

## Message from an External Director

**Pursuing governance that takes sustainable growth into account, including ensuring effectiveness of the Board of Directors and the diversity of key human resources.**



**Yoshihiko Iwasaki**

External Director (Independent Director)  
<Full-time member of the Audit and Supervisory Committee>

**Q** How do you evaluate the Company's management structure as a member of the Audit and Supervisory Committee?

**A** I was appointed external director in 2012. The first thing I noticed was the corporate culture of diligently addressing issues while stressing the basics. One of the characteristics of the game industry is that changes—both in technology and user preferences—are sudden. Under such circumstances, the Company has maintained a focus on providing users with entertainment of first-rate quality while promoting global and digital strategies to achieve steady growth. I believe that the prescient, timely, and accurate judgment of management and this well-developed corporate culture have both contributed significantly.

**Q** How do you evaluate the Company's audit structure?

**A** The Company made the transition into a company with an audit and supervisory committee in 2016. At the same time, in addition to the staff that had previously supported the corporate auditors, the Internal Audit Division was brought under the direct control of the Audit and Supervisory Committee. This facilitated collaboration, making it possible to implement efficient and effective organizational audits, including timely and accurate understanding of the internal situation from each perspective and internal dissemination of the necessary information. The Audit and Supervisory Committee itself has a balanced composition. The three members have different specialties and come from inside and outside the Company.

**Q** What do you see as necessary for further enhancing the function of the Board of Directors in the future?

**A** I think stakeholders from all quarters would agree that the growth of the Company has been driven by the strong leadership of the founder. At the same time, this demonstrates that the Board of Directors has sufficiently carried out its responsibilities.

On the other hand, the Corporate Governance Code was revised this past June seeking that companies provide more aggressive governance while taking sustainable growth into account. This requires further action from the Board of Directors and securing diversity for its key human resources. The Company has carried out efforts in line with the thinking of the Corporate Governance Code, including establishment of a Nomination and Remuneration Committee. However, I believe further improvement is necessary when it comes to the issue of diversity among core members of the management team.

Sustainable growth is of great concern to all stakeholders, including investors and employees. I hope to personally contribute as much as possible to strengthening the role of the Board of Directors to steadily achieve this as we move into the future.

## Capcom will quickly ascertain management risks and make ongoing improvements to a governance structure that features a balance of offensive and defensive approaches.



### Makoto Matsuo

External Director (Independent Director)  
<Member of the Audit and Supervisory Committee>

#### **Q** What future initiatives will the Audit and Supervisory Committee implement to enhance the functions of the Board of Directors?

**A** Since Capcom transitioned to a company with an Audit and Supervisory Committee in 2016, the Audit and Supervisory Committee has been providing support for the risk management function of the Board of Directors and building a structure for systematic audits in collaboration with the Internal Audit Division and other internal organizations.

Capcom continues to innovate as a true leader in the global content industry, which is undergoing rapid and advanced digitalization. As such, it must adequately communicate its activities to shareholders and other stakeholders. It also must continue to make ongoing improvements to a governance structure that features a balance of offensive and defensive approaches to properly address the risks that arise in its continued pursuit of new challenges. As Chairman of the Audit and Supervisory Committee, I will work to ensure that the committee can fulfill its expected role, contributing to enhancement of corporate governance from the standpoint of cross-organizational compliance and appropriateness. This will be accomplished by providing timely and appropriate suggestions and advice to the Board of Directors to quickly ascertain and address the management risks faced by the Company based on a recognition of these circumstances.

#### **Q** What kind of a role will you play as an external director in light of the circumstances surrounding the Company?

**A** Since becoming an external director in 2007, it has not been easy to judge the ever-progressing game industry or the measures that the Company should take under those circumstances. I think it is very rare to have an industry that requires—to this extent—such a quick and flexible response to change in order not to be left behind.

Owing to the strong leadership and unifying work of the founder, the Company has been able to anticipate long-term developments and make quick and bold decisions. At the same time, the support that has been provided by external directors with different specialist knowledge in relation to risk management has enabled the Company to establish a unique management structure and corporate governance system corresponding to its circumstances. Together with the Audit and Supervisory Committee, the Audit Committee, which conducts operational audits that are closer to the work site, forms a hands-on system unique to the Company.

I believe my role is to leverage my knowledge as an attorney and as an external officer of other companies to identify management risks and issues related to company measures based on my practical experience in the industry and management of the Company during my tenure, while listening to the thoughts of management, and providing my opinions and suggestions. In addition, by keeping watch to ensure that future leadership succession, which seems to be making steady progress, leads to the development of a corporate system more consistent with the next generation, I will offer support to facilitate discussion on both ensuring sustainable growth of the main businesses while accelerating growth by expanding the Company's intellectual capital into adjacent markets such as visual media and AI in the future.