

GOVERNANCE

Directors (As of June 21, 2024)

Internal External

Kenzo Tsujimoto
Chairman and Chief Executive Officer (CEO)

Jun. 1983 President and Representative Director of the Company
Apr. 1997 Chairman of the Association of Copyright for Computer Software
Apr. 2001 Chief Executive Officer (CEO) of the Company (to present)
Jul. 2007 Chairman and Representative Director of the Company (to present)
Dec. 2007 CEO of Kenzo Estate, Inc. (to present)
Feb. 2010 Representative Director of Kenzo Estate Winery Japan Co., Ltd. (to present)

Haruhiro Tsujimoto
President and Chief Operating Officer (COO)

Apr. 1987 Entered the Company
Jun. 1997 Director of the Company
Feb. 1999 Managing Director of the Company
Apr. 2001 Senior Managing Director of the Company
Jul. 2004 Director and Executive Corporate Officer of the Company
Apr. 2006 Director and Executive Vice President of the Company
Jul. 2007 President and Representative Director, Chief Operating Officer (COO) of the Company (to present)
Aug. 2016 President and Representative Director, and Director in charge of Global Marketing Business and Arcade Operations Business of the Company
Jun. 2022 President and Representative Director, and Director in charge of Arcade Operations Business of the Company (to present)
May 2023 Chairman of the Computer Entertainment Supplier's Association (to present)

Satoshi Miyazaki
Representative Director
Executive Vice President and Chief Human Resources Officer (CHO)

Apr. 1983 Entered The Industrial Bank of Japan, Ltd. (now Mizuho Bank, Ltd.)
Apr. 2011 Executive Officer, General Manager of Corporate Banking Division No.6 of the Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)
Apr. 2013 Managing Executive Officer in charge of Sales of Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)
Apr. 2016 Executive Officer and Deputy President in charge of Western Japan of Mizuho Financial Group, Inc.
Representative Director and Deputy President & Executive Officer in charge of Western Japan of Mizuho Bank, Ltd.
Apr. 2020 Representative Director and Deputy President of Mizuho Bank, Ltd.
Apr. 2021 Resigned from the post above
May 2021 Executive Vice President of the Company (to present)
Jun. 2021 Director of the Company
Apr. 2022 Director, Chief Human Resources Officer (CHO) and in charge of Corporate Management of the Company (to present)
Apr. 2024 Representative Director of the Company (to present)

Kenkichi Nomura
Director
Executive Vice President and Chief Financial Officer (CFO)

Apr. 2009 Corporate Officer in charge of Internal Control of the Company
Jul. 2010 Managing Corporate Officer in charge of Financial and Accounting Division of the Company
Jun. 2015 Managing Corporate Officer in charge of Financial and Accounting Division and Secretarial Affairs, PR and IR Division of the Company
Apr. 2016 Executive Corporate Officer
Head of Finance, Accounting and Public Relations Divisions
Jun. 2016 Director, Chief Financial Officer (CFO) (to present) and in charge of Corporate Management of the Company
Apr. 2020 Director, in charge of Corporate Management, Planning and Strategy Divisions of the Company
Apr. 2022 Director, Deputy in charge of Corporate Management of the Company (to present)
Jul. 2023 Director, Head of Legal and Asset Management Divisions of the Company (to present)
Apr. 2024 Director, Executive Vice President of the Company (to present)

Yoichi Egawa
Director
Executive Corporate Officer and Chief Product Officer (CPO)

Apr. 1985 Entered the Company
Apr. 1999 General Manager of Creative Division 5 of the Company
Aug. 1999 Corporate Officer, General Manager of Creative Division 5 of the Company
Apr. 2011 Managing Corporate Officer of the Company
Apr. 2013 Executive Corporate Officer of the Company (to present)
Jun. 2013 Director, in charge of Arcade Business and Pachinko & Pachislo Business of the Company
Jul. 2016 Director, in charge of Amusement Equipment Business, Arcade Operations Business and Consumer Games Development of the Company
Apr. 2019 Director, in charge of Consumer Games Development and Pachinko & Pachislo Business Divisions of the Company
Apr. 2020 Director, in charge of Development Divisions and Pachinko & Pachislo Business Divisions of the Company (to present)
Apr. 2024 Director, Chief Product Officer (CPO) of the Company (to present)

Yoshinori Ishida
Director
Executive Corporate Officer

Apr. 1992 Entered the Company
Apr. 2005 General Manager of Sales Promotion Division of the Company
Mar. 2011 Deputy Head of Consumer Games Business Division of the Company
Apr. 2013 Corporate Officer, Head of Consumer Games Business Division of the Company
Apr. 2016 Corporate Officer, Head of Japan & Asia Business Division of the Company
Jun. 2017 Corporate Officer, Head of Japan & Asia Business and Deputy Head of Mobile Online Development Division of the Company
Apr. 2019 Managing Corporate Officer, Head of Japan & Asia Business Division and Deputy Head of Mobile Online Development Division of the Company
Sep. 2021 Managing Corporate Officer, Head of Global Business Division of the Company
Apr. 2022 Executive Corporate Officer of the Company (to present)
Jun. 2022 Director, in charge of Global Business Division of the Company (to present)
Apr. 2024 Director, Head of Global Business Division and E-Character License Business Division of the Company (to present)

Ryozo Tsujimoto
Director
Executive Corporate Officer

Apr. 1996 Entered the Company
Sep. 2013 General Manager of Development Division 3 of the Company
Apr. 2014 Corporate Officer, Head of Consumer Games Development Division 3 of the Company
Jun. 2017 Corporate Officer, Head of Consumer Games Development Division 3 and Mobile Online Development Division of the Company
Apr. 2018 Managing Corporate Officer, Head of Consumer Games Development Division 2 and Mobile Online Development Division of the Company
Oct. 2020 Managing Corporate Officer, Head of Consumer Games Development Division 2 (to present)
Apr. 2022 Executive Corporate Officer (to present)
Jun. 2022 Director, Deputy in charge of Development Divisions of the Company (to present)

Toru Muranaka
Director
External
Independent Director

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

Yutaka Mizukoshi
Director
External
Independent Director

Sep. 1990 Entered The Boston Consulting Group
Jun. 1997 Vice President of The Boston Consulting Group
Jan. 2005 Japan Co-chair of The Boston Consulting Group
Jan. 2016 Senior Partner and Managing Director of The Boston Consulting Group
Jun. 2016 External Director of Lifenet Insurance Company
External Director of Asagami Corporation (to present)
Jan. 2018 Senior Advisor of The Boston Consulting Group, Tokyo
Jun. 2018 External Director of the Company (to present)
Jun. 2019 Director of Japan Rugby Football Union
Jun. 2022 Vice Chairman of Japan Rugby Football Union (to present)
Jan. 2023 Senior Partner Emeritus of The Boston Consulting Group (to present)

Toshiro Muto
Director
External
Independent Director

Apr. 1966 Entered the Ministry of Finance
Jul. 1999 Director-General of the Budget Bureau of the Ministry of Finance
Jun. 2000 Vice Minister of the Ministry of Finance
Jan. 2003 Adviser to the Minister of Finance
Mar. 2003 Deputy Governor of the Bank of Japan
Jul. 2008 Chairman of Daiwa Institute of Research Ltd.
Jun. 2009 External Corporate Auditor of Sumitomo Metal Corporation (now Nippon Steel Corporation)
Jun. 2010 External Director of Mitsu & Co., Ltd.
Jan. 2014 CEO of the General Incorporated Foundation Tokyo Organizing Committee of Olympic and Paralympic Games (later Public Interest Incorporated Foundation Tokyo Organizing Committee of Olympic and Paralympic Games, being dissolved in June 2022)
Jul. 2018 Honorary Chairman of Daiwa Institute of Research Ltd. (to present)
Jun. 2022 External Director of the Company (to present)

Yumi Hirose
Director
External
Independent Director

Apr. 1979 Entered the Tokyo Regional Taxation Bureau
Jul. 2012 National Tax Agency Commissioner's Secretariat Internal Inspector
Jul. 2015 District Director of Yukiya Tax Office
Jul. 2016 Director of Personnel Division 2, General Affairs Department of Tokyo Regional Taxation Bureau
Jul. 2017 Director of General Affairs Division of National Tax College
Jul. 2018 Research Coordination Director of Tokyo Regional Taxation Bureau Research Division 3
Jul. 2019 Deputy Director of Regional Taxation Bureau Research Division 2
Jul. 2020 District Director of Shiba Tax Office
Aug. 2021 Tax Accountant of Hirose Tax Accountant Office (to present)
Dec. 2021 Spokesperson for the village of Mikura-island (to present)
Jun. 2022 External Director of the Company (to present)
External Director (Audit and Supervisory Committee Member) TOREX SEMICONDUCTOR LTD. (to present)

Main Kohda
Director
External
Independent Director

Sep. 1995 Started as an independent Novelist, to the present
Jan. 2003 Member of Fiscal System Council, Ministry of Finance
Apr. 2004 Visiting Professor, Faculty of Economics of Shiga University
Mar. 2005 Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism
Nov. 2006 Member of Government Tax Commission
Jun. 2010 Member of the Board of Governors, Japan Broadcasting Corporation
Jun. 2012 Outside Director of Japan Tobacco Inc.
Jun. 2013 Outside Director of LIXIL Group Corporation
Jun. 2016 Outside Director of Japan Exchange Group
Jun. 2018 Outside Director of MITSUBISHI MOTORS CORPORATION (to present)
Jun. 2024 External Director of the Company (to present)

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

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

Mutsuhiko Koro
Director
<Full-time member of the Audit and Supervisory Committee>
External
Independent Director

Apr. 1989 Entered National Tax Agency
Jul. 1996 District Director of Niitsu Tax Office
Jul. 2013 Assistant Regional Commissioner, Criminal Investigation Department of Osaka Regional Taxation Bureau
Jul. 2015 Assistant Regional Commissioner, Second Taxation Department of Tokyo Osaka Regional Taxation Bureau
Jul. 2016 Director, Office of Information Technology, Planning Division, Commissioner's Secretariat of National Tax Agency
Jul. 2017 Assistant Regional Commissioner (Management and Co-ordination) of Fukuoka Regional Taxation Bureau
Jul. 2018 Director, Commissioner's Secretariat of National Tax Agency
Jul. 2019 Assistant Regional Commissioner (Management and Co-ordination) of Osaka Regional Taxation Bureau
Jul. 2020 Director, Collection Division, Collection Department of National Tax Agency
Oct. 2020 Director, Individual Taxation Division, Taxation Department of National Tax Agency
Jul. 2021 Director, Taxation Management Division, Taxation Department of National Tax Agency
Jul. 2022 Regional Commissioner of Sapporo Regional Taxation Bureau
Jul. 2023 Deputy Commissioner of National Tax Agency
Jun. 2024 External Director (Full-time member of the Audit and Supervisory Committee) of the Company (to present)

Wataru Kotani
Director
<Member of the Audit and Supervisory Committee>
External
Independent Director

Apr. 1980 Entered the National Police Agency
Aug. 2002 Chief of Ehime Prefectural Police Headquarters
Apr. 2004 Chief of the Cybercrime Division, Community Safety Bureau, National Police Agency
Jul. 2008 Chief of Nagano Prefectural Police Headquarters
Aug. 2010 Chief of the Organized Crime Department, Criminal Affairs Bureau, National Police Agency
Jan. 2013 Deputy Superintendent General and acting Chief of the Crime Prevention Task Force, Tokyo Metropolitan Police Department
Jan. 2014 President, National Police Academy
Nov. 2014 Special Advisor, Japan Post Bank Co., Ltd.
Jun. 2021 Director of Japan Center for Examination Research (to present)
Jun. 2024 External Director of the Company
External Director (Member of the Audit and Supervisory Committee) of the Company (to present)

Directors' Skill Matrix

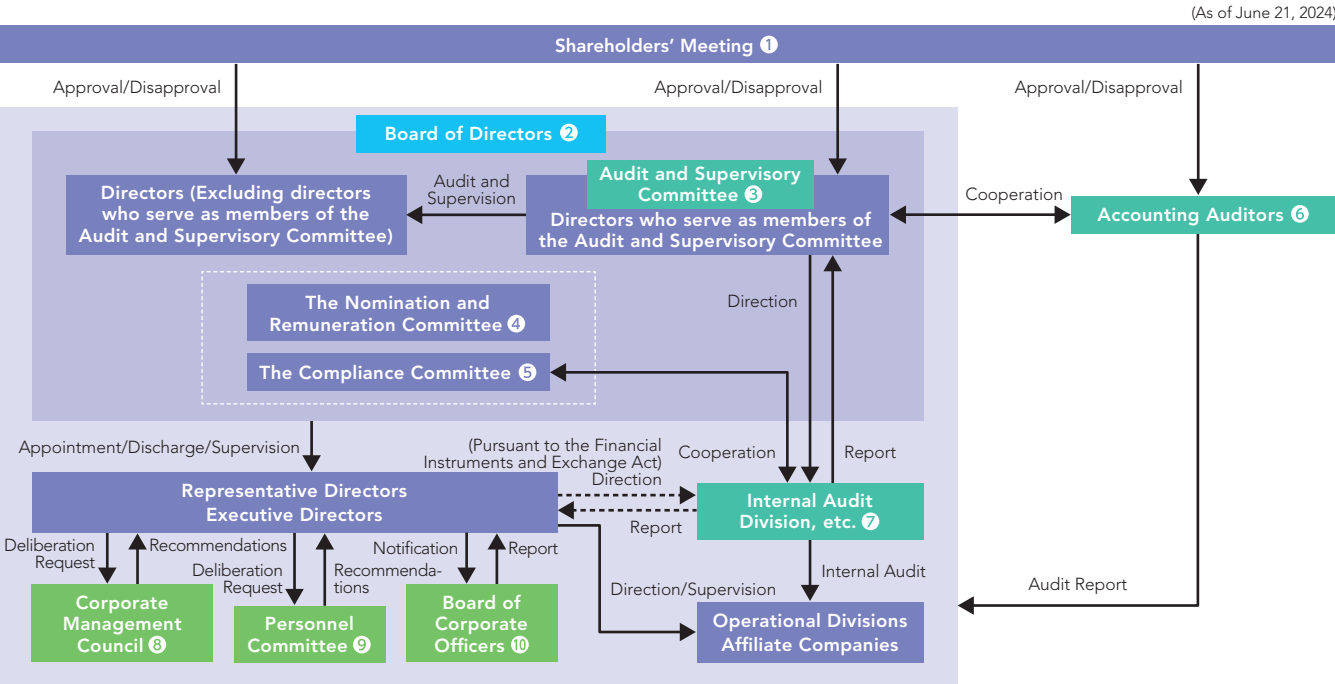
	Fields Each Director is Expected to Contribute in Particular Toward Achievement of Medium-Term Growth Strategy							
	Company Management	Management Strategy	Gaming Industry	Digital Transformation/ IT/Technology	R&D	Finance/ Accounting/Tax	Legal	Global sensibility/ International awareness
Kenzo Tsujimoto	●	●	●	●				●
Haruhiro Tsujimoto	●	●	●	●	●			●
Satoshi Miyazaki	●	●	●	●		●		●
Kenkichi Nomura		●	●	●		●	●	●
Yoichi Egawa			●	●	●			●
Yoshinori Ishida		●	●	●				●
Ryozo Tsujimoto			●	●	●			●
Toru Muranaka	●						●	●
Yutaka Mizukoshi	●	●						●
Toshiro Muto	●					●		●
Yumi Hirose	●					●		
Main Kohda	●					●		●
Kazushi Hirao		●	●			●		●
Mutsuhiko Koro						●		
Wataru Kotani				●			●	

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

Corporate Governance Structure and Initiatives

The Capcom Group is committed to leveraging its strengths per our Management Philosophy to achieve stable medium- to long-term growth and enhance corporate value through our business activities. To accomplish this, we are focused on increasing management transparency and soundness, building a system that can adapt to environmental changes, and continuously improving our corporate governance.

In this section, Capcom will explain the corporate governance structure and systems that it has initiated so far based on the key concepts of "effectiveness and visibility" in terms of the results of third-party assessment.



Composition of Board of Directors and voluntary committees (In the year ended March 31, 2024)

2 Board of Directors (15 members)
(Convened 10 times in the year ended March 31, 2024)

Chairman Kenzo Tsujimoto (Attendance: 90%)	Haruhiro Tsujimoto (Attendance: 100%)	Satoshi Miyazaki (Attendance: 100%)	Yoichi Egawa (Attendance: 100%)
Kenkichi Nomura (Attendance: 100%)	Yoshinori Ishida (Attendance: 100%)	Ryozo Tsujimoto (Attendance: 100%)	Toru Muranaka (Attendance: 100%)
Yutaka Mizukoshi (Attendance: 90%)	Wataru Kotani (Attendance: 100%)	Toshiro Muto (Attendance: 100%)	Yumi Hirose (Attendance: 100%)

3 Audit and Supervisory Committee (three members)
(Convened 10 times in the year ended March 31, 2024)

Chairman Makoto Matsuo (Attendance: 100%) (Attendance: 100%)*	Kazushi Hirao (Attendance: 100%) (Attendance: 100%)*	Yoshihiko Iwasaki (Attendance: 100%) (Attendance: 90%)*
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* Second line indicates attendance at meetings of the Board of Directors.

4 The Nomination and Remuneration Committee (seven members)
(Convened 4 times in the year ended March 31, 2024)

Chairman Yoshihiko Iwasaki (Attendance: 100%)	Satoshi Miyazaki (Attendance: 100%)	Kenkichi Nomura (Attendance: 100%)	Yutaka Mizukoshi (Attendance: 100%)	Wataru Kotani (Attendance: 100%)
Kazushi Hirao (Attendance: 100%)	Makoto Matsuo (Attendance: 100%)			

5 The Compliance Committee (14 members)
(Convened 4 times in the year ended March 31, 2024)

Chairman Toru Muranaka (Attendance: 100%)	Haruhiro Tsujimoto (Attendance: 100%)	Satoshi Miyazaki (Attendance: 100%)	Yoichi Egawa (Attendance: 100%)	Kenkichi Nomura (Attendance: 100%)
Yoshinori Ishida (Attendance: 100%)	Ryozo Tsujimoto (Attendance: 100%)	Yutaka Mizukoshi (Attendance: 75%)	Wataru Kotani (Attendance: 100%)	Toshiro Muto (Attendance: 100%)
Yumi Hirose (Attendance: 100%)	Kazushi Hirao (Attendance: 100%)	Yoshihiko Iwasaki (Attendance: 75%)	Makoto Matsuo (Attendance: 100%)	

Corporate Governance Structure

Enhancing management soundness and transparency while responding to changes in the environment

Capcom established the Corporate Governance Guidelines as the basic policy on corporate governance to achieve stable growth and increase corporate value over the medium to long term. We work continually to enhance our corporate governance structure.

See the "Capcom Corporate Governance Guidelines" available on Capcom's IR website for details.
https://www.capcom.co.jp/ir/english/assets/pdf/governance/governance_01.pdf

1 Shareholders' Meeting

(Convened on June 20, 2024)

Determines important matters as the highest decision-making body

The general shareholders' meeting serves as Capcom's highest decision-making body and determines important matters prescribed by laws, regulations, and the Company's Articles of Incorporation, as well as serves as a place for communicating the audit results of divisional reports and consolidated financial statements.

Invitations to the general shareholders' meeting are issued approximately three weeks before convening the session, and efforts are made to allow for greater attendance by having the session before the date on which most other companies hold their meetings. We have also made it possible for shareholders to exercise their voting rights over the internet using a computer, smartphone or tablet. In addition, we participate in an electronic voting rights exercise platform for institutional investors so that they will have sufficient time to review the proposals.

Additionally, to further enhance dialogue with shareholders, we have been implementing a "Hybrid Participatory Virtual General Meeting of Shareholders" since the Annual General Meeting held in June 2020. This allows shareholders to view the meeting and submit comments online on the day of the event through a dedicated shareholder-only website.

See the "Resolutions of the Ordinary General Meeting of Shareholders" available on Capcom's IR website for details on the voting results of the FY2023 General Meeting of Shareholders and the requirements for passage of each resolution.
https://www.capcom.co.jp/ir/english/assets/pdf/stock/2024capcom_c.pdf

2 Board of Directors

(Convened 10 times in the year ended March 31, 2024)

Sustainable growth and increasing long-term corporate value

The Board of Directors is composed of 15 directors (chaired by the Representative Director and Chairman of the Board), with seven of the directors being external directors. A dedicated department for the Board of Directors has been established with the Corporate Planning Department serving as the secretariat.

The Board deliberates on important matters stipulated by laws, regulations, and the Rules of the Board of Directors as well as on growth strategies based on the Group's corporate philosophy, and strives to strengthen supervisory functions through the guidance, suggestions, and active comments of external directors.

3 Audit and Supervisory Committee

Audit

(Convened 10 times in the year ended March 31, 2024)

Cooperating with accounting auditors and the internal audit department to audit and supervise

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

In principle, the committee meets before a Board of Directors' meeting is convened. The committee deliberates on important matters stipulated by the Rules for the Audit and Supervisory Committee and strives to strengthen audits and supervision.

Audit and Supervisory Committee members selected by the same committee carry out on-site audits themselves and, in order to increase the efficacy of audits, carry out dynamic organizational audits, including issuing instructions and other actions as necessary to, among others, the Internal Audit Division (an organization directly under the control of the Audit and Supervisory Committee). The Internal Audit Division strives to ensure that audits function effectively by reporting the status of audits and improvements, and other issues to Audit and Supervisory Committee members.

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 Division to examine ways to enhance governance from the perspective of legal compliance and appropriateness.

4 The Nomination and Remuneration Committee

(Convened four times in the year ended March 31, 2024)

Selection of candidates for director and deliberating and recommending details of director compensation

The voluntary Nomination and Remuneration Committee (chaired by an external director) is composed of seven directors (three 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. 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.

The main matters reviewed upon receiving an inquiry are as follows:

- a. Matters related to nominations
 - (i) Policy for selecting candidates for director to be submitted to the General Meeting of Shareholders
 - (ii) Selection of candidates for director to be submitted to the General Meeting of Shareholders
 - (iii) Selection of corporate officers
 - (iv) Selection of corporate officers with titles
 - (v) Successor plan
 - (vi) Other matters related to the above
- b. Matters related to remuneration
 - (i) Policy on director remuneration
 - (ii) Fixed remuneration and performance linked remuneration
 - (iii) Performance evaluations related to individual remuneration
 - (iv) Performance evaluations related to bonuses
 - (v) Other matters related to the above

5 The Compliance Committee

(Convened four times in the year ended March 31, 2024)

Focusing on Compliance as an Important Management Issue

The Compliance Committee is composed of 14 directors (seven of whom are external directors, and the committee chairman is an attorney and external director).

In principle, the committee convenes once per quarter. Its primary activities are to analyze and assess risks to the Capcom Group. 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.

6 Accounting Auditors

Audit

Ensuring and Verifying Accounting Transparency

Capcom has concluded an auditing contract with KPMG AZSA LLC for financial audits as prescribed by the Companies Act and financial audits as prescribed by the Financial Instruments and Exchange Law. There is no special relationship involving financial or other interests between Capcom and this audit corporation or the engagement partners at this firm who perform audits at Capcom.

Auditor Remuneration (Year ended March 31, 2024)

	Compensation for Audit Operations	Compensation for Non-Audit Operations
Delivery company	59 million yen	—
Consolidated subsidiary	—	—
Total	59 million yen	—

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

Note: The financial audit team was composed of: certified public accountants (7 members), and candidates for CPA who passed the new CPA exam, plus associates in charge of system audits (25 members).

7 Internal Audit Division

Audit

Auditing and reporting under the direction of the Audit and Supervisory Committee

In order for effective audits to be carried out, Capcom has established an Internal Audit Division and determines auditing policies, schedules, methods, and the allocation of duties after the end of the shareholders' meeting.

The main activities of the Internal Audit Division are verifying and evaluating the status of employees' execution of duties and the efficacy (and status of operation) of internal control systems, and reporting to the Audit and Supervisory Committee. When needed, division members also accompany selected Audit and Supervisory Committee members and carry out on-site audits of offices and subsidiaries inside and outside Japan. In addition, we have established an internal audit department to support the Audit and Supervisory Committee. This department conducts regular monitoring across all divisions and gathers and analyzes information related to legality, appropriateness, and efficiency, including for our group companies. The audit

results are reported to the Audit and Supervisory Committee, which then shares the findings with the Board of Directors. Furthermore, in the event of an unforeseen situation, the Audit Committee quickly investigates and analyzes the causes and effects to assist in making informed management decisions. The committee then reports its findings and provides advice and recommendations to the Board of Directors to help minimize losses.

8 Corporate Management Council

Implementation

(Convened 14 times in the year ended March 31, 2024)

Supporting the Board of Directors' decisions

The Corporate Management Council (chaired by the Representative Director and Chairman of the Board) is composed of eight internal directors and, in principle, is convened several days before a meeting of the Board of Directors, or whenever necessary.

In addition to meeting to carry out preliminary deliberations of Board of Directors agenda items, it also deliberates other important items.

9 Human Resources Committee

Implementation

(Convened 13 times in the year ended March 31, 2024)

Supporting decision-making by the Board of Directors on investment in human capital

The Human Resources Committee (chaired by the Representative Director and Chairman of the Board) is composed of eight internal directors, the corporate officer in charge of the HR Divisions, and the corporate officer in charge of the Planning and Strategy Divisions.

In principle, it is convened several days before a meeting of the Board of Directors, or whenever necessary.

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.

10 Board of Corporate Officers

Implementation

(Convened 12 times in the year ended March 31, 2024)

Executing operations based on management policy

Capcom utilizes a Corporate Officer System. In addition to clarifying the roles and responsibilities of directors focused on management and corporate officers focused on business execution, the system boosts management efficiency by allowing officers to swiftly execute business following instructions from executive directors regarding important matters determined at the Board of Directors.

The Board of Corporate Officers is composed of 14 corporate officers (six of whom serve concurrently as directors), and in principle, convenes once a month. Each corporate officer reports on the status of business execution and works to ensure that information is shared, while also exchanging opinions on business items and issues that require resolution.

External Directors

Using external perspectives to ensure effective governance

External directors ensure the effectiveness of the corporate governance function by playing key roles in the Compliance Committee and the Nomination and Remuneration Committee.

They also focus efforts on compliance and the prevention of corrupt or illegal activities, and openly exchange opinions and provide counsel at Board of Directors meetings in an effort to strengthen the management audit function. The Secretariat staff helps with the work of the external directors who are not members of the Audit and Supervisory Committee. For external directors who are members of the Audit and Supervisory Committee, the full-time staff of the Internal Audit Division helps with their work. In addition, in the fiscal year ended March 31, 2024, Capcom took steps to enhance the reporting of stakeholder opinions and other information to the Board of Directors and utilized round-table discussions with external directors to discuss the Group's current status and medium- to long-term strategies with top management.

Since all seven of the external directors meet the criteria of independent directors, they have been designated as independent directors.

➡For the "Criteria for Independence of External Directors," please refer to the "Notice of Convocation of the 2024 Annual General Meeting of Shareholders" available on the "General Meeting of Shareholders" page of Capcom's Investor Relations website.

Reasons for Selection of External Directors

• External Directors

Name	Reasons for selection
Toru Muranaka	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors through proposals and advice on legal compliance and propriety from a professional standpoint along with his high level of expertise and broad insight and knowledge as an attorney specializing in corporate and financial instruments and exchange law.
Yutaka Mizukoshi	Due to expectations for his ability to contribute to the auditing and supervision of the Board of Directors based on an external perspective, including his enthusiastic provision of opinions and advice from an independent standpoint based on his familiarity with management analysis and establishment of management strategies as well as his deep insight into economic trends and international sensibilities that comes from his experience and knowledge from his many years in the consulting industry.
Toshiro Muto	Due to expectations for his ability to contribute to the auditing and supervision 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.
Yumi Hirose	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.
Main Kohda	In addition to possessing extensive insights into international finance, her experience serving as a member of various governmental advisory councils and her rich background as an external director for publicly listed companies have given her a deep understanding of the business world. Given her wealth of knowledge, experience, and the profound insights and objective perspective demonstrated through her writing activities, she is expected to contribute to enhancing the Board of Directors' auditing and supervision.

• External Directors (Audit and Supervisory Committee)

Name	Reasons for selection
Mutsuhiko Koro	In addition to his specialized knowledge and extensive experience in tax administration, he possesses considerable expertise in finance and accounting. Based on this high level of insight, he is expected to contribute to enhancing the Board of Directors' auditing and supervision from an independent and objective standpoint.
Wataru Kotani	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 possesses broad expertise and extensive experience in IT security and legal affairs from his many years of involvement in police administration and provides opinions and advice from a neutral and objective standpoint.

Evaluation of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors by means of individual questionnaires, interviews, and other methods that facilitate getting individual opinions from all directors. In addition, to further enhance the function of the Board of Directors, in the fiscal year ending March 2024, we focused on enhancing the reporting of opinions gathered through dialogue with stakeholders to the Board of Directors. We also utilized round-table discussions with external directors to discuss not only agenda items for the Board of Directors but also the Group's current status and medium- to long-term strategies with top management. The evaluation of the effectiveness of the Board of Directors in the fiscal year ended March 31, 2024, was generally positive.

To further improve the effectiveness for strengthening the supervision function, we will work on the issues below in the fiscal year ending March 31, 2025.

[Main issues]

- Achieving synergy by engaging in round-table discussions with external directors and enhancing coordination with the Board of Directors
- Enhancing discussions on nomination and remuneration of directors and senior management for the improvement of corporate value over the medium to long term
- Strengthening the risk management system and expanding opportunities to discuss long-term issues

We will continue to promote sharing and understanding of various issues at our Board of Directors meetings to further enhance its function.

Basic Policy on Strategic Shareholdings

Capcom does not engage in strategic shareholdings based on customary reciprocal holdings or personal relationships. When holding shares, Capcom comprehensively considers the potential gains and losses from a medium- to long-term perspective, including whether these shares will contribute to future business relationships and the sustainable enhancement of corporate value. As of the end of the fiscal year ended March 31, 2024, we did not hold any such shares, having completed the sale of all such shareholdings during the year.

Officer Remuneration

Revised Remuneration System Aimed at Enhancing Corporate Value and Alignment with Shareholders

The Company reviewed the remuneration system for Directors (excluding External Directors and Members of the Audit and Supervisory Committee. Hereinafter “Eligible Directors”) at the General Meeting of Shareholders held in June 2024 with the aim of further strengthening efforts to increase the Company’s corporate value over the medium- to long-term, granting incentives to help the Group achieve stable profit growth, and sharing value with shareholders.

- (1) Revision of Monetary Compensation Framework
- Establishment of a performance-based bonus separate from base compensation, which varies in accordance with the Group’s business performance growth and other factors
- (2) Introduction of Stock Compensation System
- Introduction of a new performance-linked stock compensation system that uses the achievement level of growth targets of business performance among other factors as a benchmark

Guidelines for Determining the Remuneration, etc. of Individual Directors

1. Determination Guidelines for Remuneration, etc. of Directors (excluding members of the Audit and Supervisory Committee)
- In order to ensure objectivity and transparency regarding remuneration for Directors (excluding members of the Audit and Supervisory Committee), the Board of Directors consults the Nomination and Remuneration Committee, which is chaired by an External Director (with External Directors comprising the majority of its members), and determines remuneration within the remuneration limit resolved at the General Meeting of Shareholders based on the deliberation and recommendations of the Committee regarding the following guidelines.

(1) Remuneration, etc. for Directors (excluding External Directors and members of the Audit and Supervisory Committee) is composed of basic remuneration (fixed remuneration) to encourage steady performance of duties commensurate with positions, responsibilities, etc., as well as performance-linked remuneration (variable remuneration) which consists of short-term incentives such as bonuses and medium- to long-term incentives such as stock remuneration, as a remuneration system and composition that is highly linked to business performance and focuses on increasing corporate value and shareholder value over the medium- to long-term.

(2) In view of their role of supervising the management of the Company from an objective and independent standpoint, remuneration for External Directors (excluding members of the Audit and Supervisory Committee) is not linked to business performance, and consists only of basic remuneration (fixed remuneration).

2. Determination Guidelines for Remuneration, etc. of Directors who are members of the Audit and Supervisory Committee
- In order to ensure independence, individual remuneration, etc. for Directors who are members of the Audit and Supervisory Committee is not linked to business performance, and consists only of basic remuneration (fixed remuneration). The amount is determined within the total amount approved at the General Meeting of Shareholders through consultation among Directors who are members of the Audit and Supervisory Committee, taking into account full-time and part-time positions.

➡See the Annual Securities Report available on Capcom’s IR website for details on the Director Remuneration System. (Japanese language only)
https://www.capcom.co.jp/ir/data/pdf/yuuka/2024/yuuka_2024_full_01.pdf

Remuneration system for Eligible Directors

Type of remuneration				Overview
Fixed remuneration	Monetary	Basic remuneration	● A fixed amount of remuneration based on positions, responsibilities, etc. is paid proportionately each month	
Performance-linked remuneration (variable remuneration)	Short-term	Monetary	Bonuses	● Short-term incentives to raise awareness of improving company performance by steadily achieving the Group’s management goal of 10% increased operating income per fiscal year ● The amount calculated by linking the rate of change in consolidated operating income from the previous fiscal year to the rate of change in the total monetary remuneration (basic remuneration and bonuses) of Eligible Directors, minus the basic remuneration amount, is paid ● In principle, paid at a fixed time every year
	Medium-to long-term	Stock	Performance-linked stock remuneration	● Medium- to long-term incentives to sustainably improve company performance and corporate value, and share an awareness of profit with shareholders ● Evaluation indicators are (i) the degree of achievement of the Company’s net income attributable to owners of the parent growth target and (ii) the Company’s stock price growth rate [total shareholder return (TSR) ÷ Tokyo Stock Price Index (TOPIX) growth rate] during the Target Evaluation Period (3 years) ● After the Target Evaluation Period has passed, depending on the degree of achievement of the above evaluation indicators, common shares of the Company with a transfer restriction period until retirement from the position of Director or other position determined by the Company’s Board of Directors (hereinafter “restricted stock”) are allocated

(Notes) 1. TSR: Abbreviation for Total Shareholder Return. Total investment return for shareholders, including capital gains and dividends. Hereinafter referred to as “TSR.”
2. Performance-linked remuneration (variable remuneration) will not be paid or will be returned in the following cases.
(a) The right to receive remuneration will be lost if the relevant parties engage in specific misconduct as determined by the Company’s Board of Directors, or resign from office due to specific reasons determined by the Company’s Board of Directors.
(b) As determined by the Company’s Board of Directors based on the results of deliberation and recommendations by the Nomination and Remuneration Committee, relevant parties may be asked to return all, or part of the remuneration received if financial statements were adjusted due to serious misconduct, fraud, or a serious accounting error

Calculation Method for Performance-linked Remuneration

(1) Bonuses

[Calculation formula]

Total amount of bonuses

=

Total monetary remuneration for the previous fiscal year

×

1 +

Rate of change in consolidated operating income for Evaluation Period compared to the previous fiscal year

−

Total amount of basic remuneration for the Evaluation Period

(Note) The Evaluation Period is one fiscal year, running from April 1 of each year to March 31 of the following year.

(2) Performance-linked stock remuneration

[Calculation formula]

Number of restricted shares (RS) to be delivered to each Director

=

Standard number of shares (1)

×

Degree of achievement of growth targets such as business performance (2)

1) “Standard number of shares” is the number of shares calculated using the following formula.

Standard number of shares (1)

=

Standard amount (a)

×

Coefficient based on the positions, responsibilities, etc. of the Eligible Directors (b)

÷

Base stock price (c)

(a) “Standard amount” is 50% of the total basic remuneration of Eligible Directors.

(b) “Coefficient based on the positions, responsibilities, etc. of the Eligible Directors” is determined by the Company’s Board of Directors according to the positions, responsibilities, etc. of the Eligible Directors.

(c) “Base stock price” is the average closing price of Company shares on the Tokyo Stock Exchange for the month preceding the start of the Target Evaluation Period (Note).

(Note) The Target Evaluation Period will be three consecutive fiscal years from April 1 of each year to March 31 three years later.

2) “Degree of achievement of growth targets such as business performance” is an evaluation coefficient that varies from 0% to 150%, and is calculated according to (i) the degree of achievement of the growth target for net income attributable to owners of the parent and (ii) Company stock growth rate results of a relative comparison of the Company’s TSR with the Tokyo Stock Price Index (TOPIX)’s TSR during the Target Evaluation Period.

Evaluation indicator	Evaluation percentage (weight)	Evaluation coefficient fluctuation range	Evaluation method
(i) Net income attributable to owners of the parent	50%	0% - 150%	Compare to the cumulative amount if 10% growth is achieved each fiscal year during the Target Evaluation Period, and if the degree of achievement is 41% or more, the evaluation coefficient will be in the range of 50% to 150%.
(ii) TSR (TOPIX comparison)	50%	0% - 150%	Compare the Company’s TSR during the Target Evaluation Period with the TOPIX growth rate for the same period, and if the growth rate is 50% or more, the evaluation coefficient will be in the range of 50% to 150%.
Total	100%	0% - 150%	—

Remuneration Composition

The ratio of base remuneration, bonuses, and performance-linked stock remuneration for eligible directors is not set because the composition ratio changes depending on business performance and other factors. However, it is the Company’s policy that an appropriate remuneration system and structure should be in place to continuously improve business performance and corporate value over the medium- to long-term and to align profit interests with shareholders.

Reference: Image of Remuneration Composition for Eligible Directors

Amount of payment for bonuses and standard amount for the performance-linked stock compensation system when the management objective of 10% growth in consolidated operating income is achieved.
(percentage in the case that basic remuneration is 100)

Fixed remuneration	Variable remuneration	
Basic remuneration (Monetary) 100	Bonuses (Monetary) 45	Performance-linked stock remuneration (stock) 50

(Note) The above diagram is an illustration of the remuneration of Eligible Directors for the fiscal year ending March 31, 2025, calculated based on certain company performances and the unit price of Company shares. The above percentages will vary depending on the Company’s performance and changes in the stock price of Company shares.

Officer Remuneration (Year ended March 31, 2023)

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

Type of director	Total remuneration (million yen)	Total of remuneration by type (million yen)				Number of directors paid
		Basic remuneration	Performance linked remuneration	Severance	Of those items to the left, non-monetary remuneration	
Director (excluding Audit and Supervisory Committee and external directors)	968	587	381	—	—	7
Member of Audit and Supervisory Committee (excluding external directors)	21	21	—	—	—	1
External directors	61	61	—	—	—	5
Member of Audit and Supervisory Committee (external directors)	33	33	—	—	—	2

External Assessment of Corporate Governance

Promoting more “visible” governance

An analysis of an assessment performed by a third-party organization into the validity and effectiveness of Capcom’s corporate governance shows that the company ranked 261th among 3,853 listed companies in Japan in the “NEEDS-Cges” assessment developed by Nikkei Inc.

NEEDS-Cges has an established reputation as a system that quantitatively assesses corporate governance using scores on a scale of 1 to 10 for eight categories, including capital efficiency, external regulations, and information disclosure, among others, based on some 150 indicators calculated from data of publicly released company documents, such as financial reports.

As of the end of June 2024, Capcom’s total score was 6.96 points, placing us in the top 7.76% of Japan’s listed companies (excluding some in the financial and other sectors), exceeding the 4.86-point average for all listed companies and the 6.91-point average for the industry. We also received the maximum score of 10 for “capital efficiency” and “equity market’s assessment.”

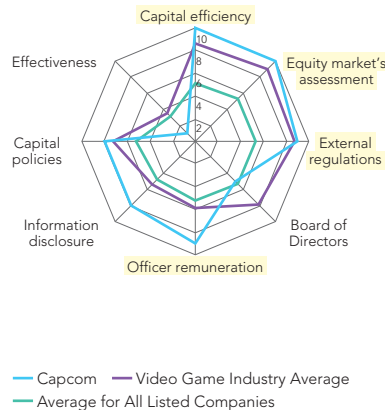
The main evaluation factors are given in the table below, and areas highlighted in yellow indicate measures that received particular notice. Going forward, we will continue making improvements to earn an even stronger assessment, and further promote the visibility of our governance by posting this and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

Third-Party Assessment Results of Capcom’s Corporate Governance

Details of Capcom’s Corporate Governance

Total Score	6.96	
Rank	261	
Categories	Score	
	Capcom	Competitor average
Capital efficiency	10	8.6
Equity market’s assessment	10	9.0
External regulations	9	8.7
Board of Directors	5	7.8
Officer remuneration	9	5.8
Information disclosure	8	5.3
Capital policies	8	7.2
Effectiveness	1	3.5

Comparison of the Industry Average and the Average for All Listed Companies



* Capcom’s effectiveness score is based on the presence or absence of an audit opinion in the Annual Securities Report over the past three years, which indicates whether the information provided is appropriate.

Details of Highest Rated Categories

Highest Rated Categories	Score	Areas that Received Particular Notice
Capital efficiency	10	ROA, ROE, free cash flow
Equity market’s assessment	10	Tobin’s q
External discipline	9	Existence of anti-takeover measures
Officer remuneration	9	Shareholding of Capcom shares by officers

Source: NEEDS-Cges from Nikkei Inc.

Third-Party Assessment of IR Activities

High praise for proactive IR initiatives

In recognition of our ongoing pursuit of timely and appropriate information disclosure, our IR activities and various IR tools have received a number of awards from third-party organizations. With an awareness of the importance of accountability, we will continue our efforts to earn the trust of investors and improve timely disclosure.

Fiscal 2023 Third Party Evaluations

Company	Japan Investor Relations Association, “IR Excellent Company Award 2023,” premium IR improvement company and premium ongoing IR company
IR Website	Daiwa Investor Relations Co., Ltd. (Daiwa IR), “Internet IR Award 2023,” Excellence Award
	Nikko Investor Relations Co., Ltd., “Fiscal 2023 Listed Company Website Quality Ranking,” Overall Ranking: Grade AAA

Making Use of Shareholder and Investor Opinions

Reflecting results of dialogues with investors and analysts in management

Through meetings with investors and analysts, Capcom’s IR Department attempts to promote an understanding of management policies, strategies and future outlook. Furthermore, their opinions are gathered and provided to management, and are utilized for corporate management going forward. While we are headquartered in Osaka, these proactive IR meetings enable us to minimize asymmetric information as we strive to achieve appropriate corporate value.

In fiscal 2023, we conducted two overseas IR visits, where the Chief Human Resources Officer (CHO), Chief Financial Officer (CFO), and the head of the IR department engaged with institutional investors in North America and Europe. In addition, we held our Presentation of Financial Results in a hybrid online/in-person format, and provided video conferences in an effort to communicate with our many investors and analysts.

Focus on Discussions of Management Strategies and Proposals for the General Meeting of Shareholders

Capcom also conducts meetings with the individuals responsible for exercising voting rights, primarily in Japan. These meetings are attended by the Representative Director and Chief Human Resources Officer (CHO), the Director and Chief Financial Officer (CFO), and a representative from the department dedicated to the Board of Directors. The purpose is to provide an understanding of the Group’s management strategy and engage in dialogue with a focus on human resource investment strategies and proposals for the General Meeting of Shareholders. Requests, opinions, questions, and other feedback obtained through this dialogue are reported to the Chairman of the Board (CEO), the President (COO), and relevant parties as appropriate, and are presented at meetings of the Board of Directors and other gatherings as necessary to ensure they are reflected in management decisions.

Fiscal 2023 IR Measures

By category	Number
Interviews accepted	653
Visited domestic investors	37
Visited overseas investors	25
Total	715

IR Events

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

Number of Shareholder Relations (SR) Interactions in Fiscal 2023	19
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Policies Regarding IR Activities

1. Disclosure policies

Capcom is aware that comprehensive corporate governance ranks among management’s most important priorities. As such, in addition to increasing corporate value by enhancing management soundness and transparency, we are building a relationship of trust with our stakeholders, such as shareholders, business partners, employees and regional societies.

2. Disclosure criteria

Capcom provides timely disclosure in accordance with the Securities and Exchange Law and other regulations including the “Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security” (hereinafter Timely Disclosure Rules) stipulated by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange.

It is our policy to disclose as much information as possible, including the disclosure of information not required by the

Timely Disclosure Rules and other regulations, to accommodate our investors’ needs. We also disclose information through our corporate website in an attempt to provide quick and fair disclosure. Shareholders are informed of operating results and business conditions through shareholder letters and the convocation notice for the shareholders’ meetings.

3. Quiet period

To prevent the unauthorized disclosure of quarterly earnings information prior to official announcements, Capcom has established a quiet period starting the day following the end of a fiscal period and ending on the day that financial information for that period is announced. During this period, we refuse all inquiries relating to our business performance. However, if significant changes to our earnings outlook are anticipated during the quiet period, we will disclose information pursuant to the Timely Disclosure Rules and other regulations.

Content of Dialogue with Shareholders and Investors (Excerpt)

- Q.I see that cash is increasing, but could you provide specific uses?
- A. In addition to investing in human resources, we continue to strengthen our cash position for the purpose of acquiring technological capabilities, engaging in M&A to adapt to industry changes, and to secure the amount of investment needed for game development for the next two to three years.
- Q.What is your opinion on the use of AI and increasing efficiency?
- A. We anticipate that AI will enhance the efficiency of our business processes, and we are already using it for tasks like automatically converting content to multiple platforms. However, in terms of improving efficiency in content creation with AI, we need to implement measures to address concerns about copyright infringement and information leakage. As such, we will continue to evaluate this matter.



GOVERNANCE

Key commentary by our external directors

Bolstering the human resources investment strategy and strengthening corporate governance for enhancing corporate value

The seven external directors (as of March 31, 2024) on Capcom's Board of Directors take the lead in proactively exchanging opinions and advice on our management policies, ensuring transparency and soundness.

Capcom is striving to enhance medium- and long-term corporate value by strengthening its corporate governance functions. As part of this effort, we established the Nomination and Remuneration Committee at an early stage and expanded opportunities for external directors to participate in Board of Directors meetings by holding round table meetings where internal directors and external directors can exchange opinions in order to share information and deepen mutual understanding.

This page introduces some of the comments shared by external directors at these meetings to foster understanding of our corporate governance initiatives.

COMMENTS



1 Regarding strategy for investment in human resources

In order to create the world's highest quality content and expand our user base around the world, we believe it is essential to invest in human capital. With this in mind, we are promoting a human resources investment strategy with people placed as a top priority of management. Since the fiscal year ended March 31, 2023, we have increased the average base salary of full-time employees by 30%, established a bonus system that is more performance-linked, introduced a stock-based compensation system, and announced a raise in the starting salary for new graduates. The following are major comments made at opinion-exchange meetings.

(1) Regarding the development of human resources

- Capcom has promoted the retention of highly talented human resources by increasing average annual salaries and taking other actions, which is a healthy direction. In light of recent trends, Capcom will need to continue fostering and strengthening core human resources as well as reviewing the compensation and benefits of young employees.
- Career development support is also important to prevent young employees from leaving the company.

We will continue to discuss ways to improve the environment so that employees can play an active role. This includes reviewing organizational forms and evaluation systems. The development of core human resources, including the promotion of younger employees, is also an issue. We will use opportunities for direct dialogue with employees as a motivator to create a system that will enable them to envision their future careers and expand support for their work styles (internal director).

- Although the human resource investment strategy requires time in order to bear fruit, there needs to be a sense of urgency because if measures are not taken early, the situation will become unmanageable.

With a shared understanding that maximizing human capital is necessary to enhance corporate value and achieve sustainable growth, business, development, and management are working in unison to rotate human resources and assign the right people to the right positions (internal director).

(2) Formulation of General Employer Action Plan

→ For details see p.56

- Although there should be no distinction between men and women in terms of job categories, the reality is that the ratio of men and women varies from applicant pool to applicant pool, as seen in the general trend.
- Although Capcom increased the number of female directors at the General Meeting of Shareholders in 2024, investors and others will expect even greater diversity in the company's senior management ranks in the future. This requires the company to step up the training of female managers.

To further narrow the wage gap and to promote women to executive positions, we will clarify issues and examine measures to support career development. In addition, we will foster an environment in which our diverse workforce, including women, can play active roles with vigor and advance relevant initiatives (internal director).

- The rate of male employees taking childcare leave is also a focus of attention among applicants for employment. While Capcom's rate of male employees taking childcare leave is higher than the average, I would like to see the company continue to actively pursue this initiative from the viewpoint of securing talent.

In addition to promoting the use of childcare leave and making the existing system known to all employees, we will conduct awareness surveys through interviews and other means to strengthen outreach efforts (internal director).

2 Election of directors and revision of the remuneration system at the 2024 General Meeting of Shareholders

Based on the deliberations and reports of the Nomination and Remuneration Committee, at the 2024 General Meeting of Shareholders we obtained approval for our revised director compensation system and introduced a performance-linked stock compensation system, in addition to the election of 15 directors, including two female directors. Below are the main comments made at meetings of the Nomination and Remuneration Committee.

- Regarding the candidate for new director, amid growing expectations for securing female directors, the candidate can contribute to improving corporate value, as she has been active as an external director at other companies. She can also be expected to contribute to strengthening the functions of the Board of Directors through abundant experience in government organizations.

We will continue to discuss the composition of directors for sustainable growth (internal director).

- The remuneration system for directors is being revised to be better aligned with the perspective of shareholders, and the appropriateness of the system is important.
- Capcom should consider introducing a malus clawback provision, such as requiring the return of executive compensation in the event of financial results corrections or misconduct.

In reviewing the remuneration system, we actively held dialogue sessions with institutional investors and sought their opinions. Bonuses were designed to be more performance-linked and consistent with the Group's management goal of annual operating income growth of 10%, while stock-based compensation was designed to be aligned with the shareholder perspective, with consolidated net income and TSR* used as indicators. The introduction of a malus clawback provision will be positively considered (internal director). (The same provision has already been introduced in the subsequent revision of the compensation system.)

* Total Shareholder Return (TSR). The total investment return for shareholders, including capital gains and dividends.

- In addition to executive directors, it would be appropriate to review the remuneration of external directors and Audit Committee members from the viewpoint of compensation for their roles and responsibilities in monitoring and supervising management.
- These systems should be continuously verified even after revisions.

We will examine the details of the remuneration system annually. We will continue to examine the design of remuneration suitable for enhancing corporate value and strengthening corporate governance (internal director).