As a global corporate citizen, the Nintendo Group recognizes that it is our responsibility to consider the interests of society when conducting our business activities, and to be cognizant of how our actions impact consumers, business partners, employees, shareholders, communities, and the environment. For Nintendo, where our business is games and entertainment, we believe our ultimate responsibility is to “put smiles on the faces of everyone we touch.”

The 2008 Nintendo Corporate Social Responsibility Report details how we are working to achieve this goal.

Reporting Scope
The scope of this report covers the activities and data of the Nintendo Group (Nintendo Co., Ltd., the parent company, and its consolidated subsidiaries). Any information which does not fall under the scope is explicitly stated. For purposes of this report, “Nintendo” refers to the Nintendo Group, and Nintendo Co., Ltd. itself is referred to by its complete name.

Nintendo Co., Ltd. is ultimately in charge of planning, product development and production, while incorporating the opinions and legal advice of its subsidiaries. Especially regarding those sections relating to product development policies (Product Safety), production (CSR Procurement), and the Corporate Governance page, “we” and “Nintendo” refer to the Nintendo Group in light of this business model.

Reporting Period
Fiscal year 2007 (From April 1, 2007 to March 31, 2008), including some more recent activities as well as some activities prior to fiscal year 2007.

Date of Publication
March 2009

For technical terminology or otherwise unfamiliar terms, please refer to the terminology boxes at the bottom of the relevant pages.

"Nintendo DS" includes Nintendo DS Lite.

For supplementary information to this report, please refer to the Nintendo website at the following URL:

Translation Note
This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail. Nintendo assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from this translation.

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Interview with the President

Putting smiles on the faces of everyone Nintendo touches through our products

Nintendo recognizes the yet untapped potential of games to change society for the better. Putting smiles on the faces of everyone we touch is Nintendo’s Corporate Social Responsibility.

It has now been more than a year since Nintendo inaugurated its CSR promotion project. What are your impressions so far?

Last year, we defined the Nintendo CSR concept as activities that put smiles on the faces of everyone we touch, a phrase that we believe expresses the essence of Nintendo’s thinking in the clearest and simplest way possible. We have communicated this expression of our CSR concept externally to encourage all our employees, including those at our overseas subsidiaries, to share this common perspective and heighten awareness of our position on CSR.

What did you see as issues for Nintendo?

Although we had already been working on CSR in various respects before the CSR concept was formally established, we felt that our ability to communicate our activities to society was insufficient, and we needed to focus on gathering objective data that better communicated our activities to society. Another issue that surfaced was the need to consider Nintendo CSR on an even more global scale, considering that 80% of our net sales come from overseas sales. We must also identify specific CSR goals that will allow Nintendo to move forward to a higher level of CSR activities.

Can you explain the new potential of video games and the specific influence that games can have on society?

Professor Kawashima, who supervised in the development of “Brain Age” (U.S. market title, entitled “Dr. Kawashima’s Brain Training” in Europe) for Nintendo DS, expressed the new potential of video games very well when he said, “I was very surprised that a game could prompt so much communication across generations. Communication across generations is a very good stimulus for the brain.” We also researched Wii Fit users here in Japan, and we found that this game has had a positive influence on users. Men in their 40’s told us that the best thing about Wii Fit was that it provided them with more opportunities to talk with their children (57.1%), and men in their 50’s said that they enjoyed playing Wii Fit with their spouses (59.7%). We endeavor to communicate the positive influences that our games can provide, such as these new opportunities for communication and smiles.

Meanwhile, we sometimes receive comments that children become so involved in the fun of video games that they can’t stop playing. Here at Nintendo we take such comments very seriously. To make it easier for children and their parents to discuss this issue, we included an automatic play time recorder in Wii. Nintendo will continue to listen to and address such issues in the future to ensure enjoyable and appropriate entertainment experiences for everyone.

How do you view Nintendo’s relationship with its business partners including production partners?

We place a great deal of importance on Nintendo’s relationship with all of its partners, always keeping foremost in our minds the meaning of our job: how our performance contributes to the good of society and how it helps to bring happiness to the people we serve. Actually, on occasions such as the Financial Results Briefings, I usually show video clips of people around the world smiling while playing our games, to let our business partners and employees know that we realize just how important our cooperation is to achieve the smiles we see on the happy faces of Nintendo consumers. We borrow our partners’ strengths in specialized fields, and we realize the importance of showing them our respect and gratitude.

I’m sure that consideration for the global environment is an important part of putting smiles on the faces of the next generation. What approaches does Nintendo take to preserve the environment?

The threats posed by climate change and global warming have significantly influenced what society perceives as its burden on the environment and the resulting need for positive change. Nintendo is no exception in recognizing this need. We consider not only how much CO2 we produce through our business activities but also the amount of electric power that is consumed over the lifetime of our products. To lessen our impact on the environment, Nintendo DS and Wii designs are based on more effective energy-saving concepts than existing game devices that feature high-power performance. In addition, Nintendo recognizes the importance of meeting global standards, and complies with regulations on chemical substances used in our products according to considerably very strict European standards. In considering how we can adapt our business activities to further safeguard the environment, Nintendo is discussing the challenge of addressing current environmental and social issues in the development of our game products in a non-intrusive way. There are many ways that the best features of games can be utilized for the benefit of society. Here at Nintendo, we continue to consider and implement such benefits as an integral part of our CSR activities.

Finally, what do you think Nintendo needs to do to assure its continuing success in business and with its CSR?

While the typical corporate life span may be about thirty years, Nintendo has managed to stay in business for more than a hundred. However, we also know that the most dangerous thing a company can do is to rest on its laurels. In order to avoid being spoiled by our past accomplishments, we do not use the word “success” lightly at Nintendo. We must strive not to limit ourselves to what has worked in the past, or else we risk falling behind changing times. I believe it is important for Nintendo to continuously consider what we can do to put smiles on the faces of everyone we touch and to continue fulfilling our Corporate Social Responsibility.
Pursuing our Goals through our Products

Nintendo must always seek to make the best choices at each and every step of the way—from product planning and development, to procurement and production and finally to sales and marketing.

01 Planning and Development
In our development group, software and hardware are developed together, resulting in the creation of products never-before-seen in the world. Nintendo places great importance on making safe, easy-to-use, high-quality products that are infused with the magic of entertainment.

02 Procurement and Production
Since Nintendo does not own the facilities that manufacture our products, the production of products involves the cooperation of the countless factory workers. We strive to fully impart an understanding of our approach to the production process, from concept to creation. The cooperation of our production partners, specifically as it relates to the environment and society, is of ever-growing importance.

03 Sales and Marketing
While it is important to communicate our confidence in the quality of our products, it is more important to demonstrate the appeal of our products so consumers will choose and enjoy them. We carefully consider the ways in which we can best highlight the fun aspects of our products to consumers, and do our best to attract their interest.
The Wii Remote is the ultimate Wii feature. I was in charge of creating the design model. The primary design concept for this controller was the idea that anyone could use it intuitively and love it. Taking advantage of CAD applications, we developed three-dimensional computer models based on our design concept. Of course, it takes more than ideas on a computer screen to bring a design to life. An important part of the development process for an innovative product design like the Wii Remote is the creation of a physical model that can actually be picked up and handled. A physical model helps us come up with high-quality products for our consumers by allowing us to find and correct defects and other problems.

One of our biggest challenges was to find the ideal size and shape to accommodate people of all ages. In order to do this, we needed to focus our attention on the layout of the substrate and the working parts that significantly impact size and shape. I remember that I negotiated with our designers many times for every half-millimeter reduction in size.

One of Nintendo’s many strengths is its ability to generate new product concepts through the integration of software and hardware development. At a meeting to discuss the selection of operational buttons for the Wii Remote, conflicting opinions that reflected differing design perspectives flew back and forth among the software engineers. “We should reduce the number of buttons to make it easier for users who have no experience with video games.” “No, we can’t do that. If we remove any more buttons, it won’t have the capabilities we’re looking for.” In response to these conflicting opinions, the hardware engineers created models and designs over and over again until we came up with a controller that was accessible and comfortable, a controller that was just right for all ages and abilities.

During the design development of the Wii Remote, my desire to thrill and satisfy consumers regardless of age or gender was always at the front of my mind. And now, when I see our consumers having fun, playing Wii and using the Wii Remote with smiles on their faces, I feel a deep sense of satisfaction.

Accessible and comfortable design — everyone who sees it wants to pick it up, and everyone who picks it up uses it intuitively.

Masato Ibuki
Design Group, IRD Product Development Department,
Integrated Research & Development Division
Nintendo Co., Ltd.
We cannot create products without the cooperation of our production partners. Since Nintendo employs the fabless production model, meaning that we do not have our own production factories, continuous support from our production partners is vitally important. Because this partnership is key to delivering Nintendo brand products, it is essential that both Nintendo and our production partners completely understand and share the direction of product development as we move forward together. Accordingly, we maintain close communication with our partners through frequent visits to manufacturing sites to confirm the production process and to discuss the Nintendo concepts and ideas that lie behind the production process.

It is especially difficult for production partners who supply materials and parts to visualize how Nintendo consumers use and enjoy the products that these parts and materials go into creating. That is why we never miss the chance to show our partners how their involvement leads directly to putting smiles on the faces of our consumers. Helping our partners realize the value of their efforts solidifies the meaning of their work and contributes to their sense of satisfaction. In fact, I think CSR may begin from the realization of such connections.

Nintendo places top priority on educating itself and all of its production partners on the proper recognition of CSR and on securing CSR procurement (see p.23). In order to put smiles on the faces of everyone Nintendo touches, we must always conduct our business with a deep awareness of the close connection between manufacturing processes and the surrounding areas, the global environment and our employees, and consider how our behaviors impact them. Accomplishing this ensures that Nintendo can achieve its goal of establishing a coexistent and co-prosperous relationship among the workers and all of our production partners. Nintendo has really just taken the first step toward this important goal, and we will continue our strong commitment to learning with our production partners. In order to do so, we will also continue to promote establishing a business structure through which both Nintendo and our production partners can grow together.

It’s not just about the product, it’s about learning and growing with our business partners — doing business in a way that puts smiles on the faces of everyone involved.

Yoshio Yano
Chief Executive Officer
Nintendo Hong Kong Limited
At a Nintendo DS event, our products have the power to get people smiling. There are still people who think they are not the type who play video games, or people who have negative stereotypes about video games, but we think that is simply because they haven’t tried our products yet. Since the Nintendo DS and Wii are completely different from anything that’s ever come before, if they just get a chance to try games with Nintendo, I’m sure they will change their minds about video games.

To get a larger number and wider variety of consumers to understand the appeal of video games through our products, the Entertainment + Trend Marketing Team always plans projects by carefully considering what would work the best for a particular audience. We have held “A Girlfriend’s Guide to Gaming” events geared towards getting women in their 20’s to start playing Nintendo DS and get them excited about video games. These events were held in 12 cities, three times in each city. I often hear from women, “I don’t play games,” but at these events, once they picked up a Nintendo DS and started interacting with each other and having fun, they experienced how much games could contribute to socialization. In every city and at every event, as soon as we started, smiles just filled the room. Not only did women leave the events more connected to their girlfriends, but also with the understanding of how gaming could seamlessly fit into their lives.

We did everything we could to make experiences at events as genuine as possible. To create a comfortable environment where women could relax, we chose furniture, rugs, decorations and other small items that suit feminine tastes, as well as placed flower arrangements on the tables. We wanted to create the feeling that they’re playing games in the comfort of their own homes. The more we can make events and experiences relevant to the lives of women, the more this audience will be inclined to enjoy Nintendo’s products.

The most rewarding part of my job is getting women to realize how fun video games can be, especially the ones who say, “But I don’t play video games!!”

Katie Cray
Entertainment + Trend Marketing Team
Nintendo of America Inc.
It has been 120 years since Nintendo was first established in 1889. At that time, manufacturing and sales of playing card games and hanafuda (Japanese playing cards) were the main business.

To deliver Nintendo products to our consumers around the world, we have principal sales offices in 11 countries overseas.

The number of people currently working in the Nintendo Group: 1,646 in Japan, and 2,331 overseas. (As of September 2008)

The net sales of Nintendo Group in fiscal year 2007. Past net sales were 509.2 billion yen for fiscal year 2005, and 966.5 billion yen for fiscal year 2006.

120 years
3,977 individuals
1,672.4 billion yen
11 countries

This year marks the 120th founding anniversary of Nintendo Co., Ltd.

Today, we at Nintendo work hard to deliver both products and smiles to consumers all over the world. The following numbers represent various aspects of our activities.

Nintendo by the Numbers

Nintendo by the Numbers

84.33
computation

84.33 million units

454.63
computation

454.63 million software units

34.55
computation

34.55 million units

229.85
computation

229.85 million software units

Total number of Nintendo DS units sold around the world: 23.71 million units in Japan, 60.62 million units overseas. (As of September 2008)

Total number of Nintendo's and other publishers' Nintendo DS software units sold around the world: 128.75 million units in Japan, 325.87 million units overseas. (As of September 2008)

Total number of Wii units sold around the world: 6.91 million units in Japan, 27.64 million units overseas. (As of September 2008)

Total number of Wii software units sold around the world: 26.76 million units in Japan, 203.09 million units overseas. (As of September 2008)

Total number of Nintendo DS units sold around the world: 23.71 million units in Japan, 60.62 million units overseas. (As of September 2008)

Total number of Nintendo DS software units sold around the world: 128.75 million units in Japan, 325.87 million units overseas. (As of September 2008)

Total number of Wii units sold around the world: 6.91 million units in Japan, 27.64 million units overseas. (As of September 2008)

Total number of Wii software units sold around the world: 26.76 million units in Japan, 203.09 million units overseas. (As of September 2008)
Everyone Nintendo Touches

Nintendo strives to put smiles on the faces of everyone it touches — smiles to everyone involved directly or indirectly, now and in the future.

Business partners

Nintendo continuously strives to build better relationships with its partners.

- Development partners
  Nintendo products include innovative ideas and advanced technologies of many of our development partners, and together with these partners we will continue striving for ever better products.

- Production partners (Suppliers and production factories)
  Nintendo employs the fabless production model, therefore we will continue working with our production partners to improve the quality and efficiency of our production processes.

- Distribution partners
  In order for as many customers as possible in the world to enjoy our products, Nintendo commits itself to building better cooperative relationships with our distribution partners, including retailers.

- Publishers
  Nintendo strives to make continuous development in the game industry in association with our business partners, including publishers that develop and sell their own branded software for our game systems.

Employees

Nintendo employees work towards achieving their full potential. We place great importance on mutual respect in the workplace and on sharing the pleasure of working together as a team.

Consumers

Nintendo’s top priority is ensuring that each and every one of our consumers can fully enjoy our products. In order to achieve this fundamental objective, we fully commit ourselves to creating the highest quality products by listening carefully to consumers’ opinions and organizing effective structures to deliver exactly what they want.

Shareholders & Investors

Nintendo strives to build a positive, satisfying and trusting relationship with our shareholders and investors through the return of profit and the timely and appropriate disclosure of important information, and puts great effort into increasing corporate value for long-term partnerships.

Future Generations

Nintendo’s goal is to put smiles on the faces of today’s children and future generations. We place great importance on handing down a better environment to them, and we strive to maximize environmental protection in our manufacturing processes and business activities around the world.

Society

As an integral part of our social responsibility, Nintendo places priority on providing support to people everywhere, even outside the realm of our business. We seriously consider what contributions we can make to continue to promote generosity and earn respect as a responsible and caring corporate citizen.
To protect the safety of Nintendo consumers and preserve the reliability of our products, we announce information regarding product safety issues on the Nintendo website, as well as through retailers.

**Announcements on the Nintendo Website and at Retailers**

To provide all of our consumers with a safe and enjoyable experience, we carefully listen to their comments and concerns in order to make products of the highest quality.

**Bringing Smiles to our Consumers**

Achieving Quality and Safety

At Nintendo, we pursue safety and reliability to provide products of the highest quality, to give our consumers of all ages peace of mind while enjoying our products.

- **Establishing the Product Safety Assurance System**
  
  We have established the Product Safety Assurance System, based on our Product Safety and Quality Principles designed to ensure the safety of our products at every stage, from planning, development and production, to after-sales service. We continue to work to more effectively implement, maintain and improve this system.

- **Establishing the Safety Design Review Committee**
  
  The Safety Design Review Committee is set up to screen safety design from 19 perspectives, including engineering, manufacturing, legal affairs, marketing, procurement and repair/services, particularly during the design and development stage. This screening process is the most important aspect of the Product Safety Assurance System. The Committee checks reports and prototypes created by the responsible product development department, and confirms the safety of the products from the 19 perspectives mentioned above.

- **Complying with Toy Safety Standards**
  
  In order to make our products safe, particularly for our young users, Nintendo complies with the European Toy Safety Directive* as well as the strict toy safety standards of Japan and other countries. Additionally, Nintendo has established its own safety design standards for developing Nintendo products, and planning and designing products that carefully adhere to 14 particular areas such as fire-resistance and environmental concerns (see p.31).

  Nintendo products and parts are duly inspected internally and at external inspection agencies to ensure that they do not contain substances harmful to the human body, like heavy metals such as lead or mercury. We also ensure that our products do not contain highly combustible materials or other hazards such as sharp points or pieces that may be accidentally swallowed.

**Safety Announcements**

If there is information concerning product safety or quality, Nintendo immediately investigates such reports. If problems or trouble related to Nintendo products or services arise, we immediately verify such incidents and quickly address them. In this way, we endeavor to offer our consumers the most accurate information about Nintendo products and services.

- **Announcements in Packaging and Instruction Manuals**
  
  To give our consumers safe and enjoyable experiences while using our products, we include precautions on our product packaging and in instruction manuals in language that is as easy to understand as possible. Additionally, on both the Nintendo DS and Wii, before starting any game, a screen appears on screen before a game starts that reminds the user to check that the Wii Remote Jacket and Wii Remote Wrist Strap are properly in place when using the Wii Remote.

- **Announcements on the Nintendo Website and at Retailers**
  
  To protect the safety of Nintendo consumers and preserve the reliability of our products, we announce information regarding product safety issues on the Nintendo website, as well as through retailers.

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**Terminology**

- **Toy Safety Directive**

  A European Union (EU) directive which stipulates that any product or material designed or clearly intended for use in play by children under 14 years of age must meet safety requirements regarding physical/mechanical properties, flammability and chemical properties.

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*See page 31 for further details.*
Nintendo regards age-appropriate content in game software and services as an important factor in ensuring that all consumers, especially young children, can enjoy Nintendo products with peace of mind.

Nintendo’s Approach

• Information on Appropriate Target Age Range
  To help consumers make age-appropriate software choices, all Nintendo game software sold in Japan is screened for content according to the CERO (Computer Entertainment Rating Organization) rating system*1 and the applicable rating is clearly indicated on the package label. We also provide ratings information on all Nintendo games available worldwide according to the rating systems used in each country/area based on local laws and regulations or through self-regulation.

Regional Ratings Organizations

<table>
<thead>
<tr>
<th>Country</th>
<th>Rating Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>CERO (Computer Entertainment Rating Organization)</td>
</tr>
<tr>
<td>United States</td>
<td>USK (Unterhaltungssoftware Selbstkontrolle)</td>
</tr>
<tr>
<td>Australia</td>
<td>Australian Government Attorney-General’s Department</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>GRB (Game Rating Board)</td>
</tr>
<tr>
<td>Germany</td>
<td>USK (Unterhaltungssoftware Selbstkontrolle)</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>PEGI (Pan European Games Information)</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>BBFC (British Board of Film Classification)</td>
</tr>
</tbody>
</table>

• Parental Controls
  Wii is equipped with Parental Controls*2 that let parents decide what media their children have access to. This function enables parents to restrict use based on the local age rating schemes, and limit their children’s access to online content, etc. Effective parental controls protect children from content that may not be appropriate for their age.

• Play Time
  Wii automatically records what games are played, when and for how long, and displays such information under Today’s Accomplishments. This helpful function enables parents to effectively monitor the games their children are playing and how long they are playing them. Nintendo wants to help parents be more involved in their children’s game experience.

Rating System

This system reviews the language and content in games, and notifies consumers of the appropriate age range for each game.

Parental Controls

This functionality enables parents and guardians to restrict minors’ access to and purchase of certain content such as games and certain services.

Responding Effectively to Consumers

Nintendo cares a great deal about all of its consumers and has various customer service routes in place, including telephone and online contact points, to respond to the wide range of inquiries and requests made by our diverse consumer demographic. Nintendo is currently promoting the creation of a system that enables the entire company to share the comments we receive from our consumers.

Customer Service Window

The Customer Service Window in Japan provides information and advice on issues such as product specifications and usage, various campaigns, and the Club Nintendo*3 service site for consumers (by registration). We have technical support centers set up for Wii, which differs greatly from conventional game consoles, and for various other networking services providing new play experiences. These support centers are staffed by personnel with specialized knowledge. In October 2008, Nintendo Co., Ltd. consolidated these centers into the Nintendo Technical Support Center to address technical issues in an integrated fashion, and holds regular training sessions to help center staff acquire product knowledge and improve their skills in consumer relations. We have also set up similar customer service centers in locations around the world, where we provide support in local languages.

After-Service

In Japan, the Nintendo Repair & Maintenance Center handles product repair. So that our consumers can enjoy our products for as long as possible, we provide extensive repair services. From the viewpoint of environmental conservation, we also believe that product repair is a vitally important service. At our overseas subsidiaries, each region has implemented its own online system that matches the characteristics of each region to promptly respond to consumer requests for repairs.

Employee Viewpoint

Exchanging smiles with consumers

There are many occasions that I can think of in which this job has provided happiness to me and others. Some of my favorite calls are from senior citizens who have purchased a Wii based on how much their friends love it, but are having some difficulty setting it connected to their television. It is a very satisfying feeling to be able to help them with that, and then hear the happiness and excitement in their voices. They can hardly wait to get off the phone and start playing!

Jaqueline Kilby, Customer Service Representative

Club Nintendo

The online membership rewards program was created in Japan in October 2003. This program offers exclusive original Nintendo products as well as email updates to Club Nintendo members. Nintendo is currently expanding this program overseas.

Terminology

• Rating System
  This system reviews the language and content in games, and notifies consumers of the appropriate age range for each game.

• Parental Controls
  This functionality enables parents and guardians to restrict minors’ access to and purchase of certain content such as games and certain services.

Nintendo of America Inc.
Nintendo employs the fabless production model, meaning that we do not own the facilities that manufacture our products. We work with many production partners around the world to improve the quality, safety, and efficiency of the production process. By sharing our ideas and best practices with our production partners, we continually strive to strengthen our working relationships to our mutual benefit.

Material suppliers and factories to which Nintendo outsources assembly

With our Production Partners

Nintendo’s Approach

• CSR Procurement Guidelines
  With its focus on deepening mutual understanding and building trusting relationships, Nintendo advances improvement of procurement activities with its production partners. In order to ensure the continued fulfillment of our social responsibilities throughout our entire supply chain, Nintendo established and began issuance of the Nintendo CSR Procurement Guidelines in July 2008.

• Inspections for our Production Partners
  To promote full-fledged CSR procurement, we asked some of our main production partners in China to carry out self-inspections in February and March 2008 using the Nintendo CSR Procurement Check Sheet, while we carried out on-site inspections. The main purpose of these inspections was to communicate the Nintendo CSR procurement concept to our partners. Additionally, the inspections provided opportunities for Nintendo to understand actual on-site conditions. Nintendo will continue to carry out such inspections while promoting the fulfillment of our initiatives.

• Inspection Results
  The inspections carried out in March 2008 confirmed that our partners were free of serious issues such as use of child labor. However, some companies were found to have room for improvement related to working hours and were asked to modify their practices according to Nintendo policy. In addition, concerning the “promotion of compliance and respect for human rights,” we asked our production partners to enhance enrichment opportunities by offering education programs aimed at improving employee awareness of this issue. We asked all production partners that underwent inspection to continue moving forward in their implementation of environmental protection initiatives, including 3R – Reduce, Reuse, and Recycle – activities to decrease waste as well as enhance compliance with Nintendo Green Procurement (see p.31). We also evaluated our partners’ efforts in improving the life and labor environments of their employees and found their initiatives to be progressing well with a marked increase in employee retention rates.

• Plans for Improvement and Future Expansion
  Nintendo provides inspection feedback to each production partner so as to encourage the reevaluation of any necessary and specific improvement plans as necessary. By carefully considering the results of inspections, we take into account the situation in each region and promote the establishment of systems that allow Nintendo’s production partners to work effectively on CSR.

With our Business Partners

We place great importance on building strong relationships with all our business partners. Through these relationships we can work towards creating an environment for offering the best products to our consumers.

* Material suppliers and factories to which Nintendo outsources assembly
With our Distribution Partners

In order for as many consumers as possible to enjoy our products, the cooperation of our distribution partners is essential for effectively conveying the appeal of our products to consumers around the world. Nintendo strives to build relationships based on trust and enhance communication with our distribution partners.

Nintendo’s Approach

Cooperation in On-site Sales Promotion

Nintendo sales staff provides sales promotion tools and product display proposals appropriate to individual retailers and actively communicates product information to help them give consumers top-quality service with the most up-to-date information immediately. We set up interactive demo units at retailers in order to give consumers an opportunity to experience Nintendo products and play the games first-hand. Our sales staff works in cooperation with distribution partners to create and execute these promotion activities. The sales staff overseas also work in cooperation with their distribution partners at retailers on promotion activities tailored to the characteristics of each region.

Product Information Sessions for Distribution Partners

Entertainment plays an essential role in the strength of Nintendo products. For our distribution partners, a clear presentation of the special features and appeal of our products is critical to developing effective promotional sales activities. In the case of newly released products, Nintendo Co., Ltd. holds Product Information Sessions for distribution partners where the sales staff provides explanations of the product’s special features directly to all the distribution partners. At such sessions, Nintendo’s partners are able to experience, engage with and play the product to understand its appeal, and be confident in supporting the product at retail. These information sessions become a valuable arena for gathering consumer reaction and feedback from store staff who interact directly with consumers.

With our Development Partners

Nintendo develops game devices and software both on its own and in cooperation with a wide range of development partners. The key to developing attractive products together with our development partners is a shared sense of values in cooperative product development, strong mutual respect for the roles and abilities of those involved, and a deep appreciation for the contribution of each and every individual in the process.

Employee Viewpoint

Building good relationships with distribution partners

In our sales and marketing activities, building trust in relationships with distribution partners is essential. In making sales plan proposals and storefront sales promotion activities, we work towards gaining a deeper level of communication to better understand distribution partners’ requests. Of course, achieving deep communication is not always possible, but I work hard every single day to build good relationships with distribution partners, and also to have partners tell me “It was a good idea to follow your suggestion!” Hopefully in doing so we can provide our consumers many products.

Shingo Yagi, Sales & Marketing Department No. 1, Marketing Division

Fun for the entire family: with positive ethos always in mind

My department handles business development and business partnerships in Europe. Together with our business and distribution partners, we try hard to distribute our products to as many consumers as possible. Our consumers and business partners appreciate the “positive ethos” that Nintendo imparts in creating products for fun family entertainment, putting safety and ethical values first. It makes our work more satisfying knowing that we have confidence in our products.

Takashi Takemura, European Distributor Business Department

Development Partner Viewpoint

United with Nintendo staff to develop software

My company worked with Nintendo in developing “Personal Trainer: Cooking” (North American title). Our theme was based on the idea of “even cooking novices can make delicious food,” and we teamed up with Nintendo staff to create a fun, easy-to-use, and easy-to-understand experience. We were very happy with the results, and the software provided a wonderful new experience to all kinds of users, such as families, couples, and friends.

Masanobu Suzuki, President, Indieszero Co., Ltd.

Being on the same wavelength with Nintendo staff to develop games

I was involved in making titles such as “WarioWare: Smooth Moves.” While working with people at Nintendo, I strongly felt that they all truly wanted to make the best games for their consumers. Even when working under tight deadlines, if they had a great idea that they wanted to put into the game, they would look for ways to try to include it in the game. I continue to try to keep this same attitude when developing new products.

Takuro SugiTaka, Chief Engineer, Research & Development, INTELLIGENT SYSTEMS CO., LTD.
Maximizing our Employees’ Strengths

Nintendo is committed to creating and maintaining an environment where all employees can exercise and expand their strengths and realize their maximum potential.

Developing Employee Talents

Nintendo recognizes that it is its employees’ hard work and great effort that underlie Nintendo’s competitive edge. We strongly believe that promoting the development of each employee’s potential to the fullest is the best way to increase the long-term collective strength of the company, as well as the best path to job satisfaction for the individual.

Nintendo’s Approach

• Enriching our Abilities

Nintendo strives to foster in its employees a deep sense of commitment to our goal of putting smiles on the faces of everyone we touch. To this end, we encourage each of our employees to fully develop their abilities with respect to the Nintendo Ideals for Employees as set forth below.

Accordingly, at Nintendo Co., Ltd., we have established the Nintendo Code of Conduct based on Nintendo DNA, the core values that represent the essential spirit upon which Nintendo was founded, and the Nintendo Standard of Behavior. All of our employees are acutely aware of their responsibilities to society, and follow our codes and standards. At the same time, our overseas subsidiaries have each implemented their own Codes of Conduct, adapted to the laws and regulations of their respective countries.

Nintendo Ideals for Employees

Open Communication
Gain the understanding and empathy of those around you, and contribute your strengths to the team.

Consideration of the Viewpoints of Others
Avoid self-centered ways of thinking, and be conscious of the viewpoints of others.

Spirit of Service
Take pride in helping others and bringing happiness to them.

Intellectual Curiosity
Take pleasure in taking in new information and experiences, especially in the face of progress and dramatic change.

Originality and Flexibility
Do not rely on past successes and ideas, but formulate new, as yet unthought-of proposals.

Cultivation of Human Resources

To assist each employee in achieving such ideals, Nintendo greatly emphasizes the cultivation of human resources. For instance, a full range of in-house training programs are offered including extensive orientation for newly-hired employees and active on-the-job training programs in each department, and the opportunity for our employees to participate in external seminars for career growth are provided.

Nintendo Co., Ltd.’s in-house training provides the opportunity for employees to share awareness of issues beyond sectional boundaries. We strive to increase communication ability and foster multifaceted perspectives by providing the opportunity for our employees to experience fresh discoveries and gain heightened awareness.

In addition, Nintendo Co., Ltd. considers its evaluation system as an optimal opportunity to promote employee development. The evaluation criteria are communicated to each employee so that they are able to recognize the progression of their development and move towards the ideal that Nintendo encourages all of its employees to achieve. We also provide the opportunity for individual employees to specifically consider their work behavior and tasks through a self-evaluation system prior to the actual evaluations carried out by supervisors. The use of both systems allows our employees to discover potential gaps between their perception and the view of their supervisors and set goals for development of abilities.

Equal Opportunity and Respect for Diverse Individuals

Nintendo acknowledges the importance of employing individuals with a wide array of abilities to increase the collective strength of our multifaceted company. We respect and aim to make full use of the diverse characteristics and strengths of each employee.

In addition, Nintendo employees are assessed based on their merit in accordance with strict laws governing the fair treatment of employees regardless of gender, age, nationality, or disability.

Employment Status (Nintendo Co., Ltd. Only)

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<tbody>
<tr>
<td>Average years of</td>
<td>Overall</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>continuous employment</td>
<td>12.8</td>
<td>12.9</td>
<td>12.9</td>
<td>12.9</td>
<td>12.8</td>
</tr>
<tr>
<td>Male</td>
<td>13.1</td>
<td>13.3</td>
<td>13.2</td>
<td>13.2</td>
<td>13.1</td>
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<tr>
<td>Female</td>
<td>11.7</td>
<td>11.7</td>
<td>11.6</td>
<td>11.7</td>
<td>11.6</td>
</tr>
<tr>
<td>Turnover rate</td>
<td>2.79%</td>
<td>1.93%</td>
<td>1.61%</td>
<td>1.77%</td>
<td>1.96%</td>
</tr>
<tr>
<td>Percentage of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>female managerial staff</td>
<td>2.94%</td>
<td>2.78%</td>
<td>3.03%</td>
<td>3.45%</td>
<td>3.85%</td>
</tr>
<tr>
<td>(Deputy General/Manager and above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Percentage of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>employees with</td>
<td>2.18%</td>
<td>2.55%</td>
<td>2.35%</td>
<td>2.32%</td>
<td>2.19%</td>
</tr>
<tr>
<td>disabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Legal requirement in Japan 1.8%)</td>
<td></td>
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Transition in Number of Employees (Total at the end of each fiscal year)

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<tr>
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<tbody>
<tr>
<td>Japan</td>
<td>1,263</td>
<td>1,304</td>
<td>1,374</td>
<td>1,430</td>
<td>1,566</td>
</tr>
<tr>
<td>North America</td>
<td>1,144</td>
<td>1,135</td>
<td>1,186</td>
<td>1,219</td>
<td>1,336</td>
</tr>
<tr>
<td>Europe</td>
<td>530</td>
<td>523</td>
<td>537</td>
<td>633</td>
<td>639</td>
</tr>
<tr>
<td>Other areas</td>
<td>58</td>
<td>51</td>
<td>53</td>
<td>91</td>
<td>227</td>
</tr>
<tr>
<td>Total</td>
<td>2,985</td>
<td>3,013</td>
<td>3,150</td>
<td>3,373</td>
<td>3,768</td>
</tr>
</tbody>
</table>
Creating a Comfortable Work Environment

Nintendo places priority on employee satisfaction at work to ensure that all workers can exercise and expand their individual strengths in a comfortable and challenging environment that fosters mutual respect and fully nurtures individual potential.

Seeking Employee Input

Nintendo Co., Ltd. endeavors to grow positively through incorporating the widest possible range of perspectives in the development of its corporate policies, by actively seeking frank opinions and proposals through an interview system with individual employees on-site. We have also implemented an evaluation system that enables employees to submit their ideas and suggestions to the company. The employees’ ideas and suggestions through these approaches are incorporated into improving the company’s policies. These innovative programs positively impact corporate management and employee satisfaction.

Harmony of Work and Family

Realizing the importance and benefits of maintaining a healthy balance between work and life, Nintendo Co., Ltd. does its best to improve time management and work efficiency, while affording employees opportunities for career growth, and providing support for them to fully exercise their talents. Nintendo Co., Ltd. also encourages the active pursuit of personal interests beyond the workplace.

To support and encourage our employees who wish to start or expand their families, Nintendo Co., Ltd. offers employees child-care leave of up to two years after child birth. After returning to work, our employees are welcome to shorten their work hours up to two hours a day until their children finish the third grade in primary school (approximately age nine). To further promote the balance between work and family, in April 2008, Nintendo Co., Ltd. inaugurated the Reemployment System available to employees who choose to resign their positions in order to provide extended child or family care. We also have other leave systems in place, such as the Nintendo Refresh Leave System, that offers special holidays to employees who have worked a certain number of years, and the Nintendo Annual Paid Holiday Extension System which allows employees to extend the period of use of a certain number of accumulated paid holidays if they plan to use them to participate in self-enrichment or community service activities.

Our overseas subsidiaries have also established various leave systems in accordance with the laws, regulations and customary practices of each region.

Mental and Physical Wellbeing

Maintaining the mental and physical wellbeing of all Nintendo employees is of utmost importance. To support our employees’ active management of their health, Nintendo Co., Ltd. has established a health consultation room with an occupational health physician. All employees are free to utilize the consultation room to address any worries or concerns regarding physical or mental issues. In addition to personal consultations with the occupational health physician, we have incorporated a mental health support system for employees. This system consists of self-care support, training and education for supervisors supporting individual employees, and external counseling services. Each overseas subsidiary has also developed support systems aimed at improving the wellbeing of their employees.

Employee Viewpoint

Promoting work-life balance

Like all branches of Nintendo, Nintendo France values and promotes the importance of balancing work and family life. Over the past five years, a number of Nintendo France employees have taken full benefits of maternity, paternity and parental leave to support their families, with the confidence that their families are happy and healthy upon their return to work.

Stephan Bole, Managing Director

Working to promote the employment of persons with disabilities

In 2006, Nintendo of Europe, Italy branch made arrangements with the province of Milan to promote the employment of people with disabilities. We are cooperating with governmental authorities to recruit a person with disabilities who may be successfully integrated into our staff.

Barbara Colombo, Office Manager

Status of Benefits (Nintendo Co., Ltd. Only)

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<tbody>
<tr>
<td>Rate of paid vacation taken</td>
<td>67.1%</td>
<td>64.5%</td>
<td>66.9%</td>
<td>69.1%</td>
<td>68.5%</td>
</tr>
<tr>
<td>Number of employees taking maternity leave</td>
<td>17</td>
<td>8</td>
<td>16</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Number of employees taking child care leave</td>
<td>15</td>
<td>17</td>
<td>22</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Number of employees taking family and medical care leave</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
Bringing Smiles to Future Generations

As a part of its commitment to maintain a healthy planet for future generations, Nintendo deeply considers its duties, and endeavors to conduct business with concern for the environment.

Nintendo regulations require design standardization that fully considers the environmental impact of each product over its entire life cycle, from planning to disposal. In the planning phase, for example, we make every effort to design energy-efficient products and select materials for component parts and packaging materials with careful consideration for the environment. We also consider the importance of reducing environmental impact at end-of-life disposal by clearly indicating the materials used in each product to make recycling easier.

**Eco-Friendly Products**

Nintendo products are enjoyed by people of all ages including young children. The use of chemical substances specified by laws and regulations, such as those referenced in the RoHS Directive and the Toy Safety Directive (see p.19), are managed and regulated under Nintendo’s own strict environmental control standards. We also voluntarily regulate the use of allergens.

Regulated substances that are labeled as Environment-Related Substances (see p.32) are placed into one of three categories: Banned Substances, Substances Subject to Early Withdrawal, and Substances under Application Control. The Thorough Control System, implemented at each stage of development, from the initial selection of materials to the production of the final product, to ensure that no Banned Substances are contained in any of our products. We require that our production partners assemble Nintendo products, and third party certification organizations conduct such analyses in order to ensure that all Nintendo consumers can use our products with confidence.

**Green Procurement**

Though many chemical substances on the earth are useful, some pollute the environment and harm human life. Nintendo works to eliminate harmful substances from our products right from the initial stages of material selection, and has established its own strict environmental control standards, with production partners (no fewer than 340) cooperating with our efforts.

Nintendo Co., Ltd. schedules regular Green Procurement Briefing Meetings to promote understanding and implementation of effective environmental control standards at production partners.

**Environmental Control Standards**

Nintendo products are enjoyed by people of all ages including young children. The use of chemical substances specified by laws and regulations, such as those referenced in the RoHS Directive and the Toy Safety Directive (see p.19), are managed and regulated under Nintendo’s own strict environmental control standards. We also voluntarily regulate the use of allergens.

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**Thorough Control System**

Nintendo Co., Ltd. has established a dedicated section that specializes in conducting chemical analysis at each stage of development, from the initial selection of materials to the production of the final product, to ensure that no Banned Substances are contained in any of our products. We require that our production partners assemble Nintendo products, and third party certification organizations conduct such analyses in order to ensure that all Nintendo consumers can use our products with confidence.

**Energy-Saving Design**

Nintendo is committed to developing energy efficient products. We have lowered Wii’s power consumption, for example, by using the most advanced technology to reduce the size of semiconductor chips, and in turn reduced the overall size of the Wii console.

**Material Selection and Recyclability**

Nintendo is making every effort to reduce energy and resource consumption through careful selection of packaging materials, while taking extra care to avoid using composite materials such as “paper and aluminum” or “paper and PET” materials in order to maximize recyclability.

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**Terminology**

**Green Procurement**

The practice of choosing product materials that are environmentally conscious and free from harmful substances.

**RoHS Directive**

A European directive (EU) that bans the use of lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) flame retardants in certain electronic and electrical equipment.

**Banned Substances**

Substances that are currently legally prohibited or that Nintendo deems inappropriate for use.

**Substances Subject to Legal Regulation**

Cadmium and Cadmium Compounds, Hexavalent Chromium Compounds, Mercury and Mercury Compounds, Bis(Tributyl Tin (TBT)), other TBT, Tricyclalkyltin, Polychlorinated Biphenyls (PCBs), Polychlorinated Diphenyl Ethers (PCDEs), Polybrominated Biphenyls (PBBs), Polychlorinated Biphenylenes (PCBPs), Perfluoroalkyl Thioethers (PFTEs), Phthalates (six substances), PFOS related substances, Polyvinyl Chloride (PVC)

**Substances Subject to Early Withdrawal**

Substances that could be legally banned in the future, and substances that Nintendo aims to eliminate as soon as possible by substitution or other means for purposes of risk management and environmental protection.

**Substances under Application Control**

Substances such as those that may be harmful to health after prolonged exposure and that Nintendo views as requiring continual monitoring of content amount.

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**Substances Subject to Early Withdrawal**

- Antimony and Antimony Compounds
- Arsenic and Arsenic Compounds
- Beryllium and Beryllium Compounds
- Bismuth and Bismuth Compounds
- Nickel and Nickel Compounds
- Selenium and Selenium Compounds
- Bisphenol A and Bisphenol A derivatives
- 2,4-Dichlorophenol
- Di(2-ethylhexyl) Adipate
- Benzophenone
- Octachlorostyrene
- Trichloroethylene
- Tetrachloroethylene

**Substances under Application Control**

- Antimony and Antimony Compounds
- Arsenic and Arsenic Compounds
- Beryllium and Beryllium Compounds
- Bismuth and Bismuth Compounds
- Nickel and Nickel Compounds
- Selenium and Selenium Compounds
- Bisphenol A and Bisphenol A derivatives
- 2,4-Dichlorophenol
- Di(2-ethylhexyl) Adipate
- Benzophenone
- Octachlorostyrene
- Trichloroethylene
- Tetrachloroethylene

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**Regulated Substances**

- Polyvinyl Chloride (PVC)
- Natural Rubber (causes allergic reactions)
- Antimony and Antimony Compounds
- Arsenic and Arsenic Compounds
- Beryllium and Beryllium Compounds
- Bismuth and Bismuth Compounds
- Nickel and Nickel Compounds
- Selenium and Selenium Compounds
- Bisphenol A and Bisphenol A derivatives
- 2,4-Dichlorophenol
- Di(2-ethylhexyl) Adipate
- Benzophenone
- Octachlorostyrene
- Trichloroethylene
- Tetrachloroethylene

---

**Substances That Could Be Legally Banned in the Future**

- Polyvinyl Chloride (PVC)
- Natural Rubber (causes allergic reactions)
- Antimony and Antimony Compounds
- Arsenic and Arsenic Compounds
- Beryllium and Beryllium Compounds
- Bismuth and Bismuth Compounds
- Nickel and Nickel Compounds
- Selenium and Selenium Compounds
- Bisphenol A and Bisphenol A derivatives
- 2,4-Dichlorophenol
- Di(2-ethylhexyl) Adipate
- Benzophenone
- Octachlorostyrene
- Trichloroethylene
- Tetrachloroethylene

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**Substances That Could Be Legally Banned in the Future**

- Polyvinyl Chloride (PVC)
- Natural Rubber (causes allergic reactions)
- Antimony and Antimony Compounds
- Arsenic and Arsenic Compounds
- Beryllium and Beryllium Compounds
- Bismuth and Bismuth Compounds
- Nickel and Nickel Compounds
- Selenium and Selenium Compounds
- Bisphenol A and Bisphenol A derivatives
- 2,4-Dichlorophenol
- Di(2-ethylhexyl) Adipate
- Benzophenone
- Octachlorostyrene
- Trichloroethylene
- Tetrachloroethylene
Nintendo employs the fabless production model, where all of our production processes—from raw materials processing to parts manufacturing and product assembly—are outsourced to domestic and overseas production partners. Accordingly, we take environmental considerations into account when making business decisions and are now focusing on energy-saving and more effective use of our resources. Additionally, we continue to conduct research on environmental burdens that may be posed by the production processes of our production partners.

Nintendo’s Approach

Establishing Energy-Saving Plans at the Office

At Nintendo, with respect to our office planning, we are taking measures to improve our facilities to make them as environmentally-conscious as possible. For instance, the air conditioning units and lighting systems at some offices have been replaced with more energy efficient models, and washroom facilities designed to conserve water have already been introduced.

At Nintendo Co., Ltd., our aim is to reduce CO₂ emissions by 2% versus the previous year. Although we continue to strive for this goal, due to the dramatic increase in sales of our products, the workload at our offices has also greatly increased and our emissions have risen 1.5% compared to fiscal year 2006. In the future, we are considering working together to envision mid-term goals for emissions reductions and are considering to step-up our efforts throughout the Nintendo Group.

Conservation of resources is of great importance. Among the necessary first steps to take in this direction are reducing the consumption of resources, reducing waste generation, waste separation and recycling. While we always endeavor to make effective use of our resources, we recognize that we can further fine-tune our approach to waste reduction. Due to the dramatic increase in sales of our products, the amount of industrial waste generated by Nintendo Co., Ltd. increased in fiscal year 2007 to 858 tons. Now we are in the process of gathering information on promoting initiatives throughout the Nintendo Group.

Promoting Waste Reduction and Recycling

Nintendo’s Approach

Promoting Waste Reduction and Recycling

Choosing product transportation with the least environmental burden

At Nintendo of Europe’s office in Germany, the burden on the environment caused by transportation of our products is carefully considered in determining the optimal combination of transportation modes to adopt. Currently, 50% of the transportation of product imports from Dutch ports to Nintendo of Europe warehouses is by train, 20% by ship, and 30% by truck. Although trucks are actually the fastest means of transport, Nintendo of Europe nevertheless continues to improve its methods in order to reduce CO₂ emissions as much as possible.

Encouraging alternative commuting options

Nintendo of America actively encourages employees to use alternative commuting options (e.g. public transportation, carpools/vanpools, walking, bicycling, etc.) available at each of its three office locations. To support this effort, the company offers free bus passes and other public transportation subsidies, preferential parking for carpools and vanpools, bike racks and shower facilities at most locations, and provides alternative commute information to employees. At our Redmond, Washington and Redwood City, California locations, employees who use an alternative commute option have access to a company sponsored vehicle to attend offsite engagements. The amount of preferred parking spaces and bus passes issued has continued to increase over the last few years resulting in fewer employees driving to work alone. In addition to benefiting the environment, walking and cycling to work also promotes the health of our employees.

Promoting Waste Reduction and Recycling

Nintendo of America Inc.

Switching to electronic data

Nintendo España is increasing its efforts to reduce its paper usage. For example, in 2006, Nintendo España introduced an electronic invoice system so that paper documents were replaced with electronic versions. Such system has already been implemented at all Nintendo of Europe’s affiliates and at Nintendo of America. Thanks to this electronic switch-over, paper usage related to invoices at Nintendo España decreased by over 25% in 2007, compared to the previous year. Currently, Nintendo España is considering an electronic digital signature system for its document approval process.

Nintendo of Europe GmbH (Germany)

Nintendo España, S.A. (Spain)

Employee Viewpoint

Wolfgang Hartlaub, Director, European Operations

J. Daniel Montemayor, IT Manager

Dave Diederich, Information Service Programming Department
Bringing Smiles to the Community

Always thinking of ways we can contribute to the community, the Nintendo Group endeavors to serve as a leading corporate citizen.

Unique Nintendo Contributions

We believe that maintaining a wholesome society is an essential part of Nintendo’s business. In recognizing that we must give back to society, we consider what kinds of contributions we can best offer, and we endeavor through our activities to contribute to society as a corporate citizen.

Nintendo’s Approach

- Nintendo Game Seminar

At Nintendo Co., Ltd., we wish to maintain Japan’s truly world-class game culture. Therefore, since 2003, we have been offering the Nintendo Game Seminar, which offers people the opportunity to learn about game creation free of charge.

In the Game Seminar, Nintendo developers who are currently active at the forefront of game development lecture and convey to participants the professional knowledge necessary for game production. Every year about 40 students participate in this very practical seminar. They are introduced to the same environment as professional developers, and for about ten months they work together as a team to create games. The task of cooperating in the creation of something provides participants with the opportunity to broaden their perspectives and improve their communication skills. We hope that by experiencing such an environment early on, over time these students will grow to become creators who play a central role in the game industry. In actuality, many students who complete our seminar go on to make creative contributions not only to Nintendo but also to other companies and in various industries.

In fiscal year 2007, 32 students participated in the Game Seminar. We wish to continue such activities in order to contribute – even in a small way – to nurturing the future talent of the game industry.

- Contributing a Nintendo Character

In Japan, the Children’s Rights Hotline is a helpline that children can call for assistance if they believe human rights have been violated. The Hotline is operated by the Kyoto District Legal Affairs Bureau and others to protect children from abuse and extreme cases of bullying. Since 1999, to support this cause, Nintendo Co., Ltd. has been providing our character Mario for the Children’s Rights Hotline’s campaign poster and mini-calendar which are distributed to all elementary and middle schools in Kyoto Prefecture. They have been well received by everyone, including children.

Supporting the Starlight Starbright Children’s Foundation and others

Since 1994, Nintendo of Europe’s UK branch has been making contributions to the Starlight Starbright Children’s Foundation, a non-profit organization which aids seriously ill children undergoing long-term treatment and their families. (Other Nintendo companies also have long-standing relationships with their local Starlight Foundation: 17 years at Nintendo of America, and 16 years at Nintendo Australia.) UK branch also supports the activities of the Science Museum in London, in an effort to make more people familiar with the sciences.

Darren Gorton, General Management

Donating refurbished products for good causes

For the past four years, during each Christmas season, Nintendo Benelux has been donating its refurbished Nintendo products, such as Wii and Nintendo DS and software, to local hospitals, child care facilities and youth recreation centers. By making new use of products still in good condition that would have been otherwise disposed of, such donations are not only an effective application of resources, but more importantly, they bring great happiness to their recipients – children.

Bianca Stirnweis-van Dort, Marketing Department

Employee Viewpoint

Supporting interaction between elderly people and children in the local community

At Nintendo Australia, we support a program where residents in the local retirement home partner with primary school students as a “buddy” and enjoy playing games together. Our employees regularly visit the facility and hear that the participants are very much looking forward to this program every week. Putting a game in someone’s hands for the first time and being able to give someone enjoyment brings smiles to everyone who participates in this program.

Sylvianne Christie, Sales & Marketing Department

Supporting the Starlight Starbright Children’s Foundation and others

Since 1994, Nintendo of Europe’s UK branch has been making contributions to the Starlight Starbright Children’s Foundation, a non-profit organization which aids seriously ill children undergoing long-term treatment and their families. (Other Nintendo companies also have long-standing relationships with their local Starlight Foundation: 17 years at Nintendo of America, and 16 years at Nintendo Australia.) UK branch also supports the activities of the Science Museum in London, in an effort to make more people familiar with the sciences.

Darren Gorton, General Management
At Nintendo, we must govern our business in order to maximize corporate value continuously over the long-term, while carefully considering the benefits to everyone Nintendo touches including our consumers, shareholders, business partners, employees and the community. We strive towards a highly transparent and sound corporate governance structure and the continued improvement of corporate ethics.

Nintendo’s Approach

- **Execution and Supervision of Tasks**

  Nintendo’s unique business is based on the software-driven integration of hardware and software. We believe the optimum managerial structure involves individuals who are familiar with our unique business, are able to carry out managerial decision-making and task execution as Directors, and are able to supervise task execution as members of the Board of Directors.

  In order to enable prompt adjustments to accommodate changes in the managerial environment, Directors are elected annually for a one-year term. In addition to the Board of Directors, which is a decision-making body for task execution on important matters including management decisions, we vigorously advance our corporate management activities through meetings of the Executive Management Committee, comprised of all Representative Directors, to achieve prompt and efficient decision-making.

- **Audits**

  Five Auditors are elected, including three outside Auditors. These five Auditors in total comprise the Board of Auditors. Additionally there is the Office of Auditors, which supports and supplements Auditor tasks. Aside from audits conducted by the Auditors, the Internal Auditing Department, under the direct supervision of the President, conducts audits primarily related to operations of each department and office.

  The Accounting Auditor maintains close working relationships with the Auditors and the Internal Auditing Department, and reports auditing plans and auditing results, as well as exchanging necessary information and opinions during the fiscal year so as to realize efficient and effective auditing.

- **Internal Control**

  We enhance Nintendo’s internal control system in order to develop, maintain and improve the sound corporate management structure of the entire Nintendo Group, as well as to secure efficacy of operations. Specifically, we have established the Internal Control System Committee, chaired by the President, and are conducting an internal control enhancement project for the entire Nintendo Group. The Internal Auditing Department, as the secretariat of this project, is in charge of establishing and operating the internal control system; it continually evaluates the appropriateness and efficiency of task execution for each division, and provides proposals for improvement and advice as needed.

- **Group-wide Governance**

  Throughout the Nintendo Group, by promoting positive and aggressive communication and deepening mutual understanding, we endeavor to bring about a highly transparent business environment. For example, representatives of our principal companies in the Nintendo Group convene at periodic meetings to share information, and we plan for a unified consciousness. Additionally, along with the audits by Nintendo Co., Ltd.’s Auditors and Accounting Auditors, Nintendo Co., Ltd.’s Internal Auditing Department also conducts audits, and we continuously foster leadership and cooperation for the enhancement of internal controls.
Nintendo views compliance as essential to building and maintaining the consumer trust required to continue the growth of the company. To ensure a consistently high degree of compliance with laws, regulations, and social norms, we have established and implemented regionally-specific codes of conduct.

**Nintendo’s Approach**

- **Compliance Committee**

  Nintendo Co., Ltd. has established a Compliance Committee under the direct supervision of the Executive Management Committee to develop measures and policies after monitoring the promotion of compliance wherever Nintendo has a presence. In addition, each division throughout the organization has specific individuals who support management efforts for compliance. Furthermore, for the enhancement and promotion of overall compliance throughout the Nintendo Group, we have set up the Global Compliance Committee (GCC), consisting of the top management of Nintendo Co., Ltd. and our major overseas subsidiaries.

- **GCC Core Members Meeting**

  Nintendo established the GCC in May 2004, and holds meetings of the core personnel responsible for legal affairs and compliance at major group companies twice each year to share information and promote shared awareness through the exchange of opinions on the status of compliance and future tasks at each company.

- **Reporting Compliance Concerns**

  Nintendo has established a system for reporting compliance concerns to enable employees who discover fraudulent conduct or business activities that are in potential violation of the law to bypass the normal chain of command and report directly to the office of the President in each group company. Each company’s regulations stipulate that employees are protected from any disadvantage for reporting suspected misconduct through the protection of anonymity. When a report is received, the matter is investigated and handled accordingly. In addition, while such situations are highly unlikely, nevertheless we have a system that enables employees at individual group companies to report misconduct that their company President may be involved in directly to the top management of Nintendo Co., Ltd.

- **Management and Protection of Information**

  Nintendo Co., Ltd. has stipulated in-house rules and regulations including Information Management Regulations and Personal Information Management Regulations to ensure the appropriate handling of important information. We developed a strict system of access control to assure the proper management of confidential and personal information, and staff carry out regular training and education in the handling of such information.

Nintendo considers it crucial to quickly identify, completely understand, and thoroughly evaluate risks surrounding the company and take every measure to avoid or reduce such risks and prevent unfavorable outcomes. In the event of incident or accident, we strive for prompt resolution.

**Nintendo’s Approach**

In principle, Nintendo’s risk management is structured so that each group company takes direct responsibility for the management of risks surrounding its tasks. The Internal Auditing Department of Nintendo Co., Ltd. verifies the risk management structure of each group company, proposes improvement measures, and offers advice as needed. In addition, to prepare for emergencies such as natural disasters, Nintendo Co., Ltd. has published a Crisis Management Manual in accordance with the company’s Disaster Prevention Regulations. Our overseas subsidiaries have also established restoration and business continuity plans to be executed in the event of emergency.

**Information Disclosure**

In order to gain and maintain the trust of our shareholders and investors, Nintendo strives for fair, appropriate, and timely disclosure of information, and the creation and maintenance of a corporate environment that facilitates the exercise of voting rights.

**Nintendo’s Approach**

- **Holding Financial Results Briefings**

  Nintendo holds Financial Results Briefings three times a year and a Corporate Management Policy Briefing once a year for financial analysts and institutional investors after the announcement of financial results. These meetings focus on the clear and accurate explanation of business performance and gaining understanding of our corporate strategies. We strive to provide access to the information made available at these meetings by promptly releasing the contents of the meetings on our official website.

- **Smooth Management of Shareholders Meetings**

  Nintendo stresses the importance of easy-to-understand explanations as well as promoting an environment that facilitates the exercise of voting rights for all of our shareholders. To this end, we send out convocation notices approximately three weeks prior to the date of shareholders meetings and have adopted a method that allows shareholders to exercise their voting rights via the Internet. In addition, for the convenience of shareholders around the world, we create and make available the notices in English and have adopted a platform for the exercise of voting rights by electronic means for institutional investors.
In 2007 and 2008, during interviews conducted with Nintendo Co., Ltd. President, Mr. Iwata, I was immediately impressed by his disposition of deep consideration on the issue at hand, and I truly felt his open-mindedness and flexibility. Mr. Iwata defined Nintendo’s CSR activities in easily understandable terms such as activities that “put smiles on the faces of everyone Nintendo touches.” When meeting Nintendo employees, I immediately had the sense that they were all truly reliable people. No one showed even the least bit of boastfulness in Nintendo’s numbers: net sales of 1.67 trillion yen, gross income of 440 billion yen (as of March 2008), and high growth of profits. Rather, everyone at Nintendo simply gave me the impression of steady dependability and enthusiasm for their work. I felt that this is due to Nintendo’s careful consideration of how to develop employees’ abilities while providing work that is both worthwhile and diverse, as reflected in its low employee turnover rate, a high percentage of employment of persons with disabilities, and reemployment system.

With regards to the production process, Nintendo employs the failure production model and outsources hardware production to production partners including those in China. Nintendo works closely with its production partners, carries out quality testing systems and fully equips all facilities including those in China, and implements strict checks while taking into account consumer perspective throughout the creation process. In addition, drawing up CSR Procurement Guidelines and implementing fast and efficient testing and assessment of factories are of great value to this process. I believe that these elements have led to the explosive success of the Nintendo DS and Wii, through which Nintendo has achieved outstanding achievements all over the world. Even though actually I’m not much of a video game player, I picked up some “practical” games like cooking and face training software, and ended up getting into conversations about them with my friends, family and coworkers.

While there’s still a number of people in the world who have a negative preconceived view of video games, in order to get them to change their minds, it is necessary to actively publicize information on the positive impact of games in society, and positive aspects of games as a communication tool. Now that we are in an age that demands the release of companies’ CSR activities worldwide, I hope that further strategic information that increases corporate value as well as environmental information will be covered extensively.

Furthermore, as the use of wireless functionality in games continues to increase, it is necessary to promptly address the risks involved in internet use head-on. More generally, CSR also equally requires a detailed Business Continuity Plan in place in order to quickly respond to disasters or pandemics where production sites are located.

Lastly, at the G8 Hokkaido Toyako Summit, leaders at the summit agreed to cut greenhouse gas emissions in half worldwide by 2050. In the game industry, it is always difficult to discern long-term strategies. However I also believe that it is a worthy ambition to formulate a long-term vision of the far future, for example, 2020-2050, in order to “continue to put smiles on the faces of the children of future generations.” It is not so easy to get each and every stakeholder smiling, but I believe that Nintendo plays a significant role as a global company in achieving a happy and a sustainable society. I look forward to seeing how Nintendo’s creative and original CSR activities will grow ever more in tune with the needs of the world.

Our Response

We at Nintendo have defined our CSR activities as activities that “put smiles on the faces of everyone Nintendo touches.” In fiscal year 2007, we mainly reported on such CSR activities that had already been underway which lead to smiles for everyone we touch, but this year we have included specific information on CSR procurement and information on our overseas subsidiaries, and have created a report with complete and accessible contents.

Concerning our future activities and creating future reports, we seriously take Ms. Sonoda’s valuable comments to heart, and we will actively contribute our best efforts.

Along with every member of the Nintendo Group, I believe that we will continue to strive all the more in our activities to put smiles on the faces of everyone Nintendo touches.

Secretariat of CSR Promotion Project

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