

October 6, 2023

Mercari, Inc.

Representative Executive Officer and CEO: Shintaro Yamada

Inquiries: Group 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

To achieve our mission of “Circulate all forms of value to unleash the potential in all people,” Mercari Group (the Group) aims to “unleash” the potential in all people by using technology to create an ecosystem that circulates all forms of value (both tangible and intangible). In order to collaborate with various stakeholders to achieve this mission, the Company will pursue the best Corporate Governance and continually strive to enhance it.

As part of our efforts to pursue and enhance the best Corporate Governance, we have chosen to establish a company with three committees (Nominating Committee, Compensation Committee, and Audit Committee). By clarifying the separation of the supervisory and the executive functions, we will build a system that supports swift and decisive decision-making as well as active and sound risk-taking of the executive function while strengthening the supervisory function of the Board of Directors.

【Rationale for Not Implementing Certain Principles of the Corporate Governance Code】

【Supplementary Principle 2.4.1 (Ensuring Diversity at the Company, Including the Empowerment of Women in the Workplace)】

The Group believes that diversity among its members is the source of innovation needed to achieve the Group mission of “Circulate all forms of value to unleash the potential in all people.” The Group aims to create equal opportunities so that all employees can embody its three values (Go Bold, All for One, and Be a Pro).

Since the Group's hiring and promotion focuses on equal opportunities rather than equal outcomes, it does not set any Group-wide standards for promotion, such as aiming for a certain number of nationalities or genders to be represented. However, the Group does set “process KPIs” for each organization and monitors the progress of those KPIs.

The Company knows that diversity and inclusion are essential to the achievement of the Group mission. In the fiscal year ended June 30, 2023, it became the first Japanese company to obtain Edge Assess certification, a global certification program that looks at gender equality. The Company is also implementing correction measures to eliminate the gender pay gap between men and women.

Details of the Group's efforts to address diversity and inclusion, as well as information on employees' nationalities and the gender ratio, have been disclosed in the Impact Report found below.

https://about.mercari.com/en/press/news/articles/20230921_impactreport/

【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 investor relations (IR) activities to promote understanding of shareholders and investors.

【Disclosure Based on the Principles of the Corporate Governance Code】

The Company's corporate website linked below contains the Corporate Governance Guidelines, Policy for Appointment and Dismissal of Directors and Officers, and Policy for Determining the Details of Compensation for Individual Directors and Officers (the "Directors/Officers Compensation Policy").

<https://about.mercari.com/en/ir/governance/basic-policy/>

【Principle 1.4】 (Cross-Shareholdings)

The Company's stance is described in Article 6 of the Corporate Governance Guidelines.

【Principle 1.7】 (Related Party Transactions)

The Company's stance is described in Article 7 of the Corporate Governance Guidelines.

【Principle 3.1】 (Appropriately Disclosing Information and Ensuring Transparency)

(1) Corporate Philosophy, Strategy, and Planning

The Company's Corporate Philosophy is stated in 1. Our Principle above.

For more information about the Company's Corporate Strategy and Planning, see "Mid- to Long-Term Policy" in the fiscal year ended June 30, 2023, Q4 financial results materials posted to the corporate website.

(2) Basic Policy and Basic Approach to Corporate Governance

The Company's stance is described in Article 1 of the Corporate Governance Guidelines.

(3) Policy and Procedures for Determining Directors' and Executive Officers' Compensation

The Company's stance is described in the Directors/Officers Compensation Policy.

(4) Policy and Procedures for Determining Directors' and Executive Officers' Appointment and Dismissal

The Company's stance is described in the Policy for Appointment and Dismissal of Directors and Officers.

(5) Explanation of Individual Nominations of Candidates for Directors

The Company's stance can be found under No.2 "Election of Ten (10) Directors" in the reference materials included in the Notice of the 11th Annual General Meeting of Shareholders found at the corporate website link below.

<https://about.mercari.com/en/ir/stock/shareholdermeeting/>

【Supplementary Principle 3.1.3】 (Addressing Sustainability Issues)

The Company's investment in sustainability and human capital, as well as efforts to address climate change based on the TCFD recommendations, is disclosed in the Impact Report.

https://about.mercari.com/en/press/news/articles/20230921_impactreport/

The Group also recognizes that intellectual property is a significant asset to the management of the Group and strives to both protect its own intellectual property and respect the intellectual property of third parties. To do so, the Group adopts an "Open" and "Defensive" strategy with regard to intellectual property.

"Open" means establishing relationships with people outside the Company through intellectual property activities, such as collaborating with rights holders in taking measures against counterfeit items listed on Mercari. "Defensive" means utilizing intellectual property to protect "a global marketplace where anyone can buy & sell" which is stated in the Company's mission.

• Anti-counterfeit measures: The Company aims to eradicate counterfeit items from all marketplaces in Japan, not just Mercari, by working with relevant government agencies (METI, Japan Patent Office, Ministry of Finance Customs and Tariff Bureau, etc.) and rights-holder organizations (JETRO, CIPP, etc.).

• Open-source software (OSS): The Company has thus far promoted the use of open-source software in developing its products. Additionally, the Company has established an open-source management organization and is working to give back to the community by publishing software it has developed as open-source projects.

• Patent defense organizations: The Company has joined an organization consisting of mainly US-based tech companies and collaborates with other participating companies to eradicate inappropriate use of patents (also known as "patent trolling").

【Supplementary Principle 4.1.1】 (Matters Decided by the Board of Directors and Scope of Delegation to Executive Officers)

The Company's stance is described in Article 9 of the Corporate Governance Guidelines.

【Principle 4.9】 (Criteria for Independent Outside Directors)

The Company's stance is described in the Policy for Appointment and Dismissal of Directors and Officers.

【Supplementary Principle 4.11.1】 (Skills Matrix for the Board of Directors)

The Company's stance can be found under No.2 "Election of Ten (10) Directors" in the reference materials included in the Notice of the 11th Annual General Meeting of Shareholders found at the corporate website link below.

<https://about.mercari.com/en/ir/stock/shareholdermeeting/>

【Supplementary Principle 4.11.2】 (Concurrent Executive Positions at Other Listed Companies Held by Directors)

The Company's stance can be found under No.2 "Election of Ten (10) Directors" in the reference materials included in the Notice of the 11th Annual General Meeting of Shareholders found at the corporate website link below.

<https://about.mercari.com/en/ir/stock/shareholdermeeting/>

【Supplementary Principle 4.11.3】 (Evaluation of the Effectiveness of the Board of Directors)

The Company discloses information regarding the evaluation of the effectiveness of its Board of Directors at the following link:

<https://about.mercari.com/en/ir/governance/board-evaluation/>

【Supplementary Principle 4.14.2】 (Training Policy for Directors)

The Company's stance is described in Article 20 of the Corporate Governance Guidelines.

【Principle 5.1】 (Policy for Constructive Dialogue with Shareholders)

The Company's stance is described in Article 2 of the Corporate Governance Guidelines.

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	39,157,546	24.10
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,944,500	9.81
MSIP CLIENT SECURITIES	9,318,784	5.74
Hiroshi Tomishima	8,170,900	5.03
Custody Bank of Japan, Ltd. (Trust Account)	7,363,700	4.53
suadd K.K.	6,567,000	4.04
GOLDMAN SACHS INTERNATIONAL	3,526,854	2.17
DAIWA CM SINGAPORE LTD-NOMINEE ROBERT LUKE COLLICK	3,435,000	2.11
GOLDMAN, SACHS & CO. REG	2,932,224	1.80
EUROCLEAR BANK S.A./N.V.	2,563,942	1.58

Controlling Shareholder (excluding parent company)	—
Parent Company	None

Supplementary Explanation

○Major Shareholders:

- (1) The ratio of shares owned compared to the total number of shares issued (excluding treasury stock) is rounded to the second decimal place.
- (2) In a Statement of Large-Volume Holdings submitted for inspection on May 11, 2022, Capital Research and Management Company stated that they were in possession of the following shares as of April 29, 2022. However, the Company was unable to confirm the number of shares actually held on the record date for exercising voting rights. Thus, the Company has omitted Capital Research and Management Company from the list of major shareholders above. The content of Article 2 (Matters Regarding the Submitter) of the submitted Statement of Large-Volume Holdings is as follows:
【Name / Number of Shares Considered Owned / Ratio of Shares Owned】
Capital Research and Management Company / 6,141,300 / 3.83%
- (3) In a Statement of Large-Volume Holdings submitted for inspection on September 6, 2022, Luxor Capital Group, LP stated that they were in possession of the following shares as of August 30, 2022. However, the Company was unable to confirm the number of shares actually held on the record date for exercising voting rights. Thus, the Company has omitted Luxor Capital Group, LP from the list of major shareholders above. The content of Article 2 (Matters Regarding the Submitter) of the submitted Statement of Large-Volume Holdings is as follows:
【Name / Number of Shares Considered Owned / Ratio of Shares Owned】
Luxor Capital Group, LP / 5,101,540 / 3.17%

3. Company Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime
Fiscal Year-End	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
Number of Consolidated Subsidiary Companies as of Preceding Year-end	Less than 10 companies

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

5. Other Special Circumstances Significantly Affecting Corporate Governance

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 Three Committees (Nominating Committee, Compensation Committee, and Audit Committee)
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	No maximum number
Term of Office of Directors Stipulated in Articles of Incorporation	1 year
Chair of the Board of Directors	CEO
Number of Directors	10

[Matters Regarding Outside Directors]

Number of Outside Directors	6
Number of Independent Directors Designated From Among Outside Directors	6

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												
Masayuki Watanabe	From another company								○				
Takuya Kitagawa	From another company												
Daiken Tsunoda	Attorney												
Kazuhiko Toyama	From another company												
Fumiyuki Fukushima	CPA												

*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. Person in charge of business execution of the Company or its subsidiary
- b. Non-executive director or a person in charge of business execution of a parent company of the Company
- c. Person in charge of business execution of a fellow subsidiary of the Company
- d. Party whose major business partner is the Company or a person in charge of business execution thereof
- e. Major business partner of the Company or a person in charge of business execution thereof
- f. 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
- g. Major shareholder of the Company (or a person in charge of business execution of the said major shareholder if the shareholder is a corporation)
- h. Person in charge of business execution of a business partner of the Company (which does not correspond to any of d., e., or f.) (the Director himself only)
- i. Person in charge of business execution of a corporation to which outside officers are mutually appointed (the Director himself only)
- j. Person in charge of business execution of a corporation that receives donations from the Company (the Director himself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Committee Participation			Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nom.	Comp.	Audit			
Makiko Shinoda	○	○		○	—	As Outside Director, Makiko Shinoda is expected to supervise and provide advice to the management of the Company as it continues to grow by utilizing her specialized knowledge and extensive experience in diversity & inclusion, sustainability, finance, etc. In addition to contributing to strengthening the supervisory function of the Company's management, she is expected to contribute to strengthening the independence and objectivity of the nomination process for Directors and the decision process for compensation of Directors and Executive Officers as a member of the Nominating Committee and the

					<p>Chair of the Compensation Committee.</p> <p>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.</p>
Masayuki Watanabe	○			○	<p>Masayuki Watanabe is a person in charge of business execution of FOODCODE, LTD., which the Company has ordinary transactions with as a general consumer. However, this does not have any impact on the Company's decision-making.</p> <p>As Outside Director, 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. In addition to contributing to strengthening the supervisory function of the Company's management, he is expected to contribute to strengthening the independence and objectivity of the nomination process for Directors as a member of the Nominating Committee.</p> <p>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.</p>
Takuya Kitagawa		○		○	<p>As Outside Director, Takuya Kitagawa is expected to supervise and provide advice to the management of the Company as it continues to grow by utilizing his specialized knowledge in areas of technology, including artificial intelligence (AI) and data science, and extensive experience acquired through his endeavors in creating new business opportunities and addressing social issues through the utilization of AI and data. In addition to contributing to strengthening the supervisory function of the Company's management, he is expected to contribute to strengthening the independence and objectivity of the decision process for compensation of Directors and Executive Officers as a member of the Compensation Committee.</p> <p>Furthermore, the Company has appointed Mr. Kitagawa as an independent director, having determined that his appointment</p>

						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.
Daiken Tsunoda			○	○	—	<p>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. As Outside Director, Mr. Tsunoda is expected to supervise and provide advice to the management of the Company as it continues to grow by utilizing this experience and knowledge. In addition to contributing to strengthening the supervisory function of the Company's management, he is expected to contribute to strengthening the audit function as the Chair of the Audit Committee.</p> <p>Furthermore, the Company has appointed Mr. Tsunoda 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.</p>
Kazuhiko Toyama	○	○		○	—	<p>As Outside Director, Kazuhiko Toyama is expected to supervise and provide advice to the management of the Company as it continues to grow by utilizing his abundant knowledge and profound insight as a specialist in the management of corporate restructuring consulting firms, as well as in corporate governance. In addition to contributing to strengthening the supervisory function of the Company's management, he is expected to contribute to strengthening the independence and objectivity of the nomination process for Directors and the decision process for compensation of Directors and Executive Officers as the Chair of the Nominating Committee and a member of the Compensation Committee.</p>

						Furthermore, the Company has appointed Mr. Toyama 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.
Fumiyuki Fukushima			○	○	—	Fumiyuki Fukushima has provided appropriate and valuable advice and suggestions on the building of an internal control system and risk management. As Outside Director, Mr. Fukushima is expected to supervise and provide advice to the management of the Company as it continues to grow by utilizing his extensive experience in practicing auditing as a certified public accountant and abundant knowledge of accounting and internal controls. In addition to contributing to strengthening the supervisory function of the Company's management, he is expected to contribute to strengthening the audit function as a member of the Audit Committee. Furthermore, the Company has appointed Mr. Fukushima 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.

【Committee Information】

Committee Composition and Attributes of Chair

	All Committee Members	Full-Time Members	Inside Directors	Outside Directors	Chair
Nominating Committee	4	1	1	3	Outside Director
Compensation Committee	4	1	1	3	Outside Director
Audit Committee	3	2	1	2	Outside Director

【Executive Officers】

Number of Executive Officers	6
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Committee Composition and Attributes of Chair

Name	Additional Duties as Director	Concurrent
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	Representation Rights		Nominating Committee Member	Compensation Committee Member	Employee Position
Shintaro Yamada	Yes	Yes	○	○	No
Naoki Aoyagi	No	No	×	×	No
Sayaka Eda (Sayaka Ando)	No	Yes	×	×	No
Shuji Kawano	No	No	×	×	No
John Lagerling	No	No	×	×	No
Hirohisa Tamonoki	No	No	×	×	No

【Audit Structure】

Presence of Director(s) and/or Employee(s) Assisting with the Duties of the Audit Committee	Present
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Matters Regarding the Independence of Assisting Director(s) and/or Employee(s) from Executive Officers

The Company has established a dedicated organization to assist with the duties of the Audit Committee and assigns the necessary employees to this organization. The Company obtains the consent of the Audit Committee when determining human resources-related matters involving assisting employees.

Cooperation Among the Audit Committee, Accounting Auditors, and Internal Audit Department

In the fiscal year ended June 30, 2023, Outside Directors and Auditors exchanged information regularly. Auditors and the Internal Audit Department also regularly exchanged information regarding topics such as the implementation of internal audits and strived to enhance the Company's audit function. Additionally, the Internal Audit Department, Auditors, and the Accounting Auditor shared information regularly and as necessary and exchanged opinions regarding audit-related problems, challenges, etc.

At the Annual General Meeting of Shareholders held on September 28, 2023, the Board of Directors resolved to modify the Company's articles of incorporation to transition the Company to a Company with Three Committees, and the Company transitioned to a Company with Three Committees on the same day. Following this transition, the Company will continue to strive for the same close cooperation among Outside Directors, the Audit Committee, the Internal Audit Department, and the Accounting Auditor.

【Independent Directors】

Number of Independent Directors	6
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Other Matters Relating to Independent Directors

The Company has appointed all Outside Directors that meet the qualifications as independent directors.

The Company's criteria for independence of Outside Directors is described in the Policy for Appointment and Dismissal of Directors and Officers linked at the end of the following webpage:

<https://about.mercari.com/en/ir/governance/basic-policy/>

【Incentives】

Incentive Policies Implemented for Directors and Executive Officers	Introduction of stock option plan and others
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Supplementary Explanation

Decisions on compensation for Directors and Executive Officers are made as described in the Directors/Officers Compensation Policy.

Recipients of Stock Options	Outside Directors, Executive Officers
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The Company has introduced a one-year stock option plan and a phantom stock plan for Executive Officers as mid- to long-term incentives. For Directors, the Company has introduced a one-year stock option plan with the goal of strengthening the supervisory function and sharing profits with shareholders in the mid- to long-term. Details of the compensation structure for Directors and Executive Officers are described in the Directors/Officers Compensation Policy.

Additionally, the Company granted stock options with share price conditions as incentive compensation in October 2020 to some Directors before the transition to a Company with Three Committees. The details of these stock options can be found in section A, chapter IV, part 4-(4) (Compensation of Officers, etc.) of the 11th Annual Securities Report.

【Compensation for Directors and Executive Officers】

Disclosure of Individual Directors' Compensation	Only the individual compensation of certain Directors is disclosed.
Disclosure of Individual Executive Officers' Compensation	No individual compensation is disclosed.

Supplementary Explanation

The details of compensation of officers can be found in section A, chapter IV, part 4-(4) (Compensation of Officers, etc.) of the 11th Annual Securities Report.

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

The Company's policy on determining compensation for Directors and Executive Officers is described in the Directors/Officers Compensation Policy.

【Support System for Outside Directors】

The Company's support system for Outside Directors is described in Article 18 and Article 20 of the Corporate Governance Guidelines.

The Company's policy on compensation for Outside Directors is described in the Directors/Officers Compensation Policy.

2. Matters Regarding Management of Business Execution, Audits/Supervision, Nominations, and Compensation Decisions (Outline of the Current Corporate Governance System)

The Company transitioned from a Company with an Audit and Supervisory Board to a Company with Three Committees as of the General Meeting of Shareholders on September 28, 2023.

(a) Board of Directors

The Board of Directors of the Company discusses and decides upon fundamental corporate management matters, the core of the Company's strategies, and other important management matters, as well as supervises the Executive Officers' execution of duties, as the Company works to achieve its Group mission.

The Board of Directors is composed of ten (10) Directors, including six (6) Independent Outside Directors.

In promoting management that aims for the sustainable growth and enhancement of the corporate value of the Group, the Company establishes a structure that ensures overall diversity of the Board of Directors and the right balance of knowledge, experience, and ability necessary to carry out highly effective supervision of the Group.

The status of the Board of Directors' activities in the fiscal year ended June 30, 2023, can be found in section A, chapter IV, part 4-(1)-3 Status of Activities of the Board of Directors, etc. in the Fiscal Year Under Review of the 11th Annual Securities Report.

(b) Nominating Committee

The Nominating Committee deliberates evaluation of Directors, candidates for Directors, candidates for Executive Officer, Chief Executive Officer succession planning, and other topics, and determines policies for appointment and dismissal of officers, proposals for appointment and dismissal of Directors, and other items.

The Nominating Committee is composed of four (4) Directors, including three (3) Independent Outside Directors. The Chair is selected from the Independent Outside Directors in order to ensure objectivity and transparency in deliberation regarding nominations.

(c) Compensation Committee

The Compensation Committee fairly and transparently deliberates and determines policies for determining compensation, etc. of Directors and Executive Officers, as well as individual compensation, etc. for Directors and Executive Officers.

The Compensation Committee is composed of four (4) Directors, including three (3) Independent Outside Directors. The Chair is selected from the Independent Outside Directors in order to ensure objectivity and transparency in deliberation regarding Directors/Officers compensation.

(d) Audit Committee

The Audit Committee audits the execution of duties by Directors and Executive Officers, creates audit reports, evaluates and selects Accounting Auditors, and enhances the quality of audits by collaborating with the Internal Audit Department.

The Audit Committee is composed of three (3) Directors, including two (2) Independent Outside Directors. The Chair is selected from the Independent Outside Directors in order to ensure objectivity and transparency in audits.

(e) Executive Officers

Executive Officers receive significant delegation of authority regarding business execution from the Board of Directors, take charge of executing business in their area of responsibilities, and carry out business execution based on swift and bold decision-making and sound risk-taking. At the time this report was submitted, the Company had six (6) Executive Officers.

(f) 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.

(g) 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 Mayumi Tochinki and its Outside Directors 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 is to be the amount stipulated in Article 425, paragraph (1) of the Companies Act.

(h) 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, Executive Officers, Auditors, and Vice Presidents of the Company and other companies in the Group (however, this does not include Mercari, Inc. (US)). 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, they shall be reimbursed under the terms of the policy. To ensure the appropriateness of the execution of duties of officers, the directors and officers liability insurance policy stipulates that insurance payments shall not be made under certain circumstances, such as in cases of malicious intent or gross negligence.

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 rationale for the Company's current corporate governance system is described in Article 1 of the Corporate Governance Guidelines.

III. Policies for Shareholders and Other Stakeholders

1. Initiatives to Facilitate the Annual General Meeting of Shareholders and Exercising of Voting Rights

	Supplementary Explanation
Early Notification of Annual General Meeting of Shareholders	The Company strives to disclose notices for general meetings of shareholders early so that shareholders are able to have sufficient time to consider proposals and exercise their voting rights appropriately. For the 11th Annual General Meeting of Shareholders held on September 28, 2023, the Japanese language version of the notice was disclosed on the Company's website on Wednesday, September 6, and the English language version of the notice was disclosed on the Company's website on Friday, September 8.
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 of the full text of the Notice of the Annual General Meeting of Shareholders on the Company's website before the notification is mailed to shareholders.
Other	<p>Notification:</p> <p>The Company prints the notification for general meetings of shareholders 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 general meetings of shareholders on the Company's website and strives to facilitate these meetings and the exercising of voting rights.</p> <p>In 2023, the Company held an exclusively online general meeting of shareholders to remove constraints such as time and cost of travel that make it difficult for some shareholders to attend and to enable all shareholders to participate.</p>

2. Current IR Activities

	Supplementary Explanation	Explanation from the Representative Themselves
Creation and Publication of Disclosure Policies	<p>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.</p> <p>https://about.mercari.com/en/ir/strategy/policy/</p>	
Regular Information Sessions for Individual Investors	The Company provides business descriptions during general meetings of shareholders, 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 organizes IR activities overseas utilizing online meetings and online conferences held for overseas investors organized by securities companies.	Yes
Regular Information Sessions for Overseas Investors Publishing Documents on Our IR Website	<p>The Company strives for fair disclosure on the Company's website in both Japanese and English.</p> <p>https://about.mercari.com/en/ir/</p>	
Establishment of Department in Charge of IR	The Company employs people to be exclusively responsible for IR.	

Other	<p>The Company discloses (in both Japanese and English) records of interviews between the Representative Executive Officer and CEO and major shareholders, holds information sessions regarding certain areas led by heads of businesses as necessary, and publishes presentation materials and Q&A summaries from those sessions.</p> <p>The Company also actively posts information regarding its culture, services, and initiatives on company media such as “mercan”, “merpoli”, and the “mercari R4D” YouTube channel.</p>
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3. Initiatives Regarding Our Respect for Stakeholders

	Supplementary Explanation
Regulations regarding our respect for stakeholders in internal regulations, etc.	<p>The Company’s policy is described in Article 2 and Article 8 of the Corporate Governance Guidelines, as well as the Compliance Policy linked below. https://static.jp.mercari.com/compliance</p>
Implementation of environmental preservation activities, CSR activities, etc.	<p>The Company discloses reports to stakeholders regarding the Company’s social responsibilities, such as the implementation status of CSR activities, including environmental preservation activities, in its Impact Report, found at the link below. https://about.mercari.com/en/press/news/articles/20230921_impactreport/ The Company has also published pages about sustainability on Mercari’s corporate website. https://about.mercari.com/en/sustainability/</p>
Establishment of policies, etc. for providing information to stakeholders	<p>The Company strives to appropriately disclose information in accordance with the following IR Policy, which includes a Basic Disclosure Policy. https://about.mercari.com/en/ir/strategy/policy/ In addition, the Company discloses important information in both Japanese and English simultaneously.</p>
Other	<p>The Company has set “Unleashing the Potential in Diverse Talent Worldwide” as one of its material topics. The Company believes that diversity among its members is the source of innovation needed to achieve its Group mission and aims to create equal opportunities so that all employees can embody its three values (Go Bold, All for One, and Be a Pro).</p> <p>In the fiscal year ended June 30, 2023, the Company became the first Japanese company to obtain Edge Assess certification, a global certification program that looks at gender equality. The Company has also implemented correction measures designed to eliminate the gender pay gap between men and women. Details of measures the Company has taken, including efforts to address diversity and inclusion, have been disclosed in the Impact Report found below. https://about.mercari.com/en/press/news/articles/20230921_impactreport/</p>

IV. Regarding Our Internal Control System

1. Our Internal Control System - Basic Stance and Status

The Company maintains an internal control system and risk management structure based on the Basic Policy for Establishing Internal Control Systems defined by the Board of Directors.

(a) A System to Ensure that Executive Officers and Employees Comply with Laws, Ordinances, and Articles of Incorporation in Performing Their Duties

- i. Under the Basic Compliance Policy, the Company ensures that Executive Officers and employees have a sufficient awareness of compliance and abide by laws, ordinances, articles of incorporation, and internal regulations in performing their duties.
- ii. The Company stipulates official authority, clearly defines responsibilities and authority, and establishes a system for the performance of duties in each department. The Company also prepares, disseminates, and operates the necessary approval systems, internal regulations, and manuals.
- iii. The Company establishes, disseminates, and appropriately operates a system for making reports to and consulting with internal and external points of contact as an internal whistleblowing system.

- iv. The Company strictly addresses Executive Officers and employees who violate laws or regulations in accordance with the company's Rules of Employment and Executive Officer Regulations.
- v. 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.
- vi. The Company stipulates a basic policy to ensure appropriate financial reporting and establishes and puts into practice internal controls regarding financial reporting to ensure the appropriateness and reliability of the content of financial reporting.
- vii. The Company's basic policy is to have absolutely no ties with anti-social forces and to refuse all unjust demands. This policy is documented in writing, made clear to all people within the Company, and followed appropriately.
- viii. The Internal Audit Department audits the status of business execution and reports the results to the Representative Executive Officer, the Audit Committee, and the Board of Directors.
- ix. Audit Committee members exercise their authority as stipulated by laws and regulations to audit Executive Officers' performance.

(b) Systems for Ensuring the Efficient Performance of Duties by Executive Officers

- i. The Board of Directors operates in accordance with the articles of incorporation and Board of Directors Regulations, deliberates and determines important matters stipulated in laws and ordinances, the articles of incorporation, and the Board of Directors Regulations, etc., and supervises the execution of duties by Executive Officers.
- ii. Executive Officers hold regular Executive Officers Meetings attended by all Executive Officers and 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 Officers, the Company has established Organization Regulations, Division of Duties Regulations, and Approval Regulations.

(c) Systems Related to the Storage and Management of Information Related to the Performance of Executive Officers' Duties

- i. Based on document management regulations, etc., the Company appropriately retains and manages minutes of important meetings and other important documents containing information relating to the performance of duties by Executive Officers (including electromagnetic records).
- ii. Under the Company's Basic Policy on Information Security, the Company protects and manages information assets based on its Regulations for Information Security Management, etc.

(d) Regulations and Other Systems Concerning Management of the Risk of Losses

- i. Under the Basic Risk Management Policy, the Company recognizes the importance of identifying various risks associated with the Company's business, and as such, practices comprehensive risk management and endeavors to identify, assess, and manage various risks, based on risk management regulations.
- ii. The Company establishes a risk management department and establishes and strengthens operations of a risk management system to prepare against disasters, accidents, system failures, and other unforeseen circumstances.

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

The Group shares the same mission and values and endeavors to make the most of business resources throughout the Group to maximize the value of the Group's business as a whole.

- i. In order to ensure the propriety of management throughout the 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 Group.
- ii. The regulations and other systems concerning management of the risk of losses in the previous item apply to all companies within the Group, allowing the Company to manage the risk of the 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 Internal Audit Department carries out audits of the Company Group's business activities to ensure they are appropriate and in compliance with laws, regulations, and the articles of incorporation. The results are reported to the Representative Executive Officer, the Audit Committee, and the Board of Directors, and shared with the Accounting Auditor.

(f) Matters Related to Employees Requested to Assist with the Duties of the Audit Committee, Matters Related to the Independence from Executive Officers of Employees Assisting with the Duties of the Audit Committee, and Matters Related to Ensuring the Effectiveness of Instructions Given to Employees Assisting with the Duties of the Audit Committee

- i. The Audit Committee can station employees to assist with the Audit Committee's duties (hereafter referred to as employees assisting the Audit Committee).
- ii. Employees assisting the Audit Committee shall comply with the Audit Committee's orders, shall not concurrently perform duties for other divisions or departments, and shall carry out administrative work related to the operation of the Audit Committee and collect necessary information for the Audit Committee's audit.

- iii. Reassignment, performance evaluation, and disciplinary action related to employees assisting the Audit Committee require the prior consent of the Audit Committee.
- iv. The Company will grant employees assisting the Audit Committee authority to investigate and gather information necessary in performing their duties.

(g) Structures for Reporting to the Audit Committee

- i. Structures for Directors (excluding Directors who are members of the Audit Committee), Executive Officers, and employees to report to the Audit Committee
 - (i) Directors (excluding Directors who are members of the Audit Committee), Executive Officers, and employees will, in addition to matters required by law, also report the following matters to the Audit Committee or Audit Committee members without delay: matters that could have a significant impact on the Company, matters decided at important meetings, the status of the internal whistleblowing system and internal auditing system, etc.
 - (ii) Directors (excluding Directors who are members of the Audit Committee), Executive Officers, and employees will promptly report information related to the performance of their duties when demanded by the Audit Committee or Audit Committee members.
- ii. System for those in managerial positions of subsidiaries and those who have received reports from them to report to the Audit Committee
 - (i) Those in managerial positions of subsidiaries and those who have received reports from them will promptly report items related to the performance of their duties when demanded by the Audit Committee or Audit Committee members.
 - (ii) Those in managerial positions of subsidiaries and those who have received reports from them 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 to the Audit Committee or Audit Committee members without delay.

(h) Structures to Ensure That Those Who Have Made Reports as Defined in the Previous Item Are Not Treated Unfairly Due to Their Report

- i. The Company prohibits any kind of unfair treatment toward those who have made reports to the Audit Committee or Audit Committee members as defined in the previous item due to the fact that they filed a report. The Company enforces this in all Group companies.
- ii. Employee evaluations and disciplinary action taken against those who have made reports as defined in the previous item must not take into account the fact that they filed a report. The individual who filed the report may request the Audit Committee to investigate into the reasons behind their employee evaluation and/or disciplinary action.

(i) Matters Related to the Policy Surrounding Liability for Expenses, Obligations, etc. Incurred by Audit Committee Members in Performing Their Duties

The Company bears the cost of expenses necessary for Audit Committee members to perform their duties. This includes expenses incurred through employing external professionals such as external attorneys, certified public accountants, and consultants as necessary by the Audit Committee.

(j) Other Systems to Ensure that Audits by the Company's Audit Committee Are Performed Effectively

- i. The Audit Committee and Audit Committee members will exchange opinions with the Representative Executive Officer regularly. Furthermore, they will hold interviews with Directors (excluding Directors who are members of the Audit Committee), Executive Officers, and employees in key positions as necessary.
- ii. The Audit Committee and Audit Committee members will exchange opinions with the Accounting Auditor as necessary.
- iii. The Audit Committee and Audit Committee members can independently seek the advice of legal professionals, certified public accountants, and other professionals as necessary.
- iv. The Audit Committee gives the Internal Audit Department instructions regarding audits and continuously receives reports from the Internal Audit Department regarding the status of execution of duties, discoveries, etc.
- v. Reassignment, performance evaluation, and disciplinary action related to the person in charge of the Internal Audit Department require the consent of the Audit Committee.

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 Basic Policy for Establishing Internal Control Systems, Code of Ethics, Compliance Policy, and other documents.

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.

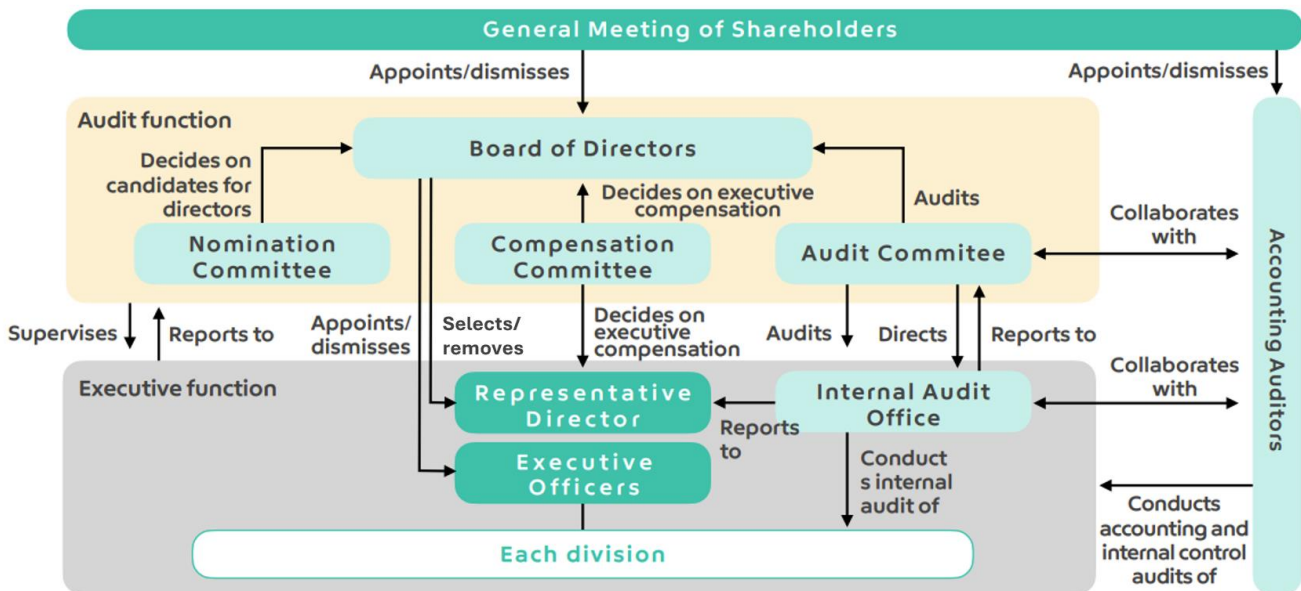
V. Other

1. Anti-Takeover Measures

Anti-Takeover Measures	No measures in place
Supplementary Explanation	

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

Structure



Timely Disclosure System

