



FY2021
Regarding SDGs / ESG

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KOEI TECMO HOLDINGS CO., LTD.

1-18-12 Minowa-cho, Kouhoku-ku, Yokohama-shi, Kanagawa, 223-8503 TEL: 045-562-8111 <https://www.koeitecmo.co.jp/>

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KOEI TECMO Ethos

Creativity & Contribution

Contribute to society through the creation of new value instilled within our products and services.

Basic Management Policies

Provide the Best Entertainment Content

Provide our customers with the most emotionally moving experiences through the creation of superior content.

Achieve Continuous Growth and Profitability

Create a stable management base and aim for continuous growth and development.

Improve Employee Welfare

Become a vibrant and attractive company through the improvement of our business performance and employee welfare.

Challenge New Business Areas

Continue to take on the challenge of creating something new and beneficial to our society.

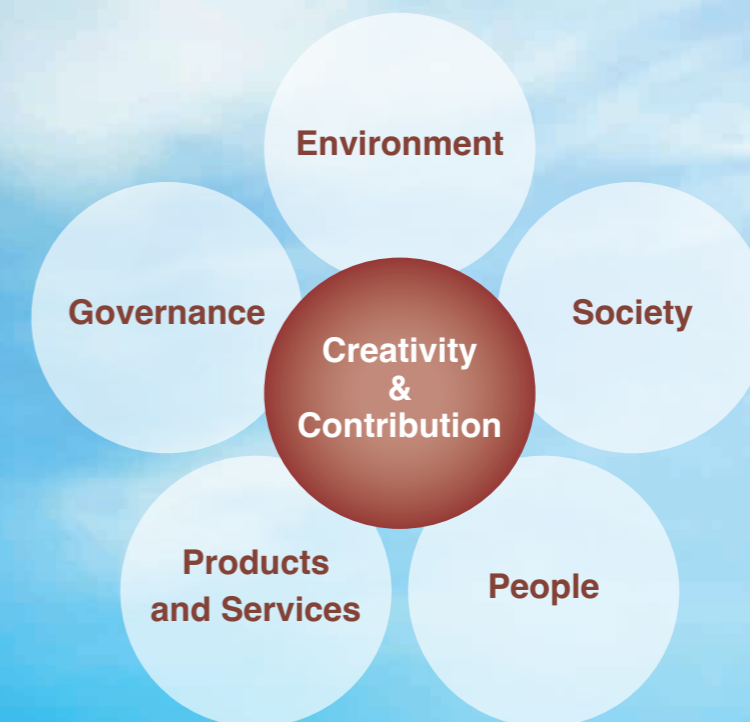
Our purpose is to contribute to the fulfillment and enjoyment of the people around the world through the creation of new value instilled within our products and services under the ethos of "Creativity & Contribution".

At KOEI TECMO Group, our corporate objective is to actively incorporate ESG criteria in our management to accomplish our SDGs over the long term.

Establishing Our Materiality Matrix

We have established 5 key issues that we will advance in order to contribute to the realization of a sustainable society and enhance our corporate value.

KOEI TECMO Group Materiality



Environment

Protecting the environment for future generations

Our goal is to promote the conservation of energy and resources and conduct efficient, environmentally friendly business management.



Sustainability of the KT Building

In January 2020, the new main office of KOEI TECMO GAMES, the KT Building, was completed in Minatomirai, Yokohama. This building is designed with the active pursuit of sustainability in mind. We will use the know-how we accumulated from this KT Building to increase the sustainability of our other office buildings, bringing about energy-efficient office environments for our entire Group.

Introduction of energy-saving equipment

We have implemented LED lighting for the office and water-conservative equipment for toilets and sinks.

Energy conservation through district heating and cooling systems

The Yokohama Minatomirai district promotes energy-saving and environmentally friendly urban development by introducing a district heating and cooling system in which cold water and steam used for heating, cooling, and hot water supply are centrally produced at an energy plant and supplied to facilities in the area. Through the implementation of this district air conditioning system, energy-efficient city development has been able to proceed with a low impact on the environment. At the KT Building, we combine this system with under-floor air conditioning that pushes air upward across the entire floor to implement an even more energy-efficient and effective air conditioning.



Cold water and steam produced at energy plants are supplied to various facilities through underground piping.



Methods

- **Energy-efficient office environment**
- **Greening of company buildings**
- **Improving company cafeteria, dormitories, housing, recreational facilities**
- **Monitoring power consumption**
- **Electricity conservation through promotion of server virtualization and systemization**
- **Contribution to decarbonization and CO2 reduction through the introduction of high efficiency IT equipment and power saving**
- **Paperless company meetings**
- **Digitization of game manuals**
- **Further paper conservation through DX**
- **Donating, investing, and supporting environment-related projects**
- **Expanding Cool Biz and Warm Biz**
- **Information disclosure of climate change-related risks and earning opportunities based on the TCFD Recommendations or an equivalent framework.**

FY2021 Results

- Implementation of district-based air conditioning system (KT Building).
- Introducing plants to Hiyoshi main office (2nd office after KT Building).
- Construction of 2 new company housing buildings (69 units).
- Conducted electricity consumption monitoring at the four main offices (Hiyoshi Main Office, Building 2, Gemini Building, and KT Building).
- Developed and implemented original communication tools and game development support systems that provide workflow support while maintaining a high level of security (over 80).
- Transitioned game development support tools from physical servers to virtual environments (over 10).
- Integrated and virtualized outdated physical servers, moving to a cloud environment.
- Discontinued, reorganized, and relocated systems running on outdated equipment and reduced the number of physical servers (over 30).
- Board of Directors meetings and management meetings are now paperless (equivalent to saving approximately 1,303kg of A4 paper per year).
- Completed transition to electronic manuals (equivalent to 49t, based on 8.13M units sold in FY2021, with 6g per paper manual).
- Implemented a invoice system (digitalization rate: 94%).
- Implemented a digital contract system (over 1,000 yearly).
- Conversion to a paperless workflow for game monitoring process (100%).
- Donations were made to Yamashina Institute for Ornithology and Keidanren Nature Conservation Fund.
- Adopted an-all-year-round no-necktie policy.
- Currently gathering the necessary information for disclosure.

Greening Initiatives

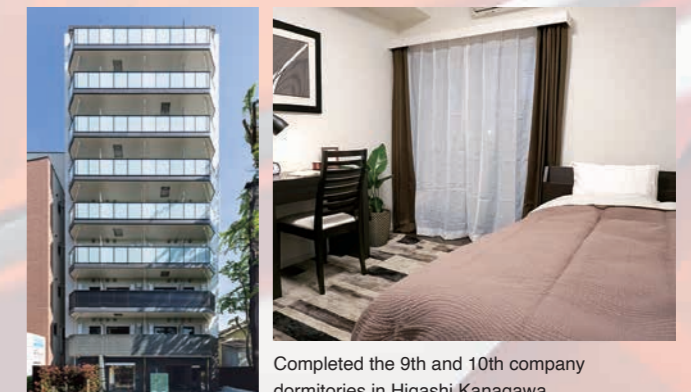
We have added a variety of greenery to the outer walls and exterior grounds to create a vibrant and environmentally friendly city scenery. In the office, indoor gardens with live plants have been installed on each floor to create a comfortable and creative work environment.



We also have a green area inside the office.

Improvement of employee welfare through company housing

Improvement of employee welfare is one of the basic management policies of the KOEI TECMO Group. As part of this effort, we own our own offices, dormitories, company housing, and recreational facilities. Owning our buildings allows us to provide a comfortable office environment and welfare facilities for our employees through careful maintenance, management, and continuous improvements. The Real Estate Department, a dedicated department within the Group, is responsible for domestic and overseas real estate operations and facility management of properties used by the company. Following the completion of the KT Building in 2020, we also constructed two more company-owned dormitories in 2021 in Higashi Kanagawa, providing a total of 360 rooms for dormitory and company housing.



Completed the 9th and 10th company dormitories in Higashi Kanagawa.



Society

What we can do

As a member of society, we are committed to academic promotion, regional and social contributions, and disaster relief.



Promotion of learning

It is essential to develop the human resources that will lead the next generation in the entertainment industry. KOEI TECMO Group continuously participates in activities to promote learning, such as providing training in game software development and cutting edge techniques and supporting research in simulation & gaming.



"Machi no Sensei" has received excellent reviews from those who participated.

Contributing to the community through vocational education activities

Every year, we send lecturers to elementary and middle schools as a part of the "Machi no Sensei" initiative to deepen students' understanding of the work of game creators. In 2021, "Machi no Sensei" activities were held at Lifelong Learning Center in Ashikaga, Minowa Elementary School and Hiyoshidai Junior High School in Yokohama.



Methods

- Adherence to industry guidelines and ratings
- Addressing gaming addiction and gacha issues
- Raising the social quality of our products
- Continuing academic promotion, regional and social contributions, and disaster relief activities

FY2021 Results

- All of our game software received ratings from the relevant rating organization (CERO, ESRB, PEGI, and so on) both in Japan and overseas.
- Our fee system follows the guidelines provided by the Computer Entertainment Supplier's Association (CESA). Our Quality Assurance Division has also implemented gacha restrictions based on the same guidelines.
- Our website, GAMECITY, hosts links to the CESA site and to an educational video about "How to safely enjoy video games" endorsed by four game-related groups.
- A dedicated usability team has been established within our Quality Assurance Division. In addition, we have assembled a database of QA knowledge featuring everything from functional bugs to local culture and social issues.
- Conducted vocational education activities ("Machi no Sensei") at local elementary and junior high schools to educate students about the work of game creators.
- Conducted lectures by top management and engineers to promote the development of future talent in the field of game software development (a total of 6 lectures at 3 universities).
- Contributed to Keio University's endowed lecture "Hiyoshigaku" and the Global Passport Program.
- Supported research activities in the simulation & gaming field through aid to the Japan Association of Simulation And Gaming (JASAG) and the Foundation for the Fusion Of Science and Technology (FOST).
- Donated over 1 million yen for the torrential rain disasters in July and August 2021.
- Donated approximately \$500,000 for humanitarian aid to Ukraine.
- Donated a total of 100 million yen to the "Akai Hane Earthquake Volunteer and NPO Support Fund" for the 2011 Tōhoku earthquake (2011, 2012).
- Contributed medical supplies equivalent to 100 million yen to Yokohama City for use in countermeasures against the COVID-19 pandemic (2020).
- Donated 30 million yen to Kyoto's "Kyoto City Cultural Arts Activity Emergency Incentive Grant" in response to the latest COVID-19 virus (2020).

University Lectures and Presentations

We hold lectures at universities on the latest technologies in game software development, AI, game engines, and other topics. Lectures have been held in the University of Tokyo, Keio University, Kyoto University, Waseda University, and the Tokyo Institute of Technology.



In 2021, we held online lectures from our company studio.

< Lectures held in FY2021 >

"Kou Shibusawa's Game Development":
Yoichi Erikawa (President & CEO of KOEI TECMO HOLDINGS CO., LTD.)

"Game Engine Design":
Hirosato Mishima (Executive officer & Future Tech Base Manager of KOEI TECMO GAMES CO., LTD.)

Supporting research activities in the fields of simulation and gaming

By introducing simulation and gaming to the education and academic fields, we seek to create a society where scientific technology and human culture merge together. We support the Japan Association of Simulation And Gaming (JASAG) and the Foundation for the Fusion Of Science and Technology (FOST). Mr. Yoichi Erikawa, President & CEO of our company, serves as the Board Chairman at FOST. Since 2007, the foundation has held the FOST Awards to recognize the best researchers in the simulation and gaming field. The 15th FOST Awards ceremony was held in March 2022.



The FOST Awards ceremony held online. Starting from the upper left, moving clockwise, is FOST Board Chairman Yoichi Erikawa, Newcomer Award winner Miki Yokoyama, Chief Examiner Rei Shiratori, FOST Award and Society Contribution Award dual-winner Kengo Suzuki.



People

Bringing smiles to everyone's faces

Our goal is to create a rewarding workplace by developing human resources, improving welfare, and promoting diversity.



The keystone of diversity: the participation of women

Role of female managers

Chairman and Representative Director Keiko Erikawa is involved in management as a co-founder with her husband, President & CEO Yoichi Erikawa. She also participates in CG design, finance, welfare, human resources, and other areas while maintaining her household. She has broken through various social barriers by creating the world's first game for women and establishing the Ruby Party with a multimedia approach. Chairman Erikawa is the driving force behind the women in KOEI TECMO Group. Furthermore, she has been a long-time proponent of copyright protection for game software and contributed greatly to the international expansion of the gaming industry. With her achievements in having helped establish seven corporations, she received the Medal with Blue Ribbon in 2015. She continues to broaden her range of activities as a female manager, being appointed as an External Board Director for the Softbank Group in 2021, as well as being listed in Forbes "Asia's Power Businesswomen 2021" and "50 Over 50: Asia 2022".

Maintaining a work-life balance

KOEI TECMO Group has established a system to support women's careers and a positive work-life balance. The system account for childcare and childbirth leaves of absence. It also provides support for employees to return to work, fostering a corporate culture that encourages both men and women to take these leaves of absence and takes into account each individual's career path. We also provide a childbirth bonus (100,000 yen for the first child, 200,000 yen the for second child, and 2 million yen for the third+ child) and activities for



2 of the 12 current Board members are female. In the picture above is Chairman Keiko Erikawa, and the picture on the right shows Director Mei Erikawa.

the community of working mothers and fathers, "Penguin no Kai", a part of the employee's co-op organization "KT Kai".

Improvements in the female managers and executives ratio

One of the KOEI TECMO Group Code of Conduct is fair evaluations and treatment for all employees. Advancements and assignments are ability-based, with everyone being given a fair chance. In addition to providing an environment conducive to work, we have also arranged other support for advancing the careers of our female employees. Through this, we work to increase the role of women in the company, and improve the ratio of female managers and executives.

Methods

FY2021 Results

<ul style="list-style-type: none"> ● Comprehensive employee training 	<ul style="list-style-type: none"> ○ Implementation of training programs: new employee training (including table manners training), follow-up training, "brother" system, mid-career training, rank-specific training, management training, and producer training. ○ Introduction of a variety of learning opportunities: lectures by external lecturers, internal lectures and study sessions on expert knowledge and latest technology, external seminars, English lessons, and online education. ○ Compliance training: harassment training, intellectual property (trademarks and patents) training, contracts, and legal training. ○ Participation in meetings on cutting-edge technology: CEDEC, overseas auditing (SIGGRAPH, GDC, etc.).
<ul style="list-style-type: none"> ● Environment and systems that enable diverse workstyles 	<ul style="list-style-type: none"> ○ Remote work environment tools: SSL-VPN, communication tools and video conferencing system, high-speed communication lines, and security measures. ○ Hybrid work system efficiently combining working from home/office to counter the coronavirus pandemic: implemented a flex-time system with no core times and reduced work time and provided an allowance for work from home. ○ Actively promoting childcare and childbirth leave. <ul style="list-style-type: none"> Return rate from childbirth leave: 100% Rate of leave takers: 80% (men 76.9%, women 88.9%) Return rate from childcare leave: 80% (men 100%, women 88.9%). ○ Rate of paid leave acquisition: 73.3%. ○ Established policy to allow work until age 70.
<ul style="list-style-type: none"> ● Establishing a long-term workplace 	<ul style="list-style-type: none"> ○ FY2021 job separation rate: 4.2% (average over past 3 years: 4.0%).
<ul style="list-style-type: none"> ● Work-life balance through the promotion of work efficiency 	<ul style="list-style-type: none"> ○ Reducing working hours by introducing a hybrid work system, improving operational efficiency, promoting DX, and providing labor management support systems.
<ul style="list-style-type: none"> ● Promoting multiple career paths 	<ul style="list-style-type: none"> ○ Promoting the advancement of personnel with advanced expertise, skills, and work experience as a group of Experts and establishing a system to enhance their expertise and encourage their activities. ○ Established a new company, KOEI TECMO QUALITY ASSURANCE, and developed a system for promoting and rewarding employees (QA specialists) and new career paths for game developers in the expanding need for quality assurance (QA) work. ○ Implemented training for QA staff and new employee training. ○ Established an in-house recruitment policy. ○ Held career stage training for employees in their 50s.
<ul style="list-style-type: none"> ● Training for personnel for overseas development subsidiaries 	<ul style="list-style-type: none"> ○ Strengthened our development stance through actively nurturing personnel and promoting CG production in overseas development subsidiaries. ○ Of 1,489 game development employees (programmers, planners, and CG designers) in our Group, 405 (27.2%) are employed at overseas development subsidiaries (as of March 2022).
<ul style="list-style-type: none"> ● Improving the female managers and executives ratio 	<ul style="list-style-type: none"> ○ Female board members: 16.7% (as of March 2022). ○ Female managers: 7.3% (as of March 2022). ○ Female leaders in the CG division: 32.7% (as of March 2022).
<ul style="list-style-type: none"> ● Expanding employment of personnel with foreign citizenship 	<ul style="list-style-type: none"> ○ Foreign citizens among newly employed personnel: 2019: 15.6% 2020: 15.8% 2021: 16.0%
<ul style="list-style-type: none"> ● Compensation and incentives 	<ul style="list-style-type: none"> ○ Achieved five consecutive years of base salary increase. ○ Provided awards and bonuses for outstanding developers and projects. ○ Hosted free lunches to celebrate achievements while taking precautions against the coronavirus. ○ Operated a support program for repaying student loans. ○ Increased base salary by an average of 23%, raised the starting salary for new graduates to 290,000 yen, and provided special bonuses.
<ul style="list-style-type: none"> ● Support system for employees 	<ul style="list-style-type: none"> ○ Offered easier access to the harassment consulting service by setting up additional communication tools and groupware.
<ul style="list-style-type: none"> ● Promoting health management 	<ul style="list-style-type: none"> ○ Implemented counseling service via e-mail and online. ○ Carried out vaccinations for the coronavirus (3 times for company-related individuals) and influenza.
<ul style="list-style-type: none"> ● Childbirth bonus policy 	<ul style="list-style-type: none"> ○ Payments: <ul style="list-style-type: none"> First child (100,000 yen): 18 births Second child (200,000 yen): 14 births Third child (2 million yen): 2 births



Products and Services

Delivering excitement to the world

We value intellectual properties and provide original products and services that leverage our strengths.



Invitation to knowledge, gateway to learning

October 2021 marks the 40th anniversary of "Kawanakajima no Kassen", the first game created by President & CEO Yoichi Erikawa under the alias of Kou Shibusawa. During the decades, we have expanded into a variety of genres, including historical simulation games such as "Nobunaga's Ambition" and "Romance of the Three Kingdoms", action games such as "Dynasty Warriors" and "Nioh", role-playing games such as "Atelier Ryza", games for women such as "La Corda d'Oro", and more. In the 2022 NHK drama, "Kamakura-dono no 13-nin (The 13 Lords of the Shogun)", Kou Shibusawa is participating as a supervisor of 3DCG maps, using the expertise accumulated through game development. We will continue to contribute to society by creating entertainment content based on Asian history and culture.



[Above] Origin of historical simulation: "Kawanakajima no Kassen"
[Right] Upcoming release: "NOBUNAGA'S AMBITION: Shinsei"

Promotion of partnerships and collaborations

To strengthen our global partnerships, we will continue to advance our plans for widespread collaborations for movies, TV dramas, plays, and events. The internationally produced movie "Dynasty Warriors" was recently released in China, Hong Kong, Taiwan, and Japan.



Methods

FY2021 Results

- **Tie-ins for regional contributions and area revitalization projects**
 - Cooperated with regional public awareness campaigns (fire prevention, anti-violence, traffic safety).
 - Promoted tie-ins based on the needs of each area.
- **Promotion of collaboration strategies**
 - Formed partnerships in various fields such as movies, TV dramas, theater, events, etc.
- **Pursuing specialized skills (CG production)**
 - From photorealistic to toon shading, we support all types of CG tastes and pursue a variety of visual expression.
 - Created a team/unit-based structure to share knowledge and formulate long-term plans for each specialized function.
 - We utilize the latest software tools, generic textures, and 3D models.
- **Making use of our proprietary game engine, the Katana Engine™**
 - We have developed a number of original systems that simplify data production and achieve significant operational efficiency.
- **Cultural diversity through cooperation with external creators**
 - We have established a framework for achieving AAA quality in game development by employing renowned visual directors, action directors, sculptors, concept designers, lighting directors, and others.
- **Strengthening risk management for our intellectual properties**
 - Maintained company rights through acquiring patents and copyrights.
 - Made use of the copyright system in China.
 - Performed internal training on intellectual properties.
- **Emphasizing respect for intellectual properties, both our own and others**
 - Created a database and investigative reports regarding patents.
- **Upholding our strict policy against copyright infringements**
 - Requested removal of apps that infringed our copyright.
 - Monitored and requested the removal of copyright infringements on all media.
 - Improved our litigation response.

Collaborations for regional contributions and area revitalization projects

We are actively engaged in regional contribution and area revitalization projects by using our IP in collaborations with local governments, schools, public transportation systems, and companies and products that represent regions.

Examples of educational posters created in cooperation with the local government using our IP.



<Activities held in FY2021>

- "Romance of the Three Kingdoms Hadou"
 - Created anti-gang violence posters in collaboration with the Kanagawa Prefecture Center for the Elimination of Violence and the Kanagawa Prefectural Police Department.
 - Held the "Romance of the Three Kingdoms Hadou Digital Stamp Rally in Yokohama" in cooperation with the Yokohama City Transportation Bureau and the Yokohama Chinatown District.
- "NOBUNAGA'S AMBITION: Shinsei"
 - Created traffic safety posters in cooperation with Ashikaga City in Tochigi.
 - Held the "NOBUNAGA'S AMBITION: Shinsei Stamp Rally in Gifu/Shiga", a smartphone stamp rally in conjunction with Sekigahara Memorial's event "MEET Mitsunari in Sekigahara 2021".
- "SAMURAI WARRIORS 5"
 - Created posters promoting fire safety in cooperation with the Fire and Disaster Management Agency of the Ministry of Internal Affairs and Communications.
 - Held the "SAMURAI WARRIORS 5 and Sengoku Shimazu" collaboration event at the Shimazu clan residence, Sengan-en, listed as a World Heritage site.
- "La Corda d'Oro Starlight Orchestra"
 - Held the "Yokohama x La Corda d'Oro Starlight Orchestra Anniversary Campaign".



Governance

Shared resolution

We will improve our corporate value by strengthening our corporate governance and IR.



Corporate governance compatible with the Prime Market

Our company was listed on the Prime Market in accordance with the revision of the market classification of the Tokyo Stock Exchange in 2022. Following this, we aim to enhance corporate value through constructive dialogue with global investors and the establishment of a more sophisticated governance structure. We will proceed towards achieving our SDGs, respecting the diversity of our employees, and creating a satisfying work environment. We will create products based on Asian history and culture and thus contribute to society. As one of Japan's leading global companies, we will continue to pursue our long-term vision of becoming "The World's No.1 Digital Entertainment Company" under the ethos of "Creativity & Contribution".

Following the Corporate Governance Code

In FY2021, we assigned one new Outside Director, formulated a skill matrix for our Board members, and set up a Special Committee. In addition, as a listed company on the Prime Market, we will continue to strengthen our governance system in accordance with the Corporate Governance Code.

Governance improvement through outside directors

4 of the 12 Board members of our Board of Directors are independent outside directors (as of March 31, 2022). We are a listed company with a controlling shareholder (KOYU HOLDINGS CO., LTD.). By setting up a Nomination & Remuneration Committee and a Special Committee, we have strengthened our supervisory stance using outside directors and established governance that safeguards the profits of our minority shareholders.

Improvement plan for tradable shares ratio

In order to meet the enlistment maintenance criteria (35% or more) for the tradable share ratio for Prime Market, we made a tender offer and issued Zero Coupon Convertible Bonds in December 2021. These are the first measures in our country and have received a high evaluation from the capital market. In particular, we won a "Special Prize" in the convertible bonds category at the Capital Eye Awards - BEST DEALS OF 2021 presented by Capital Eye Limited.

Methods

FY2021 Results

- Developing a corporate governance structure in accordance with Prime Market guidelines**
 - Initiated measures to improve the tradable share ratio with a tender offer and Zero Coupon Convertible Bonds.
- Following the Corporate Governance Code**
 - Formulated a skill matrix for Directors.
 - Established a special committee made exclusively of independent outside directors to appropriately monitor and supervise deals with the controlling shareholders.
 - Operated a Nomination & Remuneration Committee comprised of representative directors and independent outside directors for appointing and paying executives.
- Improved functions of the Board of Directors**
 - Added one outside director (4 out of 12 are outside directors).
 - Continue to make continuous improvements through effective evaluations (self-evaluation) for the Board of Directors.
- Visibility and documentation of the management policies and strategies**
 - Formulated a medium-term management plan and announced it internally and externally.
 - To ensure the transparency of our basic principles and management plan, we distribute a video message from the top management to Group executives and employees once a month.
 - Per the decision of the Board, a management meeting to discuss and decide general management issues is held once a week.
 - Disclosure of SDGs and ESG initiatives is presented at financial results briefings.
- Dialogues with shareholders and investors regarding IR activities**
 - Held individual meetings (including conferences) with institutional investors and analysts to promote understanding of our management plan, performance, and value creation model.
 - Financial results briefings by top management (interim and year-end) and financial results meetings by CFO and Corporate Planning Department (Q1, Q3) were held in the form of interactive webinars.
 - Ranked 5th in the advertising, media, and entertainment industry category in the disclosure rating by the Securities Analysts Association of Japan.
- Internal evaluations and improvements on our corporate and IR websites**
 - Underwent evaluation by an external evaluation company and revised internal evaluation criteria.

Diagram of Governance

