

Message from a Member of the Audit and Supervisory Committee

Corporate Oversight at Capcom from the perspective of a full-time member of the Audit and Supervisory Committee

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Based on approval at the 37th Ordinary General Meeting of Shareholders held on June 17, 2016, Capcom transitioned to a company with an audit and supervisory committee in order to further enhance corporate governance with the aim of becoming a global corporate group.

As a full-time member of the Audit and Supervisory Committee, I reflect on the journey taken with this audit structure, now that four years have passed since the transition.

Focusing on efficient audit activities

While at once globally expanding its business, Capcom also needed to enhance the audit function of the corporate group as a whole. For that reason, we have appointed outside experts to the role of corporate auditor since 1990 and established a structure for conducting audits from a fair and objective standpoint.

However, as the business grew, there were natural limits to individual corporate auditors fulfilling their roles on their own, within an audit system based on independence.

By transitioning to a company with an audit and supervisory committee in 2016, we made corporate auditors—whose role had not previously had voting rights—directors with voting rights. This allowed us to strengthen the risk management function of the Board of Directors and bring the Internal Audit Division under the direct control of the Audit and Supervisory Committee, thereby developing a structure for systematic audits.

We are working to enable efficient auditing activities, including conducting audits while fully considering coordination with the accounting auditor and conducting operational audits of specific issues.

Improving risk management of operations

As the basic approach of our audit activities, we believe the key is to focus on the daily operations of executive divisions in order to enable early detection of risks. Since transitioning to an audit and supervisory committee with both audit and supervisory functions, we receive regular reports on the results of internal monitoring from the Internal Audit Division as well as timely and appropriate guidance from external directors who are members of the Audit and Supervisory Committee. This allows us to understand the actual conditions of the executive divisions from the standpoint of legal compliance and propriety.

We are working to improve the risk management function of operations by keeping track of internal and external risks as quickly and efficiently as possible.

Going forward, we hope to contribute to both defensive and proactive governance by understanding the actual conditions within organizational management from a more cross-divisional perspective and enhancing activities to support the elimination of risks.