

October 3, 2022

Mercari, Inc.

Representative Director, Chief Executive Officer: Shintaro Yamada

Inquiries: Corporate Governance Team

03-6804-6907

Securities Code: 4385

<https://about.mercari.com/en/>

The Company's corporate governance situation is as follows.

## I. Our Basic Policy on Corporate Governance, Capital Structure, Company Attributes, and Other Basic Information

### 1. Our Principle

Under the mission "Create value in a global marketplace where anyone can buy & sell," Mercari, Inc. aims to build a society where finite resources are used sparingly and everyone can create new value. The Company has set forth the mission of improving enterprise value through working to enhance its monitoring management function and its internal control function while practicing strict compliance management as its basic policy of corporate governance. In order to meet the trust of all stakeholders, the Group upholds a policy of working to improve the efficiency and transparency of management, maximize enterprise value, and achieve sustainable growth and development under the aforementioned basic policy.

### Rationale for Not Implementing Certain Principles of the Corporate Governance Code

#### Principle 2.6

The Company has not adopted a corporate pension plan. Therefore, there is no situation in which the Company functions as an asset owner of a corporate pension plan.

#### Supplementary Principle 4.1.2

The Company is in the internet industry, where the environment and technologies change rapidly. Therefore, the Company believes that a detailed and rigid mid- to long-term business plan is not suitable. Instead, the Company explains its mid- to long-term management strategies through efforts such as IR activities to promote shareholders' understanding.

### Disclosure Based on the Principles of the Corporate Governance Code

Please refer to the Basic Corporate Governance Policy at the end of this report for disclosure under this item.

## 2. Capital Structure

Foreign Stock Ownership Ratio	More than 30%
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### Major Shareholders

Name or Title	Number of Shares Owned	Ratio (%)
Shintaro Yamada	38,502,546	23.94
Hiroshi Tomishima	8,510,900	5.29
GOLDMAN SACHS INTERNATIONAL	7,471,119	4.65
suadd K.K.	6,567,000	4.08
Custody Bank of Japan, Ltd. (Trust Account)	5,507,300	3.42
MSIP CLIENT SECURITIES	5,143,287	3.20
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,721,500	2.94
BNYM AS AGT/CLTS 10 PERCENT	3,509,178	2.18
GOLDMAN, SACHS & CO. REG	3,267,568	2.03
UNITED, Inc.	2,610,000	1.62

Controlling Shareholder Name	—
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Parent Company Name	—
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Stock Exchange on which Parent Company is Listed	—
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### Supplementary Explanation

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**3. Company Attributes**

Stock Exchange Section	Prime
End of Accounting Period	June
Sector	Information and Communication Technology
Consolidated Number of Employees as of Preceding Year-end	1000 or more employees
Consolidated Revenue as of Preceding Year-end	100 billion–1 trillion JPY
Consolidated Number of Subsidiary Companies as of Preceding Year-end	Less than 10 companies

**4. Guidelines for Protection of Minority Shareholders in Transactions with Controlling Shareholders**

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**5. Other Special Circumstances Significantly Affecting Corporate Governance**

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**II. Business Management Organization and Other Corporate Governance Systems Regarding Decision Making, Execution of Business, and Supervision in Management**

**1. Organizational Composition and Operation**

Organizational Form	Company with an Audit and Supervisory Board
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**Executive Directors**

Maximum Number of Executive Directors Stipulated in Articles of Incorporation	No maximum number
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Executive Directors	5
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors Designated from among Outside Directors	3

**Outside Directors' Relationship with the Company (1)**

Name	Attribute	Relationship with the Company (*1)												
		a	b	c	d	e	f	g	h	i	j	k		
Makiko Shinoda	From another company													
Norio Murakami	From another company					△								
Masayuki Watanabe	From another company													

\*1 Categories for "Relationship with the Company"

\*A hollow circle (○) signifies the individual currently or recently having that relationship with the Company, whereas a hollow triangle (△) signifies the individual having that relationship with the Company in the past.

\*A filled circle (●) signifies an immediate family member currently having that relationship with the Company, whereas a filled triangle (▲) signifies an immediate family member having that relationship with the Company in the past.

- Executive of the Company or its subsidiary
- Non-executive director or executive of a parent company of the Company
- Executive of a fellow subsidiary of the Company
- Party whose major business partner is the Company or an executive thereof
- Major business partner of the Company or an executive thereof
- Consultant, accounting professional, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- Executive of a business partner of the Company (which does not correspond to any of d., e., or f.) (the Director himself only)
- Executive of a corporation to which outside officers are mutually appointed (the Director himself only)
- Executive of a corporation that receives donations from the Company (the Director himself only)
- Other

**Outside Directors' Relationship with the Company (2)**

Name	Desig	Supplementary Explanation of the	Reasons for Appointment
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	nation as Independent Director	Relationship	
Makiko Shinoda	○	—	Makiko Shinoda has been supervising and providing advice to the management of the Company as an Outside Director by utilizing her specialized knowledge and extensive experience in Diversity & Inclusion, ESG, finance, etc. As a member of the Nomination and Remuneration Advisory Committee, she is also deeply involved in deliberating the assessment and remuneration of Directors, Audit and Supervisory Board Members, and Senior Vice Presidents, and in discussions aimed at enhancing the corporate governance system. Furthermore, the Company has appointed Ms. Shinoda as an independent director, having determined that her appointment meets the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., and there is no likelihood of any conflicts of interest arising with general shareholders.
Norio Murakami	○	Norio Murakami formerly worked at Google Japan G.K. In the fiscal year ended June 30, 2022, the Group had transactions with Google Japan G.K. exceeding 2% of the Company's consolidated net sales. However, as Mr. Murakami resigned from his position as Honorary Chairman of Google Japan G.K. more than 10 years ago in 2011, there is no particular conflict of interest in the relationship between Mr. Murakami and Google Japan G.K.	Norio Murakami has been supervising and providing advice to the management of the Company as an Outside Director by utilizing his experience in global corporate management and technical knowledge. As a member of the Nomination and Remuneration Advisory Committee, he is also deeply involved in deliberating the assessment and remuneration of Directors, Audit and Supervisory Board Members, and Senior Vice Presidents, and in discussions aimed at enhancing the corporate governance system. Furthermore, the Company has appointed Mr.

			Murakami as an independent director, having determined that his appointment meets the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., and there is no likelihood of any conflicts of interest arising with general shareholders.
Masayuki Watanabe	○		Masayuki Watanabe is expected to supervise and provide advice to the management of the Company as it continues to grow by utilizing his expertise in global business expansion, given that he has experience in founding and managing tech companies in and outside of Japan. As a member of the Nomination and Remuneration Advisory Committee, he is also expected to be involved in deliberating the assessment and remuneration of Directors, Audit and Supervisory Board Members, and Senior Vice Presidents, and in discussions aimed at enhancing the corporate governance system. Furthermore, the Company has appointed Mr. Watanabe as an independent director, having determined that his appointment meets the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., and there is no likelihood of any conflicts of interest arising with general shareholders.

**Voluntary Committee**

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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**Committee's Name, Composition, and Attributes of Chairperson**

Voluntary Establishment of Nomination Committee

Committee's Name			Nomination and Remuneration Advisory Committee				Chairperson
All Committee Members	Full-time Members	Inside Directors	Outside Directors	Inside Experts	Other		
4	1	1	3	—	—	Inside Director	

Voluntary Establishment of Remuneration Committee

Committee's Name			Nomination and Remuneration Advisory Committee			
All Committee Members	Full-time Members	Inside Directors	Outside Directors	Inside Experts	Other	Chairperson
4	1	1	3	–	–	Inside Director

Supplementary Explanation

As an advisory body to the Board of Directors, the Nomination and Remuneration Advisory Committee deliberates the following matters to create proposals for the Board.

- (1) Matters related to the appointment or dismissal of Directors, Audit and Supervisory Board Members and Senior Vice Presidents (matter requiring resolution at the General Meeting of Shareholders)
- (2) Matters related to the selection or removal of the Board's Representative Director
- (3) Matters related to the selection or removal of titled Directors
- (4) Matters related to remuneration systems and policies and individual remuneration for Directors and Senior Vice Presidents
- (5) Matters related to Directors' remuneration amounts (matter requiring resolution at the General Meeting of Shareholders)
- (6) Matters related to succession plans (including development plans)
- (7) Other important business matters which the Board recognizes as requiring the Nomination and Remuneration Advisory Committee's advice

In addition to the above, the Nomination and Remuneration Advisory Committee deliberates the following matters and makes proposals to the Audit and Supervisory Board.

- (8) Matters related to the appointment or removal of the Audit and Supervisory Board Members (matters requiring resolution at the General Meeting of Shareholders)
- (9) Matters related to the remuneration systems and policy for the Audit and Supervisory Board Members and individual remuneration, etc.

**Audit and Supervisory Board**

Establishment of Audit and Supervisory Board	Established
Maximum Number of Audit and Supervisory Board Members	No maximum number
Number of Audit and Supervisory Board Members	3

**Cooperation among the Supervisory Board, Accounting Auditors, and Internal Audit Department**

The Internal Audit Office and Audit and Supervisory Board aim to mutually cooperate by holding meetings regularly and as necessary, and exchanging information and opinions regarding the audit structure, audit planning, audit status, etc. Additionally, the Internal Audit Office and Audit and Supervisory Board aim to mutually cooperate with the Company's Accounting Auditor, Ernst & Young ShinNihon LLC, by holding meetings regularly (quarterly) and as necessary, and exchanging information and opinions regarding the audit structure, audit planning, audit status, etc. Furthermore, the Internal Audit Office and Audit and Supervisory Board aim to organically cooperate with the divisions in charge of establishing and maintaining internal controls by regularly exchanging information, and requesting investigations as necessary, etc.

Appointment of Outside Audit and Supervisory Board	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Outside Audit and Supervisory Board Members Designated Independent Audit & Supervisory Board Member	2

**Outside Audit and Supervisory Board Members' Relationships with the Company (1)**

Name	Attribute	Relationship with the Company (*1)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Fumiyuki Fukushima	CPA													
Daiken Tsunoda	Attorney													

\*1 Categories for "Relationship with the Company"

\*A hollow circle (○) signifies the individual currently or recently having that relationship with the Company, whereas a hollow triangle (△) signifies the individual having that relationship with the Company in the past.

\*A filled circle (●) signifies an immediate family member currently having that relationship with the Company, whereas a filled triangle (▲) signifies an immediate family member having that relationship with the Company in the past.

- a. Executor of operations
- b. Non-executive director or accounting advisor of the Company or its subsidiary
- c. Non-executive director or executive of a parent company of the Company
- d. Auditor of a parent company of the Company
- e. Executive of a fellow subsidiary of the Company
- f. Party whose major business partner is the Company or an executive thereof
- g. Major business partner of the Company or an executive thereof
- h. Consultant, accounting professional, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- j. Executive of a business partner of the Company (which does not correspond to any of f., g., or h.) (the Audit and Supervisory Board member himself only)
- k. Executive of a corporation to which outside officers are mutually appointed (the Audit and Supervisory Board member himself only)
- l. Executive of a corporation that receives donations from the Company (the Audit and Supervisory Board member himself only)
- m. Other

**Outside Audit and Supervisory Board Members' Relationships with the Company (2)**

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Fumiyuki Fukushima	○	—	As a certified public accountant, Fumiyuki Fukushima has extensive knowledge of finance and accounting, and as a Standing Audit and Supervisory Board Member of the Company, he has provided appropriate advice and opinions in relation to the building of an internal control system. The Company has appointed him as an Outside Audit and Supervisory Board Member for his contribution to the Company's corporate governance, internal controls, and auditing operations. Furthermore, the Company has appointed Mr. Fukushima as an independent Audit & Supervisory Board Member, having determined that his appointment meets the requirements for independent Audit & Supervisory Board Members set forth by Tokyo Stock Exchange, Inc., and there is no likelihood of any conflicts of interest arising with general shareholders.
Daiken Tsunoda	○	—	As a practicing partner at a law office possessing a high level of expertise in the area of corporate law, Daiken Tsunoda has experience as an outside audit and supervisory board member and outside director at other companies, and is particularly knowledgeable in the areas of the Companies Act and corporate governance. The Company has appointed him as an Outside Audit and Supervisory Board Member for his contribution to the Company's corporate governance, internal controls, and auditing operations. Furthermore, the Company has appointed Mr. Tsunoda as an independent Audit & Supervisory Board Member, having determined that his appointment meets the requirements for independent Audit & Supervisory Board Members set forth by Tokyo Stock Exchange, Inc., and there is no

			likelihood of any conflicts of interest arising with general shareholders.
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**Independent Directors and Audit & Supervisory Board Members**

Number of Independent Directors and Audit & Supervisory Board Members	5
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**Other Matters Relating to Independent Directors and Audit & Supervisory Board Members**

The Company has appointed all outside directors and Audit & Supervisory Board Members that meet the qualifications as independent directors and Audit & Supervisory Board Members.
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**Incentives**

Incentive Policies Implemented for Executive Directors	Implemented a stock option as a form of performance-linked incentive remuneration
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**Supplementary Explanation**

In realizing growth of the Company's enterprise value in the mid/long term, starting from September 2020, the Company has introduced a stock option as a form of incentive remuneration for Directors (excluding Outside Directors), linking remuneration to shareholder value and investing in "people" to maximize directors' performance and motivate them to contribute to the Company. In this way, it aims to enable more appropriate risk taking. The Company consults with the Nomination and Remuneration Advisory Committee, of which a majority is Outside Directors, in order to ensure the appropriateness of the remuneration plan and levels for Directors, as well as ensure the independence, objectivity, and transparency of the process for determining remunerations.
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Recipients of Stock Options	Inside Directors
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**Supplementary Explanation**

The Company introduced a stock option as a new form of incentive remuneration starting from September 2020. This stock option is granted to Directors in charge of business execution and aims to increase shareholder value and enable more appropriate risk taking.
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**Remuneration for Executive Directors**

Disclosure of Individual Directors' Remuneration	Only the individual remuneration of two directors is disclosed.
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**Supplementary Explanation**

The total remuneration, etc. for each Director and Audit and Supervisory Board Member and the total remuneration, etc. by type are disclosed in the Annual Securities Report. Directors whose total amount of remuneration exceeds 100 million yen are individually disclosed. <a href="https://pdf.irpocket.com/C4385/f909/AZYr/CX3k.pdf">https://pdf.irpocket.com/C4385/f909/AZYr/CX3k.pdf</a> For Directors (excluding Outside Directors), two directors receive fixed remuneration of 47 million JPY and stock options with share price conditions of 310 million JPY for a total of 358 million JPY. For Outside Directors, four directors receive remuneration, etc. entirely as fixed remuneration for a total of 28 million JPY. For Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members), one auditor receives remuneration, etc. entirely as fixed remuneration for a total of 20 million JPY. For Outside Audit and Supervisory Board Members, four auditors receive remuneration, etc. entirely as fixed remuneration for a total of 28 million JPY.
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Policy on Determining Remuneration Amounts and Calculation Methods	Established
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**Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods**

The Company has set the following policies for determining individual remuneration, etc. for Directors by the resolution of the Board of Directors, after the deliberation and report by the Nomination and Remuneration Advisory Committee. Furthermore, the Nomination and Remuneration Advisory Committee, a majority of whose members are independent Outside Directors, has confirmed that the details of remuneration, etc. for each individual Director in the current fiscal year are consistent with the policy of determination set by the resolution of the Board of Directors. Therefore, the Board of Directors has judged that the details of remuneration, etc. for each individual Director are in line with the aforementioned policy.
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**Basic policy**

- Taking into account that the primary duty of Directors is to supervise the management of the Group as a whole, and to formulate and drive forward its global growth strategy over the medium to long term, the Company regards securing outstanding personnel at the global level as Directors of the Company and

ensuring that their supervisory functions are functioning effectively to be the basic policy for determining the remuneration of Directors.

- Remuneration of Directors (excluding Outside Directors) consists of fixed remuneration, and medium- to long-term incentive remuneration in the form of stock options with share price conditions. The stock options with share price conditions are set up with appropriate restrictions and conditions to maximize Director performance and their willingness to contribute, and to provide incentives that encourage more appropriate risk-taking by linking shareholder value to remuneration.
- Remuneration of Outside Directors and Audit and Supervisory Board Members consists of fixed remuneration only, so as to preserve their independence from the Company.

Types of remuneration and overview thereof

1. Fixed remuneration

- Determined by taking a comprehensive view of each Director's duties, abilities, results, and contribution to the Company, and of the performance and economic situation of the Company, etc.

2. Stock Options with share price conditions

- Overview of the plan  
The Group aims to continue to take on new challenges and realize the growth of its enterprise value over the medium to long term. Therefore, the Company has introduced a stock option plan linked to market capitalization of the Company for the Company's Directors (excluding Outside Directors; the "Eligible Directors") in order to invest in people and maximize their performance and willingness to contribute, as well as to take risks appropriately by linking remuneration to increased shareholder value.

- Calculation method for Stock Options with share price conditions

A. Directors eligible for the provision  
Two Eligible Directors of the Company are eligible.

B. Assets to be provided  
Stock Options to which the Company's common shares are subject shall be provided. The Stock Options grant the right to acquire one common share of the Company per Stock Option.

C. Number of Stock Options vested  
The Company resolved to grant 265,522 Stock Options in total to directors eligible for the provision on October 12, 2020, as the allotment date.

A. Method for calculating the number of Stock Options provided individually  
The method for calculating the number of Stock Options provided individually is as follows. The "number of Stock Options provided individually" stated herein means the number of Stock Options that become exercisable upon achievement of share price conditions, among Stock Options allotted to each Eligible Director.

Number of Stock Options provided individually = base number of Stock Options by position  
x provision rate

The provision rate shall be one when the market capitalization of the Company (calculated by the following formula; hereinafter the same) exceeds ¥1 trillion on each day of a certain five consecutive business days (excluding the days on which ordinary transactions of the Company's common shares cannot take place) during the period lasting from the allocation date to September 24, 2030, and otherwise be zero. During the fiscal year ended June 30, 2022, the above conditions were achieved.

Market capitalization = (Total number of outstanding shares of the Company\* – Treasury shares held by the Company\*) × Closing price of ordinary transactions of the Company's common shares on the Tokyo Stock Exchange  
\* Both shall be numerical values on each day of the aforementioned consecutive five business days.

**Supporting System for Outside Directors (and Outside Audit and Supervisory Board Members)**

Outside Directors and Audit and Supervisory Board members are called to meet as appropriate to report and discuss various matters. Furthermore, business information sessions are held for Outside Directors and Audit and Supervisory Board members to deepen their understanding of the Company's business matters.

**2. Matters Regarding Management of Corporate Affairs, Audits/Supervision, Nominations, and Remuneration Decisions (Outline of the Current Corporate Governance System)**

As an institution as defined in the Companies Act, the Company holds shareholders meetings and has a Board of Directors, an Audit and Supervisory Board, and a Financial Auditor. The Board of Directors, composed of Inside Directors who have thorough knowledge of the Company's business and Outside Directors who have objective



viewpoints, makes decisions regarding basic management policies and execution of material business operations, while also separating supervision and execution and encouraging the delegation of business execution authority to the execution division centered on the Senior Vice Presidents. With this, the Company aims to further enrich corporate governance to contribute to enhancing the Company's mid- to long-term corporate value. Furthermore, the Company has determined that a system in which Audit & Supervisory Board Members audit the Directors' execution of duties from an independent perspective is effective in enhancing the productivity and transparency of management, maximizing the Company's corporate value, and ensuring sustainable growth, and thus, the Company has adopted a Company with Audit and Supervisory Board structure.

(a) Board of Directors

The Board of Directors is composed of five Directors (including three Outside Directors). The Board determines important matters related to management, such as management objectives, as well as matters defined in laws and ordinances or articles of incorporation. The Board also supervises the management of corporate affairs. A Board of Directors meeting is held once per month, where Director(s) give a report on the state of business execution. The Board of Directors also holds additional meetings as necessary.

During the 10th period (July 1, 2021–June 30, 2022), there were a total of 14 meetings of the Board of Directors. The attendance of the Directors and Auditors was as follows.

- Director Shintaro Yamada: 14/14
- Director Fumiaki Koizumi: 14/14
- Director Ken Takayama: 14/14
- Director Makiko Shinoda: 14/14
- Director Norio Murakami: 11/11
- Auditor Mayumi Tochinoki: 14/14
- Auditor Fumiyuki Fukushima: 14/14
- Auditor Daiken Tsunoda: 11/11

(b) Audit and Supervisory Board

The Company's Audit and Supervisory Board is composed of two full-time members and one part-time member, for a total of three members. Two Audit and Supervisory Board members are Outside Auditors.

The Audit and Supervisory Board members, including Outside Auditors, attend Board of Directors meetings and scrutinize the decision-making status of the Board of Directors, as well as the performance of the supervision duties of each individual Director. Additionally, the Audit and Supervisory Board audits the Directors' performance of duties through interviews with executives and staff, examination of important approval documents, periodic hearings with directors and auditors of major subsidiaries of the Company, etc. Each member individually carries out appropriate supervision of business management and shares information at the Audit and Supervisory Board meetings. The Audit and Supervisory Board strives to perform their duties as efficiently as possible.

During the 10th period (July 1, 2021–June 30, 2022), there were a total of 13 meetings of the Audit and Supervisory Board. The attendance of the Auditors was as follows.

- Auditor Mayumi Tochinoki: 13/13
- Auditor Fumiyuki Fukushima: 13/13
- Auditor Daiken Tsunoda: 9/9

(c) Internal Audit Department

The Company has established an Internal Audit Office under the direct control of the Representative Director with six members. The Internal Audit Office performs internal audits of each department's work in accordance with the internal audit regulations as well as the internal audit schedule determined every quarter. The results of these internal audits are reported to the Representative Director. The Representative Director uses these results to instruct the departments audited regarding how to make improvements, and the progress and results of the improvements are reported in written documents, thus ensuring the Internal Audit Department's efficiency.

(d) Accounting Auditors

The Company has entered into an audit contract with Ernst & Young ShinNihon LLC, and in addition to undergoing periodic audits, the Company receives guidance from time to time on accounting issues and strives to implement appropriate accounting processes.

(e) Summary of details of limited liability agreement

Under provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with its respective Outside Directors and Audit and Supervisory Board Members limiting their liability for damages as provided for in Article 423, paragraph (1) of the Companies Act. Under these agreements, the maximum amount of liability for damages to be paid by the respective Outside Audit and Supervisory Board Members is to be the higher amount of either ¥3 million or the amount stipulated in Article 425, paragraph (1) of the Companies Act, and that to be paid by the respective Directors and Audit and Supervisory Board Member Mayumi Tochinoki is to be the amount stipulated in Article 425, paragraph (1) of the Companies Act.

(f) Overview of directors and officers liability insurance policy contents

The Company has entered into a directors and officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act, which provides coverage for the Directors, Audit and Supervisory Board Members, and Vice Presidents of the Company and its subsidiaries (however, this does not include Mercari, Inc. (US) and Kashima Antlers F.C. Co., Ltd.). In the event that those insured incur losses arising from responsibilities related to the execution of their duties, or from claims being pursued in relation to said responsibilities (excluding cases that are exempted under the insurance policy), they shall be reimbursed under the terms of the policy. Moreover, the insurance premiums for this policy are paid by the Company in full, and there is, in effect, no burden on the insured themselves.

**3. Rationale for Our Current Corporate Governance System**

The Company adopts the Company with the Audit and Supervisory Board structure. The Company aims to enrich its corporate governance and contribute to enhancing its corporate value in the mid-to-long term with a system in which the Board of Directors, made up primarily of Directors who have thorough knowledge of the Company's business and Outside Directors who provide objective perspectives, make decisions regarding basic management policies and execution of essential business operations, while separating supervision and execution and promoting the transfer of business execution authority to the executive division centered around Senior Vice Presidents. The Company has also determined that a system where Financial Auditors audit the Directors' execution of duties from an independent perspective is effective in ensuring management productivity and transparency, maximizing corporate value, and ensuring continued growth, and thus, the Company has adopted its current structure. Furthermore, the Company ensures fairness, transparency, and objectivity in procedures regarding decisions of nomination, remuneration, etc. of executives by establishing a voluntary advisory committee with independent Outside Directors as main members.

With respect to the structure of the Company's Board of Directors, the Company ensures transparency and fairness of management by appointing three Outside Directors for the two Internal Directors, and two Outside Auditors along with one Internal Auditor. The Company appoints those experienced in business administration and specialists such as lawyers and certified accountants to these positions for a specialized and objective point of view, thus ensuring thoroughness in the supervision of the Executive Directors' execution of their duties.

**III. Policies for Shareholders and Other Stakeholders**

**1. Initiatives to Facilitate the Annual Shareholder Meeting and Exercising of Voting Rights**

	Supplementary Explanation
Early Notification of Annual Shareholders Meeting	The Company strives to disclose notices for shareholders meetings early so that shareholders are able to have sufficient time to consider proposals. For the 10th Annual General Meeting of Shareholders, both the Japanese and English language versions of the notice were disclosed on the Company's website 13 business days before the General Meeting of Shareholders was held.
Scheduling Annual Shareholder Meeting to Avoid Peak Time	The Company avoids peak times when scheduling shareholder meetings. The 10th Annual General Meeting of Shareholders was held on Wednesday, September 28, 2022.
Exercising Voting Rights Electronically	The Company has implemented the exercising of voting rights over the internet since the 7th Annual General Meeting of Shareholders in 2019.
Electronic Voting Platforms and Other Initiatives to Facilitate the Exercising of Voting Rights by Institutional Investors	The Company has implemented an Electronic Voting Platform for shareholders to exercise their voting rights since the 7th Annual General Meeting of Shareholders in 2019.
Provision of Notifications (Summarized) in English	The Company posts English language versions (full text) of notifications of general shareholders' meetings on the Company's website on the same day as the Japanese versions.
Other	Notification The Company prints the notification for annual general shareholders' meetings in color, with figures, photographs, and other visuals, in order to make all necessary information as easy to understand as possible for those who have made the decision to invest. Furthermore, the Company posts notifications of annual general shareholders' meetings on the Company's website and strives to facilitate these meetings and the exercising of voting rights.

2. Current IR Activities

	Supplementary Explanation	Explanation from the Representative Themselves
Creation and Publication of Disclosure Policies	The Company has created an IR Policy, consisting of Basic Disclosure Policy, Information Disclosure Methods, Quiet Period, Our Future Outlook, and Dealing With The Spreading of Rumors to Influence Stock Prices. This IR Policy is posted on the Company's website. <a href="https://about.mercari.com/en/ir/strategy/policy/">https://about.mercari.com/en/ir/strategy/policy/</a>	
Regular Information Sessions for Individual Investors	The Company provides business descriptions during annual general shareholders meetings, providing an opportunity for dialogue between the Company and individual investors. The Company has also established an inquiry form on the IR section of its website, through which it answers questions from individual investors.	Yes
Regular Information Sessions for Analysts and Institutional Investors	The Company holds regular information sessions for analysts and institutional investors alongside the announcement of the financial results. At these information sessions, the Company explains its management situation, strategies, initiatives, and forecast. Following information sessions, the Company promptly publishes video recordings of the session and summaries of the question and answer session.	Yes
Regular Information Sessions for Overseas Investors	To assure fair disclosure, the Company hosts live broadcasts of information sessions with simultaneous interpreting. Following information sessions, the Company promptly publishes video recordings of the session and summaries of the question and answer session. Furthermore, the Company runs IR activities overseas utilizing online meetings and online conferences held for overseas investors organized by securities companies.	Yes
Publishing Documents on our IR Website	The Company strives for fair disclosure on the Company's website in both Japanese and English. <a href="https://about.mercari.com/en/ir/">https://about.mercari.com/en/ir/</a>	
Establishment of Department in Charge of IR	The Company employs people to be exclusively responsible for IR.	
Other	The Company actively posts information regarding its culture, services, and initiatives on company media such as Mercan, Merpoli, and the Mercari R4D YouTube channel.	

3. Initiatives Regarding Our Respect for Stakeholders

	Supplementary Explanation
a. Regulations regarding our respect for stakeholders in internal regulations, etc.	The Group believes that the earth's resources are the foundation upon which people build their lives and aims to create a circular economy in which these finite resources are used sparingly and all people can prosper. In order to achieve this goal, the Company believes that it is necessary to share these ideals and develop them not only within the Group, but together with various stakeholders such as users, business partners, local communities, and investors. The Company has established an ESG Committee to advise the Senior Executive Committee and actively takes on social and environmental problems and other topics related to sustainability. This is defined in the Company's Basic Corporate Governance Policy.
b. Implementation of environmental preservation activities, CSR activities, etc.	The Company publishes a Sustainability Report containing reports to stakeholders regarding the Company's social responsibilities, such as the implementation status of CSR activities, including environmental preservation activities. The Company has also published pages about sustainability on Mercari's corporate website. <a href="https://about.mercari.com/en/sustainability/">https://about.mercari.com/en/sustainability/</a>
c. Establishment of policies, etc. for providing information to stakeholders	The Company strives to appropriately disclose information in accordance with its IR Policy, which consists of Basic Disclosure Policy, Information Disclosure Methods, Quiet Period, Our Future Outlook, and Dealing With The Spreading of Rumors to Influence Stock Prices. In addition, from the viewpoint of fair disclosure, the Company discloses important information in both Japanese and English simultaneously.

d. Other	<p>The Company has set Diversity &amp; Inclusion as one of its five material topics. In September 2021, the Company launched a new work style policy called “Mercari’s New Normal Work Style ‘Your Choice,’” with the aim of creating an environment where people with diverse backgrounds can work to their fullest potential. With this policy, each employee can choose the work style that maximizes performance and values for both themselves and their organization, such as choosing whether to work remotely or in the office and what kind of environment to work in. Furthermore, in December 2021, the company started accepting applications for the Mercari Restart Program, a support program for those who have left the workforce for reasons such as childcare or nursing care, but wish to return and restart their careers. The Company also develops and implements training programs to improve the understanding of D&amp;I within the Company.</p> <p>Details of these initiatives can be found on the Company’s sustainability pages on Mercari’s corporate website and in the Sustainability Report.</p>
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#### IV. Regarding Our Internal Control System

##### 1. Our Internal Control System - Basic Stance and Status

<p>In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has stipulated a Basic Policy for the Establishment of an Internal Control System to ensure the propriety of business activities by establishing systems such as the following.</p> <p>(a) A System to Ensure that Executive Directors and Employees Comply with Laws, Ordinances, and Articles of Incorporation in Performing Their Duties</p> <ol style="list-style-type: none"> <li>i. The Company ensures that Executive Directors and employees have a sufficient awareness of compliance and abide by laws, ordinances, articles of incorporation, and internal regulations in performing their duties.</li> <li>ii. The Company, in cooperation with attorneys, the police, and other professionals, takes a resolute stance against anti-social forces that threaten the order and safety of civil society.</li> <li>iii. The Company stipulates official authority, clearly defines responsibilities and authority, and establishes a system for the performance of duties in each department.</li> <li>iv. The Company provides an internal reporting system for consultation and internal compliance reporting (hereafter referred to as a whistleblowing system).</li> <li>v. Executive Directors and employees who violate laws or regulations are subject to punishment in accordance with the company’s Rules of Employment.</li> </ol> <p>(b) Systems Ensuring Executive Directors’ Compliance with Laws, Ordinances, and Articles of Incorporation in Performing Their Duties</p> <ol style="list-style-type: none"> <li>i. Business decisions and the duties of Executive Directors are audited to ensure that the Board of Directors acts in accordance with laws, ordinances, and other regulations, and makes decisions with an adequate level of business judgment.</li> <li>ii. Auditors exercise their authority as stipulated by laws and regulations to audit Executive Directors’ performance.</li> </ol> <p>(c) Systems Related to the Storage and Management of Information Related to the Performance of Executive Directors’ Duties</p> <ol style="list-style-type: none"> <li>i. The Company has established Document Management Regulations and appropriately retains and manages minutes of important meetings and other important documents containing information relating to the performance of duties by Executive Directors (including electromagnetic records) in accordance with the provisions of said regulations.</li> <li>ii. The Company has established Information Management Regulations and protects and manages information assets.</li> </ol> <p>(d) Regulations and Other Systems Concerning Management of the Risk of Losses</p> <ol style="list-style-type: none"> <li>i. The Executive Directors recognize the importance of identifying various risks associated with the Company’s business, and as such, practice comprehensive risk management and endeavor to identify, assess, and manage various risks.</li> <li>ii. The Company establishes a risk management system to prepare against disasters, accidents, systems failure, and other unforeseen circumstances.</li> </ol> <p>(e) Systems for Ensuring the Efficient Performance of Duties by Executive Directors</p> <ol style="list-style-type: none"> <li>i. The Board of Directors operates in accordance with the articles of incorporation and Board of Directors Regulations and holds ordinary meetings monthly and additional meetings as necessary.</li> </ol>
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ii. The Executive Directors efficiently, flexibly, and swiftly perform business duties by working together closely, exchanging opinions, and sharing information.

iii. To ensure the efficient performance of duties by Executive Directors, the Company has established Organization Regulations, Division of Duties Regulations, and Approval Regulations.

(f) Systems Ensuring Employees' Compliance with Laws, Ordinances, and Articles of Incorporation in Performing Their Duties

i. The Company prepares, disseminates, and operates the necessary approval systems, internal regulations, and manuals.

ii. The Company designates a personal information protection manager who plays a central role in the development and operation of personal information protection systems. Furthermore, the Company institutes an office under the direction of the manager and endeavors to appropriately protect personal information and continuously improve personal information protection.

(g) Systems for Ensuring the Propriety of the Business Activities of the Corporate Group Consisting of the Company and its Subsidiaries

The Company and the group made up of its subsidiaries (hereafter known as the Company Group) share the same missions and values, and endeavor to make the most of business resources throughout the Company Group to maximize the value of the Company Group's business as a whole.

i. In order to ensure the propriety of management throughout the Company Group, the Company stipulates Regulations on the Management of Related Companies that respect the autonomy of subsidiaries while ensuring they abide by the same regulations on important matters. Subsidiaries will share their operations with the Company in advance to ensure appropriate business operations as part of the Company Group.

ii. The aforementioned regulations and other systems concerning management of the risk of losses (d) apply to all companies within the Company Group, allowing the Company to manage the risk of the Company Group as a whole in an all-encompassing, comprehensive manner.

iii. The authority and liabilities of subsidiaries in performing their duties are clearly stipulated in the Regulations on the Division of Duties, Regulations on Administrative Authority, and other internal regulations in order to allow for the efficient performance of duties.

iv. The Company's Internal Audit Department carries out an internal audit of the Company Group's business activities to ensure they are appropriate and in compliance with laws, regulations, and the articles of incorporation. The audit results are reported to the Chief Executive Officer and shared with the Auditor and Accounting Auditor.

(h) Matters Related to Employees who are Requested by Auditors to Assist with Their Duties, Matters Related to the Independence from Directors of Employees Assisting with the Duties of Auditors, and Matters Related to Ensuring the Effectiveness of Instructions Given to Employees Assisting with the Duties of Auditors

i. The Auditor can request that the Board of Directors station employees to assist with their audit (hereafter referred to as employees assisting the Auditor).

ii. Employees assisting the Auditor shall exclusively work under the Auditor and shall not concurrently perform duties for other divisions and departments. Employees assisting the Auditor will comply with the Auditor to collect all necessary information.

iii. Reassignment, performance evaluation, and disciplinary action related to employees assisting the Auditor require the prior consent of the Auditor.

iv. Employees assisting audit can accompany the Auditor to Board of Directors Meeting and other important meetings, as well as take part in regular meetings held with the Chief Executive Officer and Accounting Auditor to exchange opinions. Furthermore, if necessary, they may receive advice on performing auditing tasks from legal professionals, certified public accountants, and other professionals.

v. The Company will grant employees assisting the Auditor authority to investigate and gather information necessary in performing their duties.

(i) Structures for Executive Directors and Employees to Report to Auditors

i. Executive Directors and employees will, in addition to matters required by law, also report the following matters to Auditors without delay: matters that could have a significant impact on the Company, matters decided at important meetings, the status of the whistleblowing system and internal auditing system, etc.

ii. Executive Directors and employees will promptly report information related to the performance of their duties when demanded by the Auditor.

iii. Employee evaluations and disciplinary action taken against those who have made reports must not take into account the fact that they filed a report. The individual who filed the report may request the Auditor to investigate into the reasons behind their employee evaluation and/or disciplinary action.

(j) System for Executive Directors of Subsidiaries, Subsidiary Employees, and Those who Have Received Reports from Them to Report to the Auditor of the Company

- i. Executive Directors and employees of subsidiaries will promptly report items related to the performance of their duties when demanded by the Auditor.
- ii. Executive Directors and employees of subsidiaries will report violations of laws and regulations as well as matters that could have a significant impact on the Company or the Company's subsidiaries without delay.
- iii. Employee evaluations and disciplinary action taken against those who have made reports must not take into account the fact that they filed a report. The individual who filed the report may request the Auditor to investigate into the reasons behind their employee evaluation and/or disciplinary action.

(k) Matters Related to the Policy Surrounding Liability for Expenses Incurred by the Auditor in Performing Their Duties

The Company will promptly process expenses claimed by the Auditor through regular auditing practices. Other auditing expenses such as emergency audit expenses and expenses incurred through hiring professionals for new investigations must be notified by the Auditor to the relevant Director in advance.

(l) Other Systems to Ensure that Audits by Auditors are Performed Effectively

- i. The Auditor will periodically exchange opinions with the Chief Executive Officer. Furthermore, they will hold interviews with Executive Directors and employees in key positions as necessary.
- ii. The Company Auditor will exchange opinions with Financial Auditors as necessary.
- iii. The Auditor can independently seek the advice of legal professionals, certified public accountants, and other professionals as necessary.
- iv. The Auditor will periodically exchange opinions and work on improving cooperation with the Internal Audit Department.

(m) Systems to Ensure the Reliability of Financial Reporting

The Company stipulates a basic policy regarding maintaining the Company's internal control system, and establishes and puts into practice internal controls regarding financial reporting.

(n) Basic Policy and Status of Basic Policy on the Exclusion of Anti-Social Forces

- i. The Company's basic policy is to have absolutely no ties with anti-social forces and to refuse all unjust demands. This policy is made clear to all people within the Company. If a business partner of the Company is discovered to be an individual, company, association, etc. that is involved with an anti-social force, the Company will cease transacting with that business partner.
- ii. The department in charge of compliance is responsible for policies on the exclusion of anti-social forces and manages and stores all information on anti-social forces. Furthermore, the department develops systems to prevent the Company from suffering damage as a result of an anti-social force and provides education and training to officers and employees to ensure that they comply with the Company's basic policy.
- iii. If an anti-social force makes an unjust demand of the Company, the Company collaborates with external specialist institutions including the police and attorneys, and develops cooperative systems in the event of an incident.

**2. Exclusion of Anti-Social Forces - Basic Policy and Implementation Status**

a. Basic Policy on the Exclusion of Anti-Social Forces

The Company declares a resolute stance against anti-social forces, and the Company's policy of ensuring no ties with organized criminal organizations and all other forms of anti-social forces is stipulated in the Company's Code of Ethics.

b. Status of the Company's Basic Policy on the Exclusion of Anti-Social Forces

(a) Status of Internal Regulations

Based on the above declaration, the Company has established 'Regulations on the Exclusion of Anti-Social Forces' and 'Subsidiary Rules on Dealing with Anti-Social Forces', and prohibits all forms of contact with anti-social forces. The Company does not have and has never had any relation with anti-social forces.

(b) Supervisory Department for Dealing with Anti-Social Forces

The Company positions the department in charge of compliance as its supervisory department for eliminating anti-social forces, and provides a system for immediate reporting/consultation regarding the unfair demands of anti-social forces, organized crime, and criminal activity.

(c) Methods Used in Excluding Anti-Social Forces

The Company uses Dow Jones, internet searches, and other databases to investigate whether or not there is any information to suggest stockholders, directors, or new business partners have any connections to anti-social forces before relationships are formed. Furthermore, if the Company discovers or suspects that existing business partners have connections to anti-social forces, the Company has structures in place to ensure the prompt cut-off of all

business ties with them.

V. Other

1. Anti-takeover Measures

Anti-takeover Measures	No measures in place
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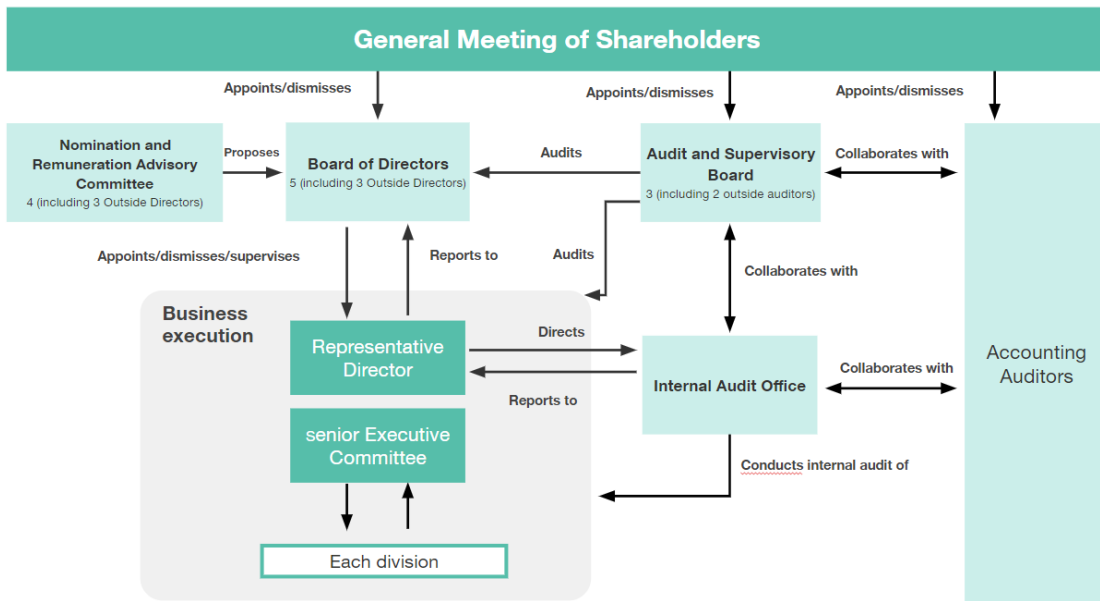
Supplementary Explanation

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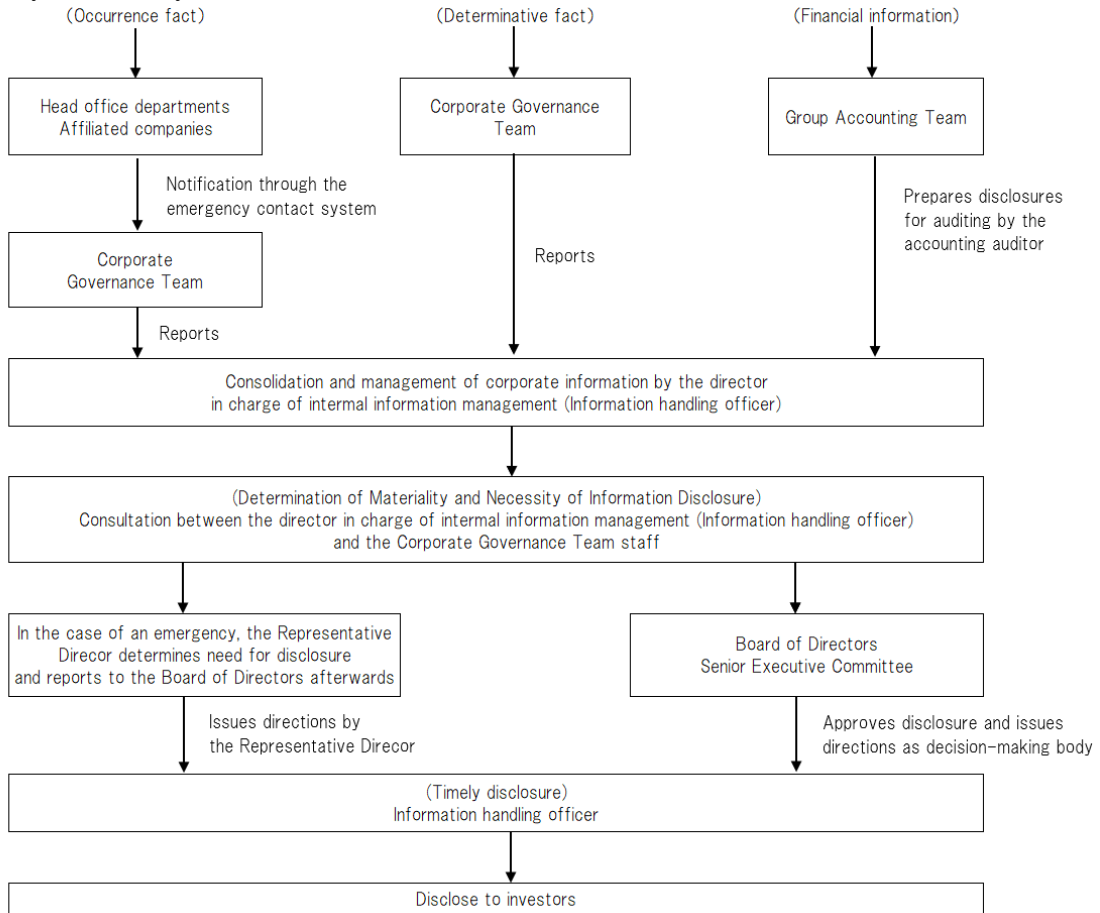
2. Other Items Related to Corporate Governance Systems, etc.

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Structure



**Timely Disclosure System**





# Basic Corporate Governance Policy



Enacted: December 16, 2021  
Revised: April 28, 2022

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\*The applicable corporate governance code(s) are shown inside the brackets: [ ]

## 1. General Provisions

### (1) Basic Approach to Governance and Purpose of this Policy [2.1, 2.2, 2.2.1, 3.1(i) (ii), 4.1]

- To achieve our mission of "create value in a global marketplace where anyone can buy & sell," Mercari (the "Company") and Mercari Group (the "Group") aim to contribute to society by creating a circular economy based on our values of Go Bold, All for One, and Be a Pro. We believe that in order to acquire the trust of stakeholders and sustainably enhance our corporate value, it is essential to improve the fairness and transparency of management and promote sound risk-taking by continuously enhancing our corporate governance structure. We have established a basic corporate governance policy with the goals of comprehensively stipulating corporate governance measures, continuously discussing and improving them, and enhancing their effectiveness.

## 2. Ensuring Shareholder Rights and Fairness

### (1) Ensuring Shareholder Rights [1, 1.1, 1.1.3]

- The Group strives to ensure fair treatment for all shareholders (including minority shareholders and foreign shareholders) as appropriate to the holdings of each shareholder, as well as ensure shareholders' rights, including their right to vote at the Shareholder Meeting.

### (2) Dialogue with Shareholders [1.2.1, 3, 3.1.1, 5, 5.1, 5.1.1, 5.1.2, 5.1.3]

- The Group conducts timely and fair information disclosure, and by having constructive dialogue with shareholders, also strives to improve corporate value over the mid- to long-term.
- In holding dialogues with shareholders, the Group's basic policy is to uphold all laws and related regulations and avoid sharing insider information. Information to be shared at dialogues is cleared with our own legal department as well as external experts as necessary.
- IR shall be the point of contact for shareholders. IR will field inquiries from shareholders within reason and with consideration to requests from shareholders and the objective of the inquiry. Furthermore, in promoting constructive dialogue with shareholders, IR and other related departments/teams work closely together, including periodically holding opinion and information sharing sessions.
- As part of the shareholder dialogue initiative, IR strives for improvement through consideration of the shareholder opinions and concerns revealed during the dialogues, as well as providing related feedback to directors and vice presidents.
- The Group operates within the IT industry, a business area characterized by rapid changes in technology and environment. As such, we believe that setting specific and concrete mid- to long-term strategies is not best practice for our company. Instead, through IR

activities, we explain our mid- to long-term business strategy to shareholders and investors, and earn their understanding in that way.

- (3) Shareholder Meeting [1.1.1, 1.1.3, 1.2, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 3.1.2]
- The Shareholder Meeting is the Company's highest decision-making body, and we strive to ensure that business decisions made at the event reflect shareholders' wishes to the greatest extent possible.
  - We make sure that the schedule for the Shareholder Meeting and related events allows shareholders to properly exercise their voting rights. In order for shareholders to have sufficient time to consider agenda items, we send out a Notification of Shareholder Meeting as soon as possible upon ensuring the appropriateness of the information to be sent. We also release this information publicly before sending out the Notification.
  - In order to ensure that all shareholders can properly exercise their voting rights, we strive to improve convenience for shareholders through such measures as translating the Notification of Shareholder Meeting into English, and enabling voting to be done electronically.
  - In cases where institutional investors hold shares in the name of a trust bank or other institution and wish to exercise their right to vote or other shareholder rights at the Shareholder Meeting, we will coordinate with the trust bank or other institution in advance.
  - With regard to voting rights at the Shareholder Meeting, if an item is met with overwhelming votes against, we will analyze the reason and consider whether a response is necessary at the next Board of Directors meeting.
- (4) Capital Structure [1.3, 1.6, 5.2]
- As the Group is currently still growing, we prioritize capital investments in our mid- to long-term growth. On the other hand, we are also striving to realize both returns for our shareholders and ample retained earnings in the long term. Additionally, in cases where the implementation of a capital policy will shift control or greatly dilute shares, the necessity and rationality of the policy will be discussed in depth by the Board of Directors, after which we will follow the Companies Act, the Financial Instrument and Exchange Act, and Tokyo Stock Exchange regulations, and upon thorough explanation to shareholders, we will proceed in a legal and fair manner.
- (5) Dividend Policy [1.3]
- The Group considers the simultaneous pursuit of shareholder returns, the strengthening of our financial structure, and the securing of our competitiveness to be key management issues. At present, the Group is still growing. As such, we seek to accumulate substantial retained earnings that can be channeled into investment, thereby expanding and further optimizing our business. In the future, we will consider how we can return this profit to investors while giving due consideration to the fiscal year results of each business.

## (6) Cross-Shareholdings [1.4]

- As a general rule, the Group does not retain cross-shareholdings.
- If we do retain another listed company's shares, we will hold the minimum amount necessary; in addition to forging synergies between their company and ours, we will carefully consider our reason for retaining those shares, including the company's growth potential, associated risks, and returns such as dividends. The Board of Directors will make a decision on whether to retain the shares based on these factors.
- Periodically, the Board of Directors will re-examine the rationality of retaining cross-shareholdings. If there are shares that no longer make sense for us to hold, we will make the decision to divest with due consideration for the given company's situation.
- When exercising our voting rights at a company in which we retain shares, we will cast our vote, for or against, based on whether or not each item satisfies our position as a shareholder; we will not cast our vote based on our business relationship with the company.

## (7) Related Party Transactions [1.7, 4.3]

- Transactions that pose a conflict of interest between directors/the Company and transactions by directors in competition with the Company require resolution by the Board of Directors. Directors who have a vested interest in that resolution are prohibited from participating in the resolution process.
- In addition, the Company confirms the necessity of any transaction by related parties beforehand, as well as the conditions and the propriety of the method for deciding to conduct such transaction. For any transactions that are determined particularly important, the Board will adequately deliberate regarding their necessity and appropriateness before approving.

## 3. Corporate Governance Structure

## (1) Organizational Design [4.10, 4.10.1]

- The Company adopts the "Company with the Audit and Supervisory Board" structure as defined in the Companies Act. The Company aims to enrich its corporate governance and contribute to enhancing its corporate value in the mid-to-long term with a system that incorporates a board of directors, made up of directors who have thorough knowledge of the Company's business and outside directors who provide objective perspectives. The board makes decisions regarding basic management policies and execution of essential business operations, while separating supervision and execution and promoting the transfer of business execution authority to the executive division centered around senior vice presidents. The Company also has an Audit and Supervisory Board, which independently oversees the directors' execution of duties. Furthermore, by establishing a Nomination and Remuneration Advisory

Committee, of which outside directors make up the majority of members, the Company ensures fairness, transparency, and objectivity in procedures regarding such decisions as nomination and remuneration of directors and senior vice presidents.

(2) Role of the Board of Directors [3.1.3, 3.2.2, 4, 4.1, 4.1.1, 4.2.2, 4.3, 4.5, 5.2.1]

- The Board of Directors carries out the following three responsibilities.
  - Achieving our mission of “Create value in a global marketplace where anyone can buy & sell”
  - Achieving efficient and effective corporate governance in order to maximize profits for our shareholders and all stakeholders
  - Achieving sustainable growth for the Company
- To fulfill these responsibilities, the Board of Directors strategically guides the Company, demonstrates supervision of all management matters, ensures fairness and transparency of management, and makes important business execution decisions.
- Also, through internal regulations, the Board of Directors clearly defines the matters within its scope of decision-making. Furthermore, in order to render speedy decisions with regard to business execution, the Senior Executive Committee and the individual senior vice presidents are afforded decision-making authority.
- To ensure that business is executed efficiently under the proper internal controls, the Board of Directors has defined the basic policy for internal control systems; creates the infrastructure necessary for compliance, risk management, and other such systems; and monitors their operation.
- The Board of Directors determines the basic policy for how the Group’s business portfolio and management resources (capital, human resources, intellectual property, etc.) should be allocated, and monitors the execution of that policy. In addition, investments in human capital and intellectual property, etc. will be disclosed on the Company’s website.
- The Board of Directors takes the necessary actions to ensure that it can be appropriately audited by outside accounting auditors.

(3) Composition of the Board of Directors [4.6, 4.8, 4.11, 4.11.2]

- The Company endeavors to have a monitoring-oriented Board of Directors. In order to ensure fair and transparent management, the Company recruits people for the position of outside director who are the best fit for debating management strategy and monitoring the execution of business. The Company appoints directors such that outside directors comprise the majority of Board members.
- The Company appoints directors such that the Board is equipped with the knowledge, experience, and abilities necessary to fulfill its responsibilities.
- Given the nature of our business and the growth stage of the Company at the time of appointment, the Company appoints directors such that

the Board is sufficiently diverse in terms of background, expertise, gender, and other such factors.

- The skill matrix of directors shall be disclosed on the notice of the shareholder meeting.

(4) Board Evaluation [4.11, 4.11.3]

- Each year, the Board of Directors analyzes and evaluates its effectiveness, and publishes a summary of the results on the Company's website. Also, the board creates an improvement plan based on the evaluation results, which it puts into practice for the following year.

(5) Role of the Audit and Supervisory Board [3.2, 3.2.1, 3.1.2, 4.4, 4.4.1]

- The Audit and Supervisory Board acts as an organization independent from senior management and audits such things as the directors' and vice presidents' execution of duties, the Company's internal controls system, and accounting.
- The Audit and Supervisory Board creates the standards by which accounting auditors are evaluated. Once per year, based on those standards, the Audit and Supervisory Board evaluates the independence and expertise of accounting auditors, and determines the content of proposals made to the Shareholder Meeting regarding the appointment/dismissal of accounting auditors.
- Recognizing that outside directors are independent from the Company's management, the Audit and Supervisory Board maintains collaboration with the outside directors sufficient to allow for the seamless sharing of information.
- The Audit and Supervisory Board maintains close contact with related departments/teams, such as finance and internal auditing, and collects information as is necessary and sufficient to conduct fair auditing.
- The Audit and Supervisory Board deliberates to determine the remuneration of Board members from within the total remuneration range for all members, which is determined at the Shareholder Meeting. Audit and Supervisory Board members' remuneration will be limited to base remuneration, based on their role.
- The Audit and Supervisory Board holds a regular meeting with accounting auditors and the manager of the Internal Audit Division once every quarter, and in the last month of each fiscal year.

(6) Nomination and Remuneration Advisory Committee [3.1(iii)(iv), 4.1.3, 4.3, 4.3.1, 4.3.2, 4.10, 4.10.1, 4.11.1]

- The Nomination and Remuneration Advisory Committee is composed of at least three directors, of which the majority are outside directors, who have been elected by a resolution of the Board of Directors.
- The Nomination and Remuneration Advisory Committee deliberates on the following matters to create proposals for the Board of Directors.
  - Matters related to the selection or dismissal of directors (matters requiring resolution at the Shareholder Meeting)
  - Matters related to the selection or dismissal of senior vice

- presidents
    - Matters related to the selection or removal of the Board's representative director
    - Matters related to the selection or removal of titled directors
    - Matters related to remuneration systems/policies and individual remuneration for directors and senior vice presidents
    - Matters related to directors' remuneration amounts (matters requiring resolution at the Shareholder Meeting)
    - Matters related to succession plans (including development)
    - Other important business matters that the Board recognizes as requiring the Nomination and Remuneration Advisory Committee's advice
  - The Nomination and Remuneration Advisory Committee also deliberates on the following matters and offers opinions to the Audit and Supervisory Board as necessary.
    - Matters related to the selection or dismissal of Audit and Supervisory Board members (matters requiring resolution at the Shareholder Meeting)
    - Matters related to remuneration systems/policies and individual remuneration for Audit and Supervisory Board members
- (7) Directors [4.4.1, 4.5, 4.7, 4.8.1, 4.8.2, 4.11.2, 4.12, 4.13.1]
- Directors, recognizing their fiduciary responsibility, help make decisions critical to the Company's sustainable growth-oriented business strategies. In making these decisions, directors look at the future of the Company with consideration to changes in the market and the industry from a mid- to long-term perspective, also taking their broad and diverse wealth of experience into account. Furthermore, directors have a responsibility to the management of the Company and conduct monitoring of the status of business execution.
  - Directors consistently strive to put our corporate philosophy into practice, and have the insight, high ethical standards, fairness, and integrity necessary to hold the position of director.
  - In addition to aggregating sufficient information to properly execute their duties, directors use their individual values, ethical standards, experience, and knowledge in order to proactively speak, and freely and constructively debate at Board of Directors meetings.
  - Directors may concurrently hold executive positions at other companies as long as it does not affect the execution of their duties at the Company. The status of noteworthy concurrent directors will be recorded in the Notification of Shareholder Meeting.
  - Outside directors utilize their experience and knowledge from an independent standpoint to carry out management oversight, management advice, and conflict of interest oversight functions. Additionally, they echo the opinions of stakeholders to the Board of Directors.



- Seeking to strengthen the management oversight function, outside directors and Audit and Supervisory Board members periodically hold a joint meeting where they exchange information and share common issues.
- (8) Audit and Supervisory Board Members [4.4, 4.5, 4.11.2, 4.13.1]
- Audit and Supervisory Board Members, recognizing their fiduciary responsibility, strive for the improvement of sustainable corporate value and ensuring the health of the company, and carry out their duties as auditors.
  - Audit and Supervisory Board members oversee both the business and accounting based on the relevant laws.
  - Audit and Supervisory Board members audit directors' and the Board of Directors' business execution and oversight duties for both legality and appropriateness.
  - Audit and Supervisory Board members have the right to oversee the business execution of directors, select or dismiss accounting auditors, and audit the remuneration of accounting auditors.
  - Audit and Supervisory Board members monitor and verify the decision-making of the Board of Directors, as well as the structure and operating status of internal controls systems.
  - Audit and Supervisory Board members strive to acquire and deepen the knowledge necessary to properly fulfill their role and duties.
  - Audit and Supervisory Board members may concurrently hold executive positions at other companies as long as it does not affect the execution of their duties at the Company. The status of concurrent Audit and Supervisory Board members will be recorded in the Notification of Shareholder Meeting.
- (9) Support Structure [4.12.1, 4.13.1, 4.13.2, 4.13.3]
- A Board of Directors Office is established with the goal of improving the deliberation function of the Board of Directors, and operates as follows.
    - Create the annual schedule for the Board of Directors and make an annual plan for the matters to be discussed.
    - Provide enough time for the Board of Directors to thoroughly discuss each matter.
    - Distribute any documents or materials related to matters for discussion well in advance of the next Board of Directors meeting.
    - In addition to the above, the Board of Directors Office will regularly provide information necessary to the decision-making function of all directors, including outside directors, by providing an onboarding program for new directors, answering any questions the directors may have in advance of the meeting after looking over documents or materials, and through free discussion.

- The Company has established a specialist-led Audit and Supervisory Board Office to assist with the duties of Audit and Supervisory Board members and support their activities.
  - The Audit and Supervisory Board Office works both under the Audit and Supervisory Board and strives to ensure independence from senior management when they are performing their duties.
- If asked, the Internal Audit Division and other administrative bodies will not hesitate to provide information necessary for directors and Audit and Supervisory Board members to perform their work.
- The Company secures the budget deemed necessary for directors and Audit and Supervisory Board members to perform their work.

(10) Determination of Candidates for Director Positions [3.1(iv) (v), 4.3.1, 4.9, 4.11.1]

- Determination Process
  - In determining whether a candidate will be able to sufficiently carry out their duties as a director, the Nomination and Remuneration Advisory Committee conducts resume screenings, interviews, and reference checks based on the selection criteria, deliberates among the committee, and proposes their findings to the Board of Directors.
  - When considering candidates for reappointment, the evaluation they received during their time as director is also taken into consideration. Additionally, in the case of outside directors, the Company aims for appropriate turnover to match the constantly changing tech industry, and as such, takes into consideration whether it is appropriate to reappoint the candidate in terms of whether the reappointment will ensure management discipline and independence.
  - Candidates for outside director positions must fulfill the criteria for determining independence of outside directors in order to ensure their independence. The criteria for determining independence of outside directors is determined by the Board of Directors and included in the appendix of this document.
- Selection Criteria
  - Will to increase corporate value
    - Possesses strong interest in the Company's mission, desire to contribute, and ability to accomplish strategies
  - Knowledge, experience, and abilities
    - Meets the appropriate standards to serve as a director of a company aiming to become a global tech company
  - Personality and sense of ethics
    - Possesses an outstanding personality and ability to faithfully and sincerely carry out their duties
  - Compatibility with the Company's culture and values

- Possesses a sense of values and knowledge necessary to embody the Company's culture and values
  - Willing to voice dissenting opinions to existing discussions in a constructive manner in order to contribute to better management decisions
- Concurrent positions
  - Will not hold any positions at the Company's direct competitors at the time they are appointed director of the Company; will only hold concurrent positions within a reasonable extent
- Diversity
  - Capable of contributing to management of the Company in terms of diversity, based on their career history, etc.

(11) Dismissal of Directors [3.1(v), 4.3.1, 4.3.3]

- If a director meets any of the following criteria, they will be considered for dismissal.
  - The director violates laws, ordinances, the Company's Articles of Incorporation, or any of the Group's other regulations, resulting in serious loss or disruption of work for the Company
  - The Company discovers that the director does not meet the criteria for selection
  - The director neglects their duties, resulting in significant harm to the Company's corporate value
  - The Company discovers that the director has unacceptable connections to anti-social forces
  - The director carries out conduct that violates public order and morals
  - A significant impediment to the director's ability to carry out their duties, such as health issues, etc., occurs
- Decisions regarding dismissal of directors are deliberated fairly and rigorously by the Nomination and Remuneration Advisory Committee, resolved by the Board of Directors, and approved at a Shareholder Meeting.
- Decisions regarding dismissal of the representative director or a titled director are deliberated fairly and rigorously by the Nomination and Remuneration Advisory Committee and approved by the Board of Directors.

(12) Director Remuneration [3.1(iii), 4.2, 4.2.1]

- Basic Policy
  - The Company's basic policy with regards to determining the remuneration of directors is to secure outstanding personnel at the global level as directors of the company and ensure that their supervisory functions are effective, taking into account that the primary duty of directors is to supervise the management of the

- Group as a whole, as well as to formulate and drive forward its global growth strategy over the medium to long term.
- Remuneration of directors (excluding outside directors) consists of fixed remuneration and medium- to long-term incentive remuneration in the form of performance-linked stock options. The performance-linked stock options are set up with appropriate restrictions and conditions to maximize director performance and their willingness to contribute, and to provide incentives that encourage more appropriate risk-taking by linking shareholder value to remuneration.
  - Remuneration of outside directors consists of fixed remuneration only, so as to preserve their independence from the Company.
  - Policy on Determining Individual Remuneration Amounts for Fixed Remuneration (including policy on determining when remuneration, etc. is granted and conditions thereof)
    - In principle, fixed remuneration for directors of the Company is granted monthly and is determined by taking a comprehensive view of each director's duties, abilities, results, and contribution to the Company, and of the performance and economic situation of the Company, etc.
  - Details of Performance-Linked Stock Options and Policy on Determining Calculation Methods for Amount and Number Thereof (including policy on determining when remuneration, etc. is granted and conditions thereof)
    - Performance-linked stock options will be granted in accordance with Part 1, Section 4 ("4. Corporate Governance Status, etc."), Article 4-d of the Company's annual securities report.

- Policy on Determining Ratio of Fixed Remuneration and Performance-Linked Stock Options and Individual Remuneration, etc. of Directors, as well as Matters for Delegating Authority for All or Part Thereof to Directors or Other Third Parties
  - In the event the Board of Directors delegates authority to the representative director, in order to ensure the appropriateness of the remuneration plan and levels for directors as well as the independence, objectivity, and transparency of the decision process, the representative director consults with the Nomination and Remuneration Advisory Committee, of which a majority is outside directors. Through discussion, they determine the ratio of fixed remuneration and performance-linked stock options, as well as remuneration amounts (including non-monetary remuneration, etc.) of directors, by taking a comprehensive view of each director's duties, abilities, results, and contribution to the Company, and of the performance and economic situation of the Company, etc. When granting stock-based remuneration, the Board of Directors resolves the number of shares allocated to each individual after consulting with the Nomination and Remuneration Advisory Committee.

(13) Director Training [4.14, 4.14.1, 4.14.2]

- The Board of Directors establishes an internal system to provide the information and training necessary for directors and Audit and Supervisory Board members to appropriately carry out their roles and duties.
- When outside directors and outside Audit and Supervisory Board members are newly appointed, they undergo an onboarding program, which shares company information such as management principles, company culture, business activities, financial affairs, and organization information.
- After directors and Audit and Supervisory Board members are appointed, the Board of Directors continues to provide training opportunities relevant to each individual's duties, skills, experience, etc. and/or provide support for expenses thereof.

(14) Risk Management Policy [4.3, 4.3.4]

- In order to ensure that business is executed with the appropriate controls and appropriate risk-taking, the Board of Directors establishes policies such as a Basic Policy for Establishing Internal Control Systems, a Basic Compliance Policy, and a Basic Risk Management Policy. In addition to appropriately establishing internal controls and a risk management structure, the Board of Directors also regularly or as necessary receives reports regarding important compliance and risk management matters and provides supervision to ensure that such controls and structures function effectively.

#### 4. Proper Collaboration with Non-Shareholder Stakeholders

##### (1) Initiatives Towards Sustainability [2, 2.3, 2.3.1, 3.1.3, 4, 4.2.2]

- The Group believes that the earth's resources are the foundation upon which people build their lives and aims to create a circular economy in which these finite resources are used sparingly and all people can prosper. In order to achieve this goal, the Company believes that it is necessary to share these ideals and develop them not only within the Group, but together with various stakeholders such as users, business partners, local communities, and investors. The Company has established an ESG Committee to advise the Senior Executive Committee and actively takes on social and environmental problems and other topics related to sustainability.
- The ESG Committee sets the Group's material topics, KGIs, and KPIs, and works to achieve them under the supervision of the representative director and ESG officers. The Board of Directors supervises the appropriateness of the material topics, KGIs, and KPIs, as well as the process and results of each initiative.
- The Company discloses the Group's basic policy on sustainability, initiatives, and results as part of a sustainability report.

##### (2) Ensuring Internal Diversity [2.4, 2.4.1]

- The Group does not set gender ratio targets for the appointment of core talent. However, the Company sets quantitative KPIs for the hiring and appointment processes and creates mechanisms to ensure that all candidates receive equal opportunities regardless of their attributes. By doing so, the Company works to remediate structural inequality and disparities in human resources processes.
- The Company discloses specific strategies to achieve the above point and talent development policies and work environment policies for ensuring diversity, as well as the progress and results thereof, as part of a sustainability report.

##### (3) Internal Whistleblowing Hotline [2.5, 2.5.1]

- As is defined in the Basic Policy for Internal Control Systems, the Group establishes an appropriate whistleblowing system to ensure that whistleblowers are able to convey information and/or sincere suspicions regarding illegal or inappropriate conduct or information disclosure without risk of being put at a disadvantage, as well as to ensure that such information and/or suspicions are objectively verified and used appropriately.

Criteria for Independence of Outside Officers

The Company deems outside directors and outside Audit and Supervisory Board members (collectively, “outside officers”), as well as outside officer candidates, to be independent from the Company if they do not fall under any of the following categories.

1. A director, officer, or employee in charge of business execution (collectively, “person in charge of business execution”) for the Company or a subsidiary of the Company, either currently or within the past 10 years
2. A person who either directly or indirectly possesses 10% or more of the total voting rights of the Company, or else a person in charge of business execution for a corporation which possesses the same
3. A person who has the Company as a major business partner, or a person in charge of business execution for an organization which has the Company as a major business partner<sup>1</sup>; additionally, a person who is a major business partner of the Company, or a person in charge of business execution for an organization which is a major business partner<sup>2</sup> of the Company
4. An accounting auditor of the Company or a subsidiary of the Company or employee, etc. thereof
5. A consultant, lawyer, certified public accountant, tax accountant, etc. that receives money or other property gains exceeding 10 million JPY per year from the Company or a subsidiary of the Company, excluding remuneration as an officer (if the party receiving such property is a corporation, association, or other organization, a person belonging to such organization)
6. A person who receives contributions or subsidies exceeding 10 million JPY per year from the Company or a subsidiary of the Company, or else a person in charge of business execution for a corporation which receives the same
7. A person who fell under any of categories 2 through 6 within the past 3 years
8. A person who has a spouse or other relative (to the second degree of kinship) who falls under any of categories 1 through 7 (excluding those not considered important)

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<sup>1</sup> A business partner to which the Company made payments amounting to 2% or more of yearly net sales.

<sup>2</sup> A business partner from which the Company received payments amounting to 2% or more of yearly net sales.

9. Any other person who the Nomination and Remuneration Advisory Committee deems liable to have a constant conflict of interest with general shareholders, even if they do not fall under any of categories 1 through 8