

# **Policy for Appointment and Dismissal of Directors and Officers**

## **Chapter 1 Appointment of Directors**

### **Article 1 (Procedures for Appointment of Directors)**

The Nominating Committee deliberates on candidates for Directors based on the selection policy and requirements for candidates for Directors stipulated in Articles 2 to 4 and makes decisions regarding the content of the proposal for the selection of Directors to be submitted to the Shareholder Meeting after taking into account the opinions of the Board of Directors.

To ensure the independence and objectivity of the Board of Directors, we require outside directors to meet the requirements set by the Company regarding independence.

### **Article 2 (Policies for the Selection of Candidates for Directors)**

In its efforts to promote management aimed at achieving sustainable growth and enhancing the corporate value of Mercari Group (the “Group”), the Company selects candidates for Directors who are deemed suitable for the position. This approach ensures a balance of knowledge, experience, and competency, as well as diversity, which is necessary for the Board of Directors as a whole to realize highly effective supervision of management.

When deciding on candidates for Directors, the Nominating Committee will consider the following requirements for candidates for Directors.

- a. Candidates must possess the core qualities (core skills) necessary to lead management in achieving the Group’s mission, “Circulate all forms of value to unleash the potential in all people.”
- b. Candidates must possess the expertise and experience required to engage in discussions concerning major directions associated with key management policies and strategies, and priority areas essential for achieving the mission from various perspectives.

From the perspective of diversity on the Board of Directors, we select candidates for Directors with consideration for gender balance. Therefore, in principle, the Nominating Committee includes female

candidates in the group of candidates for selecting Director candidates.

### **Article 3 (Requirements for Candidates for Directors)**

The core skills required of all candidates for Directors are presented below.

- "Leadership": Has demonstrated outstanding leadership in various aspects, including the presentation and dissemination of vision, organizational transformation, and business growth, in organizational management for corporations, law and accounting firms, government agencies, or other entities
- "Shared belief in the achievement of the mission and willingness to contribute": Has strong interest and shared belief in the Mercari Group mission, and willingness to contribute to the enhancement of corporate value through its achievement
- "Compatibility with culture/values": Aligns with Mercari Group's culture and upholds a mindset and principles of behavior that embody Mercari's three values
- "Integrity and high ethical standards": Has strong ethical standards and is capable of performing duties with utmost integrity (sincerity and honesty) in all situations and circumstances

In relation to the expertise and experience that each candidate for Directors is expected to demonstrate in light of their role, the following specific criteria are outlined to ensure a diverse range of viewpoints within the Board of Directors as a whole. This enables the Board of Directors to effectively supervise operations, adapting to the evolving business environment.

- The Group requires "Corporate management," "Sustainability," "Human resources & organizational culture development," "Corporate governance," and "Policy/public relations" to achieve sustainable growth and increase corporate value through appropriate collaboration with stakeholders to solve social issues.
- The Group requires "Global business" and "Innovation/technology" from the perspective of encouraging the creation of new markets and services to achieve its mission.
- The Group requires "Finance/accounting" and "Risk management/compliance" from the perspective of promoting fair corporate activities that lead to earning the trust of society while supporting active and sound risk-taking.

### **Article 4 (Selection Policy for Candidates for Reappointment of Directors)**

Candidates for reappointment of Directors will be determined based on the continuity of the Board of

Directors as well as evaluation results during their term of office.

In selecting candidates for reappointment as Outside Directors, if the total term of office exceeds six years, the consent of all Directors is required.

## **Chapter 2 Selection of Chief Executive Officer (CEO)**

### **Article 5 (Selection Policy)**

The Board of Directors selects the Company's Chief Executive Officer (CEO) based on the recommendations of the Nominating Committee, taking the following into consideration.

- a. Ability to demonstrate outstanding leadership
- b. Ability to embody our company's culture and maximize the value of the organization
- c. Possess extensive experience and track record in corporate management

### **Article 6 (Succession Plan)**

The Nominating Committee is involved in formulating CEO succession plans and provides ongoing oversight of operational processes.

## **Chapter 3 Appointment of Executive Officers**

### **Article 7 (Appointment Procedures)**

Executive Officers are appointed by resolution of the Board of Directors after the candidates selected by the CEO are reported to the Nominating Committee and the qualifications and abilities of the candidates are confirmed by the Nominating Committee.

The Company appoints Executive Officers with consideration for diversity and balance of gender, age, experience, and internationality within a management team.

### **Article 8 (Selection Criteria)**

Candidates for Executive Officer will be selected taking the following into consideration.

- a. Expected to contribute to the mid- to long-term improvement of corporate value and the growth of the Group as a manager through the following
  - Strategy formulation and bold decision-making that are particularly important for group

management

- Creating significant business results
  - Organizational development that supports the Group's sustainable growth
  - Finding successors and supporting their growth
- b. Being able to embody our Company's culture and enhance the value of the organization

## **Chapter 4 Dismissal of Directors and Executive Officers**

### **Article 9 (Procedures for Dismissal of Directors)**

In the event that a Director violates laws, regulations or the Articles of Incorporation, or has other reasons deemed difficult to properly execute their duties, the Nominating Committee will deliberate as necessary and decide to submit a proposal for dismissal to the Shareholder Meeting.

### **Article 10 (Procedures for Dismissal of Executive Officers)**

In the event that an Executive Officer violates laws, regulations or the Articles of Incorporation, or has other reasons deemed difficult to properly execute their duties, the Board of Directors will, after deliberation, decide on the dismissal or other disposition of the Executive Officer.

## **Chapter 5 Revision**

### **Article 11 (Revision)**

Revisions to this policy will be made by resolution of the Nominating Committee.

## Appendix

### **Criteria for Independence of Outside Directors**

An Outside Director is considered to be independent of the Company if they do not fall under any of the following categories.

1. A person who is or has been an Executive Director, Executive Officer or other employee (collectively, "person in charge of business execution") of the Company or its subsidiaries (the "Group") during 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 that possesses the same.
3. A business partner who has the Group as a major business partner (a) or its person in charge of business execution; additionally, a business partner who is a major business partner of the Group (b), or its person in charge of business execution.
  - a. A business partner who received payments from the Group of 2% or more of the other party's annual consolidated sales or 100 million yen, whichever is higher
  - b. A business partner who made payments to the Group 2% or more of the Group's annual consolidated sales or 100 million yen, whichever is higher
4. An Independent auditor or employee of the Group.
5. A consultant, lawyer, certified public accountant, tax accountant, etc. who receives monetary or other financial benefits from the Group that exceeds the following thresholds in addition to Directors/Officers compensation (if the person receiving the property is an organization such as a corporation or association, this refers to the person who belongs to the organization).
  - a. (For individuals) 10 million yen or more per year
  - b. (For organizations) 2% or more of the organization's sales
6. A person who receives contributions or subsidies exceeding 2% of the other party's total income or 10 million yen, whichever is higher from the Group, or a person in charge of business execution for a corporation that 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).
9. Any other person whom the Nominating 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.