

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 Human Resources Pink : Promoting Diversity
Blue : Developing Healthy Relationships Purple Enhancing Corporate Governance

Initiatives	Contribution to Business/Management	Future Challenges
<div style="text-align: center;">E ENVIRONMENTAL</div> <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
<div style="text-align: center;">S SOCIAL</div> <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 ● Implemented working from home <p>Relationship with Customers</p> <ul style="list-style-type: none"> ● Compliance with the CERO ratings system ● Formulated guidelines with industry groups ● Supported community building by promoting the spread of esports ● Monetized without high-pressure microtransactions <p>Relationship with the Regional Community</p> <ul style="list-style-type: none"> ● Welcomed children participating in Company Visits to our offices / held Guest Lectures at schools ● Developed online educational support activities ● Leveraged Capcom content in regional revitalization efforts ● Supported senior citizen community formation with video game arcade tours ● Donated to various support organizations 	<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"> ● Improved customer satisfaction by creating stress-free environments for play ● Reduced social risks posed by games <ul style="list-style-type: none"> ● Expanded profit opportunities by improving company and IP name recognition ● Promoted understanding of the Capcom approach to business ● Expanded revenue opportunities in step with larger percentage of populations gaining access to entertainment options following the stabilization of social environments 	<ul style="list-style-type: none"> ● Increasing the percentage of women in management positions ● Enhancing employment of a global workforce <ul style="list-style-type: none"> ● Education of users, consumer groups, government entities, etc. <ul style="list-style-type: none"> ● Further promotion of regional revitalization using Capcom content
<div style="text-align: center;">G GOVERNANCE</div> <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) ● Established the Information Technology Security Oversight Committee for ongoing enhancement of information security 	<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 ● Review the composition of the Board of Directors ● Setting developer compensation in consideration of medium- to long-term sustainable growth

➔ Please refer to "ESG Highlights" on pages 13-14 for details on the KPI for material issues

Environmental Action as an Entertainment Company

Capcom's Digital Contents business accounts for approximately 80% 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 pachislo machines, 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 2021, we succeeded in reducing emissions by 9.5% compared to the previous year by introducing energy-saving equipment at those facilities and promoting the switch to LED lighting at each workplace.

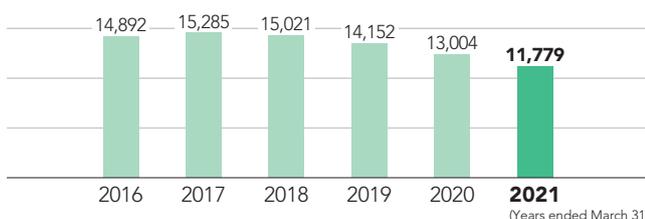


Promoted energy-saving initiatives, including switching to LED lighting at each workplace

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

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

11,779 t



Rated "S Class" six 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 six 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).

(Non-consolidated)

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%
2020	0.05186	92.9%

* 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 30.10 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 2021, the resources used in the equivalent of around 23.15 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.

Relationship with Customers

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%
2020	99.77%	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.

Promoting workplace proximity

At Capcom, we encourage employees to live within five kilometers of their place of work and to commute by bicycle. As such, we have arranged company housing near our offices and built bicycle parking close to our R&D facilities. The primary goal is to promote a proper work-life balance by shortening commuting distances, but at the same time, it also helps reduce greenhouse gas emissions associated with use of transportation.



Bicycle parking

Exploring renewable energy

In October 2020, the Japanese government pledged to be carbon neutral by 2050. The goal is to realize a carbon-free society by 2050 and effectively eliminate greenhouse gas emissions.

Realizing carbon neutrality will require the introduction of renewable energy that does not produce CO₂ emissions. At Capcom, we have begun looking into the introduction of renewable energy to do our part to bring about a sustainable society.

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 high-priced 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 2021, the percentage of home video games sold overseas was 80.9%. Naturally, translation (localization) of video games developed in Japanese is required so that game players 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 as Biohazard 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 game platforms 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 on blockchain games	Enforced July 1, 2021
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. 61

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 13 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 May 2021, the association played a central role in holding online forums on the "Special Website for the Issue of Pachinko and Pachislo Addiction," which provides an overview of addiction and information on industry initiatives. The website has rolled out various educational activities.

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.

* The tours were suspended in fiscal 2020 to help prevent the spread of COVID-19.

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



* The tours were suspended in fiscal 2020 to help prevent the spread of COVID-19.



Senior tours

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
https://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 site memberships, 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.

In response to the unauthorized access of Capcom’s network in 2020, improvements were made to the security system to prevent recurrence. Additionally, the Information Technology Security Oversight Committee, which includes multiple outside experts, was established in January 2021. It holds regular meetings with the aim of further improving information security.

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 2021, we will hold Capcom Pro Tour Online 2021, a series of 32 1-on-1 tournaments carried out in 19 regions across the globe. We are also introducing a team ownership system in the Japanese esports league Street Fighter League: Pro-JP 2021, in which eight companies form original teams that participate. In these and other ways, we are expanding the scope of our activities.



Street Fighter League: Pro-JP 2020

Relationship with Regional Communities

Contributions to Regional Revitalization

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

The appeal of video game content was demonstrated to the world during the opening ceremonies of the preeminent international sporting event of summer 2021 held in Tokyo when video game music was played to accompany the entrance of the athletic teams. 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 city official



Yukihiro Ohuchi

General Affairs Division,
Miharu Municipal Government

Miharu is an historic castle town known as the birthplace of Megohime, the daughter of Tamura Kiyooki (who was the lord of the Miharu Castle), and wife of Date Masumune, who was nicknamed *Dokuganryu*, or the One-Eyed Dragon.

We collaborated with Capcom to utilize the Felyne characters from *Monster Hunter* in a traffic safety PR campaign. The main target of the campaign was elementary and junior high school students, and the Felyne were a big hit with children and students.

Going forward, we hope to continue collaborating with Capcom, a company that values community engagement, utilizing anime and game content that appeals to young people in regional revitalization efforts.

Supporting regional revitalization using the appeal of Capcom video game content

Regional Revitalization Activities

Initiatives Across Japan

- Economic Development
- Cultural Awareness Raising
- Prevention Education
- Participation in Elections
- Other

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

2020: Kofu, Yamanashi Prefecture: Stamp rally

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

Okayama Prefecture: Co-sponsorship of special museum exhibit

Wakayama Prefecture: Support for campaign to attract visitors

Kochi Prefecture: Mascot for House of Councillors election

Kochi Prefecture: Mascot for gubernatorial election

Hamamatsu, Shizuoka Prefecture: Support for tourism promotion

Okazaki, Aichi Prefecture: Support for tourism promotion

2020: Osaka Prefecture Mascot for employment support event

Osaka Prefecture: Mascot for vehicle-related damage and theft prevention

2020: Osaka Prefecture Mascot for Cybercrime prevention

2020: Osaka Prefecture Mascot for Cybercrime prevention

Production of posters and display of original collaborative videos on digital signs in train stations

2020: Fukushima Prefecture Mascot for Tamura Police Station traffic safety awareness campaign

Production of original collaborative merchandise, including posters and reflectors

2020: Fukushima Prefecture Plastic file folders for traffic safety awareness in Tamura area

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—53.1% of elementary school students and 79.3% 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 three sessions: Career Education introduces the work done in a game company and its challenges and rewards; Game Literacy Education helps students use their judgement to build a healthy relationship with games; and CAPCOM: Work × Mathematics shows students how mathematics—typically not a favorite subject—is used in work. These programs have been well-received with schools, and Capcom is incorporating educators’ feedback to improve them. In addition, based on prior feedback expressed by educators we launched an online program starting in fiscal 2021, which also allows us to hold classes smoothly even during the COVID-19 pandemic. We will continue to launch new initiatives to enable us to respond flexibly over a wider geographical area than before.

Altogether, Capcom has welcomed 3,355 children as part of 403 different field trips to its offices (as of March 31, 2021). Capcom has also held 174 on-site classes for 15,726 students (as of March 31, 2021) at schools such as the one held at Miharu Junior High School in Fukushima Prefecture in November 2020.

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

- Listening to the stories of people who do the work, such as programmers and sound creators, and observing their enthusiasm made me want to be like them when I start working in the future. (Elementary school student)
- Because it came from a game creator rather than a teacher, the lesson of how to make and interact with games really resonated with the children. (Elementary school teacher)
- (The students) seemed to recognize that they themselves were consumers and realize that on the other side of the games there are efforts being made by the game creators. (Junior high school teacher)

Promotion of Diversity

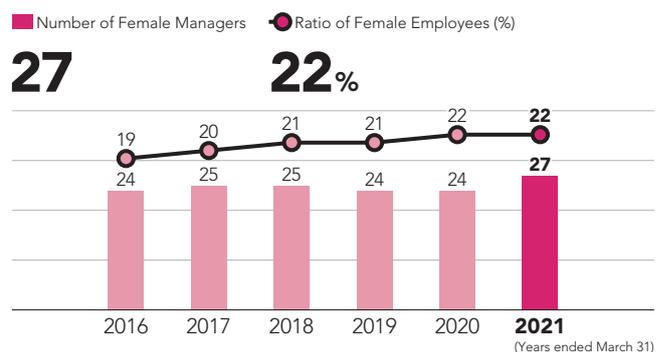
Initiatives aimed at promoting the improvement of the work environment for women and proactively hiring non-Japanese

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

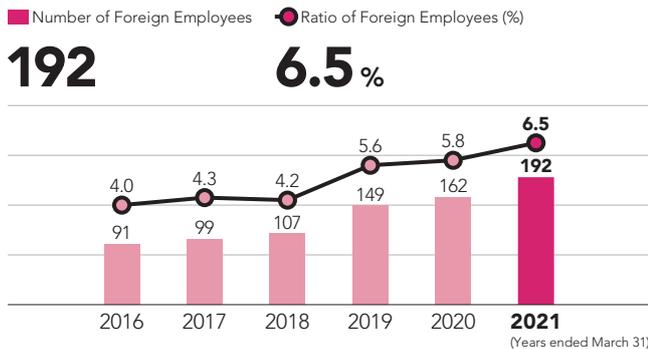
In terms of providing an environment that facilitates women, we introduced systems enabling women to take a leave of absence before and after giving birth, childcare leave and shortened working hours, and promote their use throughout the Company. In fiscal 2020, 34 employees took childcare leave, 17 of whom were men, and 100% of eligible women took childcare leave (fiscal 2019: 23 employees, 10 of whom were men and 100% of eligible women took leave). A high percentage of women returned to work afterwards: 31 (96.9%) returned in fiscal 2020 (fiscal 2019: 27 (100%) returned). 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 27 (10.3%) 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 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 192 non-Japanese workers (representing 6.5% 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.

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



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



Comments from a female employee

Alicia Kim

Senior Director
Communications
Capcom U.S.A., Inc.



I oversee the North/South American PR, social/community, and customer service teams, which are responsible for communications including those with media, fans and customers. I myself am a big fan of Capcom's games which makes it even more rewarding to see the recognition and reputation of our brands grow through our hard work. During the COVID-19 pandemic, there were restrictions in place preventing us from having regular face-to-face interactions with others including colleagues, media partners and player communities. However, by adapting our approach to use digital tools and strategies, we were able to find new ways to achieve our goals in an effective manner. As a manager, I endeavor to lead in such a way that allows team members to demonstrate their full potential by fostering a supportive atmosphere and collaborative culture.

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 below 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 bring their ideas to life. 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, desiring 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, 2021, the school takes care of 19 children a month and accepts as many as 18 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.

Directors

(As of June 23, 2021)

- Internal
- External

Kenzo Tsujimoto



Haruhiro Tsujimoto



Toru Muranaka



Yutaka Mizukoshi



Wataru Kotani



Kenzo Tsujimoto

Chairman and Chief Executive Officer (CEO)

- Jun. 1983 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)

Satoshi Miyazaki

Director
Executive Vice President

- Apr. 1983 Entered the Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)
- Apr. 2011 Executive Officer, General Manager of Corporate Banking Division No.6 of the Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
- Apr. 2013 Managing Executive Officer in charge of Sales of Mizuho Corporate Bank, Ltd. and Mizuho Bank, Ltd.
- Apr. 2016 Executive Officer and Deputy President in charge of Western Japan of Mizuho Financial Group, Inc.
- Apr. 2020 Representative Director and Deputy President of Mizuho Bank, Ltd.
- Apr. 2021 Resigned from the post above
- May. 2021 Executive Vice President of the Company (to present)
- Jun. 2021 Director of the Company (to present)

Yoichi Egawa

Director
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 Divisions and Pachinko & Pachislo Business Divisions of the Company (to present)

Kenkichi Nomura

Director
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)
- Apr. 2016 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)

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 Furuno 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)

Wataru Kotani

Director External Independent Director

- Apr. 1980 Entered the National Police Agency
- Aug. 2002 Chief of Ehime Prefectural Police Headquarters
- Apr. 2004 Chief of the Cybercrime Division, Community Safety Bureau, National Police Agency
- July 2008 Chief of Nagano Prefectural Police Headquarters
- Aug. 2010 Chief of the Organized Crime Department, Criminal Affairs Bureau, National Police Agency
- Jan. 2013 Deputy Superintendent General and acting Chief of the Crime Prevention Task Force, Tokyo Metropolitan Police Department
- Jan. 2014 President, National Police Academy
- Nov. 2014 Special Advisor, Japan Post Bank Co., Ltd. (to present)
- Jun. 2021 External Director of the Company (to present)

Kazushi Hirao

Director
<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)



Satoshi Miyazaki



Yoichi Egawa



Kenkichi Nomura



Kazushi Hirao



Yoshihiko Iwasaki



Makoto Matsuo

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

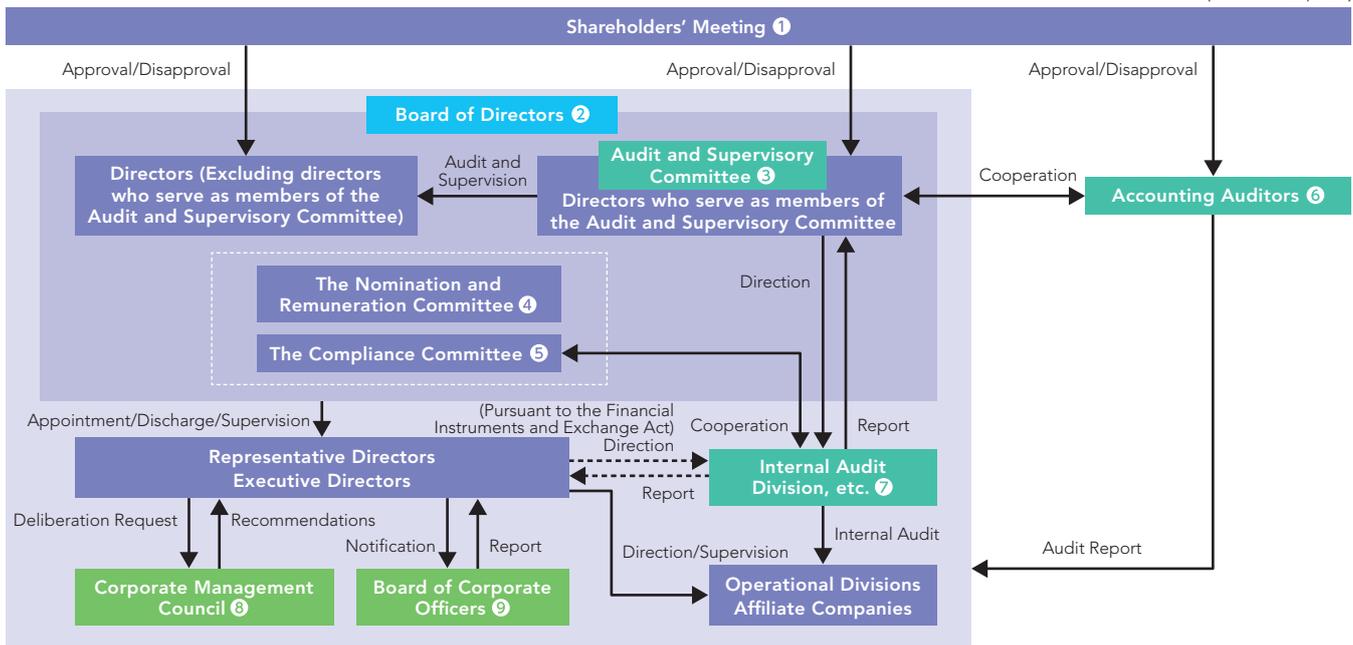
Fields Each Director is Expected to Contribute in Particular Toward Achievement of Medium-Term Growth Strategy								
	Company Management	Management Strategy	Gaming Industry	Digital Transformation/IT/Technology	R&D	Finance/Accounting/Tax	Law	Global Sensibility
Kenzo Tsujimoto	●	●	●	●				●
Haruhiro Tsujimoto	●	●	●	●	●			●
Satoshi Miyazaki	●	●				●		
Yoichi Egawa			●	●	●			●
Kenkichi Nomura		●	●	●		●	●	●
Toru Muranaka	●						●	●
Yutaka Mizukoshi	●							●
Wataru Kotani				●			●	
Kazushi Hirao		●	●			●		●
Yoshihiko Iwasaki						●		
Makoto Matsuo	●						●	●

* The table above does not necessarily show all knowledge possessed by the candidates.

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.)

(As of June 22, 2021)



Composition of Board of Directors and voluntary committees (In the year ended March 31, 2021)

Internal External

2 Board of Directors (10 members)

(Convened 10 times in the year ended March 31, 2021)

Chairman

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

4 The Nomination and Remuneration Committee (five members)

(Convened 3 times in the year ended March 31, 2021)

Chairman

 Yoshihiko Iwasaki (Attendance: 100%)	 Kenkichi Nomura (Attendance: 100%)	 Yutaka Mizukoshi (Attendance: 100%)
 Kazushi Hirao (Attendance: 100%)	 Makoto Matsuo (Attendance: 66%)	

3 Audit and Supervisory Committee (three members)

(Convened 10 times in the year ended March 31, 2021)

Chairman

 Makoto Matsuo (Attendance: 100%)*	 Kazushi Hirao (Attendance: 100%)*	 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, 2021)

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 22, 2021)

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, 2021)

Management decisions that incorporate external directors' opinions

The Board of Directors is composed of 11 directors (chaired by the Representative Director and Chairman of the Board), with five 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, 2021)

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, 2021)

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.

When selecting 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 its decisions after consulting with the Nomination and Remuneration Committee and takes their recommendations into account in order to increase transparency and objectivity. The consent of the Audit and Supervisory Committee is obtained when selecting candidates to be nominated for director who are members of the Audit and Supervisory Committee.

In addition, when determining individual compensation of top management and directors, the Board of Directors makes its decisions after consulting with the Nomination and Remuneration Committee, which deliberates and makes recommendations based on the policy for determining compensation, and takes their recommendations into account in order to ensure fairness and transparency. 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, taking into account such factors as whether they are full time or part time. In order to ensure their independence, the compensation is fixed and not linked to performance of the Company.

5 The Compliance Committee

(Convened four times in the year ended March 31, 2021)

Focusing on Compliance as an Important Management Issue

The Compliance Committee is composed of 10 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, 2021)

	Compensation for Audit Operations	Compensation for Non-Audit Operations
Delivery company	50 million yen	—
Consolidated subsidiary	—	—
Total	50 million yen	—

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

Note: The financial audit team was composed of: certified public accountants (14 members), and candidates for CPA who passed the new CPA exam, plus associates in charge of system audits (eight 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 main activities of the Internal Audit Division are verifying and evaluating the status of employees' execution of duties and the efficacy (and status of operation) of internal control systems, and reporting 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 15 times in the year ended March 31, 2021)

Supporting the Board of Directors' decisions

The Corporate Management Council (chaired by the Representative Director and Chairman of the Board) is composed of six 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, 2021)

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 15 corporate officers (four 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 exchanging opinions on 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
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 along with 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 external perspective, including his enthusiastic provision of opinions and advice from an independent standpoint 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
Wataru Kotani	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors by providing opinions and advice from a neutral and objective standpoint based on the perspective of risk management and legal compliance as he possesses broad expertise and extensive experience in IT security and legal affairs from his many years of involvement in police administration

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 considerable 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 at meetings of the Board of Directors and other important meetings

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 deliberates and makes recommendations based on the policy below, and makes its decision accordingly.

a. Basic remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)

-Monthly remuneration is fixed.

-The amount is determined after considering each board member's position, duties, tenure, and status as either an executive director or non-executive director, and an evaluation of individual job performance.

b. Performance linked remuneration of directors (excluding external directors and directors who are members of the Audit and Supervisory Committee)

In regard to performance linked remuneration of directors (excluding external directors and directors who are members of the Audit and Supervisory Committee), short-term performance linked remuneration is based on a bonus for the fiscal year. The Board of Directors consults the Nomination and Remuneration Committee, which performs an evaluation and calculation using the items below based on the Company's management objective of steady growth of profits, and makes its decision based on their recommendations.

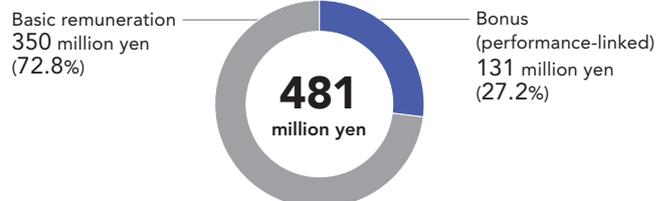
- i. Single-year net income attributable to owners of parent
- ii. Increase in consolidated operating profit over the previous year
- iii. Multiple consecutive increases in consolidated operating profit over previous years
- iv. Evaluation of operations that the board member oversees

The ratio of remuneration for directors (excluding external directors and directors who are members of the Audit and Supervisory Committee) is set based on the above items and includes annual basic remuneration, comprised of monthly remuneration, and a single year bonus, which does not exceed 50% of annual basic remuneration.

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



Officer Remuneration (Year ended March 31, 2021)

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

Type of director	Total remuneration (million yen)	Total of remuneration by type (million yen)				Number of directors paid
		Basic remuneration	Performance linked remuneration	Severance	Of those items to the left, non-monetary remuneration	
Director (excluding Audit and Supervisory Committee and external directors)	393	261	131	—	—	4
Member of Audit and Supervisory Committee (excluding external directors)	21	21	—	—	—	1
External directors	34	34	—	—	—	3
Member of Audit and Supervisory Committee (external directors)	32	32	—	—	—	2

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	Of those items to the left, non-monetary remuneration
Kenzo Tsujimoto	150	Director	Delivery company	100	50	—	—
Haruhiro Tsujimoto	120	Director	Delivery company	80	40	—	—

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

Evaluation of the Effectiveness of the Board of Directors

The Company performed an evaluation of the effectiveness of the Board of Directors in fiscal 2020 to further improve its function.

In order to solicit individual opinions, each board member was given a questionnaire or interviewed. We then exchanged opinions based on an analysis of those results.

In this evaluation, we found that the Board of Directors is functioning effectively and, as shown on the right, confirmed new areas to enhance the supervisory function of management. We will continue to leverage the strengths of the Board of Directors and deepen our understanding of the challenges faced as we work to further improve its function.

Main concerns	Improvement measures and policy for the immediate future
Enhancement of corporate governance function	Further expansion of governance-themed discussions and opportunities for exchanging opinions
Maintenance and improvement of communication in terms of quality and quantity	Careful review and revision of standards and rules for submitting proposals to Board of Directors Efficient provision of materials for active discussions at meetings of Board of Directors

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. Furthermore, we also post convocation notices and other information in English on our corporate website to promote the exercise of voting rights by shareholders worldwide.

Additionally, to further enhance dialogue with shareholders, we held the Ordinary General Meeting of Shareholders on June 22, 2021 in a hybrid virtual shareholder meeting format allowing shareholders to watch the meeting live online on a shareholders-only website and send their comments.

Shareholders' Meeting Resolutions

The following presents the results of voting at the fiscal 2020 shareholders' meetings

Resolutions	Approval Votes	Opposed Votes	Abstained Votes	Approval Rate (%)	Voting Results
First proposal: Proposed Appropriation of Retained Earnings	866,449	29,908	9	96.61	Approved
Second proposal: Election of Eight Directors (excluding Directors who are members of the Audit and Supervisory Committee)					
Kenzo Tsujimoto	786,879	108,033	1,477	87.74	Approved
Haruhiro Tsujimoto	817,168	79,213	9	91.12	Approved
Satoshi Miyazaki	869,888	26,502	9	97.00	Approved
Yoichi Egawa	862,792	33,597	9	96.21	Approved
Kenkichi Nomura	871,562	24,828	9	97.19	Approved
Toru Muranaka	879,001	17,390	9	98.01	Approved
Yutaka Mizukoshi	879,733	16,658	9	98.10	Approved
Wataru Kotani	885,632	10,759	9	98.75	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 <https://www.capcom.co.jp/english/stock/meeting.html>

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 45th among 3,701 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 2021, Capcom's total score was 7.60 points, placing us in the top 1.46% of Japan's listed companies (excluding some in the financial and other sectors), exceeding the 4.75-point average for all listed companies and the 6.66-point average for the industry. We also received the maximum score of 10 for "equity market's assessment."

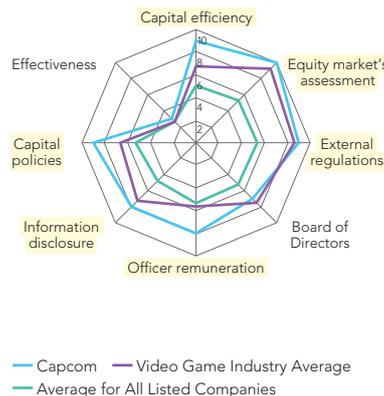
The main evaluation factors are given in the table below, and areas highlighted in yellow indicate measures that received particular notice. Going forward, we will continue making improvements to earn an even stronger assessment, and further promote the visibility of our governance by posting this and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

Third-Party Assessment Results of Capcom's Corporate Governance

Details of Capcom's Corporate Governance

Total Score	7.60
Rank	45
Categories	Score
Capital efficiency	9
Equity market's assessment	10
External regulations	9
Board of Directors	7
Officer remuneration	8
Information disclosure	8
Capital policies	9
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	9	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
Capital policies	9	Related to DOE, shareholder return ratio

Source: NEEDS-Cges from Nikkei Inc.

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.

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 2020 Third Party Evaluations

Integrated Reports	Nikkei Inc.'s 23rd NIKKEI Annual Report Awards, Excellence Prize
IR Website	Daiwa Investor Relations Co., Ltd. (Daiwa IR), "Internet IR Award 2020," Grand Prize
	Nikko Investor Relations Co., Ltd., "Fiscal 2020 Listed Company Website Quality Ranking," Overall Ranking: Grade AAA
	Morningstar Japan K.K., Gomez Consulting Dept.'s "Investor Relations Site Ranking 2020," 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 2020, 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 along with overseas IR visits. However, we held the presentation of financial results online and offered video conferences in an effort to communicate with our many investors and analysts.

In addition, Capcom conducts a regular perception gap study 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 2020 IR Measures

By category	Frequency
Interviews accepted	593
Visited domestic investors	5
Visited overseas investors	0
Total	598

IR Events

Event	Details
Online Presentation of Financial Results	Explanation of management strategies and performance overview by top management and response to questions from investors and analysts
Supplementary earnings call	Earnings call after results announcement to explain earnings

Results of Dialogue with Investors (Excerpt)

Q. I would like for you to be more proactive in disclosing ESG information.

A. We are working to strengthen this.

Up to now, we have disclosed information such as the reduction of our environmental footprint through digitalization and the ratio of female and non-Japanese employees in conjunction with our promotion of diversity. As of the fiscal year ending March 31, 2022, we also disclose our policy on ESG initiatives. In addition, we are working on disclosing new information in this report, including evaluation of the effectiveness of the Board of Directors.

Q. Because you are an owner-run company, I would like to ask specifically about the effectiveness of the Board of Directors.

A. We performed an evaluation.

We have communicated the issues, improvement measures, and policy for the immediate future based on the results of a questionnaire conducted among all board members concerning evaluation of the effectiveness of the Board of Directors.

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)

Information Security Initiatives

As our main business is planning and developing software and we operate in an environment in which the latest information technology is always used, we believe that our information security risks are greater than companies in general. For that reason, we have implemented perimeter*¹ security measures for some time; further, we had begun working on introducing defensive measures like SOC*² services and EDR*³, however in 2020 a third party was able to gain unauthorized access to our systems. Because of this incident, we have implemented various security reinforcement measures to prevent recurrence in addition to our perimeter security measures. These include the establishment of the Information Technology Security Oversight Committee, which includes several external experts, and the introduction of SOC services for around-the-clock monitoring of external connections and EDR for early detection of unusual activity taking place on devices.

Main Measures (Table 1)

Technical Measures

1. Leading software company carried out cleaning of all compromised devices
2. Reverified the safety of all VPN devices and that security measures are in place
3. Introduced SOC (Security Operation Center) service in order to monitor external connections around the clock
4. Introduced the latest EDR (Endpoint Detection and Response) to provide early detection of unusual activity and computer virus infection on devices
5. Business accounts have been reviewed
6. Further improvements to administrative methods have been made such as long-term retention of logs for swiftly addressing incidents involving VPN devices and other equipment

Organizational Measures

1. Launched the Information Technology Security Oversight Committee in late January 2021 in order to receive recommendations on a continuous basis from external experts based on the latest trends, with an aim to procure external checks and the swift accumulation of knowhow regarding strengthening cyber security (including data protection for securing personal information, etc.). Externally, there are four Committee members who consist of two university professors who are cyber security experts, one lawyer who is an expert on both cyber security and the Act on the Protection of Personal Information, and one certified public accountant that is an IT system audit specialist; internally, one director as well as three technicians who oversee security and networks participate. The Committee plans to continue to regularly hold meetings to strengthen protection standards.
2. Established the Information Technology Surveillance Section in December 2020, a new section directly under the Information Technology Security Oversight Committee, which gathers information regarding cyber security and builds knowledge of preventative measures to make recommendations.
3. Strengthened the system for regular verification, including for the adoption of tools, in the management of business accounts.
4. Constructed a system to further raise awareness of security and the management of personal information at the Group overall.

*1 Security measures that include placing a firewall at the perimeter between external networks and internal networks.

*2 Acronym for Security Operation Center. A SOC service is a system that monitors systems and networks around-the-clock, and supports the detection, analysis and handling of attacks.

*3 Acronym for Endpoint Detection and Response. A system that introduces software to detect unusual activity on devices such as the PCs and servers utilized by end-users and supports quick responses to issues.

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.