

Capcom is building a better relationship with society by focusing on our stakeholders and making social contributions through our business

ESG Initiatives and Future Challenges

◆ Material Issues Green : Securing and Training of Human Resources Pink : Promoting Diversity
Blue : Development of a Healthy Relationship Purple : Enhancement of Corporate Governance

	Initiatives	Contribution to Business/Management	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 ● Improved the ratio 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
	<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 	<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 users, consumer groups, government entities, etc.
	<p>Relationship with the Regional Community</p> <ul style="list-style-type: none"> ● Welcomed children participating in Company Visits to our offices / holding Guest Lectures at schools ● Leveraged Capcom content in regional revitalization efforts ● Supported senior citizen community formation with video game arcade tours 	<ul style="list-style-type: none"> ● Expanded profit opportunities by improving company and IP name recognition ● Promoted understanding of the Capcom approach to business 	<ul style="list-style-type: none"> ● Further promotion of regional revitalization using Capcom content ● Take educational support activities online
G Governance	<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

→ Please refer to "ESG Highlights" on pages 15-16 for details on the KPI for material issues

Environmental Action as an Entertainment Company

Capcom's Digital Contents business accounts for approximately 75% of the Group's consolidated net sales and primarily entails the development and sale of software. This gives Capcom an environmental impact that is lower than the general manufacturing industry. Because our environmental impact comes largely from the power used at amusement facilities and for manufacturing amusement equipment, as well as from distributing our products, we are focused on saving energy.

Reducing Power Usage

Reducing CO₂ emissions by promoting energy saving measures companywide

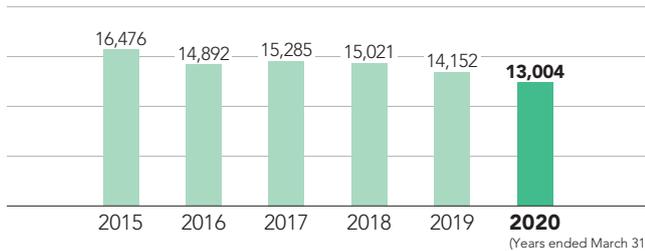
Capcom has worked to cut power usage through efforts that include ongoing power saving at all of its places of business, saving energy at its amusement facilities, and implementing peak shifting for the power used by PCs and other electrical equipment.

The fiscal year ended March 2017 saw our CO₂ emissions increase compared to the previous fiscal year due to the construction of the R&D Building #2 and Capcom Technical Center. However, in the fiscal year ended March 2020, we succeeded in reducing emissions by 8.2% compared to the previous year by introducing energy-saving equipment at those facilities and promoting the switch to LED lighting at each workplace.

* Assumes energy consumption of 100% without introduction of this equipment.

Capcom's CO₂ Emissions (Non-consolidated) (t)

13,004 t



Rated "S Class" five years in a row by the Business Operator Class-Based Assessment System

Every year Capcom has achieved year-on-year reductions to its energy intensity. For these efforts, Capcom has been awarded S Class (out of classes S, A, B, and C) status for five years running under the Business Operator Class-Based Assessment System that has been administered since 2016 by the Agency for Natural Resources and Energy in accordance with the Act on Rationalizing Energy Use (Measures Pertaining to Factories).

FY	Energy Intensity*	Vs. Previous FY
2015	0.06193	92.9%
2016	0.06018	97.2%
2017	0.05994	99.6%
2018	0.05869	97.9%
2019	0.05583	95.1%

* Calculated using the method defined by the Agency for Natural Resources and Energy. The Agency for Natural Resources and Energy website: <https://www.enecho.meti.go.jp/en/>

Innovations in Product Distribution

Conserving resources through digital sales of game software

In the past, games included a printed instruction manual inside the package, but in recent years, these manuals are now included as data within the software as a way to save paper. This enables us to eliminate approximately 25.50 million game units' worth of paper manuals annually.

Moreover, the increasing popularity of digital sales, where games are downloaded after purchase, has made it possible to conserve resources used to produce discs, semiconductors, software packaging, and other components in addition to paper resources.

In the fiscal year ended March 2020, the resources used in the equivalent of around 20.55 million units of game software were conserved as a result of digital sales. We will continue promoting digital sales of game software with the aim of achieving effectively zero resource consumption in the future by selling solely via digital download.

Sharing distribution networks with other companies in the industry

Sharing distribution networks with other companies in the same industry when shipping products enables the efficient supply of products. As a result, we are able to realize reductions in packing materials, fuel and emissions. In the future, we aim to achieve further reductions by decreasing the volume of distribution through the promotion of digital sales.

Development and Manufacturing Initiatives

Reducing the environmental impact of pachislo machines

In solidarity with the efforts of the Japan Pachislo Machine Industry Association (Nichidenkyo), Capcom manufactures and sells pachislo machines partially made from recycled parts and equipped with standardized "green devices" aimed at controlling power usage.

Status of disposal of used arcade game machines

Year	Amount recycled	Thermal recycling*1
2015	77.8%	22.2%
2016	77.9%	22.1%
2017	74.4%	25.6%
2018	83.7%	16.3%
2019*2	00.0%	00.0%

*1 Volume used as heat source for hot water, heating, etc.

*2 Capcom switched to new cabinets in fiscal 2019, so there was no collection of used arcade game machines.

Relationship with Customers

Considerations in Game Development

In-game purchases

In the Japanese game market, discussions have been taking place for several years on the problem of gacha, or lottery-style game mechanics, primarily in mobile games. Overseas, gacha-like “loot boxes” have been banned in some countries.

As a creator of entertainment culture, Capcom believes that games should be enjoyed for the entertainment value they provide with gameplay, not for thrills associated with winning a lottery. We do not want to see games that are supposed to make people happy having the opposite effect as a result of excessive charges. For that reason, we are working to ensure that all users can enjoy our games fairly and safely. In principle, we minimize gacha elements in the mobile games we develop; in our home video games, we provide any content required to enjoy the full game free of charge, while offering some additional content at low cost.

Localization and culturalization

Capcom games are enjoyed worldwide. In the fiscal year ended March 2020, the percentage of home video games sold overseas was 84.1%. Naturally, translation (localization) of video games developed in Japanese is required so that users around the world can enjoy them. The volume and importance of localization is increasing year after year due to factors such as improvements in game machine performance, support for online gameplay, and an increase in the number of languages accompanying a more diversified, global audience. As such, Capcom’s localization team is involved in game development from the initial stages. By carrying out localization concurrently with development, rather than following completion of the Japanese language version as had been done in the past, Capcom is able to launch games simultaneously around the globe. What is more, depending on the country, simply translating games developed under Japanese norms can end up hurting users unexpectedly due to historical, religious, or cultural differences.

As such, we focus on employing staff from around the world to culturize the games so that they can be enjoyed by all, regardless of locale.

Example of culturalization



Resident Evil is known by a different name in Japan.

Healthy Development of Entertainment

Compliance with the CERO rating system and endorsement of guidelines

The Computer Entertainment Rating Organization (CERO), a Specified Nonprofit Corporation, was created to provide age-appropriate ratings for video games. Capcom complies with the CERO rating system and rules.

The rating system is an initiative for the healthy development of young people that calls for voluntary restrictions on home video game content and sales methods to limit access by young people to sexual or violent content. In addition, recent home video game consoles include a parental control function that enables parents to limit the online purchase and use of certain games according to their ratings.

Guidelines issued by the Computer Entertainment Suppliers’ Association (CESA)

Name of guideline	Implementation date
Guidelines for Real Money Trade Measures	April 26, 2017
Guidelines for the Protection of Minors	December 21, 2016 Revised March 27, 2019
Operating Guidelines for Random Item Distribution in Network Games	April 27, 2016
Guidelines for Advertisements, Etc. in Home Video Game Software Targeting Only Those 18 and Over	April 1, 2008 Revised June 20, 2012
Code of Ethics Concerning Computer Entertainment Software, 2nd Revision	October 1, 2002

Please refer to CESA’s website for information on its activities.
https://www.cesa.or.jp/index_e.html

Addressing the WHO’s recognition of gaming disorder

In May 2019, the World Health Organization (WHO) included gaming disorder as a new mental health condition characterized by excessive use of games to the point where it has a negative impact on health and social life. Cooperating with industry organizations such as the Computer Entertainment Supplier’s Association, we are taking the appropriate steps to raise awareness of the issue in response to social demand. As an independent effort, we will continue to educate elementary and junior high school students on how to interact with games in a healthy manner through our educational support program.

➡For details see p.50

Addressing addiction to pachinko and pachislo

Pachinko and pachislo are a form of entertainment that has taken root in society. At the same time, however, there is concern over players becoming addicted. For that reason, the Recovery Support Network (RSN), a pachinko addiction consultation hotline, was established in 2006 with the support of industry organizations. In addition to the launch of this free phone-based consultation service, various measures were implemented in the industry to prevent addiction. These measures included putting up posters at all locations nationwide to raise awareness of RSN, establishing a system in which pachinko and pachislo advisors (specialist staff) are stationed at each location to provide customers with appropriate information on addiction, and preparing guidelines for addressing addiction at pachinko parlors. In 2017, the Pachinko and Pachislo Industry Association for the 21st Century, which consists of 14 organizations from the amusement industry, announced the "Declaration on Pachinko and Pachislo Addiction," strengthening measures to address pachinko and pachislo addiction and declaring it as a top priority.

In fiscal 2019, the "Basic Guidelines for Measures to Address Pachinko Addiction" and the "Pachinko and Pachislo Industry Guidelines for Measures to Address Addiction" were established based on the government's Basic Plan for Promoting Measures to Address Gambling and Other Addictions.

Capcom endorses and cooperates with these initiatives to contribute to healthy development of the industry.

Support for Community-building among Senior Citizens

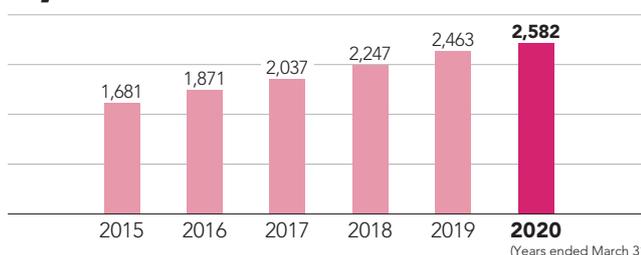
Holding regular amusement arcade tours

Today, amusement facilities are becoming increasingly popular among senior citizens as spaces for communication with friends and facility staff. Since 2012, Capcom has held amusement arcade tours free of charge on long public holidays and Respect-for-the-Aged Day for senior citizens where they can try out coin-operated games and crane games, enabling more people to make use of such facilities.

In addition, as part of efforts to create arcades where senior citizens can comfortably enjoy themselves, since 2012 Capcom has encouraged arcade staff to get the Service Assistant certification. Currently, 24 staff members have received this certification.

Cumulative number of participants in senior tours

2,582



Enhancing Customer Support

User support and utilizing feedback

At Capcom, we have dedicated support teams for each product to ensure that customers can fully enjoy the services they purchase. We also strive to quickly respond to customer questions by providing online FAQ pages, while each person in charge regularly engages in information exchanges with other teams, working to improve customer satisfaction.

The questions and feedback our game support teams receive are condensed and analyzed to be incorporated in development of new products.

→Inquiries

http://www.capcom.co.jp/support/index_game.html (Japanese only)

Protecting the personal information of our customers

Capcom has more than 10 million records containing personal information on customers, accumulated from our member site, prize deliveries, product purchases, and other sources. In 2015, the Japanese Act on the Protection of Personal Information was revised, and the revisions went into full effect on May 30, 2017. Meanwhile, overseas, the EU General Data Protection Regulation (GDPR) went into effect in May 2018. The data of game players falls under the category of personal information in these laws, and the scope is expanding each year.

Under these circumstances, we established our new Information Management Department in April 2019 to enhance our information management structure and address the requirements of the Japanese Act on the Protection of Personal Information and the GDPR. This department is leading our efforts to address the risk of personal information leaks by developing a system of conduct guidelines, operational controls, and audits in accordance with the law.

Expanding opportunities for customers to play games

In recent years, we have been focusing on promoting esports as part of our efforts as a creator of entertainment culture.

We have the role of planning and organizing events as a game manufacturer—a role that had been largely shouldered by the player community in the past—in order to provide an environment that better allows competitors and fans to enjoy the excitement of competitions.

Since 2013, we have held Capcom Cup to determine the top players in the world. We are also working to provide amateur players with opportunities to shine, such as with the new Street Fighter League: College-JP 2019 for students, in June 2019. Through these activities, we aim to increase points of contact with our customers and improve customer satisfaction. In fiscal 2020, we plan to hold the fully-online Capcom Pro Tour Online 2020 in 10 regions around the world.

Relationship with Regional Communities

Contributions to Regional Revitalization

Utilizing the appeal and brand recognition of popular games to contribute to society

The attraction of video game content for the worldwide audience was in evidence when Japan’s Prime Minister promoted the Tokyo Olympic and Paralympic Games by dressing as a video game character at the Closing Ceremony of the 2016 Rio de Janeiro Games. In the same vein, Capcom is following a Single Content Multiple Usage strategy for our content, which we deploy in a wide range of fields beyond video games. As such, we are proud to have a high level of recognition and popularity among men and women, young and old alike.

Based on our corporate philosophy of making people happy through games, Capcom has been engaged in the following four regional revitalization activities not only in Osaka, where we have our head office, but across Japan, since the mid-2000s: 1) economic promotion that supports the local tourism industries; 2) cultural awareness raising that supports education concerning local history and culture; 3) crime prevention education through coordination with the police; and 4) raising awareness about voting in elections in coordination with the Committee for Election Administration.

Further, going forward we will provide support for esports activities regionally throughout Japan while looking into activities to promote regional revitalization through playing games.



Comments from a police official

Yuji Tatsutani
 Director of Cybercrime Control Division
 Osaka Prefectural Police Headquarters

Capcom is a multinational company whose roots are Osakan; and here, in Uchihirano town of the Chuo ward in that same city, a stone’s throw from Osaka Prefectural Police Headquarters, Capcom’s cluster of office buildings, which includes their headquarters building and R&D facilities, inspire a sense of awe.

Capcom characters have tremendous name recognition and are familiar to all of today’s youth. I’m deeply grateful to Capcom for its continued, neighborly cooperation in our various crime prevention and public awareness campaigns, especially those targeting young people.

Up to now, the Mega Man and Felyne characters have appeared in our public awareness campaigns for cyber security, while our recruitment posters for cybercrime investigators have featured Ryu and Chun Li from the indomitable *Street Fighter* series. The response has been overwhelmingly positive, and we have been able to secure outstanding human resources.

I admire Capcom’s management stance, which emphasizes giving back to regional communities and I hope to continue collaborating with them on preventing crime in Osaka.

Supporting regional revitalization using the appeal of Capcom video game content

Regional Revitalization Activities

Initiatives Across Japan

- 経 Economic Development
- 防 Prevention Education
- 文 Cultural Awareness Raising
- 選 Participation in Elections

Miyagi Prefecture: Mascot for gubernatorial election

Ibaraki Prefecture: Co-sponsorship of special museum exhibit

Saitama Prefecture: Co-sponsorship of special museum exhibit

Kofu, Yamanashi Prefecture: Conclusion of comprehensive partnership agreement

Ueda, Nagano Prefecture: Support for tourism event

Kyoto Prefecture: Mascot for vehicle-related theft prevention awareness

Hyogo Prefecture: Mascot for vehicle-related theft prevention awareness

Hamamatsu, Shizuoka Prefecture: Support for tourism promotion

Okazaki, Aichi Prefecture: Support for tourism promotion

Osaka: Mascot for vehicle-related damage and theft prevention
Use in recruitment ads for cybercrime investigators

2019: Kochi Prefecture Mascot for House of Councillors election
 Newspaper advertisements, train wrappings, television and radio commercials, etc.

Kochi Prefecture: Mascot for gubernatorial election

Okayama Prefecture: Co-sponsorship of special museum exhibit

Wakayama Prefecture: Support for campaign to attract visitors

2019: Kofu, Yamanashi Prefecture Stamp rally

2019: Osaka Prefecture Cybercrime prevention mascot
 Production of posters and display of original collaborative videos on digital signs in train stations

Relationship with Employees

Promoting Healthy Relationships with Games

More than a decade of on-site classes for children in school

Games are a relatively new cultural phenomenon with little academic research, and discussions tend to focus on the detrimental effects rather than the educational aspects. Recently, recognition by WHO of gaming disorder made headlines as did the establishment of the Kagawa Prefectural Ordinance on Countermeasures for Addiction to Internet and Computer Games. However, video game creator is a popular future career choice among children, and programming and other such lessons will be made compulsory in Japanese elementary schools starting in 2020. Many private sector efforts are also underway, including opening programming academies for youth. Considering these developments, it is reasonable to expect that the number of children hoping to become game creators will increase. Additionally, smartphone use rates among young people—49.8% of elementary school students and 75.2% of junior high school students—are rising each year. Smartphone games are also gaining popularity and children are growing more familiar with games.

Given this, with a desire to promote social understanding of games, we accept visits to our offices from primarily elementary and junior high school students and conduct on-site classes at schools to promote sustainable economic growth and social development. Class programs have two sessions: one is career education, which introduces the work done in a game company and its difficulty and rewards; the other is game literacy education, which helps students use their judgement to build a healthy relationship with games. These programs have been well-received with schools, and Capcom is incorporating educators' feedback to improve.

In fiscal 2011, Capcom launched its career education program following educators' requests. In fiscal 2013, Capcom started a new program on work and mathematics, targeting elementary and junior high school students to help keep children interested in math.

Altogether, Capcom has welcomed 3,337 children as part of 402 different field trips to its offices (as of March 31, 2020). Capcom has also held 161 on-site classes for 14,927 students (as of March 31, 2020) at schools such as the one held at Niigata Elementary School attached to Niigata University in July 2019.

Impressions of the on-site classes (An excerpt of this fiscal year's comments)

- Up to now, I had been on my smartphone all day long, but after hearing this talk, I decided to cut back the time I spend on my phone little by little. (Elementary school student)
- I was surprised at how fun they made math, which the students normally dislike. I saw firsthand how keenly they were listening. (Elementary school teacher)
- I was happy to hear the lecturer talk about the necessity of what is taught in regular classes out in the real world. If there had been a discussion, it might have elicited various thoughts and opinions. (Junior high school teacher)

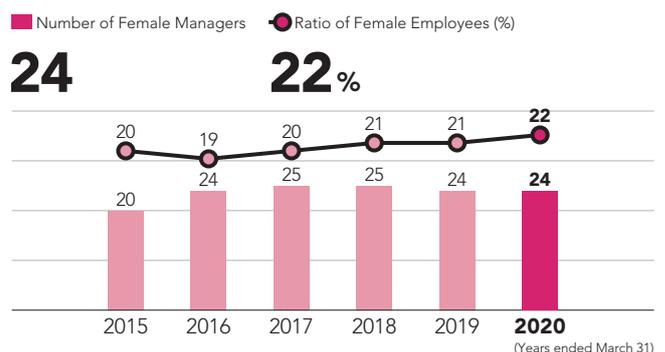
Promotion of Diversity

Initiatives aimed at promoting the improvement of the work environment for women and proactively hiring non-Japanese

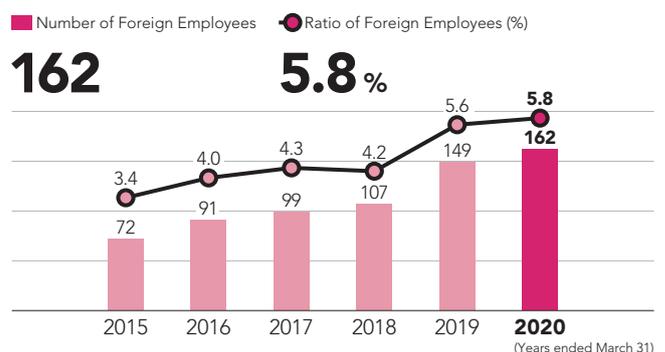
Capcom is currently engaged in initiatives aimed at improving the work environment for women and proactively hiring non-Japanese.

In terms of providing an environment that facilitates women, we introduced systems enabling women to take a leave of absence before and after giving birth, childcare leave and shortened working hours, and promote their use throughout the Company. In fiscal 2019, 23 employees took childcare leave, 10 of whom were men, and 100% of eligible women took childcare leave (fiscal 2018: 12 men and 100% of 21 women took leave). A high percentage of women returned to work afterwards: 27 returned in fiscal 2019—100% if those still on leave are excluded. This is higher than the previous year (96%, or 32 women, returned to work in fiscal 2018). As a result, despite it being said that Japan's gaming industry is generally dominated by men, women account for roughly 22% of Capcom's workforce, and 24 (9.3%) of Capcom's managers are women. In accordance with the execution of the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace, in 2019 we formulated the General Employer Action Plan, which seeks to achieve two things: (1) developing a personnel system that contributes to diversity in work styles, and (2) having

Number of Female Managers and Ratio of Female Employees (Capcom Co., Ltd.)



Number and Ratio of Foreign Employees (Capcom Co., Ltd.)



women comprise at least 15% of managers by the end of fiscal 2024. In recognition of Capcom's efforts toward improving the workplace environment for women, since 2014 we have earned the "Kurumin" mark, the symbol of a "company supporting childcare," from the Ministry of Health, Labour and Welfare.

In terms of the proactive employment of non-Japanese individuals, Capcom is making efforts to strengthen overseas expansion capabilities including creating an English hiring website. We currently employ 162 non-Japanese workers (representing 5.8% of our employees). Going forward, we will create a system for improving motivation in an attempt to increase the ratio of foreign employees, including support for career advancement and the promotion of non-Japanese individuals to management positions.

Comments from a female employee



Yuko Yasuda
Senior Manager
Trademark & Copyright Section
Intellectual Property
Department

The Trademark & Copyright Section carries out intellectual property management, including filing trademark applications in various countries and territories to support the smooth development of products globally.

In addition to strategically filing trademark applications globally, which is growing in importance by the day, we also do many things to support game development indirectly, including checking product names and intellectual property within games. I find the job very satisfying.

Also, as a manager, I take great pains to develop a pleasant working environment for staff while working to familiarize employees companywide with the importance and necessity of managing intellectual property.

I'm also the mother of two small children, and continue to make use of internal programs, including maternity and childcare leave as well as the Capcom Juku on-site childcare facility, to balance work and raising my children.

Providing a Pleasant Workplace

Promoting work-life balance

Creating entertainment culture requires that creators themselves make time for play.

At Capcom, we have established Paid Leave Promotion Days and encourage employees to take extended leave to refresh and look for new sources of inspiration during the year-end/New Year's holidays as well as during the series of holidays in May. Additionally, we have built a four-story bicycle parking facility near our development studio and encourage our employees to live within a five-kilometer radius to shorten commuting times. This saves time and living costs while giving creators the free time necessary to cultivate their creative powers and imaginations, which is essential for creative work. Moreover, we opened Capcom Juku as an on-site daycare facility in April 2017 to provide a stable workplace

environment for creators. As it is located close to work, it provides peace of mind for employees who are married or have children, and has been well-received by those who have utilized it.

➔Please refer to the information to the right or page 54 of the 2018 Integrated Report.

Supporting employees' health management

The employee cafeteria was renovated in 2015 when the new development studio was completed. Healthy meals are served for breakfast, lunch, and supper. There is also a massage room staffed by nationally-certified massage therapists at both the Tokyo and Osaka locations to support our employees in managing their health.

Fulfilling employee potential in a cutting-edge environment

The biggest thing when it comes to motivating developers working in a creative field such as games is access to an environment that allows them to make their visions a reality. Capcom maintains a cutting-edge development environment that includes 3D scanners, a motion capture studio, a dynamic sound mixing stage, and a Foley stage. In this way, we support our creators in fulfilling their vision.

Capcom Juku

Providing an environment for vibrant childcare combining day care and education

Given the desire to quickly improve the issue of long day care waiting lists accompanying a lack of preschools, Capcom's top management set its sights on the future and wanted to provide an environment in which employees can raise their children with peace of mind while remaining employed over the long term. We operate Capcom Juku, aiming to add individual education and growth to standard day care for children.

Capcom Juku goes beyond caring for infants and preschool children and accepts a wide range of youth, including after-school kindergarten and elementary school students. This helps employees avoid the stress of not being able to find open facilities for their children. Furthermore, by offering educational support in the form of a place for learning English, eurhythmics, math, science, and other subjects, Capcom Juku joins its efforts with employees and fosters the growth of children. Currently, as of March 31, 2020, the school takes care of 25 children a month and accepts as many as 25 temporary pupils a month.

In the future, we will create a learning atmosphere at Capcom Juku that stimulates and broadens children's curiosity, while also striving for an environment where parents can work with peace of mind so that both they and their families can lead fulfilling lives.



English classroom

Online esports competition.
Players and commentators participate from home.



Our Response to COVID-19

For our stakeholders

Introduction of virtual shareholders meetings

Out of consideration for their health and safety, we asked our shareholders to refrain from physically attending the 41st Ordinary General Meeting of Shareholders, held in June 2020. Instead, we introduced a hybrid virtual shareholder meeting that enabled remote participation via the Internet. Including those that participated online, the number of participants was on par with the previous year, but only 53 came to the venue (as opposed to 139 the previous year), preventing close contact.

Mitigating the risk of spread

Since 2014, Capcom had been holding the Capcom Pro Tour, an annual series of *Street Fighter* tournaments, but in 2020 we took it fully online to prevent the spread of COVID-19 among both players and commentators. Moreover, by streaming the competition online via a dedicated channel, we have made it possible for anyone to watch from anywhere.

Additionally, in response to the spread of COVID-19, we gradually implemented reduced hours of operations and temporary closures at our amusement facilities beginning in March 2020. After the state of emergency in Japan was lifted in May, we gradually resumed operations, but we are working to prevent the spread of the virus at our arcades by ensuring thorough health management on the part of employees and promoting social distancing.



Poster at amusement facility (mid-June 2020)

Making it fun to stay at home

In May 2020, we carried out a campaign called "Let's Stay at Home" to provide fun activities for time spent at home. As part of the campaign, we distributed line drawings of popular characters for coloring in, virtual backgrounds for online meetings and released a recipe video for meals appearing in our games.



Line drawing of popular characters for coloring in

For our employees

Employment system under COVID-19

Starting from the end of January 2020, we have been implementing the measures below to prevent the spread of COVID-19.

Measures	Enforcement date
Face masks required, Company distributes one mask per day	January 30, 2020
COVID-19 Response Office established	January 31, 2020
<ul style="list-style-type: none"> In principle, both domestic and overseas business trips prohibited (14-day self-quarantine required upon returning to Japan in the case of unavoidable travel) * Business trips to China prohibited in principle starting on January 27 Staggered working hours to prevent congestion Voluntary refraining from business meals with external partners, internal get-togethers, welcome/farewell parties, etc. Strictly enforcing hand washing, mouth rinsing and hand sanitizer use * Sanitizer has been available on each floor since before the pandemic 	March 2, 2020
In principle, all employees asked to work from home and stay at home	April 13, 2020
Began checking body temperature via non-contact kiosks and ensuring that masks are being worn upon entry to the office	July 13, 2020

As of the end of May 2020, these actions were relaxed in areas where the state of emergency was lifted in preparation for a return to normal operations. We have resumed operations while maintaining staggered work hours and ensuring social distancing within the office, but we continue to work on preventing the spread of the virus by working in shifts and allowing employees to work from home.

Directors

(As of July 1, 2020)



● Internal
● External

Kenzo Tsujimoto

Chairman and Chief Executive Officer (CEO)

Jul. 1985 President and Representative Director of the Company
Apr. 2001 Chief Executive Officer (CEO) of the Company (to present)
Jul. 2007 Chairman and Representative Director of the Company (to present)

Haruhiro Tsujimoto

President and Chief Operating Officer (COO)

Apr. 1987 Entered into the Company
Jun. 1997 Director of the Company
Feb. 1999 Managing Director of the Company
Apr. 2001 Senior Managing Director of the Company
Jul. 2004 Director and Executive Corporate Officer of the Company
Apr. 2006 Director and Executive Vice President of the Company
Jul. 2007 President and Representative Director, Chief Operating Officer (COO) of the Company (to present)
Aug. 2016 President and Representative Director, and Director in charge of Global Marketing Business and Arcade Operations Business of the Company
Jun. 2018 President and Representative Director, and Director in charge of Arcade Operations Business of the Company
Apr. 2020 President and Representative Director, and Director in charge of Sales Operations Business and Arcade Operations Business of the Company (to present)

Yoichi EgawaDirector
Executive Corporate Officer

Apr. 1985 Entered into the Company
Apr. 1999 General Manager of Creative Division 5 of the Company
Aug. 1999 Corporate Officer, General Manager of Creative Division 5 of the Company
Apr. 2011 Managing Corporate Officer of the Company
Apr. 2013 Executive Corporate Officer of the Company (to present)
Jun. 2013 Director, in charge of Arcade Business and Pachinko & Pachislo Business of the Company
Jul. 2016 Director, in charge of Amusement Equipments Business, Arcade Operations Business and Consumer Games Development of the Company
Apr. 2019 Director, in charge of Consumer Games Development and Pachinko & Pachislo Business Divisions of the Company
Apr. 2020 Director, in charge of Development and Pachinko & Pachislo Business Divisions of the Company (to present)

Kenkichi NomuraDirector
Executive Corporate Officer,
Chief Financial Officer (CFO)

Apr. 2009 Corporate Officer in charge of Internal Control of the Company
Jul. 2010 Managing Corporate Officer in charge of Financial and Accounting Division of the Company
Jun. 2015 Managing Corporate Officer in charge of Financial and Accounting Division and Secretarial Affairs, PR and IR Division of the Company
Apr. 2016 Executive Corporate Officer (to present)
Head of Finance, Accounting and Public Relations Divisions
Jun. 2016 Director, Chief Financial Officer (CFO) (to present) and in charge of Corporate Management of the Company
Apr. 2020 Director, in charge of Corporate Management, Planning and Strategy Divisions of the Company (to present)

Masao Sato

Director External Independent Director

Apr. 1975 Entered into the National Police Agency
Nov. 1995 Chief of Ehime Prefectural Police Headquarters
Jan. 2001 Chief of Miyagi Prefectural Police Headquarters
Aug. 2005 Chief of Chiba Prefectural Police Headquarters
Jan. 2007 Director General of Kanto Regional Police Bureau
Mar. 2008 Resigned from the National Police Agency
Jun. 2008 External Corporate Auditor of the Chugoku Electric Power Co., Inc.
Jun. 2016 External Director of the Company (to present)
Jun. 2017 Director, Public Interest Corporation, Furuoka Scholarship Foundation (to present)

Toru Muranaka

Director External Independent Director

Apr. 1995 Registered Lawyer (Osaka Bar Association)
Entered into Daiichi Law Office (Currently Daiichi Law Office, P.C.)
Dec. 2007 Partner of Daiichi Law Office, P.C. (to present)
May 2014 External Corporate Auditor of Furuoka Electric Co., Ltd. (to present)
Jun. 2015 External Corporate Auditor of Suzuken Co., Ltd. (to present)
Jun. 2016 External Director of the Company (to present)

Yutaka Mizukoshi

Director External Independent Director

Apr. 1980 Entered into Nippon Steel Corporation
May 2004 Senior Vice President of The Boston Consulting Group
Jan. 2005 Japan Co-chair of The Boston Consulting Group
Jan. 2016 Senior Partner and Managing Director of The Boston Consulting Group
Jun. 2016 External Director of Lifenet Insurance Company (to present)
External Director of Asagami Corporation (to present)
Jan. 2018 Senior Advisor of The Boston Consulting Group, Tokyo (to present)
Jun. 2018 External Director of the Company (to present)
Jun. 2019 Director, Japan Rugby Football Union (to present)

Kazushi HiraoDirector
<Full-time member of the Audit and Supervisory Committee>

Jun. 1988 Entered into the Company
Apr. 1997 General Manager of Overseas Business Dept. of the Company
Jul. 1999 Corporate Officer, General Manager of Overseas Business Dept. of the Company
Oct. 2002 General Manager of General Affairs Dept. of the Company
Apr. 2004 Senior Manager of Investor Relations Section of the Company
Jun. 2004 Corporate Auditor of the Company (full-time)
Jun. 2016 Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present)

Yoshihiko Iwasaki

Director External Independent Director

<Full-time member of the Audit and Supervisory Committee>

Apr. 1979 Entered into National Tax Agency
Jul. 1986 District Director of Ijuin Tax Office
Jul. 1999 Deputy Commissioner (Large Enterprise Examination and Criminal Investigation) of Hiroshima Regional Taxation Bureau
Jul. 2007 Assistant Regional Commissioner (Management and Co-ordination) of Nagoya Regional Taxation Bureau
Jul. 2009 Director-General of Kanazawa Regional Tax Tribunal
Jul. 2010 Director-General of Sapporo Regional Tax Tribunal
Jul. 2011 Vice President of National Tax College
Jun. 2012 External Corporate Auditor of the Company (full-time)
Jun. 2016 External Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present)

Makoto Matsuo

Director External Independent Director

<Member of the Audit and Supervisory Committee>

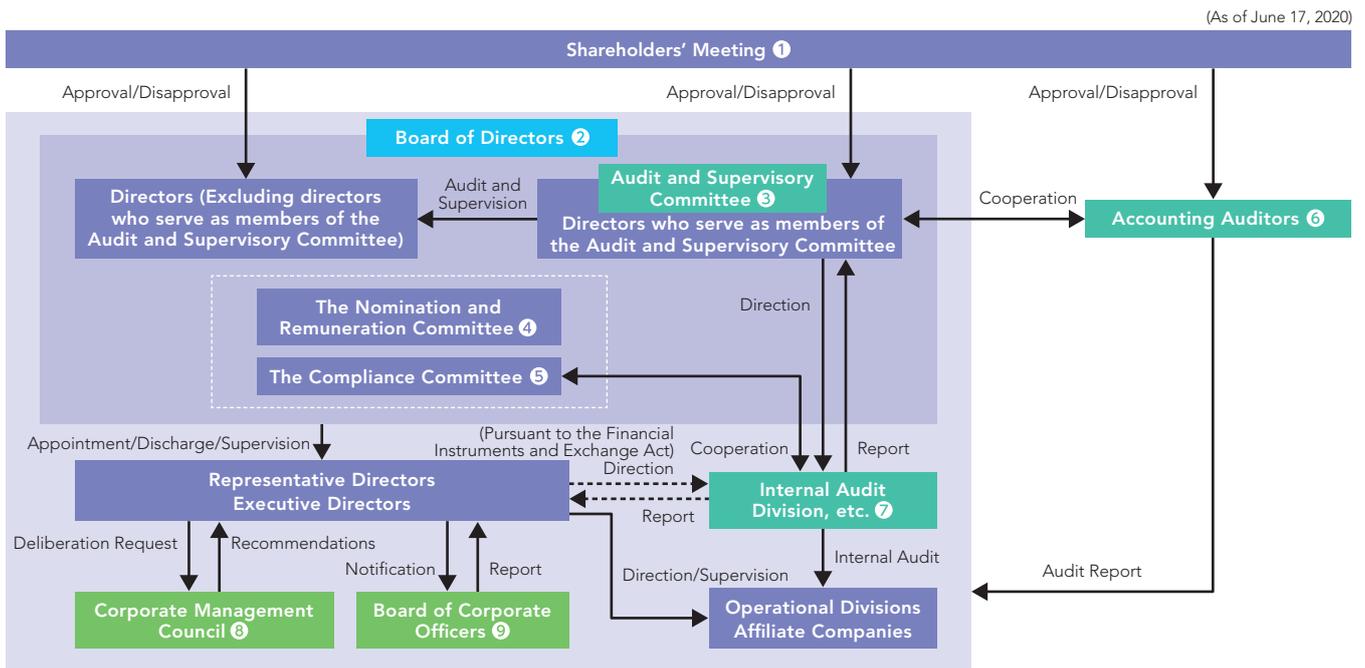
Apr. 1975 Admitted to Japanese Bar (The Dai-ichi Tokyo Bar Association) Ozaki & Momo-o
Aug. 1978 Weil, Gotshal & Manges in New York
Mar. 1979 Admitted to New York Bar
Apr. 1989 Partner of Momo-o, Matsuo & Namba (to present)
Apr. 1997 Lecturer of Nihon University, Faculty of Law: International Transaction Law
Apr. 2005 Lecturer of Hitotsubashi University Faculty and Graduate School of Law: World Business Law
Jun. 2007 External Director of the Company
Mar. 2014 External Corporate Auditor of Solasia Pharma K.K. (to present)
Jun. 2016 External Director (Member of the Audit and Supervisory Committee) of the Company (to present)
Jun. 2018 Outside Statutory Auditor of Sumitomo Forestry Co., Ltd. (to present)
Jun. 2020 Outside Audit & Supervisory Board Member of Taisho Pharmaceutical Holdings Co., Ltd. (to present)

Directors' Skill Matrix

	Management	International business	Development & technology	Sales & marketing	Financial accounting	Independence	Legal	Environment & society
Kenzo Tsujimoto	○	○	○	○	○			
Haruhiro Tsujimoto	○	○	○	○	○			
Yoichi Egawa			○					
Kenkichi Nomura	○			○	○			
Masao Sato						○	○	○
Toru Muranaka						○	○	○
Yutaka Mizukoshi	○	○			○	○		
Kazushi Hirao		○			○			
Yoshihiko Iwasaki					○	○	○	○
Makoto Matsuo						○	○	○

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%)*

* 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)

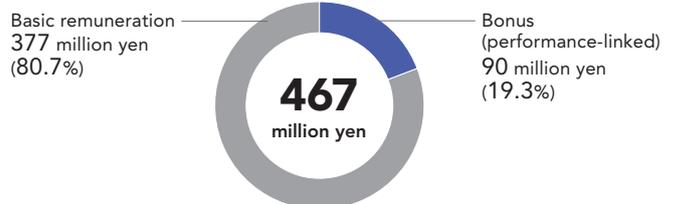
To ensure the fairness and transparency of remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee), the Board of Directors consults the Nomination and Remuneration Committee, which has an external director as chairman. The Nomination and Remuneration Committee 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.”

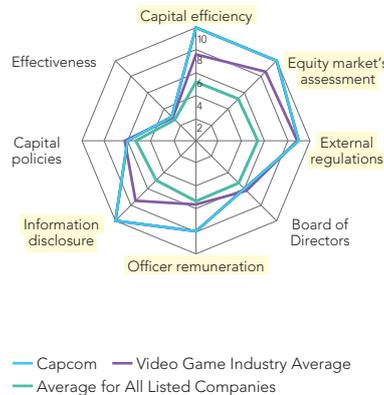
The main evaluation factors are given in the table below, and areas highlighted in yellow indicate measures that received particular notice. Going forward, we will continue making improvements to earn an even stronger assessment, and further promote the visibility of our governance by posting this and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

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

Kazushi Hirao

Director (Full-time member of the Audit and Supervisory Committee)



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.