kawamoto

In our pursuit of new gaming possibilities, we, at Nintendo, rise to a challenge: creating something that has never been seen before by combining new technology with existing efforts. In this interview, two of the people

involved in the development of Nintendo Switch discuss the thought processes that went into developing a

We started using the word "sharing" from the beginning, and it had a powerful impact. However, we had never used controllers like Joy-Con before. Among other things, we were concerned about how they would feel to users, their durability and the costs involved. We wanted to make sure we maintained the notion that different grips would facilitate different play styles, which proved to be a particularly difficult puzzle to solve for the employees within the hardware division. Nonetheless, they stuck to the task and really applied themselves to produce many new ideas. Now and then we all sat down together, as everyone wanted to get all the details correct.

Koizumi

I am really impressed that we were able to incorporate all the key elements, including sharing, into controllers that are as small and as thin as these. Our secret strategy might simply have been our refusal to give up.





■ Q5: What visions were shared between the hardware and software teams?

Koizumi

Most of the employees on the hardware and software teams worked under the same roof. This enabled everyone to come together quickly and talk over ideas, test prototypes quickly, exchange opinions and propose improvements. In that sense, it was easy to develop a shared vision.

Kawamoto

A good example of this was the cycle we had where the hardware team would design controllers, prototype them using 3D printers, and then employees on the software teams, who constantly use controllers to check their games, would test these prototypes and offer advice. We repeated this cycle over and over again. The same was true for the system software. I believe Nintendo Switch was made possible because there was such close interaction among the teams for every aspect of the project.

■ Q6: Is there a particular software title that embodies the notion of everyone having fun together?

Koizumi

A good example is 1-2-Switch. Even people who have never played video games before instantly understand the rules as they watch other people play. They start having fun and laugh even just by watching from the sidelines. So many people have watched Westerns, for example, that even if there was no explanation for how to play Quick Draw, players would instantly understand what to do after witnessing the scenario. And then there is Samurai Training, which, we think, players will immediately find fascinating.

Kawamoto

As we developed the mini-games for 1-2-Switch, we heard players say things we had never heard before during the development process, such as "It's the first time I've seen so-and-so move like that!," "I didn't know so-and-so could dance like that!" and "It's been a while since I looked at someone in the eye that long." We hope that our consumers will have similar reactions, particularly if they have the opportunity to play with their family and relatives when they are home for the holidays.

Q7: What were you considering as you developed the play styles and gaming situations?

Kawamoto

We wanted Nintendo Switch to be a video game system that our consumers would feel comfortable taking anywhere with them, and that would enable full-fledged gameplay. The software and hardware teams worked hard together to find new ways to cool the console to avoid any low-temperature burns, while maintaining performance.

Koizumi

We also decided to make the rails metal; the controllers connect to the console through these rails. Using metal makes it harder for the rails to degrade as a result of repeated removal and attachment by users. Degradation of the rails could be problematic if, for example, a user was playing in handheld mode and the controller suddenly became detached. The solution, however, was not simply to make the parts sturdier. We needed to preserve the experience that enables people to share and have fun playing together, and maintain a design and size that was easily portable. A great deal of trial and error went into the process because there were many components other than the controllers that also required our consideration.



1-2-Switch

1-2-Switch is a software title developed exclusively for Nintendo Switch that was released on March 3, 2017. This diverse game is enjoyed by players looking each other in the eyes and includes 28 mini-games. It is a completely new type of software that everyone can enjoy together and enables not only the players to have fun, but also encourages people watching to get involved.





Quick Draw

Samurai Training

The strong vision of people having fun together was our focus



Kawamoto

Regarding the environment, as we were designing the product to comply with the EU's Energy-related Products Directive*, as well as the laws and regulations in each of the countries in which Nintendo products are distributed, we needed to not only continue to avoid the use of banned substances, but also find ways not to package printed operations manuals with the product, reduce other paper within the box and make the packaging more compact.

Koizumi

One of our core concepts was providing parents and guardians with peace of mind when letting their children use the system. As with preceding platforms, Nintendo Switch offers Parental Controls that enable parents and guardians to set restrictions on gameplay and according to their children's ages from within Nintendo Switch itself. However, we also felt that having to take a console away from a child to configure those settings imposed a burden on both the parents or guardians and the children. That was the impetus for the development of Nintendo Switch Parental Controls™, which enables parents and guardians to configure those settings remotely, using their own smart devices with which they are already used to using. Parents and guardians can decide unilaterally how much gameplay time their children should be allowed, but we hope they will discuss these limits with their children and decide together. That is why the only notification that will be seen is "You have reached the play-time limit." We wanted this functionality to encompass the notion that communication is needed for parents or guardians and their children to discuss gameplay time together.

* The Energy-related Products Directive is a European Union regulation that requires products to be designed in a way that promotes energy efficiency (eco-design).

■ Q8: Were there any innovations that arose from interactions with business partners?

Koizumi

We had unprecedented levels of information sharing, both within Nintendo and with external partners. Team members would fly out to make presentations on the system at partner sites. Everyone involved was astonished. We were able to hear a variety of opinions and suggestions from an early stage. Sharing ideas in such venues and working actively to increase our number of collaborators served to bring the entire project team together.

Kawamoto

This was something that Yoshiaki (Koizumi) implemented as part of the software project. We created a website for all involved parties on which we shared the content of our discussions, including photographs, and the reasons why decisions were made. In doing so, we made it easier for people to understand and realize how their work fit into the grand scheme of things, why their work was needed and where our priorities lied.





We want Nintendo Switch to be a tool for connecting people

■ Q9: What do you envision the impact of Nintendo Switch will be in the future?

Kawamoto

We made Nintendo Switch according to the concept of it being a system that enables full-fledged gameplay. Therefore, we expect that people who have played video games before will really enjoy it. We also made Nintendo Switch to be a system that people can enjoy together, so we hope that these interactions will help us reach new consumers and lead to more people having fun.

Koizumi

We will remain focused on incorporating into our products keywords and experiences that everyone can relate to, and on valuing gameplay that can be understood without any verbal explanations. Beyond that, however, we want gameplay to lead to new connections, as users gain a better sense of the other people with whom they share gaming time. Nintendo Switch is probably the best game system in the world for bringing people together. We want it to serve as a tool for connecting people.

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Building on Conversations and Cooperation To Create More Consumer Smiles



Nintendo adopts a fabless (fabrication-less) production model, meaning that we do not own the production factories that manufacture our products. Consequentially, the cooperation of our production partners in Japan and abroad

I believe that working directly with our production partners on CSR procurement initiatives enables us to produce high-quality and safe products, which, in turn, leads to more smiles from our consumers.

Yoshio Yano

General Manager, Procurement Department Nintendo Co., Ltd.

Realizing Stable Quality For Nintendo Products

At Nintendo, we work closely with our production partners, with an emphasis on building relations of trust and achieving mutual understanding. We believe that placing a special focus on labor environment issues, human rights issues and risk management results in higher quality products and parts, decreased risks, and mutually improved corporate value and competitiveness.

This is why direct communication is indispensable within our CSR procurement and we continue to perform on-site inspections of our production partners. By directly communicating the reasons that improvements are necessary and reinforcing Nintendo's approach to CSR, we can share the direction that each of our respective production initiatives should follow while valuing the use of our respective strengths.

Steadily Advancing CSR Procurement

The CSR procurement initiative, which was launched in fiscal year 2007, has now reached its tenth year. Over the years, our progress may have proceeded somewhat slowly at times, but we have continued to move forward. The Nintendo CSR Procurement Guidelines have been revised regularly, we have been investigating our supply chain to address the conflict minerals* issue and we brought in a third party to conduct monitoring of our production partners' sites. In fiscal year 2016, we worked with more production partners, as we began to produce new products. Whenever we start working with a new production partner, we visit their sites to review the conditions. According to the results of those initial visits, we conduct on-site inspections that examine issues more closely.

* Conflict minerals are the four minerals, gold, tantalum, tin and tungsten, extracted from the conflict-affected regions of the Democratic Republic of the Congo or its adjoining countries, and are used as a financial source for inhumane armed groups that violate human rights and, in the process, destroy the environment

Improvements to Better **Understand Conditions**

To accurately understand the actual conditions of our production partners' CSR activities, we aimed for two improvements in fiscal

First, although we have continually sent our Business Status Survey to companies that have been working with Nintendo over the years to understand their current situation, we determined that the questions regarding risk evaluation had been lacking and thus revised them to be more specific and provide a greater level of

The second improvement was to focus on increasing the skills of the Nintendo Co., Ltd. employees who actually perform the on-site inspections. At Nintendo, we believe that the better we know the sites and people who work for our production partners, and the better our on-site inspectors' are at communicating with their counterparts, the greater our inspectors' proficiency and the quality of those on-site inspections will improve. We enhanced the certification program for employees performing our on-site inspections and we will conduct training to improve the ability of our inspectors.

Primary Training

- Education based on the Nintendo CSR Procurement Guidelines
- On-site inspection experience, using on-the-job training
- Learning through third-party monitoring

CSR Procurement Process

• Nintendo CSR Procurement Guidelines

Promoting Understanding and

Cooperation for Production Partners

From an international perspective, there is no guarantee that our production partners' site operations will be adequate, even if they

comply with local customs and laws. We continually have

conversations regarding the Nintendo CSR Procurement

Guidelines, aiming to improve our production partners' awareness

to facilitate CSR activities that recognize the various requirements

We also share case studies on different issues with our production partners for reference to help them better understand the kinds

of issues occurring in the world and society's expectations for

Confirmation by Survey

- Business Status Survey
- Conflict Minerals Survey

Site Visits to Understand

- On-Site Inspections
- Third-Party Monitoring Conflict Minerals

Interviews

Follow-Up

- Feedback on On-Site Inspections
- Follow-Up On-Site Inspections

Addressing the Issue of

Conflict Minerals

We referred to the Due Diligence Guidance for Conflict Minerals* from the Office of Economic Cooperation and Development to create the Conflict Minerals Guidelines, which set forth the chain of responsibility and investigation methods for the handling of conflict minerals. We have also been working on strengthening our investigation system and improving investigation methods. As a part of these efforts, we visit production partners and interview them on investigation methods and issues to be addressed.

* Guidance from the Office of Economic Cooperation and Development (OECD) that presents a supply-chain management framework for minerals extracted in high-risk or conflict areas.

Partner Comment

from countries around the world.

companies.

Undergoing an On-Site Inspection

In the fall of 2016, Nintendo conducted an on-site inspection of a production outsourcing company in China that manufactures our antenna products. Despite only being established 10 years ago, this production company has built an impressive track record of corporate social responsibility following its creation and then operation of a proprietary CSR management system.

After we were informed that Nintendo wanted to visit the site to perform an on-site inspection, our purchasing team, and the local environmental and CSR contacts decided to join the Nintendo team for the inspection. We discovered new issues in terms of health and safety, and labor management through Nintendo's conversations with site workers. The Nintendo inspection team not only focused on the workplace but also pointed out the need to remove hazardous materials from around the outside of the buildings, and to improve the electrical equipment layout within employee dormitories. Having the Nintendo inspection team point out these problems enabled us to make further improvements and develop new preventive measures.

This on-site inspection was particularly meaningful for the executives at the plant in China to realize the significance of Nintendo's goal, which is to put smiles on the faces of everyone it

A working environment that is safe and friendly for all employees fosters improved employee retention rates and leads to even higher levels of proficiency. In the future, we will continue to advance CSR activities to ensure high-quality production processes.

Masaaki Egi

Senior Manager Data and Devices Japan Sales Mobile & CE Sales Group Tyco Electronics Japan G.K.



CSR Priority Areas

Recognizing and Fostering Diversity is a Source of Our Competitiveness

It takes the strength of an incredibly diverse workforce to take on the challenge of putting smiles on the faces of everyone Nintendo touches. We are advancing efforts that utilize diverse viewpoints and ideas to improve our competitiveness.

Initiatives to Promote Women's Careers

At Nintendo Co., Ltd., we consider the participation and advancement of women to play a crucial role in strengthening our competitiveness. Taking into consideration that the software industry traditionally has employed fewer women, we, in Japan, continue to strengthen our efforts to make it easier for our female employees to use childcare and return-to-work programs. In support of recent amendments to the Child Care and Family Care Leave Law, and the Equal Employment Opportunity Law, both of which have taken effect in Japan, we have, for example, revised our internal policy to enable employees to take off half days to nurse children, and to prohibit harassment related to maternity or nursing care.

We intend to raise the ratio of women recruited or promoted from contract employees to full-time employees by 5 percent to 25 percent during the next five years starting from fiscal year 2017, compared with the cumulative percentage for the last five years (approx. 20 percent), and we have already launched a number of initiatives toward this end. These efforts reflect our commitment to the Act on Promotion of Women's Participation and Advancement in the Workplace that was enacted last year in Japan.

Promoting an Active Second Working Generation

Considering those over 60 years of age to be our "second working generation," we, at Nintendo Co., Ltd., have introduced a human resources system that provides security in the workplace to suit employees' lifestyles in Japan. Specifically, we have provided options for reduced hours to allow for nursing or health needs, and extended Medicinal Care Leave to a maximum of 10 days. Also, special leave that can be taken for any reason was extended to an annual maximum of 5 days. We, at Nintendo Co., Ltd., will continue to support the second working generation by providing an environment suited to their working-style needs, and individual skills and capabilities, to ensure that they can put the experience and knowledge they have accumulated over the years to full use, regardless of their health or family situations.

Improving Awareness of Human Rights Issues

At Nintendo Co., Ltd., we also focus on efforts to improve awareness of human rights issues in our employee training in Japan. For each respective training theme, we consider the target audience, timing and methodologies that will more effectively deepen the participants' understanding. Starting from April 2016, we have increased efforts that were made to improve awareness of human rights issues such as the inclusion of content specific to LGBT* in the training of new recruits.

In Germany, where Nintendo of Europe GmbH is located, new legislation called the *Allgemeines Gleichbehandlungsgesetz* (the General Equality Law, or AGG) was enacted to prevent discrimination based on race, ethnicity, gender, religion, faith, disability, age or sexual orientation. In this regard, we continue to conduct training for new recruits to ensure that they thoroughly understand our approach and encourage people to have a greater understanding of others in the workplace.

We will continue efforts to improve the employees' awareness of human rights as we strive to create workplaces where people with a wide range of characteristics can maximize their potential.



* LGBT is the abbreviation of lesbian, gay, bisexual and transgender

Advancing, Step by Step, To Where We Want to Be

We promote CSR activities across the entire Nintendo Group to ensure our CSR approach reaches all of our employees. We set objectives for each fiscal year and then use the PDCA (plan-do-check-act) cycle to develop and promote activities at even higher levels.

Establishing Objectives for Our Mid-Term Plan for CSR Promotion

In accordance with the fiscal year 2015 mid-term plan for CSR promotion, we, at Nintendo Co., Ltd., have established four priority areas to focus on: pursuing the new potential of video games, advancing CSR procurement together with production partners, realizing a more diverse workplace and CSR management. Objectives were set for each of these four priority areas and broken down into three phases with each phase taking three years. Specific efforts to achieve these objectives include setting a goal for each fiscal year and using the PDCA cycle to implement improvements for greater results. Fiscal year 2017 will be the final year for Phase 1 of the mid-term plan for CSR promotion. To ensure transition to active involvement in the next phase, we will review our progress to date and examine topics that will require more effort moving forward.

Every six months, we share information with our overseas subsidiaries on the progress made with respect to the objectives in our priority areas.

Mid-Term Plan for CSR Promotion (FY)

PHASI

2015 ~ 2017

- \bullet Educate employees throughout the company about our CSR goal
- Identify priority areas
- Decide on and execute strategies for priority areas

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2018~2020

- · Continued improvements in priority areas
- · Increase commitment in Nintendo's areas of strength

PHASE 3

2021~

 Meet society's expectations with initiatives that leverage our strengths, and put smiles on people's faces

Activities to Promote Employee Understanding of CSR

The most important part of promoting CSR activities is ensuring that all employees on the frontlines understand the importance of CSR. At Nintendo Co., Ltd. in Japan, we established three main pillars for activities to advance CSR initiatives: raise awareness, deepen understanding and seek participation. The focus for fiscal year 2016 was on raising awareness about CSR, and this was disseminated primarily through an internal communications newsletter, with articles that explained how CSR relates to the work each employee performs at Nintendo. In the future, by creating opportunities, such as internal seminars, for employees to deepen their understanding of CSR, and by gradually increasing employee participation in activities that give back to society in ways only Nintendo can achieve, employees will become even more aware of CSR issues

At Nintendo Australia, the CSR Committee aims to increase employee understanding of CSR by sending out a CSR newsletter to all employees there. In fiscal year 2016, the committee published four newsletters, showcasing their recent CSR initiatives. One issue highlighted a program that brought the children of employees to work, to show the children what kind of work their parents perform for Nintendo Australia. The inclusion of pictures drawn by the children and photographs of the event helped to bolster employee interest in the newsletter, and this increased readership further promoted a deeper understanding of CSR activities among employees.

