CSR REPORT 2012

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 2012.

Reporting Scope
The scope of this report covers the activities and data of the Nintendo Group (Nintendo Co., Ltd. and its consolidated 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 from April 2011 through March 2012, in addition to some recent activities and some activities prior to fiscal year 2011.

Publication Date
Publication date of English report: July 2012
(The next English report will be published in July 2013)

Nintendo Overview
Company Name
Nintendo Co., Ltd.
Location
11-1 Hokotate-cho, Kamitoba, Minami-ku, Kyoto, Japan
Founded
September 1889
Incorporated
November 1947
Capital
10,065,400,000 yen
Net Sales (consolidated)
647,652,000,000 yen (as of the end of March 2012)
Number of Consolidated Employees
4,928 employees (as of the end of March 2012)
Business Description
Manufacture and sale of home leisure equipment
President’s Message

Spreading Smiles Around the World

Nintendo now has more than 200 million consumers worldwide. Many people are working with us to make our consumers smile. Our growth depends on whether we can connect the smiles of all people involved with Nintendo.

“Smile Value Chain” - Conscious Business Improvements

In fiscal year 2011 (April 2011 through March 2012), Nintendo’s consolidated financial results posted an operating loss for the first time. We must use this adverse situation as a trigger to share risk awareness and promote various ways to improve our business. It is natural that assumptions can change as time goes on. However, when we stay fixed in one place for an extended period, we tend to believe that things will never change. This tendency also can be observed in business settings: Employees carry out their jobs with enthusiasm to make consumers happy, but their efforts may not be in alignment or, inadvertently, ineffective practices may be allowed to prevail.

We have established a project team to combat the problems that arise when a business expands, or appear between departments or between a parent company and its subsidiaries. Many younger employees are also active members on this team as part of their professional development training.

With the belief that strengthening relationships and fostering mutual understanding between employees are the most important factors in improving customer satisfaction, since fiscal year 2009, we have carried out the “Smile-Spreading Project,” which includes many measures to promote internal communication. The “Delivery Seminar,” a seminar that involves an employee visiting other departments to describe his/her own department’s role, is one of them. Because of these measures, each employee has gained a solid understanding of how his or her efforts are tied to others’ efforts in the company, and how these efforts ultimately contribute to delivering smiles to consumers. This new project is going well, and I have a firm belief that our involvement in this initiative will lead to even greater growth for us as an organization.

New Value of Video Games

In Japan, the Nintendo 3DS has achieved sales of over five million units, which makes it the fastest-selling video game system in Japanese history. When it was first released, we encountered challenges in conveying its features to our consumers, and it was not immediately accepted in the market. However, at the end of 2011, our efforts to generate new value were finally fulfilled, and our proposals that we delivered to consumers were well-received.

Since April 2012, the Nintendo 3DS has been used in the Louvre Museum, France, as an official digital audio guide. With this new audio guide system, visitors can view exhibitions in 3D or their location in the museum appears on the screens, creating an exciting and more enjoyable experience of the museum.

We are co-developing a new software title for the Nintendo 3DS, tentatively entitled Onitare, with Tohoku University’s Dr. Ryuta Kawashima, the supervisor of the Brain Age (North American title) series for the Nintendo DS. With this software, we have taken on yet another exciting challenge to generate a new type of value in video games. “Train your brain” was the concept for the previous series; the concept for this new software is to train your working memory** and concentration in order to unlock your brain’s potential. I hope it will be a unique contribution to our information-overloaded world.

More Effective Communication

I am the kind of person who likes to actively collect information about various things, including consumers’ reactions, and I am well aware that what people want to know differs significantly from person to person. Nintendo Direct is a new communication method for our consumers that we have started through a trial-and-error process. This is a service in which I, as president of Nintendo, personally introduce information about new software or services through the Internet. We started this service because we realized that now we have a tool to directly provide our consumers with accurate information. The feedback we received was much better than expected, and I feel that we have become significantly closer to our consumers.

The on-site inspection of our production partners to promote CSR Procurement is another example of our communication efforts. Instead of relying on outside auditors, we visit production partners to engage in direct, face-to-face communication. The goal of our on-site inspections is to share the essence of the rules with which we require production partners to comply. Our intention is not to force them to follow our rules, but instead we want them to understand the underlying meaning of each rule and why each rule is necessary so that they are able to realize the importance of CSR and voluntarily apply our rules. It requires more involvement, but we believe this is one of the best ways to deepen our relationship with production partners and achieve our CSR goals.

Putting Smiles on the Faces of Everyone Nintendo Touches

We define our CSR as “Putting Smiles on the Faces of Everyone Nintendo Touches.” This simple message teaches us not only what we should not do but also what we can achieve through our business such as pursuing the new potential of video games. As far as we know, our consumers now total more than 200 million. If Nintendo can bring smiles to everyone, including these consumers, people will recognize our social value, and our opportunities to achieve new ideas will increase with everyone’s support. With this in mind, we will continue to promote CSR in our own unique, Nintendo way.

*1 Working memory A brain system that provides temporary storage and management of the information required to do complex cognitive tasks.

*2 CSR Procurement Our production partners also are required to be involved in CSR and to encourage the promotion of CSR activities throughout the entire supply chain.
Video Games Open Doors to a New World

Nintendo developed software for the Nintendo 3DS, titled **3D Pictorial Guide to Flora and Fauna**, with the aim of sparking people’s interest in nature. This report details the Family Nature Observation Event using this software at the Saitama Midori-no-mori Nature Park, and what kinds of discoveries and findings the participants made by using the software.

**3D Pictorial Guide to Flora and Fauna** for Nintendo 3DS

Users can search for the names of flowers and more by using images captured by the built-in Nintendo 3DS Camera.

*Sold only in Japan; direct translation of Japanese title

**Family Nature Observation Event Overview**

- **Date:** March 20, 2012
- **Place:** Iruma City, Saitama Prefecture, Japan
- **1. Outside Activity:** Explore hills and paths, photograph flowers with Nintendo 3DS
- **2. Indoor Workshop:** Flower and fauna research, presentations
- **3. Summary Comments:**

**Everyone Experienced the Joy of Learning**

Saitama Midori-no-mori Nature Park holds several events, such as family nature observation events, every month. The Family Nature Observation Event using the Nintendo 3DS and **3D Pictorial Guide to Flora and Fauna** was held in March 2012, as spring-time creatures were starting to appear. Six families joined this event, some of whom came for the first time.

When the explanation of the schedule began at the visitor center, the children were immediately drawn to the Nintendo 3DS. Once the children went outside, they applied themselves to observing and photographing the flowers and creatures, which kept turning up one after another. We were particularly impressed by how keen the children were to take photos of small flowers.

During the indoor workshop, participants investigated the relationship and origin of the flowers and insects in the photos they had taken outside using the software. While viewing the creatures’ endless connections, the children learned about the surrounding ecological system. In addition, they thoroughly enjoyed the 3D images of creatures that could not be observed on that day. One of the parents said that this workshop was very impressive because the children were able to start their investigation as soon as they found the creatures.

Also, the instructor commented that this kind of workshop might increase children’s interest and motivation to take the next step because it enabled them to learn about creatures in a more positive way than in a normal observation activity.
Enjoying Bio-Diversity to the Fullest with 3D Pictorial Guide to Flora and Fauna

At the usual nature observation events, we usually try to observe birds, insects and trees. At this event, using the Nintendo 3DS software, 3D Pictorial Guide to Flora and Fauna, we focused mainly on flowers and plants so that we could easily photograph and identify the targets. The usual events are likely to be preoccupied with learning the names of creatures. However, by using this software, the participants were able to learn about the relationships among several creatures, which is known as biological interaction. That is the best part of learning about bio-diversity. This software opens the door for ordinary people to readily obtain professional knowledge about nature. At this point, this software can identify the pictures of flowers only. I believe it would be more impressive if it also could identify insects that are photographable and accessible.

A New Form of Nature Observation — After the Event

They are really the youth of today! I was amazed at their ability to make full use of the software so quickly, and at their challenging spirit to learn the names of flowers like Persian Speedwell, Hemibit Deadnettle and Shepherd’s Purse, which came into bloom in the field in early spring. I was especially impressed by a child who was gazing earnestly at the camera in order to take a photo of a small Stitchwort flower that none of the adults could find. The children used their own initiative to find and check the targets without being taught by any instructor. Identifying the name of a target is not an insignificant task at all. Once a plant is named, it shows its clear shape and is no longer just a simple “plant.” In contrast to a normal picture book, in which you compare pictures, we need to input various information such as the flower’s shape and number of petals, etc. to make full use of 3D Pictorial Guide to Flora and Fauna. I believe this software will greatly help us hone our skills to observe the features of flowers.

The Louvre Museum’s New Digital Audio Guide Service — Launched April 11

The Nintendo 3DS is now used in the Louvre Museum as an exclusive audio guide. Nintendo and staff of the Louvre Museum co-developed this audio guide system using Nintendo’s technology as a base.

When visitors use the AudioGuide Louvre – Nintendo 3DS, an interactive map of the building appears on the screen so that visitors can view their location and be less anxious about getting lost. Visitors can select specific exhibitions they want to see or choose from a recommended tour, and the appropriate route will be displayed on the screen so that visitors are able to make the best use of their viewing time.

The audio guide includes more than 720 audio commentaries, 3D models and high-definition photos of the Louvre’s exhibitions and its rooms, which help visitors to understand and deepen their knowledge of the works on display.

Visitors, who do not have many opportunities to play with games systems in their daily life, are able to use the guide system intuitively. Children can also explain how to use the guide system to their parents. The AudioGuide Louvre - Nintendo 3DS creates a new exciting experience of the museum.
Promoting CSR Procurement With Production Partners

Our CSR Procurement Journey

In order to promote CSR procurement \(^1\), we have continued to carry out our on-site inspections. We never cease to think of what is important to Nintendo and the people involved with Nintendo and, through trial and error, we have made continual improvements.

With that, we would like to take a look back on our journey over the past five years.

\(^1\) CSR Procurement
Our production partners also are required to be involved in CSR and to encourage the promotion of CSR activities throughout the entire supply chain.

2007
1st year
Formulating Our CSR Procurement Policies (October)
We began to consider measures we could introduce with our production partners to advance production practices.

2008
2nd year
First On-Site Inspection
To formulate guidelines for CSR procurement, we formally carried out inspections in March to grasp the current status of our production partners.

Implementation of CSR Procurement Guidelines
We drafted and implemented the Nintendo CSR Procurement Guidelines, only based on the results from our inspections conducted in March.

2009
3rd year
Expansion of the Inspection Scope
During this expansion process, we identified large regional differences.

2010
4th year
Steady Improvements
As we gained on-site inspection experience, we noticed various improvements and began to feel that Nintendo’s objectives for CSR procurement were getting across to production partners.

Amendments to the CSR Procurement Guidelines (April)
Based on continuous improvement efforts and best practices learned over the past four years, we revised the guidelines for ease of application, making the content and approach to CSR procurement as practical as possible.

2011
5th year

What has Changed in Five Years?

For the promotion of CSR procurement, it is imperative that production partners \(^2\) understand and share the same philosophy as Nintendo. Our on-site inspections are more than just mere surveys of facilities; we regard this time as an opportunity for direct communication with our partners and to confirm the current situation with our own eyes.

When we initially began our on-site inspections, we faced many challenges, but as our relationships grew and we continued to have dialog with our production partners, we began to feel as though they understood and appreciated our CSR policy.

In addition, our on-site inspections not only enable us to convey feedback and input to our partners, but they also provide us with an invaluable opportunity to directly experience what takes place on the production floor. To support our ongoing effort to put smiles on the faces of everyone Nintendo touches, we will continue to communicate our expectations on CSR procurement to our production partners.

\(^2\) Production Partners
The factories at which Nintendo outsources assembly and the suppliers of component parts and materials.

Understanding Our Approach to CSR Procurement
- Production partners now voluntarily report on human resources development matters.
- Various rules and internal regulations have been reviewed to protect minors in the workforce.

Improvement to the Work Environment
- Improvements in labor conditions have led to a decline in turnover.
- Disaster prevention equipment has been installed to create a safer environment.

Future Topics

Information Management System
An information management system is an extremely important item to verify during our on-site inspections. We always request that production partners consider and review whether their current business practices are optimal for their businesses.

Education and Training
We believe that the training for each worker at our production partners’ sites helps to maintain the high quality standard set for all Nintendo products. We not only request that production partners focus on the education of administration staff, but also the training of factory workers.
How Nintendo Conducts its On-Site Inspections

What must be achieved at a production level to put smiles on the faces of everyone Nintendo touches? We visit the facilities of our production partners in person to address any concerns and provide feedback directly to ensure CSR Procurement standards are being met. Below is the flow of our standard inspection.

(Left) Daisuke Arakawa, Production Planning & Coordination Office, Uji Plant, Nintendo Co., Ltd.
(Right) Hirokazu Shinshi, Deputy General Manager, Manufacturing Division, Nintendo Co., Ltd.

1 9:00-11:00 Interview Managers and Supervisors
   ● We pose specific questions regarding the CSR Procurement Guidelines and confirm these one by one.
   ● While inquiring about matters, such as the future of the factory, we are able to grasp production partners’ attitudes toward management and manufacturing.

2 11:00-12:00 Check Documents, including Overtime and Paid Leave Records, Employment Contracts, etc.
   ● We physically inspect important documents regarding areas such as compliance and respect for human rights.
   ● We confirm that all of the inspected factories utilize labor contracts and that these contracts have been signed by all workers in compliance with the Chinese Labor Contract Law, which has been in effect since January 2008.
   ● We verify the existence and number of certified occupational health and safety officers, and confirm their patrol schedules.

3 13:00-15:00 Check Manufacturing Line
   ○ In order to ensure that a safe working environment is maintained, we confirm the safety status of equipment, including equipment noise (ultrasonic waves and press noise, etc.), odor, solder smoke-extraction equipment, etc.
   ○ We confirm that the fire extinguisher maintenance status is up to date.

4 15:00-16:00 Confirm Educational Facilities
   ○ We confirm whether company regulations, wage structure, worker welfare, etc. are adequately explained during new-worker orientation, and that records are kept of worker attendance, implemented training and education.
   ○ In addition to confirming the content of skills training program curricula, lectures and tutorials, we check the process by which worker certification occurs.

5 16:00-17:00 Confirm Welfare Facilities
   ○ We verify whether men and women occupy separate housing, and in addition to the number of people sharing a room, we check whether a toilet, hot water shower, ventilation equipment and lockers with keys are installed and, if there are communal toilets and showers, whether an adequate number is available. We also examine room sanitation conditions.

Previously, there were an overwhelming number of female workers, but the ratio of male to female workers has become more even over the past few years. It has been challenging to keep up with this sudden change. At times dormitory buildings at some factories have not been divided according to gender, but we will persist in addressing this challenge.

Worker Awareness has Changed Through Nintendo’s On-Site Inspections

While we promote improvements based on the results of on-site inspections, we always keep in mind the need to convey to production staff why improvements are important. As a result of these efforts, I have really felt the growth of workers’ understanding of CSR. Now, we are focusing on the improvement of our working environment and, as always, we are communicating with production staff about the importance of these new activities.

Takaji Yoshishita
President
TABUCHI ELECTRIC HONG KONG LTD.
Our Efforts to Put Smiles on the Faces of Everyone Nintendo Touches

The world currently faces many challenges. In light of these challenges, we consider what we can do to bring smiles to everyone involved with Nintendo. We continue to assess our role and steadily push forward with our endeavors.

Global CSR Highlights

To put smiles on the faces of everyone Nintendo touches, we are undertaking many CSR activities worldwide. Here are a few examples of what Nintendo is doing. For an overall picture of our CSR efforts or to learn more about these efforts in detail, visit the Nintendo Co., Ltd. website.

Educational Workshops for Parents/Guardians

In December 2011, Nintendo of Europe’s Italy branch collaborated with Professor Manuela Cantoria of Universita Cattolica del Sacro Cuore to hold two workshops to educate parents/guardians on ensuring safe and enjoyable gaming experiences for their children, with a total of 100 people in attendance. Professor Cantoria specializes in the psychology of education and learning and is currently working to promote game rating® in Italy.

During the workshops, we explained how to use Parental Controls® and about the PEGI® rating system to parents and guardians, who had been advised to bring their children’s Nintendo DS or Nintendo 3DS system with them. At the same time, we introduced the unique features of these gaming systems and how to play them. This workshop was well received by the attendees.

Based on the success of these workshops, Nintendo of Europe’s Italy branch aims to continue to educate parents and guardians about the appropriate use of gaming systems by expanding the project to major cities across Italy.

Improving Employees’ Awareness of Compliance

Nintendo Co., Ltd. continuously strives to improve employees’ awareness of compliance of the Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

In fiscal year 2011, to comply with this law, Nintendo Co., Ltd. conducted a survey of all related departments. In each meeting, we confirmed attendees’ understanding of the Act and confirmed that all necessary documents were submitted and stored appropriately. Also, we conducted sampling checks for potential deficiencies in the stored documents. We are currently planning to hold an internal seminar taking into regard the results of the survey.

In addition, we are working on efforts to strengthen our compliance with the Antitrust Law by holding various in-depth seminars that cover topics relevant to certain departments.

Compliance survey meeting
Using Software to Raise Awareness About Responsible Pet Care

Nintendo Iberica, S.A. (Spain, Portugal)

The nintendogs + cats software lets users experience living with puppies and kittens. “Campus nintendogs + cats” is a Nintendo Iberica campaign developed to raise awareness about responsible pet care by using the nintendogs + cats software. Campaign events were held in collaboration with various related organizations in cities throughout Spain and Portugal.

In July of 2011, to kick off the campaign, we collaborated with the Madrid Center for Integrated Animal Shelter (Centro Integral de Acogida de Animales de la Comunidad de Madrid, CIAAM), an organization which finds families for abandoned dogs. At the event, attendees learned about the responsibilities associated with pet ownership and how to take care of the virtual pets in this software. Since August of 2011, Nintendo Iberica has cooperated with César Millán, a famous American dog trainer who aims to foster responsible pet care, and nintendogs + cats is used in his training program.

Some other overseas subsidiaries also carried out similar activities utilizing nintendogs + cats. Please refer to the “Bringing Smiles to the Community” section on Nintendo Co., Ltd.’s CSR website.

Aiming for a Work Environment that Maximizes Employee Potential

Nintendo of Europe GmbH (Germany)

Nintendo of Europe continuously makes efforts to create a comfortable work environment where employees can continue to work at ease.

Our voluntary childcare allowance program subsidizes a certain amount of employees’ childcare facility fees, and currently, 69 employees are benefiting from this program. Being able to entrust their children to good childcare facilities gives employees peace of mind while they work.

In addition, Nintendo of Europe is also taking active steps to improve employees’ health. The head office provides various health management classes, such as yoga, Zumba (a dance–fitness exercise program) and spinal exercises, for employees after work.

The Green Team’s Recycling Event

Nintendo of America Inc.

Nintendo of America established the Green Team to promote environmental activities throughout the organization.

Since 2009, the Green Team has cooperated with a local non-profit organization to hold semi-annual electronics recycling events for employees. These events offer employees an opportunity to bring electronics from home and have them repurposed through a computer repair vocational program and then resold at a greatly reduced price to low-income families, or even donated to disaster victims. If the electronics are deemed unusable, they are recycled appropriately.

Many Nintendo employees and their families take advantage of these events. The two electronics recycling events held in 2011 generated approximately 4,326 lbs. (1.9 tons) of electronics for repurposing or recycling.

Appropriate Information Management

Nintendo Co., Ltd.

As a company that provides surprises to consumers, strict information management is essential for Nintendo.

Nintendo Co., Ltd. continually holds an internal seminar for developers who handle confidential information, in order to raise awareness about information security. In this seminar, an employee from the legal department clearly defines what is considered confidential information and outlines specific steps that employees should take when handling confidential information. About 440 employees have attended this seminar since its 2010 implementation (as of March 2012).

In addition, we strive to achieve prompt and fair information disclosure. For example, the information provided at the Financial Results Briefings and the Corporate Management Policy Briefing is immediately posted on our website in both Japanese and English. The text of the related Q&A sessions is also posted as soon as possible. We always keep immediacy and internationalism in mind.