

ESG Highlights

Seeking a healthier relationship between games and society

With the global rise of esports and the WHO's international recognition of gaming disorder, in recent years gaming has transcended the framework of simple entertainment and is now recognized as content with a profound social impact, both positive and negative. At Capcom, we believe that sustainable growth is achieved by delivering social and economic value, while at the same time building healthy relationships with stakeholders from the unique perspective of a game publisher. This entails tackling social issues through our business activities, such as training a workforce capable of succeeding on the global stage, and the creation of new markets through cutting-edge technology. We believe that the principle of Sustainable Development Goals (SDGs)*, namely that "all cultures and civilizations can contribute to sustainable development," and our own corporate philosophy, which is that we are "creators of entertainment culture that brings you smiles and stimulates your senses," are closely related. As such, we have selected four material issues within the ESG framework to work towards balancing our own sustainable economic growth and a sustainable society. It is our intention to contribute to the development of a sustainable society by promoting our growth strategy and clearly addressing these material issues.

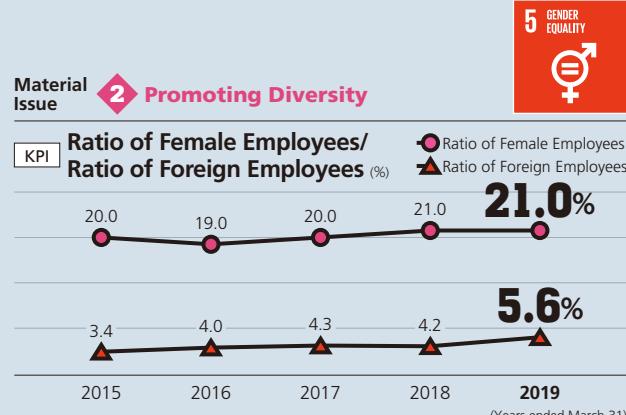
*Set by the United Nations' more than 150 member states, the SDGs lay out 17 goals for the world to focus on with the aim of eliminating poverty and achieving global sustainability. For more information, please refer to the United Nations Sustainable Development Goals webpage below: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>



Material Issues



We are working to secure and train outstanding developers based on our desire to make the most entertaining games in the world. Though the closure of our development studio in Canada in the fiscal year ended March 2019 resulted in a temporary decline, the number of developers has nearly tripled over the past 10 years. We are working to improve the technical skills and motivation of our employees by such means as developing a system to train up new graduates to be fully capable team members within three years, promoting younger and mid-career employees to work on major titles, and putting together an environment that empowers developers to create the games they want to create.

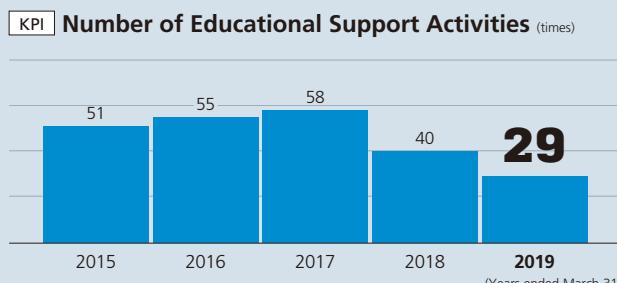


One of the most important elements in developing world-class games that can keep pace with the globalization of the game player population is securing a workforce with diverse perspectives. For that reason, we are promoting diversity and working on building a workplace where women and foreign nationals can excel. We are tying this into the creation of all-new intellectual properties and successful, unconventional collaborations.

ESG Initiatives and Future Challenges

	Initiatives	Contribution to Business	Future Challenges
E Environmental	<ul style="list-style-type: none"> Reduced CO₂ emissions by switching to LED lighting Constructed new environmentally-friendly buildings Reduced exhaust gas and resources used via distribution network sharing with other companies in the industry Reduced paper resources used through the digitization of instruction manuals Reduced resources consumed through the promotion of digital sales 	<ul style="list-style-type: none"> Reduced costs (used less electricity, cut distribution costs) 	<ul style="list-style-type: none"> Increasing energy conservation at existing buildings through renovation Further conserving energy in amusement facility operations
S Social	<p>Relationship with Employees</p> <ul style="list-style-type: none"> Actively employed non-Japanese citizens Increased number of women in management positions Held Health and Safety Committee meetings Implemented staff training Implemented discretionary work system 	<ul style="list-style-type: none"> Expanded global reach through game development based on a diverse set of values Acquired competent creators Improved creator productivity Fostered a commitment to legal compliance 	<ul style="list-style-type: none"> Increasing the percentage of women in management positions Enhancing employment of a global workforce
G Governance	<p>Relationship with Customers</p> <ul style="list-style-type: none"> Compliance with the CERO ratings system Formulated guidelines with industry groups Supported community building by promoting the spread of esports Monetized without high-pressure microtransactions <p>Relationship with the Regional Community</p> <ul style="list-style-type: none"> Welcoming children participating in Company Visits to our offices / holding Guest Lectures at schools Regional revitalization making use of Capcom content Supported senior citizen community formation with video game arcade tours 	<ul style="list-style-type: none"> Improved customer satisfaction by creating stress-free environments for play Reduced social risks posed by games 	<ul style="list-style-type: none"> Education of manufacturers, users, consumer groups, government entities, etc.
	<ul style="list-style-type: none"> Increased dialogue with shareholders Transitioned to a company with an audit and supervisory committee Raised the ratio of external directors Established the Nomination and Remuneration Committee (voluntary) 	<ul style="list-style-type: none"> Evaluated proper corporate value on both financial and non-financial bases Avoided managerial decision-making risk through better management monitoring Ensured the appropriateness of growth strategies by having the Board of Directors consider a range of views Perpetuated the founder's business know-how 	<ul style="list-style-type: none"> Increasing the number of opportunities for persons in charge of development to converse with the market The effective operation of the audit and supervisory committee system Board of Directors effectiveness assessments and their utilization Setting developer compensation in consideration of medium- to long-term sustainable growth

Material Issue 3 Development of Solid Relationship with Society



Video games have a short history of academic research, and as evidenced by what was once called "game brain," theories regarding their negative influence are more entrenched among the public than their educational aspects. In recent years, the WHO's recognition of gaming disorder as an illness has also become a widely discussed subject. While it is true that spending all of your time gaming will create problems in your life, games are simulations and have the ability to provide experiences that cannot be obtained in real life. Based on our desire to promote understanding of video games in society, Capcom holds Company Visits, where we welcome children to our offices, and Guest Lectures at schools, both tailored to elementary and junior high school students.

Material Issue 4 Enhancement of Corporate Governance



Generally, an owner-run company excels at being flexible and fast decision-making, though concerns may exist over the issue of succession. At Capcom, we strive to make management more transparent and visible, and have implemented various governance reforms to this end, such as the Nomination and Remuneration Committee. We proactively appoint external directors, with 45.5% of our directors now being external directors.