



Key commentary on sustainability by our external directors

Capcom's external directors delve into the challenges associated with securing and developing talent to speed up our strategy for investment in human resources.

The seven external directors (as of March 31, 2023) on Capcom's Board of Directors take the lead in proactively exchanging opinions and advice on our management policies, ensuring transparency and soundness. For this commentary, they actively discussed Capcom's corporate governance system, initiatives for human capital as a driving force behind value creation, and disclosure to shareholders and investors, with a focus on the promotion of growth strategy.

This page introduces a selection of comments from external directors during regular Roundtable Discussions held between external directors and the heads of business divisions as part of our efforts to foster understanding of Capcom's governance.

1. Regarding strategy for investment in human resources

As part of its investment in human resources, Capcom reorganized its Human Resources operations in April 2022 and established the position of CHO. This move aims to accelerate overall strategies for investment in human resources, including revising the compensation system, carrying out town hall-style meetings where senior management and employees can directly communicate, improving the work environment, and expanding the employee benefits system. Executive management is actively working to address issues and increase productivity with an eye toward

securing and developing talent that will underpin Capcom's future. Below is a selection of comments made by external directors during the Roundtable Discussion held in September 2022.

(1) Regarding women in management positions

- Increasing the number of women in managerial positions is an issue facing Japanese society as a whole. Not much in the way of improvement or progress can be made without an organized and conscious effort. Although no simple task, it is important to always think about how to achieve the greater participation of women in the workplace.
- There tends to be few female directors and auditors in corporate Japan. The country needs to actively address this issue fully cognizant of positive action (initiatives to eliminate gender disparities). However, these barriers cannot be overcome by mere equality initiatives alone.
- With few female managers, female employees will find it difficult to envision their own career arc and the idea of female managers as a norm will not take root. Companies need to increase communication, encourage understanding, and spread awareness among both men and women.
- Actual management experience is essential for promotion to a manager role. Planning out training for female employees so that they can build experience in a short period of time is of significance, since some may take maternity and childcare leave later in their careers. I think it's important to have individualized promotion plans based on career aspirations.



There are some female managers at Capcom who are also raising children, but the Company needs to work toward increasing the overall ratio of female managers as well. (Internal director)

(2) Regarding development of managers

- Generally speaking, a growing number of people are not looking to become a manager. This trend can also be seen at Capcom. Without some form of incentive, it may be difficult to promote employees to manager positions.
- There is the question of how to steer employees toward becoming candidates for upper management positions in terms of human resource development. Efforts need to recognize that establishing mechanisms for score-based selection and development systems are issues.
- How about incorporating a system that selects candidates through training that targets talented human resources who can become candidates for executive management positions? By participating in the training, the candidates themselves will gain an awareness of their future direction on their own.
- The Company needs to clearly indicate its expectations for the next generation, the roles they will be given, and the traits required of executive management.

Capcom is pursuing human resource development using job rotations so that employees can gain a better understanding of our overall operations. We are actively moving ahead with these efforts with specific numerical targets and are gradually gaining the understanding of frontline employees. (Internal director)

- Consideration needs to be made so that supervisors and transferees understand and embrace job rotations.
- It is important to increase the number managers with a broad range of experience in order to energize and strengthen the organization.

Human resource development is included as an evaluation item for all managers. Going forward, Capcom will breakdown these efforts further and promote strategy for investment in human resources, with efforts led by the CHO. (Internal director)

2. Regarding social responsibilities as a game software company

As a game software company, Capcom has been hosting company visits from and offering outreach classes to elementary and junior high school students since 2005 based on its commitment to foster social understanding of games as part of its corporate social responsibilities. In recent years, we have been promoting eSports as a new form of entertainment where people of all ages, genders, and physical ability can compete against one another. Below is a selection of comments made by external directors during the Roundtable Discussions held in September and October 2022.

- Youth is a very impressionable time. While also taking into account requests from schools, Capcom could consider conducting outreach classes through tie-ups with other companies. Outreach classes interest me and I hope to sit in on one in the future.
- Addressing game addiction and providing outreach classes can be seen as part of the SDGs. Partnerships with local governments is one example as these arrangements can serve as both good promotion and social contributions.
- The Company should pay close attention to taboos culturizing games as it moves to enhance its international competitiveness.
- Initiatives in the world of sports for people with disabilities is an important matter. Conveying that eSports allows people who are able-bodied and people with disabilities to compete on the same field should enhance the value presented by the company. Games have the power to not only generate profits, but also produce social contributions.

Capcom will continue to explore approaches to gameplay between people who are able-bodied and people with disabilities during eSports tournaments. We intend to address this area as a matter of social responsibility. (Internal director)