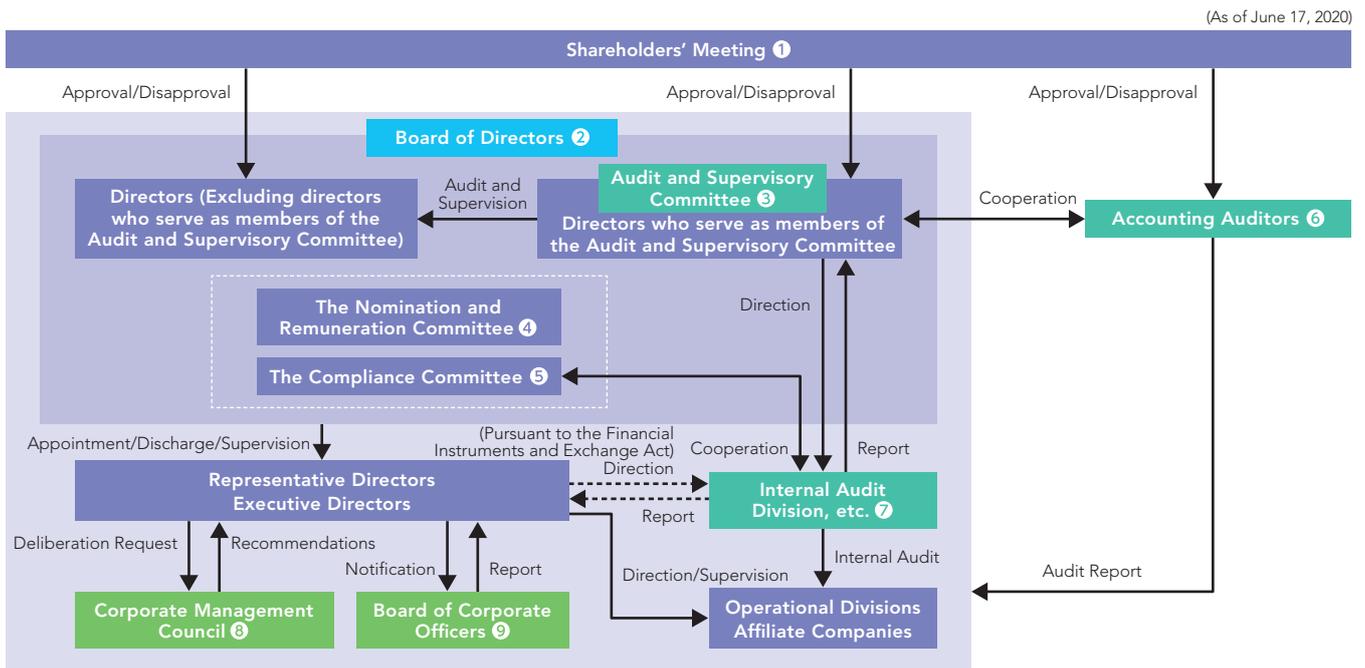


Corporate Governance Structure and Initiatives

Shareholders and investors have made the effective functioning of internal control into a key issue amidst an epidemic of corporate misconduct in Japan and overseas. In this section, Capcom will explain the corporate governance structure and systems that it has initiated so far based on the key concepts of "effectiveness and visibility" in terms of the results of third party assessment. (Assessment areas are highlighted in yellow.)



Composition of Board of Directors and voluntary committees

Internal External

2 Board of Directors (10 members)

(Convened 10 times in the year ended March 31, 2020)

Chairman

 Kenzo Tsujimoto (Attendance: 90%)	 Haruhiro Tsujimoto (Attendance: 100%)	 Yoichi Egawa (Attendance: 100%)	 Kenkichi Nomura (Attendance: 100%)
 Masao Sato (Attendance: 100%)	 Toru Muranaka (Attendance: 100%)	 Yutaka Mizukoshi (Attendance: 100%)	

4 The Nomination and Remuneration Committee (five members)

(Convened 3 times in the year ended March 31, 2020)

Chairman

 Yoshihiko Iwasaki (Attendance: 100%)	 Kenkichi Nomura (Attendance: 100%)	 Yutaka Mizukoshi (Attendance: 100%)
 Kazushi Hirao (Attendance: 100%)	 Makoto Matsuo (Attendance: 100%)	

3 Audit and Supervisory Committee (three members)

(Convened 10 times in the year ended March 31, 2020)

Chairman

 Makoto Matsuo (Attendance: 100%)*	 Kazushi Hirao (Attendance: 90%)*	 Yoshihiko Iwasaki (Attendance: 100%)*
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* Attendance at both Board of Directors and Audit and Supervisory Committee meetings

5 The Compliance Committee (nine members)

(Convened 4 times in the year ended March 31, 2020)

Chairman

 Toru Muranaka (Attendance: 100%)	 Haruhiro Tsujimoto (Attendance: 100%)	 Yoichi Egawa (Attendance: 100%)	 Kenkichi Nomura (Attendance: 100%)	 Masao Sato (Attendance: 100%)
 Yutaka Mizukoshi (Attendance: 100%)	 Kazushi Hirao (Attendance: 100%)	 Yoshihiko Iwasaki (Attendance: 100%)	 Makoto Matsuo (Attendance: 100%)	

Corporate Governance Structure

Enhancing management soundness and transparency while responding to changes in the environment

Capcom is aware that comprehensive corporate governance ranks among management's most important priorities. Because of this, in addition to enhancing management soundness and transparency, we are increasing corporate value by building a trusting relationship with our stakeholders. These stakeholders include shareholders, business partners, employees and regional societies.

1 Shareholders' Meeting

(Convened on June 17, 2020)

Determines important matters as the highest decision-making body

The general shareholders' meeting serves as Capcom's highest decision-making body and determines important matters prescribed by laws, regulations, and the Company's Articles of Incorporation, as well as serves as a place for communicating the audit results of divisional reports and consolidated financial statements.

Invitations to the general shareholders' meeting are issued approximately three weeks before convening the session, and efforts are made to allow for greater attendance by having the session about 10 days before the date on which most other companies hold their meetings. We have also made it possible for shareholders to exercise their voting rights over the internet using a computer, smartphone or mobile phone. In addition, we participate in an electronic voting rights exercise platform for institutional investors so that they will have sufficient time to review the proposals.

2 Board of Directors

Supervision

(Convened 10 times in the year ended March 31, 2020)

Management decisions that incorporate external directors' opinions

The Board of Directors is composed of 10 directors (chaired by the Representative Director and Chairman of the Board), with five (50.0%) of the directors being external directors.

The Board deliberates on important matters stipulated by laws, regulations, and the Rules of the Board of Directors, and strives to strengthen supervisory functions through the guidance, suggestions, and active comments of external directors.

In order to enrich deliberations, a portion of decision-making authority for the execution of important business is entrusted to the representative directors and others, while matters brought before the Board are narrowed to those of high importance, and the number of times the Board of Directors is convened is reduced. As a result, the efficiency of business execution has increased due to quick decision making and dynamic management practices.

3 Audit and Supervisory Committee

Audit

(Convened 10 times in the year ended March 31, 2020)

Cooperating with accounting auditors and the internal audit department to audit and supervise

The Audit and Supervisory Committee (chaired by an external director) is composed of three directors (two of whom are full-time members), with two of the three directors being external directors.

In principle, the committee meets before a Board of Directors' meeting is convened. The committee deliberates on important matters stipulated by the Rules for the Audit and Supervisory Committee and strives to strengthen audits and supervision.

Audit and Supervisory Committee members selected by the same committee carry out on-site audits themselves and, in order to increase the efficacy of audits, carry out dynamic organizational audits, including issuing instructions and other actions as necessary to, among others, the Internal Audit Division (directly under the control of the Audit and Supervisory Committee). The Internal Audit Division strives to ensure that audits function effectively by reporting the status of audits and improvements, and other issues to Audit and Supervisory Committee members.

4 The Nomination and Remuneration Committee

(Convened three times in the year ended March 31, 2020)

Selection of candidates for director and deliberating and recommending details of director compensation

The voluntary Nomination and Remuneration Committee (chaired by an external director) is composed of five directors (two of whom are internal directors and three of whom are external directors), with a majority of members being external directors.

Each committee member is selected based on the Board of Directors' appraisal of his or her knowledge, insight, experience, and other qualities.

In determining candidates to be nominated for director (excluding directors who are members of the Audit and Supervisory Committee) and candidates to be nominated for director who are members of the Audit and Supervisory Committee, the Board of Directors makes selections from an objective, transparent and fair perspective after consulting with the Nomination and Remuneration Committee and receiving their recommendations. The Board of Directors has tasked the Chairman and Representative Director with setting individual compensation of directors (excluding directors who are members of the Audit and Supervisory Committee) within the range of director compensation resolved at the General Meeting of Shareholders after consulting with the Nomination and Remuneration Committee and receiving their recommendations. Individual compensation of directors who are members of the Audit and Supervisory Committee is determined through discussion with each director who is a member of the Audit and Supervisory Committee.

5 The Compliance Committee

(Convened four times in the year ended March 31, 2020)

Focusing on Compliance as an Important Management Issue

The Compliance Committee is composed of nine directors (five of whom are external directors, and the committee chairman is an attorney and external director). In principle, the committee convenes once per quarter.

Its primary activities are to analyze and assess risks to Capcom Group compliance and consider what action to take. In addition, the committee strives for early detection and prevention of legal violations or inappropriate conduct by finding internal risks and reporting their probability of materializing to the Board of Directors.

6 Accounting Auditors Audit

Ensuring and Verifying Accounting Transparency

Capcom has concluded an auditing contract with KPMG AZSA LLC for financial audits as prescribed by the Companies Act and financial audits as prescribed by the Financial Instruments and Exchange Law. There is no special relationship involving financial or other interests between Capcom and this audit corporation or the engagement partners at this firm who perform audits at Capcom.

Auditor Remuneration (Year ended March 31, 2020)

	Compensation for Audit Operations	Compensation for Non-Audit Operations
Delivery company	47 million yen	3 million yen
Consolidated subsidiary	—	—
Total	47 million yen	3 million yen

Auditing Company	Names of Certified Public Accountants	
KPMG AZSA LLC, a limited liability audit corporation	Designated Limited Liability Partners	Yasuhito Kondo
		Hiroshi Miura
		Tomohiro Yamanaka

Note: The financial audit team was composed of: certified public accountants (seven members), and candidates for CPA who passed the new CPA exam, plus associates in charge of system audits (10 members).

7 Internal Audit Division Audit

Ensuring and verifying legal compliance and operating efficiencies

In order for effective audits to be carried out, Capcom has established an Internal Audit Division and determines auditing policies, schedules, methods, and the allocation of duties after the end of the shareholders' meeting.

The Internal Audit Division verifies and evaluates the status of employees' execution of duties and the efficacy (and status of operation) of internal control systems, and reports to the Audit and Supervisory Committee. When needed, division

members also accompany selected Audit and Supervisory Committee members and carry out on-site audits of offices and subsidiaries inside and outside Japan.

8 Corporate Management Council Implementation

(Convened 14 times in the year ended March 31, 2020)

Supporting the Board of Directors' decisions

The Corporate Management Council (chaired by the Representative Director and Chairman of the Board) is composed of five internal directors and, in principle, is convened several days before a meeting of the Board of Directors, or whenever necessary.

In addition to meeting to carry out preliminary deliberations of Board of Directors agenda items, it also deliberates other important items.

9 Board of Corporate Officers Implementation

(Convened 12 times in the year ended March 31, 2020)

Executing operations based on management policy

Capcom utilizes a Corporate Officer System. In addition to clarifying the roles and responsibilities of directors focused on management and corporate officers focused on business execution, the system boosts management efficiency by allowing officers to swiftly execute business following instructions from executive directors regarding important matters determined at the Board of Directors.

The Board of Corporate Officers is composed of 14 corporate officers (three of whom serve concurrently as directors), and in principle, convenes once a month. Each corporate officer reports on the status of business execution and works to ensure that information is shared, while also discussing business items and issues that require resolution.

External Directors

Using external perspectives to ensure effective governance

External directors ensure the effectiveness of the corporate governance function by playing key roles in the Compliance Committee and the voluntary Nomination and Remuneration Committee. They also focus efforts on compliance and the prevention of corrupt or illegal activities, and openly exchange opinions and provide counsel at Board of Directors meetings in an effort to strengthen the management audit function. The Secretariat staff helps with the work of the external directors who are not members of the Audit and Supervisory Committee. For external directors who are members of the Audit and Supervisory Committee, the full-time staff of the Internal Audit Division helps with their work.

Since all five of the external directors meet the criteria for independent directors, these five individuals have been registered with Tokyo Stock Exchange, Inc. as independent directors.

Reasons for Selection of External Directors

External Directors

Name	Reasons for selection
Masao Sato	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors from the standpoint of risk management and ensuring legal compliance through proposals and advice from a neutral and objective perspective based on his broad general legal expertise and rich experience from many years serving in police administration
Toru Muranaka	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors through proposals and advice on legal compliance and propriety from a professional standpoint based on his high level of expertise and broad insight and knowledge as an attorney specializing in corporate and financial instruments and exchange law
Yutaka Mizukoshi	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors based on an independent external perspective, including enthusiastic provision of opinions and advice based on his familiarity with management analysis and establishment of management strategies as well as his deep insight into economic trends and international sensibilities that comes from his experience and knowledge from his many years in the consulting industry

External Directors (Audit and Supervisory Committee)

Name	Reasons for selection
Yoshihiko Iwasaki	Due to his expertise and rich experience with tax administration along with his advanced knowledge of finance and accounting, he is expected to contribute to the auditing and supervision of the Board of Directors from the standpoint of tax administration, finance, and accounting with proposals and advice from an external perspective
Makoto Matsuo	Due to his success in the legal world based on his high level of expertise and broad insight and knowledge as an attorney and his familiarity with the business world that comes from his extensive experience as an external officer of listed companies, he is expected to contribute to the auditing and supervision of the Board of Directors with guidance and advice from a legal standpoint

Officer Remuneration (Year ended March 31, 2020)

Total remuneration, total amount by type of remuneration, and number of directors the remuneration was paid to, by type of director

Type of director	Total remuneration (million yen)	Total of remuneration by type (million yen)			Number of directors paid
		Basic remuneration	Performance linked remuneration	Severance	
Director (excluding Audit and Supervisory Committee and external directors)	385	295	90	—	5
Member of Audit and Supervisory Committee (excluding external directors)	21	21	—	—	1
External directors	29	29	—	—	3
Member of Audit and Supervisory Committee (external directors)	31	31	—	—	2

Note: The above includes one director (not an Audit and Supervisory Committee member) who resigned as of March 31, 2020.

Total amount of consolidated remuneration by director of delivery company

Name	Total of consolidated remuneration (million yen)	Type of director	Type of company	Total of consolidated remuneration by type (million yen)		
				Basic remuneration	Performance linked remuneration	Severance
Kenzo Tsujimoto	130	Director	Delivery company	100	30	—
Haruhiro Tsujimoto	104	Director	Delivery company	80	24	—

Note: Total consolidated remuneration, etc. is listed only for those with remuneration of 100 million yen or more.

Officer Remuneration

The Nomination and Remuneration Committee is consulted to ensure fairness and transparency

Policy for setting the calculation method and amount of directors' remuneration

1 Regarding remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)

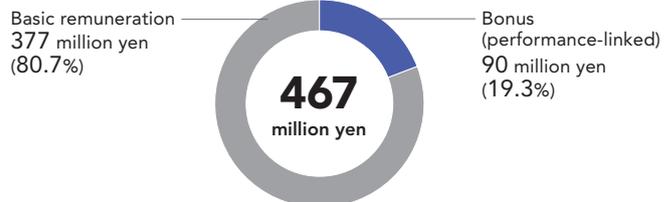
To ensure the fairness and transparency of remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee), the Board of Directors consults the Nomination and Remuneration Committee, which has an external director as chairman. The Nomination and Remuneration Committee considers each board member's position, duties, tenure, and status as either an executive director or non-executive director, evaluates individual job performance and recommends an appropriate amount. The Chairman and Representative Director is tasked with making a decision based on this amount.

- Monthly remuneration is fixed.
- The bonuses are set within a reasonable range based on monthly remuneration and the Company's performance.

2 The remuneration of the directors who serve as members of the Audit and Supervisory Committee

In order to secure their independence, the remuneration of the directors who serve as members of the Audit and Supervisory Committee is not linked to performance; it is a fixed amount determined through discussions, taking the difference of full-time or part-time service and other factors into account, by the directors who serve as members of the Audit and Supervisory Committee.

Total director remuneration breakdown



Initiatives for the Shareholders' Meeting

Making shareholders' meetings lively and facilitating the exercise of voting rights

To ensure our shareholders' meetings are lively, we hold our meeting about 10 days before the period when most Japanese companies typically hold their meetings in an attempt to encourage the attendance of as many shareholders as possible.

Also, voting rights can be exercised online via PC, smartphone or mobile phone. In addition, we have participated from an early stage in a platform for the online exercise of voting rights, so

institutional investors are ensured a sufficient amount of time to consider proposals starting on the day the convocation notices are distributed. We also post convocation notices in English on our corporate website to promote the exercise of voting rights by shareholders worldwide.

Additionally, we introduced a hybrid virtual shareholder meeting format allowing remote participation via the Internet starting with the Ordinary General Meeting of Shareholders held on June 17, 2020.

Shareholders' Meeting Resolutions

The following presents the results of voting at the fiscal 2019 shareholders' meetings

Resolutions	Approval Votes	Opposed Votes	Abstained Votes	Approval Rate (%)	Voting Results
First proposal: Proposed Appropriation of Retained Earnings	914,179	38,553	69	95.66	Approved
Second proposal: Election of Seven Directors (excluding Directors who are members of the Audit and Supervisory Committee)					
Kenzo Tsujimoto	867,240	79,384	6,174	90.75	Approved
Haruhiro Tsujimoto	917,488	34,949	361	96.01	Approved
Yoichi Egawa	944,165	8,567	69	98.80	Approved
Kenkichi Nomura	936,016	16,716	69	97.95	Approved
Masao Sato	946,548	6,184	69	99.05	Approved
Toru Muranaka	945,234	7,498	69	98.91	Approved
Yutaka Mizukoshi	946,652	6,080	69	99.06	Approved
Third proposal: Election of Three Directors Who Are Members of the Audit and Supervisory Committee					
Kazushi Hirao	920,540	32,192	69	96.33	Approved
Yoshihiko Iwasaki	943,962	8,770	69	98.78	Approved
Makoto Matsuo	877,745	74,987	69	91.85	Approved
Fourth proposal Election of Substitute Director Who Is a Member of the Audit and Supervisory Committee	949,888	2,844	69	99.40	Approved

→ Please refer to the "Resolutions of the 41st Ordinary General Meeting of Shareholders" section of our IR web page for information about the conditions for each proposal to be passed <http://www.capcom.co.jp/ir/english/stock/meeting.html>

Basic Policies Regarding IR Activities

1. Disclosure policies

Capcom is aware that comprehensive corporate governance ranks among management's most important priorities. As such, in addition to increasing corporate value by enhancing management soundness and transparency, we are building a relationship of trust with our stakeholders, such as shareholders, business partners, employees and regional societies.

2. Disclosure criteria

Capcom provides timely disclosure in accordance with the Securities and Exchange Law and other regulations including the "Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security" (hereinafter Timely Disclosure Rules) stipulated by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange.

It is our policy to disclose as much information as possible, including the disclosure of information not required by the

Timely Disclosure Rules and other regulations, to accommodate our investors' needs. We also disclose information through our corporate website in an attempt to provide quick and fair disclosure. Shareholders are informed of operating results and business conditions through shareholder letters and the convocation notice for the shareholders' meetings.

3. Quiet period

To prevent the unauthorized disclosure of quarterly earnings information prior to official announcements, Capcom has established a quiet period starting the day following the end of a fiscal period and ending on the day that financial information for that period is announced. During this period, we refuse all inquiries relating to our business performance. However, if significant changes to our earnings outlook are anticipated during the quiet period, we will disclose information pursuant to the Timely Disclosure Rules and other regulations.

External Assessment of Corporate Governance

Promoting more “visible” governance

An analysis of an assessment performed by a third-party organization into the validity and effectiveness of Capcom’s corporate governance shows that the company ranked 131st among 3,635 listed companies in Japan in the “NEEDS-Cges” assessment developed by Nikkei Inc.

NEEDS-Cges has an established reputation as a system that quantitatively assesses corporate governance using scores on a scale of 1 to 10 for eight categories, including capital efficiency, external regulations, and information disclosure, among others, based on some 150 indicators calculated from data of publicly released company documents, such as financial reports.

As of the end of June 2020, Capcom’s total score was 7.28 points, placing us in the top 4.0% of Japan’s listed companies, exceeding the 4.83-point average for all listed companies and the 6.53-point average for the industry. We also received the maximum score of 10 for “capital efficiency,” “equity market’s assessment” and “information disclosure.”

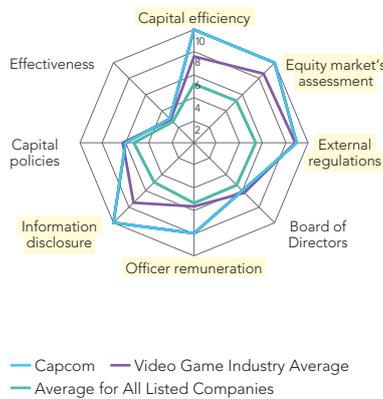
The main evaluation factors are given in the table below, and areas highlighted in yellow indicate measures that received particular notice. Going forward, we will continue making improvements to earn an even stronger assessment, and further promote the visibility of our governance by posting this and other data on our IR web page.

Third-Party Assessment Results of Capcom’s Corporate Governance

Details of Capcom’s Corporate Governance

Total Score	7.28
Rank	131
Categories	Score
Capital efficiency	10
Equity market’s assessment	10
External regulations	9
Board of Directors	6
Officer remuneration	8
Information disclosure	10
Capital policies	6
Effectiveness	3

Comparison of the Industry Average and the Average for All Listed Companies



Details of Highest Rated Categories

Highest Rated Categories	Score	Areas that Received Particular Notice
Capital efficiency	10	ROA, ROE and Statistics related to free cash flow
Equity market’s assessment	10	Tobin’s q
External regulations	9	Presence (or absence) of takeover defense measures
Information disclosure	10	Timing of Shareholders’ Meetings (avoiding congested periods), early timing of Shareholders’ Meeting invitations, utilization of electronic voting, presence or absence of English disclosure materials

Source: NEEDS-Cges from Nikkei Inc.

Third-Party Assessment of IR Activities

High praise for proactive IR initiatives

In recognition of our ongoing pursuit of timely and appropriate information disclosure, our IR activities and various IR tools have received a number of awards from third-party organizations. With an awareness of the importance of accountability, we will continue our efforts to earn the trust of investors and improve timely disclosure.

Fiscal 2019 Third Party Evaluations

Integrated Reports	Capcom’s integrated report chosen for excellence by asset management companies contracted with GPIF (Government Pension Investment Fund)
	Nikkei Inc.’s 22nd NIKKEI Annual Report Awards, Excellence Prize
IR Website	Daiwa Investor Relations Co., Ltd. (Daiwa IR), “Internet IR Award 2019,” Grand Prize
	Nikko Investor Relations Co., Ltd., “Fiscal 2019 Listed Company Website Quality Ranking,” Overall Ranking: Grade AAA
	Morningstar Japan K.K., Gomez Consulting Dept.’s “Investor Relations Site Ranking 2019,” Second Place

Making Use of Shareholder and Investor Opinions

Reflecting results of dialogues with investors and analysts in management

Through meetings with investors and analysts, Capcom's IR Department attempts to promote an understanding of management policies, strategies and future outlook. Furthermore, their opinions are gathered and provided to management, and are utilized for corporate management going forward. While we are headquartered in Osaka, these proactive IR meetings enable us to minimize asymmetric information as we strive to achieve appropriate corporate value.

In fiscal 2019, the top management meetings between the chairman and CEO, the president and COO, and investors where medium- to long-term strategies and the direction of marketing strategies were explained had to be cancelled due to COVID-19. However, we held the presentation of financial results and individual investor briefings online for our many investors and analysts, allowing for access regardless of location while preventing the spread of infection.

In addition, Capcom conducts a perception gap study every year targeting institutional investors and analysts in Japan and overseas. Being aware of investor perception gaps gives us feedback on corporate management and IR activities. Questionnaires are also given to attendees at our Presentation of Financial Results and individual investor briefing sessions, allowing us to make proactive use of market opinions and demands as one criterion in management decisions.

Fiscal 2019 IR Measures

By category	Frequency
Interviews accepted	253
Visited domestic investors	140
Visited overseas investors	43
Total	436

IR Events

Event	Details
Online Presentation of Financial Results	Chairman and CEO, Kenzo Tsujimoto President and COO, Haruhiro Tsujimoto Executive Director and CFO, Kenkichi Nomura
Supplementary earnings call	Earnings call after results announcement to explain earnings
Online individual investor briefing	Held information sessions online for individual investors
Conducted perception gap study	Conducted assessment survey targeting domestic and international institutional investors and analysts regarding Capcom's management targets, strategies and IR activities, provided feedback to management

Outcomes from our perception gap study with investors (excerpts)

- Q. The current medium-term business plan makes sense, but can you tell us about the specific targets for profit growth?
- A. We have addressed this (additional disclosure).
Up to now, we had communicated a target growth rate between 5 and 10 percent every year, however the likelihood of the digital sales strategy we have been working on contributing to earnings has increased, therefore starting in the fiscal year ending March 2021, the numerical target for the medium term will be a 10% increase in operating profit every year.
- Q. As one way of better understanding your company, I would like to see you provide an opportunity for us to hear from developers. Any format would be fine for this.
- A. We have done this.
In September 2019, we held the Open Conference RE:2019 in Tokyo and Osaka.
Our developers took the stage and provided explanations of game engine design concepts and development technology while delving into the implementation of and titles in which technologies such as modeling, animation, and graphics were utilized. There were several different sessions.

IR Activities on Our Website

Providing a website easily accessible to everyone

Since 2001, Capcom has made proactive use of its corporate website as a tool for disseminating information pertaining to IR activities. The main reasons for this are to ensure fairness for a wide range of stakeholders, and because it ensures information is easily available for inspection immediately in approximately 200 countries and regions worldwide. Capcom's corporate website is also positioned as our most cost-effective tool and we strive to use it in various ways, including video content for communicating information and social networking sites for timely information updates.

IR Team

Full-time staff engaged in a wide variety of activities

Capcom IR activities are conducted by two full-time staff members in addition to the chairman, the president, and the director overseeing IR for shareholders and investors in Japan and overseas. For IR-related inquiries, please use the contact information below.

Public Relations & Investor Relations Section
Phone: +81-6-6920-3623 E-mail: ir@capcom.co.jp
Business Hours: 9:00-12:00, 13:00-17:30 (JST)
(excluding weekends and public holidays)