

Last Update: April 1, 2025

CAPCOM CO., LTD.

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The corporate governance of CAPCOM (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

Based on our “Corporate Philosophy” (hereinbelow defined), and our vision is to be “a company that captivates people around the world with our best-in-class immersive content,” and by utilizing “the Company’s strengths” (hereinbelow defined), the Capcom Group (hereinafter referred to as the “Company” (including its subsidiaries and affiliates)) endeavors to build a system that is able to respond to climate change and to continuously enhance its corporate governance, in addition to improving the transparency and soundness of management, in order to achieve stable medium- to long-term growth and raise corporate value through its business activities.

In addition, the Company strives to build relationships of mutual trust with our shareholders, customers, business partners, employees, regional communities, and other stakeholders for mutual prosperity, and have built on these principles to formulate the “Capcom Corporate Governance Guidelines” which encapsulate the Company’s basic view on corporate governance and its policy for initiatives.

<Corporate Philosophy>

To create an entertainment culture and be a creator that moves and excites people through the medium of games.

<The Company’s strengths>

- A financial base for making proactive strategic investments attributable to a stable cash position and improved capital efficiency
- Production of content (IP) that is supported worldwide and multifaceted activities thanks to our unique, high-level technological and developmental capabilities
- A global, long-term sales system based on a digital strategy for further increasing profits

[Availability of English disclosure]

This Corporate Governance Report, including the Disclosure Based on each Principle of the Corporate Governance Code below, is disclosed in English.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company complies with all principles of the Corporate Governance Code dated June 11, 2021 (including principles applicable to companies listed on the Prime Market), and discloses accordingly in the Capcom Corporate Governance Guidelines, among others.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1-4 Cross-Shareholdings]

The Company eliminates customary mutual cross-shareholding and personal relationship circumstances from strategic holdings of publicly listed shares. The Company takes a medium- to long-term view of strategic holdings and comprehensively considers the advantages and disadvantages of the same, including whether such holdings contribute to future business relationships and sustainable growth of corporate value.

As of the end of the fiscal year ended March 31, 2024, the Company has no strategic holdings of publicly listed shares, having completed the sale of all shares it previously held.

Our policy on strategic holdings of publicly listed shares is set out in the Capcom Corporate Governance Guidelines.

[Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion of Core Human Resources]

(1) Ensuring diversity of human resources

Our philosophy is that ensuring diversity of the Company’s human resources is linked to strengthening our ability to respond to changes in the business environment and our global competitiveness. On this basis, the Company takes steps to secure and invest in developing diverse human resources, including employing and assessing them regardless of gender, nationality, age, and other characteristics. For this reason, the Company promotes the employment and participation of women, employees of other nationalities,

and mid-career hires, as described below.

(i) Employment and participation of women

As of March 31, 2024, 12.0% of the Company's management are female employees. This figure is 13.6% if female employees with specialized knowledge and skills who play central roles in development and other sites are considered. The Company's goal is to raise this ratio to at least 15.0%, and actively hires, develops, and retains female employees. By the end of the fiscal year ending March 31, 2029, the Company aims to achieve the following targets: for the percentage of male employees who take childcare leave to be no less than 85.0% (66.7% in the fiscal year ended March 31, 2024), and for the wage differential ratio (the ratio of the average wage of full-time female employees compared to that of male employees) to be no less than 88.0% (83.8% in the fiscal year ended March 31, 2024).

(ii) Employment and participation of employees of foreign nationality

As of March 31, 2024, 1.4% of the Company's management are employees of foreign nationality. The Company will continue to actively hire, promote, and retain foreign employees.

(iii) Employment and participation of mid-career hires

As of March 31, 2024, 54.3% of the Company's management are mid-career hires. The Company will continue to promote the retention and active hiring of human resources with highly specialized skills.

(2) Information on specific activities for ensuring diversity, our policies for human resource development and for improving our internal working environment as well as the status of these initiatives is set out in the annual securities report and Integrated Report for the fiscal year ended March 31, 2024. The aforementioned annual securities report and Integrated Report are published on the Company's website (<https://www.capcom.co.jp/ir/english/>).

[Supplementary Principle 3-1-3 Sustainability and Other Initiatives]

(1) Basic views on sustainability

In accordance with its Corporate Philosophy, the Company supports the creation of an emotionally rich society that brings smiles and excitement to people.

To this end, the Company actively works to solve common environmental and social problems based on the goals for building a sustainable society set forth in the SDGs, to bring about a world where all people can enjoy games with peace of mind.

Through these activities, the Company will fulfil its corporate social responsibility and aims to bring about a better future while building mutually trusting relationships with our shareholders, customers, business partners, employees, local communities, and other stakeholders and working to achieve sustainable growth.

Based on the above philosophy, in addition to formulating "The Company's basic sustainability policy" as described below, the Company will continue working on initiatives to meet the expectations of all our stakeholders in raising corporate value by strengthening corporate governance functions.

The Company's basic sustainability policy

<Environment>

- The Company promotes the use of renewable energy so as to minimize the negative effects of the Company's business on climate change (such as CO₂ and greenhouse gas (GHG) emissions).
- The Company continues its initiatives to reduce its impact on the environment including reducing environmental pollution and resource consumption. These not only include digitalizing its software products to reduce the volume of CO₂ emissions and resource usage, but also adopting low power consumption products, and recycling certain machinery parts.

<Social>

- The Company respects human rights and prohibits discrimination based on race, religion, gender, age, sexual orientation, disability, nationality, and other factors, and will eradicate inequality by protecting the vulnerable.
- The Company will continue to secure and develop its human resources and creates an environment in which employees feel comfortable.
- The Company will continue to call for and contribute to the healthy development of poor and impoverished children and implement other initiatives that support the creation of healthy relationships with our local communities and customers.

(i) Governance relating to sustainability

In addition to setting the Company's basic sustainability policy, the Board of Directors, regarding important matters, receives reports from and supervises the representative directors and the Corporate Management Council (chaired by the CEO).

(ii) Risk management relating to sustainability

The Corporate Management Council deliberates on policies and measures in response to sustainability-related risks and opportunities. Under direction of the representative directors and officers in charge, the relevant departments implement the initiatives and report on the same to the representative directors or the Corporate Management Council.

(2) Human capital

(i) The Company considers investing in human resources for the creation of global, high-quality content that will reach a broad range of users worldwide essential to achieving sustainable growth while realizing its Corporate Philosophy, and therefore regards initiatives relating to human capital one of its top priority issues, it being the resource with which corporate value is created.

The Company recognizes that in order to achieve its medium-term management goal of “10% consolidated operating profit growth year-on-year” and expand its development system that is its core competitive edge, it is critical to strengthen and raise the productivity of its developers by investing in them.

To achieve this, the Company implements a policy of hiring at least 100 developers per year, and as of the end of the fiscal year ended March 31, 2024 has 2,675 developers in employment. In order to directly grasp the needs of employees and create a comfortable working environment, we are engaged in initiatives to prevent employee terminations and increase engagement using opportunities for direct dialogue between top management and employees created through various briefings and other sessions where opinions are exchanged.

(ii) In addition, the Company is striving to advance its human resources investment strategy through the following measures for further raising its corporate value.

a. Securing and developing human resources to support our future

- Raising our competitiveness as an employer by raising the starting salary of new graduates, enhancing our mid-career hire channels, and other measures

- Improving retention and morale of high performing human resources by further reforming the human resource system, providing ad-hoc payments, and other measures

- Providing career-building support based on investigation and analysis of employees’ career intentions

b. Developing and improving the working environment

- Fostering a corporate culture that values human rights

- Proactively promoting the consumption of childcare leave and improving initiatives to spread awareness of related systems

- Enhancing the development environment and facilities to support the development structure

c. Ensuring diversity in our human resources

- Continuing to hold individual briefing sessions for employees of foreign nationality

- Ensuring diversity on the Board of Directors to strengthen our management human resources

(3) Intellectual property

The Company has a large portfolio of popular IPs with global brand recognition as a result of its development and technological capabilities for continuously producing global, high-quality content (IP). Leveraging these strengths, the Company is growing its business by using the Single Content Multiple Usage approach to expand into various spheres while also creating unique, popular, globally received IPs in the course of its business activities.

The Company believes in order to achieve the sustainable and stable growth of the Company and the medium-term management goal, it is important to make investments toward the continuous production of IPs, and expand brand awareness and penetration globally.

The Company continues to strive to enhance corporate value by making full use of the Company’s intellectual property and by appropriately managing and protecting the same.

(4) Information about specific initiatives relating to human capital and IP strategies and indicators as well as sustainability metrics and targets for advancing the Company’s management strategy is set out in the Company’s annual securities report and Integrated Report for the fiscal year ended March 31, 2024. The aforementioned annual securities report and Integrated Report are published on the Company’s website (<https://www.capcom.co.jp/ir/english/>).

(5) Climate change initiatives

With regard to the Digital Contents business, which accounts for approximately 80% of the Company’s consolidated net sales, our assessment is that climate change-related risks and income opportunities will have a low impact on our business activities and profitability. This is because we recognize that the environmental burden and climate-related risks of our main activities of software development and sales are relatively low compared to typical manufacturing businesses.

However, as responding to climate change is an issue that requires the cooperation of everyone living on this planet, based on our management philosophy, the Company will continue with such initiatives.

The impact of the Company’s business activities on climate change consists mainly of CO2 emissions, 90% of which arise from electricity consumption. Our efforts to reduce CO2 emissions include introducing renewable energy at our company offices.

(i) Climate change governance and risk management

a. The Corporate Management Council (chaired by the CEO) deliberates on policies and measures for responding to risks and opportunities relating to climate change.

b. Based on the outcomes of these deliberations, the relevant departments proceed with initiatives in accordance with the instructions of the representative directors and/or officers in charge and report to the representative directors and/or Corporate Management Council on the same.

c. The Board of Directors supervises and receives the reports of the representative directors and the Corporate Management Council pertaining to key climate change issues.

(ii) Strategy

a. Risks and opportunities

(a) Risks

- Increased operating costs due to the introduction of carbon tax
- Rising raw material, production and procurement costs due to carbon regulations and plastic regulations
- Threats to business continuity from increasingly extreme weather conditions as a result of a rise in natural disasters and global warming, impacting the workstyles, health, and everyday lives of employees.

(b) Opportunities

- Reduced plastic use and transportation costs as a result of implementing digital content sales
- Reduced carbon tax as a result of using renewable energy
- Reduced costs resulting from recycling of certain amusement equipment parts
- Accelerated digitalization due to changes in consumer preferences

b. Responding to risks and opportunities

In order to respond to the risks and opportunities mentioned above, the Company has been working to limit its environmental impact by promoting digital sales of content to reduce the use of resources and CO2 emissions accompanying the manufacture and transport of discs, while also implementing energy saving measures and recycling certain parts in the manufacture and sale of pachislo machines.

The Company has also introduced CO2-free electricity sourced from renewable energy in the buildings it owns in the Kansai area as part of its environmental measures, as a result of which about 27% of its power usage in Japan is covered by such energy. In addition, we are working to reduce CO2 emissions with the introduction of green power at the Company's Tokyo branch office and expanding the roll-out of CO2-free electricity sources across other sites. Furthermore, the Company is carrying out initiatives such as utilizing its own data centers with energy saving features and using major cloud and data center service companies that promote the use of renewable energy, in its efforts to further lessen its environmental impact.

(iii) Metrics and targets

The Company has selected CO2 emissions as an assessment metric for climate change, and aims to achieve net-zero CO2 emissions at the buildings it owns by 2050.

Information on specific climate change initiatives is set out in the Company's Integrated Report 2023, which is published on the Company's website (<https://www.capcom.co.jp/ir/english/>).

• The Company's CO2 emissions (non-consolidated) (Unit: t-CO2)

Fiscal year ended March 31, 2020	13,004
Fiscal year ended March 31, 2021	11,779
Fiscal year ended March 31, 2022	12,628
Fiscal year ended March 31, 2023	13,495
Fiscal year ended March 31, 2024	14,844

[Supplementary Principle 4-11-1 Conditions for Ensuring Effectiveness of the Board of Directors and Audit and Supervisory Committee]

(1) Each executive director, external director, and director who serves as a member of the Audit and Supervisory Committee aims to optimize the Board of Directors as a whole by fulfilling their individual roles and responsibilities. This includes stating their views as appropriate based on their rich experience and specialized expertise and insight in a wide range of fields, including corporate management, risk management, health management, legal affairs, information security, accounting and tax, and government administration.

(2) The skills matrix of the members of the Board of Directors is set out in the Notice of Convocation of the Ordinary General Meeting of Shareholders (<https://www.capcom.co.jp/ir/english/stock/meeting.html>).

[Supplementary Principle 4-11-2 Conditions for Ensuring Effectiveness of the Board of Directors and Audit and Supervisory Committee]

(1) The concurrent positions held by the Company's directors in its subsidiaries and other companies are within a reasonable range and the directors are executing their duties as directors of the Company in an appropriate manner.

(2) Information on directors' concurrent positions is disclosed every year in the Notice of Convocation of the Ordinary General Meeting of Shareholders (<https://www.capcom.co.jp/ir/english/stock/meeting.html>), the annual securities report and other documents.

[Supplementary Principle 4-11-3 Conditions for Ensuring Effectiveness of the Board of Directors and Audit and Supervisory Committee]

The Company assesses the effectiveness of the Board of Directors through individual questionnaires and interviews with all members of the Board, and other methods conducive to eliciting feedback.

In addition, in order to further enhance the functions of the Company's Board of Directors, in the fiscal year ended March 31, 2024, improvements were made to information provision at Board of Directors meetings and mutual understanding was enhanced as a result of various initiatives, including the following.

- Frequent reporting to the Board of Directors of opinions and other information obtained through stakeholder dialogue
- Leveraging roundtable discussions with external directors in order to promote discussions among top management that go beyond the proposals in the agenda for Board of Directors meetings to include the Company's current status and medium- to long-term strategy

The Company received generally positive evaluations of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2024.

To further elevate the strength of management's supervisory functions, The Company will continue to work on the following issues in the fiscal year ending March 31, 2025.

[Focal Points]

- Demonstrating the synergy between external directors and the Board of Directors through measures such as roundtable discussions and improved coordination
- Deepening dialogues between the directors and senior management regarding nomination and remuneration that enhances corporate value over the medium term
- Strengthening the risk management system and improving opportunities to discuss long-term challenges in detail

The Company will continue to promote the sharing and understanding of various issues at the Board of Directors meetings to further improve its functions.

[Principle 5-1 Policies Relating to Constructive Dialogue with Shareholders]

(1) The Company's policy on constructive dialogue with shareholders is set out in the Capcom Corporate Governance Guidelines and other documents.

(2) Implementing constructive dialogue with shareholders, etc.

(i) Dialogue with individual shareholders

a. Measures to promote active dialogue at Ordinary General Meetings of Shareholders include holding question-and-answer sessions at the general meeting, as well as by including the introduction of the virtual general meeting of shareholders in a hybrid participation format, in which questions submitted in advance and comments received at the meeting are answered at the meeting or on the Company's website.

b. The Company holds online briefings for individual investors once a year where we explain the Company's medium-term management vision and business strategy as well as business performance.

(ii) Dialogue with institutional investors

a. In the fiscal year ended March 31, 2024, the Company held a total of 19 interviews primarily with Japan-based proxy representatives of domestic and international investors.

b. The interviews were held with CHOs, CFOs, as well as administrative staff dedicated to the Board of Directors to facilitate understanding of the Company's management strategy and create dialogue principally around the Company's human resources investment strategy and the proposals in the agenda for the general meeting of shareholders. To ensure that the requests, opinions, questions, and other feedback gleaned from these interviews are taken into consideration by the management, they are reported to the CEO, COO, and relevant persons as appropriate, as well as to the Board of Directors where needed.

c. Further, to build positive, trusting relationships with shareholders, the Company works to improve understanding and raise awareness through proactive IR (investor relations) dialogue. In the fiscal year ended March 31, 2024, the Company held 715 IR interviews with domestic and foreign institutional investors.

d. Information on other IR-related activities is set out under "2. Status of IR-related Activities" in part "III. Implementation of Measures for Shareholders and Other Stakeholders".

[Principle 5-2 Establishing and Publicly Disclosing Management Strategy and Management Plans]

(1) Information on the Company's management strategy is set out in the documents of financial reports presentations, Integrated Report, Notice of Convocation of the Ordinary General Meeting of Shareholders, reports (supplement to the Notice of Convocation) and other documents.

(2) Measures to ensure management with conscious regard for cost of capital and share price [Updated date: December 24, 2024]

(i) The Company places importance on ROE due to its own high equity ratio and low level of borrowings. Therefore, the cost of capital is based on the cost of shareholder equity (CAPM), and we recognize that our cost of shareholder equity was 6.8% as of the end of March 31, 2024. Our ROE for the same period was 24.4% and we believe that we have secured stability with the equity spread. However, we will continue to strive to maintain and maximize the equity spread by working to achieve our management targets and enhance our corporate value, while staying informed of the standard for the cost of capital as perceived by shareholders and investors through regular dialogue.

*The figures used to calculate the cost of shareholder equity are as follows:

Risk-free rate: 0.725% (10-year government bond yield as of March 31, 2024)

Equity beta: 1.02 (based on weekly data for a period of 2 years)

Market risk premium: 6%.

(ii) In addition, in managing the profitability of each business segment, the Company monitors and evaluates ROIC trends at both the consolidated and major business levels. Over the last three years, consolidated ROIC exceeded 50%, and ROIC for our three major business segments has also been steadily improving. In the Digital Contents Business, in addition to ROIC, we manage the profitability of title development by ROI (operating income divided by development investment) for individual titles.

In addition, the Company manages cash by balancing "business reinvestment," "returns to shareholders," and "employee compensation," thereby managing investments over the medium to long term.

(iii) In order to better share a common point of view with shareholders, the Company has introduced a performance-based stock compensation system for executive directors, adopting TSR (Total Shareholder Return) as an indicator based on the growth rate of the stock price. In addition, the Company has set in place a “Stock Grant ESOP Trust” for all regular employees to encourage them to perform their duties with an awareness of the stock price and to further increase their motivation and morale to contribute to improving business performance.

(iv) The Company will continue with our incessant efforts to meet the medium-term management goal of “10% profit growth year-on-year” and to raise share prices by maintaining and improving these metrics.

The Company complies with all principles of the Corporate Governance Code dated June 11, 2021 (including principles applicable to companies listed on the Prime Market), and discloses accordingly in the Capcom Corporate Governance Guidelines, among others.

[Principle 1-7 Related Party Transactions]

[Principle 2-6 Roles as Asset Owner of Corporate Pension Plan]

[Principle 3-1 Enhancing Information Disclosure]

[Supplementary Principle 4-1-1 Roles and Responsibilities of the Board of Directors]

[Principle 4-9 Assessing Independence and Qualifications of Independent External Directors]

[Supplementary Principle 4-10-1 Nomination Committee and Remuneration Committee]

[Supplementary Principle 4-14-2 Training for Directors and Members of the Audit and Supervisory Committee]

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	56,506,900	13.26
Crossroad Co., Ltd.	43,734,400	10.26
J.P. Morgan Chase Bank 380815	35,188,800	8.26
Custody Bank of Japan, Ltd. (Trust Account)	25,412,700	5.96
Yoshiyuki Tsujimoto	15,927,600	3.74
STATE STREET BANK AND TRUST COMPANY 505001	13,907,796	3.26
J.P. Morgan Chase Bank 385632	13,550,925	3.18
Haruhiro Tsujimoto	10,052,600	2.36
Ryozo Tsujimoto	9,937,600	2.33
STATE STREET BANK AND TRUST COMPANY 505025	9,741,010	2.29

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-
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Name of Parent Company, if applicable	None
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Supplementary Explanation

The table above shows the number of shares owned as of September 30, 2024.

The Company owns 106,789,266 shares of treasury stock, which has been excluded from the table of major shareholders above.

In a change report of a statement of large-volume holdings dated March 19, 2021 that was made available for public inspection, it was stated that as of March 15, 2021, Invesco Advisers, Inc. and one other joint holder held shares of the Company as set out below. However, as of the end of the fiscal year ended September 30, 2024, the Company was not able to determine the actual number of shares held, and accordingly, these holdings have been excluded from the table of major shareholders above. The contents of the change report of the statement of large-volume holdings are set out below.

Further, the Company executed 2-for-1 stock splits of its common stock on April 1, 2021 and April 1, 2024. The total number of share certificates and other data shown below represent the number of shares prior to said stock splits.

[Invesco Advisers, Inc. and 1 other]

Invesco Advisers, Inc.

Total number of share certificates, etc.: 5,253 thousand shares

Ownership ratio of share certificates, etc.: 3.88%

Invesco Asset Management Limited

Total number of share certificates, etc.: -

Ownership ratio of share certificates, etc.: -

In a change report of a statement of large-volume holdings dated June 23, 2023 that was made available for public inspection, it was stated that as of September 26, 2022, Public Investment Fund held shares of the Company as set out below. However, the Company was not able to determine the actual number of shares held as of the end of the fiscal year ended September 30, 2024, and accordingly, these holdings have been excluded from the table of major shareholders above. The contents of the change report of the statement of large-volume holdings are set out below.

Further, the Company executed a 2-for-1 stock split of its common stock on April 1, 2024. The total number of share certificates and other data shown below represent the number of shares prior to said stock split.

[Public Investment Fund]

Public Investment Fund

Total number of share certificates, etc.: 17,594 thousand shares

Ownership ratio of share certificates, etc.: 6.60%

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	17
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairman of the Board	Chairman (excluding those concurrently serving as President)
Number of Directors	15
Election of External Directors	Elected
Number of External Directors	7
Number of Independent Directors	7

External Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Toru Muranaka	Lawyer								○			
Yutaka Mizukoshi	From another company											
Toshiro Muto	Other											
Yumi Hirose	Tax accountant											
Main Kohda	Other											
Mutsuhiko Koro	Other											
Wataru Kotani	Other											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Executive of the Company or its subsidiary
- Executive or non-executive director of the Company's parent company
- Executive of a fellow subsidiary
- Person/entity for which the Company is a major client or an executive of said person/entity
- Major client of the Company or an executive of said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, an executive of the corporation)
- Executive of a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Executive of another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Executive of an entity receiving donations from the Company (applies to director him/herself only)
- Other

External Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Toru Muranaka		○	Mr. Muranaka is employed as a lawyer at Legal Professional Corporation (LPC) Dai-Ichi Law Office, a law office with which the Company has entered into a legal advisory agreement. For both parties, the total transaction amount does not exceed 1% of total consolidated net sales nor 10 million yen, meeting the Company's criteria for independence of external directors. Accordingly, the Company judges that the agreement does not affect Mr. Muranaka's independence.	Although Mr. Muranaka has not participated in corporate management otherwise than as an external director or external auditor, the Company has appointed him as an external director 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. Mr. Muranaka does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that he is unlikely to be in conflict of interest with the general shareholders and has designated him as an independent officer.
Yutaka Mizukoshi		○	—	The Company has appointed Mr. Mizukoshi as an external director 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. Mr. Mizukoshi does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that he is unlikely to be in conflict of interest with the general shareholders and has designated him as an independent officer.
Toshiro Muto		○	—	Although Mr. Muto has not participated in corporate management otherwise than as an external director or external auditor, the Company has appointed him as an external director due to expectations for his ability to contribute to the auditing and supervision capabilities of the Board of Directors by providing objective opinions and advice on general management from an independent standpoint with a broad perspective based on his extensive knowledge and experience as he possesses a high level of insight related to fiscal and monetary affairs, general economics, and corporate governance cultivated at the Ministry of Finance, the Bank of Japan, and operating companies. Mr. Muto does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that he is unlikely to be in conflict of interest with the general shareholders and has designated him as an independent officer.
Yumi Hirose		○	—	Although Ms. Hirose has not participated in corporate management otherwise than as an external director, the Company has appointed her as an external director due to expectations for her ability to contribute to the auditing and supervision of the Board of Directors and improvement of the human resources strategy by actively providing opinions and advice from an outside perspective based on her knowledge and experience, which include specialized knowledge and extensive experience from her many years as a tax administrator of tax agency offices, her considerable knowledge of finance and accounting, and her high level of knowledge related to health management. Ms. Hirose does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that she is unlikely to be in conflict of interest with the general shareholders and has designated her as an independent officer.
Main Kohda		○	—	Ms. Kohda possesses excellent knowledge of international finance, experience serving on government and other councils,

				and is familiar with business affairs from her deep experience as director of listed companies. Although Ms. Kohda has not participated in corporate management otherwise than as an external director, the Company has appointed her as an external director due to expectations for her ability to contribute to the auditing and supervision of the Board of Directors with deep insight and objectivity due to her wealth of knowledge and experience from her abovementioned roles and expertise. Ms. Kohda does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that she is unlikely to be in conflict of interest with the general shareholders and has designated her as an independent officer.
Mutsuhiko Koro	○	○	—	Although Mr. Koro has not participated in corporate management, the Company has appointed him as an external director who serves as a member of the Audit and Supervisory Committee due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors from the perspective of independence and objectivity based on his high level of insight from his specialized knowledge and rich experience in tax administration as well as considerable expertise in financial and accounting affairs. Mr. Koro does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that he is unlikely to be in conflict of interest with the general shareholders and has designated him as an independent officer.
Wataru Kotani	○	○	—	Although Mr. Kotani has not participated in corporate management otherwise than as an external director, the Company has appointed him as an external director who serves as a member of the Audit and Supervisory Committee due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors based on the perspective of risk management and legal compliance, as he is not only familiar with cybersecurity and information security but also possesses broad expertise and extensive experience in legal affairs from his many years of involvement in police administration, and provides opinions and advice as an external director from a neutral and objective standpoint. Mr. Kotani does not fall under any of the exclusions of the Tokyo Stock Exchange's criteria for independence. Accordingly, the Company judges that he is unlikely to be in conflict of interest with the general

				shareholders and has designated him as an independent officer.
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Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	External Directors	Committee Chair
Audit and Supervisory Committee	3	2	1	2	External Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed
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Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Audit and Supervisory Committee works to ensure effective internal control by auditing directors' and employees' execution of duties in accordance with auditing policies and submitting audit findings along with advice and corrective recommendations, among others. For this purpose, the Internal Audit Department (an organization directly under the control of the Audit and Supervisory Committee) has been established to support the Audit and Supervisory Committee in carrying out its duties smoothly and appropriately. Fourteen full-time employees assist with the committee's duties under instructions of the members of the Audit and Supervisory Committee, and these employees cannot be transferred without the agreement of the Audit and Supervisory Committee.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department

The Audit and Supervisory Committee serves primarily to oversee the Company's management from an operational perspective. The Accounting Auditors perform audits from an accounting standpoint.

Whenever necessary, the Audit and Supervisory Committee and Accounting Auditors consult each other to exchange opinions and information regarding audits. With regard to KAM (key audit matters) in particular, both groups' audits are enhanced and improved through cooperation and coordination, such as by receiving the Accounting Auditors' explanations for understanding, and the reasons for their decisions and mutually exchanging opinions.

The Company has established an Internal Audit Department as a department to carry out internal audits that supports the Audit and Supervisory Committee. Apart from regular monitoring of all departments, the division gathers information on the legality, appropriateness, efficiency, and other aspects of the Company as well as its subsidiaries and affiliates, analyzes the information, and reports to the members of Audit and Supervisory Committee on the outcome of the audits, which the Audit and Supervisory Committee then reports to the Board of Directors when needed. In addition, in the event of unforeseen circumstances, harm to the Company is minimized by the swift investigation and reporting to the Audit and Supervisory Committee of the causes affecting the event and the advice and recommendations provided to the Board of Directors by the Audit and Supervisory Committee to support appropriate decision-making by management.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	External Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	6	0	2	4	0	0	External Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	6	0	2	4	0	0	External Director

Supplementary Explanation

(i) The voluntary Nomination and Remuneration Committee (chaired by an external director) is composed of the following six directors (two of whom are internal directors and four 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. No secretariat has been established for the Nomination and Remuneration Committee.

Yutaka Mizukoshi (Committee Chairman, External Director)

Satoshi Miyazaki (Internal Director)

Main Kohda (External Director)

Kazushi Hirao (Full-time Member of the Audit and Supervisory Committee, Internal Director)

Mutsuhiko Koro (Full-time Member of the Audit and Supervisory Committee, External Director)

Wataru Kotani (Member of the Audit and Supervisory Committee, External Director)

(ii) In the fiscal year ended March 31, 2025, the voluntary Nomination and Remuneration Committee held five meetings. The attendance record of each committee member in this period is as listed below.

Yutaka Mizukoshi (Committee Chairman, External Director) attended five of the five meetings

Satoshi Miyazaki (Internal Director) attended five of the five meetings

Kenkichi Nomura (Internal Director) attended three of the five meetings

Main Kohda (External Director) attended three of the three meetings

Kazushi Hirao (Full-time Member of the Audit and Supervisory Committee, Internal Director) attended four of the five meetings

Mutsuhiko Koro (Full-time Member of the Audit and Supervisory Committee, External Director) attended three of the three meetings

Wataru Kotani (Member of the Audit and Supervisory Committee, External Director) attended five of the five meetings

Yoshihiko Iwasaki (Committee Chairman, Full-time Member of the Audit and Supervisory Committee, External Director) attended two of the two meetings

Makoto Matsuo (Member of the Audit and Supervisory Committee, External Director) attended two of the two meetings

*1 The number of meetings shows the number of meetings the voluntary Nomination and Remuneration Committee held, during the term of each committee member.

*2 Mr. Yoshihiko Iwasaki served as Committee Chairman until his retirement as a director in June 2024, and Mr. Yutaka Mizukoshi was appointed the Committee Chairman in June 2024.

(iii) The Nomination and Remuneration Committee deliberates on the nomination and remuneration of directors and submits reports in response to inquiries from the Board of Directors.

(iv) The main matters reviewed upon receiving an inquiry are as follows.

a. Matters related to nominations

(a) Policy for selecting candidates for director to be submitted to the General Meeting of Shareholders

(b) Selection of candidates for director to be submitted to the General Meeting of Shareholders

(c) Selection of corporate officers

(d) Selection of corporate officers with titles

(e) Successor plan

(f) Other matters related to the above

- b. Matters related to remuneration
 - (a) Policy on director remuneration
 - (b) Fixed remuneration and performance linked remuneration
 - (c) Performance evaluations related to individual remuneration
 - (d) Performance evaluations related to bonuses
 - (e) Other matters related to the above

Matters Concerning Independent Directors

Number of Independent Directors	7
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Other Matters Concerning Independent Directors

Since all seven of the external directors meet the criteria of independent directors, they have been designated as independent directors. The Company has established certain criteria for assessing the independence of directors, which are set out in “Chapter 4 Organizational Structure, Item 4(3) (Directors and directors who serve as members of the Audit and Supervisory Committee - Independent external directors)” of the “Capcom Corporate Governance Guidelines”.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme
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Supplementary Explanation for Applicable Items

Please refer to the section on Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The remuneration of the Company's directors for the fiscal year ended March 31, 2024 is as follows.

Remuneration paid to directors (excluding members of the Audit and Supervisory Committee): 12 directors; 1,029 million yen in total (648 million yen as basic remuneration and 381 million yen as performance linked remuneration (bonuses)), of which 61 million yen in total was paid as remuneration to 5 external directors (61 million yen as basic remuneration)

Remuneration paid to directors who serve as members of the Audit and Supervisory Committee: 3 directors; 55 million yen in total (55 million yen as basic remuneration), of which 33 million yen in total was paid as remuneration to 2 external directors (33 million yen as basic remuneration)

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The details of the policy for determining the individual remuneration of directors are as follows.

(1) Policy on determining remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)
To ensure the objectivity 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 chaired by an external director, which deliberates and makes recommendations based on the policy below, keeping within the total amount approved by resolution at the General Meeting of Shareholders, and makes its decision accordingly.

(i) Remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee) comprises basic remuneration (fixed remuneration), which rewards solid performance of duties and corresponds to each director's position, duties, and other considerations, as well as performance-linked remuneration (variable remuneration), a remuneration system and structure strongly linked to performance that prioritizes raising medium-term corporate and shareholder value, in the form of bonuses (as a short term incentive) and stock remuneration (as a medium- to long-term incentive).

(ii) Remuneration for external directors (excluding directors who are members of the Audit and Supervisory Committee) is not linked to performance and comprises basic remuneration (fixed remuneration) only, in view of their role of supervising the Company's management from an objective and independent standpoint.

(2) Policy for determining individual remuneration of the directors who serve as members of the Audit and Supervisory Committee
Remuneration for individual members of the Audit and Supervisory Committee is not linked to performance and comprises basic remuneration (fixed remuneration) only, in order to maintain their independence. The amount of remuneration and is determined through discussions by the members of the Audit and Supervisory Committee taking the difference between full-time and part-time service and other factors into account, and is within the total amount approved by resolution at the General Meeting of Shareholders.

Support System for External Directors

The secretariat staff helps with the work of the external directors who are not members of the Audit and Supervisory Committee, while the full-time staff of the Internal Audit Department help external directors who are members of the Audit and Supervisory Committee with their work.

In addition, other initiatives to strengthen the support system include the establishment of a department dedicated to the Board of Directors and regular roundtable discussions with external directors to exchange opinions.

For information about other support systems, please refer to Chapter 4 Organizational Structure, Item 7 (Support system) of the Capcom Corporate Governance Guidelines.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.)
After Retiring as Representative Director and President, etc.

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Other Related Matters

The Company does not have persons in advisory positions (*sodanyaku*, *komon*, etc.) after retiring as representative director or President. However, the Company has an advisory (*sodanyaku*, *komon*) system in place.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Measures to enhance the execution of duties and auditing function

- (i) As the Company is a company with an audit and supervisory committee, the members of its auditing organization, that is to say, the members of the Audit and Supervisory Committee, have the right to vote on resolutions of the Board of Directors.
- (ii) Audits performed by the Audit and Supervisory Committee include audits for legality as well as for appropriateness, which allows for broad supervision of management as a whole, adding a further layer of strength to the supervision function.
- (iii) By partially delegating the authority to make important decisions relating to business execution to representative directors, the matters to be discussed at Board of Directors' meetings is limited to critical agenda items, thus enhancing the quality of deliberations and reducing the number of Board of Directors' meetings held.
- (iv) As a result, business execution is made more efficient through swift decision-making and flexible business expansion.

(2) Activities pertaining to business execution and the audit/supervision process

- (i) By introducing the corporate officer system, not only are the roles and responsibilities of directors (focused on management) and corporate officers (focused on execution of business) clarified; management efficiency is also enhanced since officers can swiftly act on decisions of the Board of Directors on important items based on instructions from executive directors.

- (ii) The principal relevant activities are as follows.

a. Board of Directors

- (a) The Board of Directors (chaired by the Chairman and Representative Director) is composed of 15 directors, of whom seven are external directors. The Corporate Planning Department serves as its secretariat, which is staffed by four employees.

- (b) The Board of Directors held ten meetings in the fiscal year ended March 31, 2025. The attendance record of directors for this period is as listed below.

Kenzo Tsujimoto attended ten of the ten meetings
Haruhiro Tsujimoto attended ten of the ten meetings
Satoshi Miyazaki attended ten of the ten meetings
Kenkichi Nomura attended ten of the ten meetings
Yoichi Egawa attended ten of the ten meetings
Yoshinori Ishida attended ten of the ten meetings
Ryozo Tsujimoto attended ten of the ten meetings
Toru Muranaka attended ten of the ten meetings
Yutaka Mizukoshi attended ten of the ten meetings
Toshiro Muto attended nine of the ten meetings
Yumi Hirose attended ten of the ten meetings
Main Kohda attended seven of the eight meetings
Kazushi Hirao attended nine of the ten meetings
Mutsuhiko Koro attended eight of the eight meetings
Wataru Kotani attended ten of the ten meetings
Yoshihiko Iwasaki attended two of the two meetings
Makoto Matsuo attended two of the two meetings

* The number of meetings shows the number of meetings the Board of Directors held, during the term of each director.

- (c) The Board of Directors deliberates on important matters stipulated by laws and regulations, the Articles of Incorporation and the Rules of the Board of Directors, as well as on growth strategies with reference to the Company's Corporate Philosophy. It also works to strengthen the Company's supervision function through the guidance, suggestions, and lively comments from external directors.

b. Audit and Supervisory Committee

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

- (b) In principle, the Committee meets before each Board of Directors' meeting, and met nine times in the fiscal year ended March 31, 2025. The attendance record of the directors who served as a member of the Audit and Supervisory Committee for this period is as listed below.

Kazushi Hirao attended nine of the nine meetings
Mutsuhiko Koro attended seven of the seven meetings
Wataru Kotani attended seven of the seven meetings
Yoshihiko Iwasaki attended two of the two meetings
Makoto Matsuo attended two of the two meetings

*The number of meetings shows the number of meetings the Audit and Supervisory Committee held, during the term of each member of the Audit and Supervisory Committee.

- (c) The Audit and Supervisory Committee deliberates on important matters stipulated in the Rules for the Audit and Supervisory Committee and works to strengthen the Company's audit and supervisory functions.

c. Compliance Committee

(a) The Compliance Committee (chaired by a lawyer who is an external director) is composed of 12 directors (of whom, the majority, seven, are external directors). The Internal Audit Department serves as its secretariat, which is staffed by three employees.

(b) In principle, the Committee meets once every quarter, and met four times in the fiscal year ended March 31, 2025. Its primary activities are to analyze and assess risks to the Company. In addition, the committee provides recommendations and advice for the prevention of legal violations or inappropriate conduct by finding internal risks, and reporting their probability of materializing to the Board of Directors.

d. Corporate Management Council

(a) The Corporate Management Council (chaired by the Chairman and Representative Director) is composed of six internal directors. The Corporate Planning Department, which serves as its secretariat, is staffed by two employees.

(b) In principle, the Council meets a few days before each Board of Directors' meeting and whenever necessary. The Council met 12 times in the fiscal year ended March 31, 2025. In addition to meeting to carry out preliminary deliberations of Board of Directors agenda items, it also deliberates other important items.

e. Human Resources Committee

(a) The Human Resources Committee (chaired by the Chairman and Representative Director) is composed of six internal directors, the corporate officer in charge of the HR Divisions, and the corporate officer in charge of the Planning and Strategy Divisions. The Corporate Planning Department, which serves as its secretariat, is staffed by two employees.

(b) In principle, the Committee meets a few days before each Board of Directors' meeting and whenever necessary. The Committee met 12 times in the fiscal year ended March 31, 2025. It meets to carry out preliminary deliberations of Board of Directors agenda items related to human resources and discussions on matters such as the human resources investment strategy.

f. Board of Corporate Officers

(a) The Board of Corporate Officers (chaired by the COO) is composed of 12 corporate officers (four of whom serve concurrently as directors). The Corporate Planning Department serves as its secretariat, which is staffed by two employees.

(b) In principle, the Board meets once a month, and met 12 times in the fiscal year ended March 31, 2025. 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.

g. Internal Audit Department

(a) In order for effective audits to be carried out, the Company has established an Internal Audit Department as a department to carry out internal audits. The Department is composed of 14 employees.

(b) The Department determines auditing policies, schedules, methods, and the allocation of duties after the end of the shareholders' meeting.

(3) Overview of limitation of liability agreements

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into a limitation of liability agreement with five external directors (excluding directors who are members of the Audit and Supervisory Committee) and three directors who are members of the Audit and Supervisory Committee, limiting their liability for damages as prescribed in Article 423, Paragraph 1 of said Act.

The amount of liability under the agreement is limited to the minimum liability amount prescribed by laws and regulations.

(4) Overview of indemnity agreements

Pursuant to the provisions of Article 430-2, Paragraph 1 of the Companies Act, the Company has entered into an indemnity agreement with all 15 of its directors to indemnify them for costs and losses within the scope of Items 1 and 2 of said Paragraph of the Act, respectively.

Provided always that if it is established that a director has executed their duties for the purpose of wrongfully enriching themselves or a third party or for causing harm to the Company, the director shall return the Company the costs and other amounts received from the Company by way of indemnity.

(5) Overview of directors and officers liability insurance agreement

Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance agreement with an insurance company to cover legal costs and damages that arise in the event that a claim for damages is made against an insured party during the term of insurance in connection with the insured party's execution of duties in connection with the insured party's execution of duties.

Provided always that damage caused by intentional violations of laws and regulations or criminal acts of the insured party is excluded from coverage.

The insured parties covered by the insurance agreement are the directors, auditors, and corporate officers of the Company and its subsidiaries, and all insurance premiums and fees of the insured parties are borne by the Company.

(6) Status of audits by the Audit and Supervisory Committee and internal audits

(i) The Audit and Supervisory Committee is composed of three directors, a majority of two of whom are external directors. The Committee is chaired by an external director. Mr. Mutsuhiko Koro, a director who serves as a member of the Audit and Supervisory Committee, possesses specialized knowledge and rich experience in tax administration. Mr. Kazushi Hirao, who is also a director who serves as a member of the Audit and Supervisory Committee, has considerable knowledge of financial and accounting matters from his specialized expertise and experience gained from serving as an auditor and director who serves as a member of the Audit and Supervisory Committee.

(ii) In principle, the Audit and Supervisory Committee meets before each Board of Directors' meeting, and met nine times in the fiscal year ended March 31, 2025. The attendance record for this period of the directors who served as a member of the Audit and Supervisory Committee is as listed below.

Kazushi Hirao attended nine of the nine meetings

Mutsuhiko Koro attended seven of the seven meetings

Wataru Kotani attended seven of the seven meetings

Yoshihiko Iwasaki attended two of the two meetings

Makoto Matsuo attended two of the two meetings

* The number of meetings shows the number of meetings the Audit and Supervisory Committee held, during the term of each member of the Audit and Supervisory Committee.

(iii) The Audit and Supervisory Committee audits the directors' status of execution of duties and the appropriateness of internal control systems.

(iv) The Audit and Supervisory Committee determines audit policies and schedules and appoints Committee representatives, full-time members, selected members, and its chairman after the end of the shareholders' meeting.

(v) Selected members of the Committee conduct on-site audits of business divisions, business sites, and subsidiaries inside and outside Japan. They also attend key meetings of the Corporate Management Council and other groups to gather and exchange information. For the purpose of conducting organizational audits, they also instruct the Internal Audit Department (constituted under the direct control of the Committee) on the investigation and reporting of the efficacy and status of operation of internal control systems.

(vi) The Internal Audit Department is composed of 14 employees 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 Department 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.

(vii) The Audit and Supervisory Committee discusses management risks and other issues based on audit results reported by selected Audit and Supervisory Committee members and the Internal Audit Department to examine ways to enhance governance from the perspective of legal compliance and appropriateness.

(7) The names of the Certified Public Accountants (CPA) and composition of the financial audit team involved in the audit of the Company by KPMG AZSA LLC for the fiscal year ended March 31, 2024 are as follows.

Names of the CPAs who performed the audit:

Designated Limited Liability Partners Tomoya Kurokawa, Tomohiro Yamanaka

Composition of financial audit team:

Certified public accountants (7), and candidates for CPA who passed the CPA exam plus associates in charge of system audits (25)

Continuous audit period: 12 years

3. Reasons for Adoption of Current Corporate Governance System

In order to further strengthen the audit and supervision functions of the Board of Directors and achieve a swift decision-making process and dynamic execution of duties, we the Company has adopted the structure of a company with an audit and supervisory committee. Please refer to Chapter 4 Organizational Structure for information on the Company's current organizational structure.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Notice of Convocation of the Ordinary General Meeting of Shareholders is posted early, approximately three weeks before the day of the meeting. In 2024, the general meeting was convened on June 20 and the Notice of Convocation of the General Meeting of Shareholders was posted on May 30.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	In order to vitalize the General Meeting of Shareholders, the Company has traditionally convened its meeting early to avoid peak days (on which many companies hold their shareholders' meetings) so that as many shareholders as possible can attend.
Electronic Exercise of Voting Rights	Shareholders can exercise their voting rights over the internet using personal computers, smartphones, and tablets.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in an electronic voting rights platform. This facilitates the exercise of voting rights by allowing institutional investors sufficient time from the date of posting of the Notice of Convocation of the meeting to review its proposals.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	In order to facilitate the exercise of voting rights by shareholders inside and outside Japan, the Company publishes the Notice of Convocation of the General Meeting of Shareholders on its website and the website of the Tokyo Stock Exchange, Inc. in Japanese and English.
Other	In the interests of early provision of information, the Company publishes the Notice of Convocation of the General Meeting in Japanese and English ahead of the posting date and electronic provision measures commencement date, on its website and the website of the Tokyo Stock Exchange, Inc. For the fiscal year ended March 31, 2024, the Japanese and English versions of the Notice of Convocation were made publicly available on May 23. In addition, in order to enhance shareholder dialogue, with effect from the June 2020 Ordinary General Meeting of Shareholders, the Company has adopted a virtual general meeting of shareholders in a hybrid participation format in which shareholders may view and listen to an internet livestream of the meeting proceedings on a website created specifically for this purpose. Viewers may submit comments while watching the stream.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company regards the timely and appropriate disclosure of information and being accountable to shareholders and investors as its duty as a listed company and essential from a corporate governance perspective. Accordingly, the Company upholds a high level of transparency in management by (1) establishing a responsible IR system, (2) thorough implementation of full information disclosure, and (3) establishing a timely disclosure system.	
Regular Investor Briefings held for Individual Investors	The Company holds an online annual company briefing for individual investors so that they may participate regardless of their place of residence.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The CEO, COO, CHO (Chief Human Resources Officer) and CFO hold financial reports presentations every year where they explain the Company's management strategy and business performance and work to provide stable corporate communications.	Held
Online Disclosure of IR Information	The Company's annual and quarterly securities reports, financial reports, quarterly financial reports, integrated reports, financial reports presentation videos and documents, quarterly conference call documents, corporate governance reports, individual investors presentation documents, game series sales, platinum titles, corporate information, stock and debt information, and press releases are available on the Company's website (https://www.capcom.co.jp/ir/english/).	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established a Public Relations and Investor Relations Section staffed by one corporate officer in charge of IR and two employees.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company strives to build trusting relationships and coexist in mutual prosperity with shareholders, customers, business partners, local communities and stakeholders. Based on our Corporate Philosophy, we have established the Capcom Code of Conduct which governs the conduct of officers and employees.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Based on Corporate Philosophy and in light of the goals for a sustainable society set out by the SDGs, the Company implements a variety of initiatives for solving shared environmental and societal problems. (1) Activities that contribute to society In order to contribute to a better future, the Company fulfills its social responsibility and sets aside a fixed percentage of its consolidated operating profit for funding, and actively engages in the following activities that contribute to society. (i) Supporting social welfare The Company donates to and supports causes that contribute to society, primarily to support children, who will create the future. Accordingly, in the fiscal year ended March 31, 2024, we contributed to the Fund to Support Children's Future. and other organizations. We also made a donation in support of the earthquake that struck the Noto Peninsula in January 2024, and continued with our contribution of support funds entrusted to the Office of the United Nations High Commissioner for Refugees from Ukraine. In addition, we made a supporting donation for the earthquake that struck the east coast of Taiwan in April 2024. (ii) Supporting the promotion of region, culture, technology, and sports The Company is engaged in initiatives to promote region, culture, technology, and sports under the auspices of its "from Osaka, to the world" slogan. As such, as part of its region, culture, and technology promotion efforts, the Company has decided to sponsor and participate in the Osaka Healthcare Pavilion that will be presented by the Expo 2025 Osaka Pavilion Promotion Committee at Expo 2025, Osaka, Kansai. In addition, the Company has entered into an official sponsorship agreement with the Japan Volleyball Association as well as a top partnership agreement with Cerezo Osaka CO., LTD., among other initiatives to promote sports. (2) Environment-related initiatives Please refer to the disclosure at [Supplementary Principle 3-1-3 Sustainability and Other Initiatives] for information on the Company's environmental protection activities. Through these activities, we will continue to fulfill our corporate social responsibility and aim to bring about a better future while building mutually trusting relationships with our shareholders, customers, business partners, employees, local communities, and other stakeholders and work to achieve sustainable growth. For information on other specific initiatives, please also refer to the "Sustainability" section of the Company's website (https://www.capcom.co.jp/ir/english/csr.html).
Formulation of Policies, etc. on Provision of Information to Stakeholders	To achieve effective corporate governance, the Company aims to exercise transparent management and has stipulated its timely, appropriate, and proactive information disclosure in the Capcom Corporate Governance Guidelines.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The status of the internal control systems developed by the Company based on the Companies Act and its enforcement regulations, for the purpose of ensuring the suitable and efficient operation of the Company as part of the duty of due care of a prudent manager, is as follows.

(1) Systems for ensuring that directors' execution of duties comply with laws and regulations:

The Company strives to raise corporate value by strengthening the management oversight function to prevent illegal activities and ensure the legality of operations through regular checks by the Compliance Committee, in addition to strengthening and further vitalizing the supervision function of the Board of Directors, the guidance, proposals, and recommendations of external directors.

(2) Systems for storing and managing information relating to directors' execution of duties:

The Company practices appropriate storage and management of the minutes of Board of Directors' meetings and other documents and data pertaining to the directors' execution of duties in accordance with its Document Management Rules and other documents.

(3) Rules and other systems for risk management

The Company practices a cross-sectional risk management system in accordance with the Risk Management Rules and other documents, so as to prevent crises and respond appropriately in the event of unforeseen circumstances.

(4) Systems for ensuring that directors execute their duties efficiently

The Company enhances management efficiency through the introduction of the corporate officer system which clearly distinguishes between the Board of Directors (which determines management policies) and corporate officers (who execute business operations) and by promoting swift decision-making, resulting in smooth and flexible business operations.

(5) Systems for ensuring that employees' execution of duties comply with laws and regulations

The Capcom Code of Conduct establishes a code for complying with laws and regulations, and measures are in place for preventing illegal activities such as in-house training and monitoring.

(6) Systems for ensuring the appropriateness of the Company's business operations

The Company's subsidiaries hold Board of Directors meetings approximately once a month, which are attended by the Company's directors. The subsidiaries and the Company communicate and coordinate closely, and the subsidiaries are required to report on sales updates, business forecasts, and other important matters, in accordance with the Management Regulations for Subsidiaries. The Risk Management Rules and other measures advance the Company's overall compliance system and ensure that its operations incorporate functional corporate governance.

(7) Systems for employees assisting the Audit and Supervisory Committee, ensuring the independence of said employees, and ensuring the effectiveness of instructions given to said employees

The Audit and Supervisory Committee works to ensure effective internal control by auditing directors' and employees' execution of duties in accordance with auditing policies and submitting audit findings along with advice and corrective recommendations, among others. For this purpose, the Internal Audit Department (an organization directly under the control of the Audit and Supervisory Committee) has been established to support the Audit and Supervisory Committee in carrying out its duties smoothly and appropriately. Fourteen full-time employees assist with the committee's duties under instructions of the members of the Audit and Supervisory Committee, and these employees cannot be transferred without the agreement of the Audit and Supervisory Committee.

(8) Systems for the subsidiaries' and affiliates' officers and employees to report to the Audit and supervisory Committee, for other reports to the Audit and Supervisory Committee, and for preventing unfavorable treatment as a result of making such reports

The subsidiaries' and affiliates' officers and employees from whom the Audit and Supervisory Committee has requested information regarding the execution of duties must promptly respond to such requests and report appropriately on required matters.

The subsidiaries' and affiliates' officers and employees will not be treated unfavorably for making such reports to the Audit and Supervisory Committee.

(9) Other systems for ensuring the effectiveness of audits by the Audit and Supervisory Committee

The Company sets aside a budget to cover costs incidental to the execution by directors who serve as a member of the Audit and Supervisory Committee of their duties. Where requested, a cash advance covering such costs is provided by the Company.

(10) Overview of the status of operation of the system to ensure appropriate business operations

The overview of the status of operation of the system for the fiscal year ended March 31, 2024 is as follows.

(i) In addition to the systems mentioned above, important meetings (of the Board of Directors, as well as the Corporate Management Council, Human Resources Committee, and Board of Corporate Officers) were convened at which deliberations and resolutions took place concerning matters stipulated by law and items to be discussed based on various rules. In addition, the Audit and Supervisory Committee determined auditing policies and schedules, and conducted audits of the Board of Directors pertaining to execution of duties and observance of laws and regulations.

(ii) The Compliance Committee, chaired by an external director, met quarterly. The Committee worked to quickly detect and prevent illegal activities and fraud by understanding inherent risks, identifying the probabilities, and reporting on the same to the Board of Directors.

(iii) The Company promoted thorough awareness about preventing insider trading and leaking of information and other matters required under the laws and regulations, through e-learning and periodic compliance checklists to vet effectiveness, deepening officers' and employees' understanding of compliance issues.

In addition, harassment and other in-house and external training was deployed to raise compliance awareness among officers and employees.

(iv) With regard to information protection and management, the Company manages personal information and other confidential information appropriately based on the Information Management General Rules and other regulations and guidelines.

In addition, we are working to ensure information security by strengthening privilege management and using the latest software, as well as by using round-the-clock monitoring of external connections and early detection systems to monitor devices for malicious behavior. Further, in addition to building a system for early response and recovery in the event that a security risk becomes apparent, we will maintain and enhance the information security system using the PDCA cycle, taking on board the advice of the Information Technology Security Oversight Committee (an external advisory group).

(v) With regard to the Company's subsidiary companies, apart from communicating the Company's management policies to the management of Company subsidiaries, the Company has initiatives in place to ensure the effectiveness of the internal control systems of the Company as a whole by continuous monitoring of subsidiaries' operations. These measures include gathering information from officers holding concurrent positions in the Company and subsidiaries as well as from temporary employees.

(vi) In addition to receiving periodic reports from the Internal Audit Division, where required, the Audit and Supervisory Committee conducts stringent checks to determine the effectiveness of internal control systems using organizational audits, by issuing directions, and other measures.

(vii) The position of CHO (Chief Human Resources Officer) was created to advance the Company's priority challenge of investing strategically in human resources, and we established a system for direct communication between management and employees. In addition, we strive to achieve swift and effective decision-making to resolve these challenges by establishing the Human Resources Committee which holds discussions focusing on policies and measures relating to human capital.

In addition, in fiscal year ended March 31, 2024, the Company held a total of 14 briefings where the management team and employees may engage in direct dialogue so as to implement various measures and spread awareness of management strategy. We work to achieve mutual understanding through question-and-answer sessions, exchanges of opinions, and other means of communicating with employees.

(viii) The Company established a point of contact system through which the Company's employees may make reports or seek advice for the purpose of further improving the workplace environment as well as to facilitate early detection and prevention of illegal activities. The points of contact, which provide a system for employees to submit reports and seek consultations, are located within the Company office as well as offsite at a law office. The points of contact operate based on rules that maintain their independence from management, ensure that people who submit internal reports are not subject to unfavorable treatment as a result of such reports, and protect the confidentiality of information that might identify the persons seeking advice.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company takes a firm stand against antisocial forces that threaten social order and the safety of civil society, and has no connection of any kind with groups or individuals of such nature.

Where the Company comes into contact with such groups or individuals, prompt organizational action is taken in response and any unjustified or illegal demands are firmly denied, while also coordinating with the police and other relevant organizations.

In addition, care is taken to acquire relevant information on anti-social forces and related trends, and if a connection exists with entities that the Company was not aware were anti-social forces, swift action is taken to terminate such connection in coordination with the police and other relevant organizations.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

Basic policy regarding persons who control the Company's finance and business policies

(1) The source of the Company's corporate value

In addition to its core business of developing and selling home video game software, the Company's business includes the development and delivery of mobile content, the management of arcade operations, the development, manufacture, and sale of amusement equipment, and other content-related business.

The Company is expanding the development departments, which are the source of our corporate value, using a dynamic marketing strategy and strengthening our sales system. In addition, we are working to raise corporate value by structural reforms across all aspects of management including enhancing our range of content, efficient group-wide business development, restructuring of our financial system, introduction of the corporate officer system, speeding up decision making by separating the roles of management and business execution.

(2) Initiatives for raising the Company's corporate value

The industry's competitive environment is becoming increasingly challenging, as market conditions transform due to rapid technological innovation and diversification of business areas.

As the structure of the industry changes, we recognize that creating a system that is responsive to the business environment is a key element in the Company's efforts to survive the competitive environment.

We will work to raise corporate value by advancing and achieving our strategic targets and achieve further growth going forward.

(3) Initiatives for preventing inappropriate large-scale purchase of shares

The Company has not introduced specific countermeasures to prevent the inappropriate large-scale purchase of shares (takeover defense measures). Accordingly, if a party effecting a large-scale purchase of shares appears, we will request such information that is necessary and sufficient for our shareholders to appropriately assess the advantages and disadvantages of said purchase to the fullest extent permitted by laws and regulations. In addition, the Company will disclose the opinions of the Board of Directors, endeavor to secure sufficient time for our shareholders to consider the matter, and take other appropriate actions to further protect and enhance its corporate value and the shared interests of shareholders.

2. Other Matters Concerning the Corporate Governance System

(1) The Company is fully cognizant of its social responsibility as a listed company and strives to build an information management system that ensures legal and fair management and enhances management transparency.

(2) As such, we make efforts to enhance prompt and appropriate information disclosure in accordance with laws and regulations and the timely disclosure rules of the Stock Exchange. In addition, we aim to make timely disclosures that take into consideration the perspective of shareholders and other stakeholders as a result of improvements to our internal control systems that ensure corporate governance functions properly.

(3) In the event of material facts or corporate information that require timely disclosure, the managers in charge of the relevant departments (directors, corporate officers, general managers, etc.) report and raise these to the Board of Directors. In addition, the matter is reported to the director in charge of insider trading regulation-related information management.

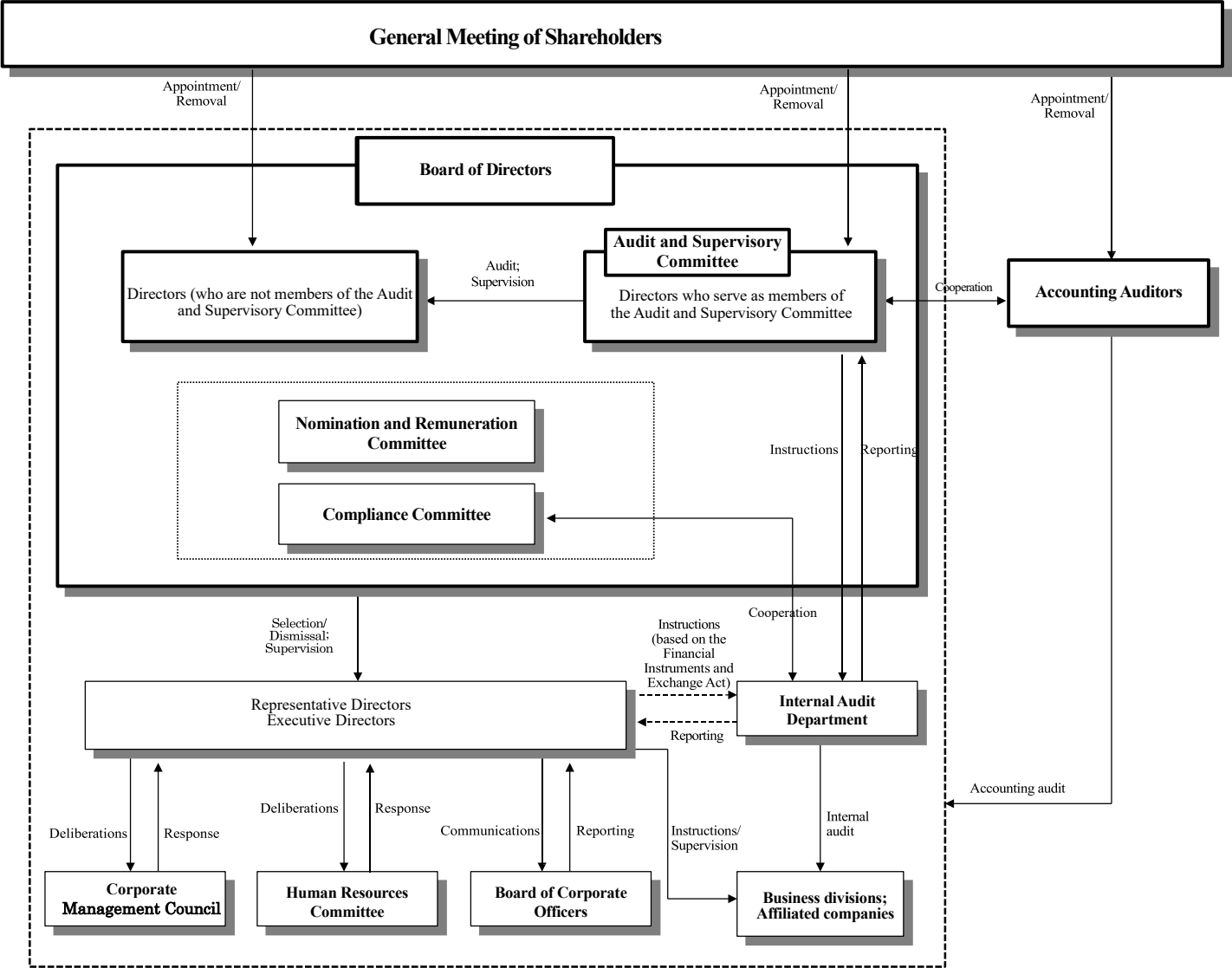
(4) In the event that the director in charge of information management judges that said material fact or corporate information may amount to insider trading under insider trading regulations, the director will instruct the General Affairs Department which manages the sale and purchase of the Company's shares to restrict trading of the Company's shares from the time Board of Directors determines or receives report of the event until the matter is made public.

(5) In the event that a regulated person submits a "Notice of Intention to Trade the Company's Shares application form for trading the Company's and other shares" within the restricted period, the General Affairs Department will request that the person refrain from doing so for said period.

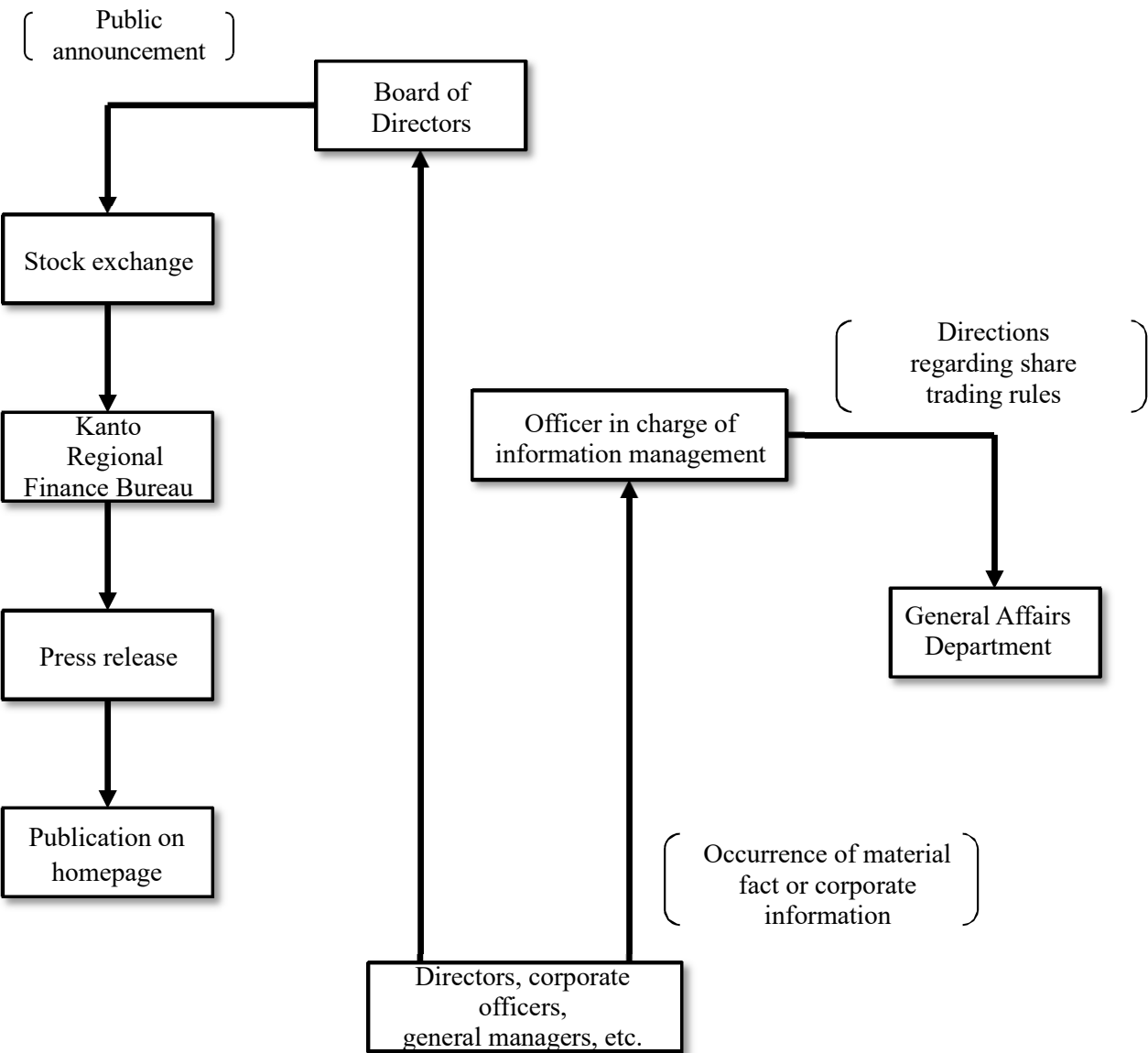
(6) In the event that the Board of Directors determines the occurrence of or receives report of a material fact or corporate information, immediate steps will be taken to notify the stock exchange and the Kanto Regional Finance Bureau and make the matter public by way of press releases and other methods.

(7) We will make proactive disclosure including by publishing the news releases on the Company website.

[Corporate Governance System Diagram]



[Schematic diagram] The Company’s internal system for timely disclosure of corporate information



Capcom Corporate Governance Guidelines

Chapter 1 General Provisions

1. Basic views on corporate governance

Based on our “Corporate Philosophy” (hereinbelow defined), and our vision is to be “a company that captivates people around the world with our best-in-class immersive content,” and by utilizing “the Company’s strengths” (hereinbelow defined), the Capcom Group (hereinafter referred to as the “Company” (including its subsidiaries and affiliates)) endeavors to build a system that is able to respond to climate change and to continuously enhance its corporate governance, in addition to improving the transparency and soundness of management, in order to achieve stable medium- to long-term growth and raise corporate value through its business activities. In addition, the company strives to build relationships of mutual trust with our shareholders, customers, business partners, employees, regional communities, and other stakeholders for mutual prosperity, and have built on these principles to formulate the “Capcom Corporate Governance Guidelines” which encapsulate the Company’s basic view on corporate governance and its policy for initiatives.

<Corporate Philosophy>

To create an entertainment culture and be a creator that moves and excites people through the medium of games.

<The Company’s strengths>

- A financial base for making proactive strategic investments attributable to a stable cash position and improved capital efficiency
- Production of content (IP) that is supported worldwide and multifaceted activities thanks to our unique, high-level technological and developmental capabilities
- A global, long-term sales system based on a digital strategy for further increasing profits

2. Amendment and annulment

The Guidelines shall be amended or annulled by resolution of the Board of Directors.

Chapter 2 Appropriate Cooperation with Stakeholders

1. Relationships with shareholders

(1) General Meeting of Shareholders

The Company ensures that shareholders have sufficient time to consider proposals to be raised at the general meetings of shareholders, which is the highest decision-making body of the Company, and will improve the environment in which shareholders may exercise their voting rights appropriately.

- We convene the Ordinary General Meeting of Shareholders early, and to avoid so-called peak days.
- We post the Notice of Convocation of the Ordinary General Meeting of Shareholders approximately three weeks before the day of the general meeting.
- We publish the Notice of Convocation on the website of the Tokyo Stock Exchange and the Company's website, in Japanese and English, prior to posting and the start of legal electronic provision measures.
- We ensure that shareholders inside and outside Japan may conveniently exercise their voting rights by introducing the exercise of voting rights over the internet and a platform for the electronic exercise of voting rights, among others.
- We endeavor to provide simple explanations in the Notice of Convocation using diagrams, charts, and other methods, so as to contribute assistance to shareholders in making appropriate judgments. We also publish latest updates and past data on the Company's website for users' reference.
- Generally, we permit shareholders who are wheelchair users or otherwise disabled to attend with their caregiver or other accompanying person, if they so request.
- Where an institutional investor or other entity whose shares are held in the name of a trust bank submits a request not later than the day before the general meeting of shareholders, and where we are able to verify the identity of the actual shareholder pursuant to discussions with the trust bank, submitted materials, or other means, the institutional investor concerned will be permitted to enter the meeting venue as an observer.
- At the general meeting of shareholders, in order to facilitate constructive dialogue with shareholders, we will adopt a 'consolidated deliberations' format in which we summarize the questions and opinions pertaining to the agendas received all at once.
- The Board of Directors sincerely accepts the outcomes of shareholders' exercise of voting rights at the general meeting of shareholders. Where 10% or more oppose a proposal, they promptly analyze the reasons for the same and engage in shareholder dialogue and other necessary investigative measures.

(2) Protecting shareholders' rights and equality

The Company takes care not to hinder the exercise of voting rights by shareholders, and strives to effectively protect the rights and equal status of all shareholders, including minority and foreign shareholders.

The Company takes appropriate measures to allow the smooth and impartial exercise of diverse voting rights by shareholders without distinction, regardless of the nature and number of shares held.

(3) Anti-takeover measures

- (i) The Company does not have anti-takeover measures in place at present.
- (ii) In the event of the occurrence of a hostile large-scale purchase of shares, the Company's Board of Directors will take the following measures.
 - Endeavor to gather the information and secure the time that are necessary for shareholders to appropriately assess the advantages and disadvantages of the large-scale purchase of shares.
 - Request that the prospective purchaser explain how the purchase would raise the Company's corporate value.
 - Take suitable measures including demonstrating to shareholders how the purchase would raise the Company's corporate value and disclosing the Company's opinion on whether the purchase is beneficial and the reasons for such opinion.
- (iii) In the event that the Company's shares are the subject of a tender offer, the Company's Board of Directors will take the following measures.
 - Request that the tender offeror explain how the purchase would raise the Company's corporate value, including by submitting a position statement; and
 - Take suitable measures including demonstrating to shareholders how the purchase would raise the Company's corporate value and disclosing the Company's opinion on whether the purchase is beneficial and the reasons for such opinion in order to facilitate swift and accurate decisions by

shareholders on whether to continue holding the shares or accept the tender offer.

(4) Related party transactions

The Company puts the following structures in place so that related party transactions will not harm the interests of the Company or the common interests of shareholders.

- The Company obtains advance approval of transactions involving major shareholders that are effectively controlled by directors and/or their next of kin and other transactions involving conflicts of interests, by way of resolution of the Board of Directors. In addition, the Company reports on such transactions after the fact.
- The Company undergoes rigorous audits for reasonableness and appropriateness, among others, by members of the Audit and Supervisory Committee and Accounting Auditors.
- The Company discloses related party transactions in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations as well as the rules stipulated by the Tokyo Stock Exchange.

2. Relationships with customers

Based on our Corporate Philosophy, we strive to heighten customer satisfaction by bringing smiles and excitement through the entertainment medium of games.

- We work to expand game development and environment such that all users can enjoy our games fairly and safely.
- The Company as a whole engages in initiatives to facilitate the healthy development of entertainment.

3. Relationships with business partners

Based on our Corporate Philosophy, we build fair, reasonable business relationships based on mutual trust that comply with laws and regulations. We engage in high-quality manufacturing in co-operation with our business partners.

4. Relationships with employees

Based on our Corporate Philosophy, we aim to create a company that respects humanity and cares about each employee's individuality, and that is impartial, positive, and comfortable to work at.

- Based on the view that "people are the essence of a company," we push forward with creating an environment that is comfortable to work in, promotes productivity, and retains and develops our human resources.
- The Company seeks out diverse human resources in line with the changing business environment, and places and evaluates them without regard to factors such as gender, nationality, and age.
- The Company has formulated the Capcom Code of Conduct which governs the conduct of the Company's officers and employees, works to make specific behavioral guidelines known, and conducts periodic verification in view of legal compliance.
- In addition to maintaining a working environment where employees can work safely and healthily, we have a point of contact in place through which employees may make reports or seek advice, to facilitate early detection and prevention of illegal activities.
- The points of contact are located within the Company office as well as offsite at a law office, and are operated based on rules that maintain their independence from management, ensure that people who submit internal reports are not subject to unfavorable treatment as a result of such reports, and protect the confidentiality of information that might identify the persons seeking advice.

5. Relationship with society

Based on our Corporate Philosophy, we strive to be a responsible member of society, and actively work to resolve common issues relating to environmental and social problems.

- In order to reduce the business' negative effects on climate change in the form of CO2/GHG (greenhouse gas) emissions, etc., not only do we use renewable energy; we are also involved in initiatives to reduce environmental pollution and consumption of natural resources.
- We work to respect human rights and stop discrimination based on factors including race, religion, gender, age, sexual orientation, disability, nationality, and to eradicate inequality by protecting the

- vulnerable.
- We engage in activities that support the healthy development of poor and impoverished children.
- We promote initiatives for spreading a healthy gaming culture among children through activities such as hosting company visits and on-site classes.

Chapter 3 Ensuring Appropriate Information Disclosure and Transparency

To achieve effective corporate governance, the Company aims to exercise transparent management and makes timely, appropriate, and proactive information disclosures.

- We comply with the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations as well as the rules stipulated by the Tokyo Stock Exchange.
- We aim for timely and impartial information disclosure by publishing disclosures on the Company website and other means.
- We strive to provide specific and simple descriptions while also including non-financial and other information that adds significant value.
- In addition to swift, fair, and accurate disclosures, we also take efforts to provide necessary information in English.
- The Board of Directors exercises its supervisory functions to ensure timely and accurate information disclosure.

Chapter 4 Organizational Structure

1. Organizational design

- The Company adopts the structure of a company with an audit and supervisory committee so as to achieve swift decision making and dynamic execution of duties. This structure also enhances the audit and supervisory functions of the Board of Directors.
- We have further strengthened the functionality of our corporate governance by establishing the Nomination and Remuneration Committee and the Compliance Committee, advisory organs of the Board of Directors.
- We introduced the corporate officer system to distinguish between supervision and execution of management duties, clarifying the delegation of responsibility for execution and increasing efficiency of decision-making.

2. The Board of Directors

(1) Roles and responsibilities of the Board of Directors

The Board of Directors appropriately fulfills the following roles and responsibilities so as to achieve sustainable growth and medium- to long-term increases in corporate value based on their fiduciary responsibility to shareholders.

- The Board of Directors makes decisions on such matters as are stipulated under the laws and regulations, the Articles of Incorporation, and the Rules of the Board of Directors.
- They discuss growth strategies based on the Corporate Philosophy and set basic management policies and management strategy.
- The Board of Directors makes reasonable decisions after sufficient deliberations, having duly taken into consideration factors such as future forecasts, objectivity, transparency, and fairness.
- Executive directors and corporate officers execute such duties that have been determined in advance and the Board of Directors supervises such execution in an appropriate manner.
- The Board of Directors maintains and applies the systems relating to internal control, including the Company-wide risk management system, in order to achieve swift execution of duties based on appropriate controls.
- The Board of Directors supervises the operational status of the internal control system with the advice and recommendations of the Audit and Supervisory Committee.
- The Board of Directors delegates decision-making on certain key operational duties, such as personnel transfers and organizational reforms, to a representative director, so as to enable swift, dynamic, and

efficient business expansion.

- The Board of Directors exercises overall supervision of management and ensures fairness and transparency in management by its decisions relating to the appointment and removal of directors, the remuneration of directors who are not members of the Audit and Supervisory Committee, and the execution of important business.

(2) The Chairman of the Board

- The Board of Directors determines the Chairman of the Board based on the Articles of Incorporation.
- The Chairman of the Board strives to vitalize the deliberations of the Board of Directors by facilitating free, open discussions and exchanges of opinions.

(3) Structure of the Board of Directors

- We strive to maintain diversity on the Board of Directors and achieve a composition that takes into account management strategy and balances attributes such as expertise, experience, ability. We also present and disclose this information in a visual format.
- In order to adopt an external perspective to improve management transparency, we make full use of our several independent external directors to strengthen the supervisory functions of the Board of Directors.
- We work to vitalize the Board of Directors and raise corporate value by ensuring that at least one in three directors are independent external directors.
- The Nomination and Remuneration Committee is established under the Board of Directors as advisory organs relating to the nomination and remuneration of directors. The Compliance Committee, another advisory organ, was established to audit and supervise the status of compliance with laws and regulations and related matters.

3. The Audit and Supervisory Committee

(1) Roles and responsibilities of the Audit and Supervisory Committee

The Audit and Supervisory Committee appropriately fulfills the following roles and responsibilities so as to ensure exercise of the audit function over management from an independent and objective perspective based on their fiduciary responsibility to shareholders.

- The Audit and Supervisory Committee audits the execution of duties by directors and employees based on auditing policies.
- The Audit and Supervisory Committee audits directors' job performance and the appropriateness of internal control systems.
- The Audit and Supervisory Committee determines audit policies and schedules and appoints its Committee representatives, full-time members, selected members, and Chairman.
- The Audit and Supervisory Committee gives instructions to the Internal Audit Division (an organization directly under the Committee's control) in relation to investigations and reporting on the operations and effectiveness of internal control systems.
- The Audit and Supervisory Committee appropriately exercises authority over the appointment of Audit and Supervisory Committee members and the Accounting Auditors as well as their audit fees.

(2) The Chairman of the Audit and Supervisory Committee

- The Audit and Supervisory Committee determines its Chairman from among its members by way of resolution, and the member so appointed serves as Chairman.
- The Chairman of the Audit and Supervisory Committee shall be an external director.

(3) Relationship with the Internal Audit Department

- The Internal Audit Department, being established as an Internal Audit Department as a body to support the Audit and Supervisory Committee, receives from audited departments reports on the outcome of their audits, and reports on such outcomes to the Board of Directors as appropriate.
- The Internal Audit Department verifies and evaluates employees' execution of duties and the effectiveness and operational status of internal control systems and reports on the same to the Audit and Supervisory Committee. In addition, its members accompany selected Audit and Supervisory Committee members on on-site audits of business sites and subsidiaries inside and outside Japan.

(4) Relationship with Accounting Auditors

- The Audit and Supervisory Committee and Accounting Auditors consult each other to exchange opinions and information regarding audits whenever it is necessary to do so, enhancing and improving each other's audit performance through cooperation and coordination.
- In collaboration with the Internal Audit Department and relevant parties, the Audit and Supervisory Committee formulates the evaluation standards for selecting the Accounting Auditors, requests proposals from several Accounting Auditors, and evaluates them according to said standards.
- The Audit and Supervisory Committee and its members assess the appropriateness of the audit methods adopted by the Accounting Auditors and the outcomes of their audit. In addition, they assess fitness by interviewing and exchanging opinions with the Accounting Auditors among other methods.
- The Audit and Supervisory Committee and its members conduct interviews as appropriate to evaluate the existence of any interests vis-a-vis the Accounting Auditors under the Certified Public Accountants Act, their independence and expertise.

4. Directors and members of the Audit and Supervisory Committee

(1) Directors

The directors execute their duties as directors to achieve sustainable growth in corporate value bearing in mind their fiduciary responsibility to shareholders.

- The directors act to advance the common interests of the Company and shareholders.
- The directors contribute their opinions based on their respective expertise, experience, and abilities.
- The directors gather sufficient information for executing their duties.
- The directors request information and documents from the relevant departments as needed in order to make appropriate decisions.
- The directors endeavor to learn and study to gain the expertise required for them to fulfill their roles and responsibilities appropriately.

(2) Members of the Audit and Supervisory Committee

- The Company endeavors to ensure that the members of the Audit and Supervisory Committee include persons who possess a sufficient degree of expertise in finance and accounting matters.
- The members of the Audit and Supervisory Committee supervise and audit from diverse perspectives based on their respective excellent insight, specialized expertise, and rich experience.
- The members of the Audit and Supervisory Committee audit the directors' job performance and exercise authority over the appointment and dismissal of the Accounting Auditors and audit fees.
- The members of the Audit and Supervisory Committee audit the legality and appropriateness of the execution of duties by directors through objective and fair statements of opinion, among others.
- Selected members of the Audit and Supervisory Committee conduct on-site audits of business divisions, business sites, and subsidiaries inside and outside Japan. They also attend key meetings of the Corporate Management Council and other groups and share information.

(3) Independent external directors

- In addition to the requirements of the Companies Act, we have formulated the Standards for Independence of External Directors, based on which independent external directors are elected.
- The independent external directors provide opinions and advice as appropriate to the Board of Directors and Audit and Supervisory Committee, etc. with the aim of increasing corporate value.
- The non-executive directors, including independent external directors, supervise the directors' execution of duties.
- The independent external directors supervise transactions involving conflicts of interest from an independent point of view.
- The independent external directors strive to reflect the opinions of stakeholders to the Board of Directors.
- The independent external directors work to exchange information and spread awareness through voluntary established committees and other activities.
- In addition to creating opportunities for information exchange and spreading awareness among non-executive directors, including independent external directors, the Company has systems in place to facilitate effective functioning of audit and supervision functions, including by holding meetings between these directors and the top management as needed.
- In order to perform their duties in a suitable manner and from an independent standpoint, the independent external directors gather information from and exchange opinions with executive directors and corporate officers, employees, and others who execute business.

<Standards for Independence of External Directors>

The Company regards persons not described by any of the following items as external directors who are independent.

- (i) A person who is, or was within the last ten years, an executive of the Company.
- (ii) A person who is a significant customer of the Company (that is to say, a customer whose dealings with the Company account for 1% or more of the Company's or the customer's consolidated net sales or transaction value), or an executive of such person.
- (iii) A person who has a significant business relationship with the Company (that is to say, a person whose dealings with the Company account for 1% or more of the Company's or the person's consolidated net sales or transaction value), or an executive of such person.
- (iv) A major shareholder (that is to say, a shareholder who holds 10% or more of voting rights) of the Company or an executive of such major shareholder, or a major shareholder of the Company.
- (v) An executive of an organization or corporate body that receives large amounts of donations, loans, or guarantees provided by the Company.
- (vi) An executive of a company which sends its directors to the Company in mutual exchange with the Company's directors.
- (vii) Lawyers, CPAs, consultants, and similar persons who receive 10 million yen or more in money or other assets from the Company (in addition to their remuneration for serving as an officer) (where the receiver belongs to a corporate body, association, or other company, an amount that accounts for 1% or more of the Company's or the Company's consolidated net sales or transaction value, or 10 million yen or more).
- (viii) A person who was a person described by the above items (ii) to (vii) at any time within the last ten fiscal years.
- (ix) A spouse or person within two degrees of kinship of a person described by any of the above items (i) to (viii).

5. Accounting Auditors

The Accounting Auditors perform the important role of maintaining the trustworthiness of disclosed information, and bear a responsibility to shareholders and investors. The Accounting Auditors observe independence and maintain specialized expertise, and appropriately conduct the accounting audit.

- In order to achieve a high-quality audit, the Board of Directors and Audit and Supervisory Committee endeavor to secure sufficient time for the Accounting Auditors to perform the audit by promptly providing them the requested information.
- The Board of Directors and Audit and Supervisory Committee endeavor to secure opportunities for information gathering and exchanges of opinions, such as by holding dialogues between the Accounting Auditors and the CEO, COO, and CFO and other directors in charge of Corporate Management.
- The Accounting Auditors cooperate and coordinate with the Audit and Supervisory Committee and the Internal Audit Department to maintain a system that facilitates an adequate audit, enhancing and improving the audits.
- The Board of Directors and Audit and Supervisory Committee have a system for responding when members of the Audit and Supervisory Committee or the Accounting Auditors request an appropriate response to irregularities they have detected, or when deficiencies or problems are brought to attention.

6. Voluntary Established Committees

(1) The Nomination and Remuneration Committee

- The Board of Directors has established the Nomination and Remuneration Committee as an advisory organ to strengthen the supervisory functions.
 - The Committee is chaired by an independent external director, and a majority of the Committee's members are independent external directors.
 - The CEO and COO do not sit on the Nomination and Remuneration Committee.
- <Policies relating to nominations>
- The Board of Directors and the Nomination and Remuneration Committee maintain transparency and objectivity in the nomination of candidates for director.
 - When nominating directors, the Board and the Nomination and Remuneration Committee endeavor to optimize the Board of Directors as a whole in light of management strategy and maintaining diversity of the Board, to achieve a balance of rich experience and specialized expertise and insight in a wide range of fields.
 - With regard to the selection, appointment, and dismissal of directors and senior management, the Board of Directors seeks the advice of the Nomination and Remuneration Committee and makes a decision as a Board based on the deliberations and response of said Committee, upholding a higher standard of rigor, transparency, and fairness in its process and candidates.
 - The Board of Directors conducts a global assessment of working experience, insight, specialized expertise, contribution to corporate performance, and seeks the advice of the Nomination and Remuneration Committee on the selection, appointment, or dismissal of senior management.
 - The Board of Directors obtains the consent of the Audit and Supervisory Committee in relation to the selection of members of the Audit and Supervisory Committee.
 - Information about each director including their career history, reasons for election, and major concurrent positions held is disclosed in various publications, including the Notice of Convocation of the Ordinary General Meeting of Shareholders and the annual securities report.
 - With regard to the selection and dismissal of the CEO, the Board of Directors conducts a global assessment of qualifications, business execution skills, past performance, management ability, and other factors, seeks the advice of the Nomination and Remuneration Committee, and makes a decision as a Board based on the deliberations and response of said Committee.
 - The Board of Directors seeks advice from the Nomination and Remuneration Committee in relation to the suitability of successors.

<Policies relating to remuneration>

- The Board of Directors and the Nomination and Remuneration Committee ensures objectivity and transparency for resolutions of the General Meeting of Shareholders relating to matters such as the total amount of directors' remuneration.
- The Nomination and Remuneration Committee receives the Board of Directors' requests for advice regarding the "Guidelines for Determining the Remuneration, etc. of Individual Directors.", and deliberates and makes recommendations on the same. The Board of Directors determines the Policy based on these recommendations.
- The Policy on directors' remuneration based on the above is as follows.
 - (i) Remuneration of directors (excluding directors who are members of the Audit and Supervisory Committee)
 - a. Remuneration for directors comprises basic remuneration (fixed remuneration), which rewards solid performance of duties and corresponds to each director's position, duties, and other considerations, as well as performance-linked remuneration (variable remuneration), a remuneration system and structure strongly linked to performance that prioritizes raising medium-term corporate and shareholder value, in the form of bonuses (as a short term incentive) and stock remuneration (as a medium- to long-term incentive).
 - b. Remuneration for external directors (excluding directors who are members of the Audit and Supervisory Committee) is not linked to performance and comprises basic remuneration (fixed remuneration) only, in view of their role of supervising the Company's management from an objective and independent standpoint.
 - (ii) Remuneration of members of the Audit and Supervisory Committee
 - Remuneration for individual members of the Audit and Supervisory Committee is not linked to performance and comprises basic remuneration (fixed remuneration) only, in order to maintain their independence. The amount of remuneration is determined through discussions by the members of the Audit and Supervisory Committee taking the difference between full-time and part-time service and other factors into account.
- The Board of Directors determines the amount of each director's individual remuneration based on the response of the Nomination and Remuneration Committee, within the limits on the total amount of directors' remuneration for the directors (excluding directors who are members of the Audit and Supervisory Committee) and the remuneration of member of the Audit and Supervisory Committee approved by resolution at the General Meeting of Shareholders.

(2) The Compliance Committee

The Board of Directors has established the voluntary Compliance Committee, an advisory organ that audits and supervises the status of compliance with laws and regulations and related matters.

- The Compliance Committee determines the probability of occurrence of problems pertaining to the observance of laws and regulations.
- The Compliance Committee provides recommendations and advice to the Board of Directors regarding the status of compliance with laws and regulations as needed.

7. Support system

- (i) In order to vitalize the deliberations of the Board of Directors, a secretariat to the Board of Directors has been established to handle the following operations.
 - Establish an annual schedule of Board of Directors' meetings and hold extraordinary meetings as necessary.
 - Prepare materials that will help participants get an overview of the agenda items, and distribute them in advance.
 - Endeavor to enhance the deliberations of the Board of Directors by delegating some important business execution matters, such as personnel transfers and organizational reforms, to the Representative Directors to confirm the appropriateness of the matters to be discussed.
- (ii) To facilitate thorough discussions during the Board of Directors meetings, the director in charge of Corporate Management will provide explanations to external directors regarding agenda items and supplementary matters approximately one week in advance of the scheduled board meeting date.
- (iii) To establish a system that allows external directors to make timely and appropriate judgments on proposals, the corporate officers in charge will attend Board of Directors meetings as necessary to assist the director in charge in explaining proposals and answering questions.
- (iv) The directors, officers and employees of the Company will respond promptly and appropriately when asked to provide information necessary for the directors to perform their duties.
- (v) To facilitate the smooth and appropriate execution of duties by the Audit and Supervisory Committee, an Internal Audit Department independent of the departments conducting business has been established to assist the same committee as an organization directly under the Internal Audit Department and serves as the Secretariat of the committee.
 - The Internal Audit Department will strive to maintain independence from business executors, carrying out its duties under the direction of the Audit and Supervisory Committee. It will also provide timely reports to the Audit and Supervisory Committee as necessary.
- (vi) The Executive Support Section and the Internal Audit Department provide support to ensure that non-executive directors, including external directors, can smoothly execute their duties. Also, the support system will be strengthened by establishing a department dedicated to the Board of Directors.
- (vii) To facilitate smooth and appropriate execution of their duties, directors may engage external experts such as consultants as necessary, with the associated costs borne by the Company.

8. Director training and development

The Company provides directors with necessary training opportunities and information, as appropriate.

- When directors assume their position, they are briefed on the Company's business, finances, and organization, given a tour of the workplaces as well as information on industry trends and such.
- Support is provided for expenses and other costs related to the acquisition of knowledge and exchange of information by directors.
- The Members of the Audit and Supervisory Committee are provided with opportunities to study through participation in external training programs as part of our efforts to ensure proper audits.
- The Board of Directors is provided opportunities to hear explanations on business strategies and other measures for each fiscal year and necessary information related to the Company's business challenges and other issues is provided to external directors on a continuous basis.

Chapter 5 Dialogue with Shareholders

1. Constructive dialogue with shareholders and investors

We strive to contribute to sustainably growing corporate value through dialogue with investors, including shareholders.

We have a system in place for promoting constructive dialogue with shareholders as well as a basic policy regarding such initiatives.

<Basic policy relating to constructive dialogue with shareholders>

- With a view to building positive, trusting relationships with shareholders, we actively engage in dialogue from both IR and SR perspectives to promote understanding and raise awareness.
- The Representative Director and Director in charge of Corporate Management (CHO* and CFO) oversee shareholder dialogue, for which the General Affairs Department and Corporate Planning Department are responsible. The CEO, COO, and other directors (including external directors) as well as corporate officers attend dialogue sessions as appropriate.
 - * Chief Human Resources Officer
- The General Affairs Department, Corporate Planning Department, and Public Relations and Investor Relations Section coordinate closely with each other while other relevant departments share information across the organization to enhance shareholder and investor dialogue.
- The Company holds financial reports presentations, small group meetings as well as regular briefings for individual investors to explain its medium-term management vision, business strategy, and business performance.
- To ensure that the requests, opinions, questions, and other feedback gleaned from these interviews are taken into consideration by the management, they are reported to the Representative Directors and relevant persons as appropriate, as well as to the Board of Directors where needed.
- The Company ensures fair disclosure in promoting dialogue, and responds appropriately to matters regarding management of insider information.
- In principle, the Company ascertains the registered holders of shares in the shareholder register twice a year. We conduct investigations on beneficial shareholders and make an effort to ascertain the identities of persons who are substantive shareholders of the Company's shares.

2. Establishing and publicly disclosing management targets

In establishing and publicly disclosing management strategy and management plans, the Company presents an outline of specific targets and the corresponding business strategies for achieving them, taking into account an accurate assessment of the Company's cost of capital.

Chapter 6 Other

1. Basic guidelines for capital policy

- The Company prioritizes operating income (growth indicator), operating margins (efficiency indicator), and cash flows in managing its business to improve corporate value.
- Where necessary, we carry out fundraising for activities that contribute to sustainable growth, such as capital investment and corporate acquisitions.
- We endeavor to facilitate dynamic implementation of capital policy and improve capital efficiency in response to changes in our operating environment.
- When implementing capital procurement that would result in large-scale dilution of stock, the Board of Directors deliberates the matter thoroughly before resolving the same, having holistically considered the Company's growth strategy and financial structure. In addition, the Company makes suitable and timely disclosures to explain the matter.
- The external directors contribute their opinions and advice from an independent and neutral perspective on an as-needed basis in the event of a risk of conflict of interest between the management and ordinary shareholders.

<Shareholder return policy>

The Company endeavors to achieve a payout ratio of 30% and stable dividends.

2. Policy regarding strategic holdings of publicly listed shares

- The Company holds shares only where doing so serves to achieve sustainable growth in corporate value.
- The Board of Directors regularly scrutinizes and verifies whether returns and risks of such strategic holdings remain in line with capital costs, based on a holistic assessment of the purpose and reasonableness of the holdings from a medium- to long-term perspective.
- Where, as a result of verification, it is judged that there is little economic basis for such holdings (for example, where the book value of the stock drops by 50% or more, or where the corporate value of the target corporation suffers significant damage), the Company engages in dialogue with the target corporation and reduces or disposes of such holdings at a suitable time, taking into consideration the impact on business and the market.
- With regard to exercise of voting rights, voting on the respective proposals takes place pursuant to internal company procedures and includes consideration of the following matters: (i) changes in performance; (ii) capital policy; (iii) status of corporate governance; (iv) major scandals; (v) aptitude of officers; (vi) any improvements to corporate value.
- Where an owner of strategic holdings of the Company's shares requests to sell those shares of the Company, the Company does not suggest a reduction in transaction quantity, respond reluctantly, or otherwise engage in attempts to prevent the sale.

3. Corporate pension plan

- The Company has entrusted the management of the corporate pension investment fund to a manager with specialized expertise and ample experience.
- The exercise of voting rights is entrusted to the manager so as to avoid conflicts of interest between the Company and the beneficiaries of the corporate pension plan.

Established December 16, 2021
Amended June 23, 2022
Amended June 21, 2023
Amended June 21, 2024
Amended December 24, 2024
Amended April 1, 2025

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