

# **Policy for Determining the Details of Compensation for Individual Directors and Officers (Director/Officer Compensation Policy)**

## **1. Basic Policy**

To achieve our mission of “Circulate all forms of value to unleash the potential in all people,” Mercari Group (the “Group”) aims to contribute to a society where individuals can realize what they want to do by creating a circular economy based on our values of Go Bold, All for One, Be a Pro, and Move Fast.

To earn the trust of our stakeholders, achieve sustainable growth, and enhance our corporate value over the mid-to-long term, we believe it is essential to design and operate an appropriate Director/Officer compensation plan as part of a corporate governance structure that enhances objectivity, fairness, and transparency in management and promotes proactive and sound risk-taking. In light of the above, we have established the following basic policy on Director/Officer compensation to achieve our mission.

### **Basic Policy of Compensation**

- Must create strong motivation for management to maintain a spirit of taking on challenges and encourage bold challenges
- Must encourage all those in management to commit to achieving the mission and enhancing our corporate value, and to share the same perspective and values as our stakeholders
- Must attract highly skilled professionals who take ownership and responsibility for the management of the Group

## **2. Compensation Levels and Composition**

Our compensation levels and composition enable us to attract and motivate top talent from a global perspective and are set at market-competitive levels. Specifically, we set appropriate compensation levels and composition after conducting comparisons with benchmark companies from objective domestic and international data provided by external professional organizations and undergoing consideration from various perspectives. In addition, in order to maintain an effective compensation plan that takes into account changes in the external environment and market trends, compensation levels and composition are regularly checked and verified, and the Compensation Committee reviews them in a timely and appropriate manner as necessary.

## **3. Compensation Structure**

Compensation for Executive Officers (including those with additional duties as Directors)

Considering that the main responsibility of Executive Officers is to formulate and drive business growth strategies for the Group, in order to secure outstanding talent from a global perspective and to serve as an effective incentive to enhance corporate value in the short and mid-to-long term, Executive Officers' compensation consists of base compensation, short-term incentive compensation, and mid- to long-term incentive compensation, as follows. Furthermore, to incentivize achievement of the Group mission and mid- to long-term initiatives toward creating a circular economy beyond the achievement of our mission, the compensation composition places weight on mid- to long-term incentive compensation, in principle consisting of 33% base compensation, 17% short-term incentive compensation and 50% mid- to long-term incentive compensation.

### **Types and Overview of Compensation for Executive Officers**

Type of Compensation	Overview
Base compensation (Fixed)	A fixed monetary payment based on role, abilities, and performance, paid monthly
Short-term incentive compensation (Variable)	A monetary payment of 0–200% of the base amount based on responsibilities, domain of management, and achievement rate of individual goals, as well as consideration of the Group's consolidated business results and enhancement of corporate value, paid after the end of the fiscal year
Mid- to long-term incentive compensation (Variable)	<ul style="list-style-type: none"> <li>● Granted with the goal of enhancing corporate value in the mid-to-long term by maximizing performance and motivation and linking shareholder value with compensation to encourage appropriate risk-taking</li> <li>● Restricted stock units (RSUs) and phantom stock (stock price-linked cash compensation) granted</li> <li>● Restricted stock units (RSUs) and phantom stock (stock price-linked cash compensation) ratio: 50% each</li> <li>● In principle, RSUs are granted in July, vesting 25% after one year (in June) and subsequently 12.5% every six months (every June and December) as common stock</li> <li>● In principle, phantom stock is granted in July, vesting 25% after one year (in June) and subsequently 12.5% every six months (every June and December) as monetary payment</li> </ul>

### Compensation for Directors (excluding those with additional duties as Executive Officers)

Considering that the main duty of Directors is to supervise the management of the Group as a whole, in order to secure outstanding talent from a global perspective and to achieve effective supervision toward

continuous growth and enhancement of corporate value in the mid-to-long term, Directors' compensation consists of base compensation and stock compensation, as follows.

### Types and Overview of Compensation for Directors

Type of Compensation	Overview
Base compensation	A fixed monetary payment based on responsibilities, paid monthly
Stock compensation	<ul style="list-style-type: none"> <li>• RSUs granted with the goal of enhancing supervision and sharing profits with shareholders over the mid-to-long term</li> <li>• In principle, RSUs are granted in October, vesting as common stock upon the conclusion of the Annual Shareholder Meeting in September of the following year when the Directors' term expires</li> </ul>

#### 4. Compensation Determination Process

As a company with three committees, we have established a Compensation Committee in which a majority of the members, including the Chair, are Independent Outside Directors to ensure objectivity and transparency in determining compensation.

#### 5. Forfeiture of Compensation (Malus, Clawback)

For the purpose of ensuring sincere and honest management, in the event of serious improprieties such as misconduct or violation of the law during the tenure of Directors and Executive Officers (and for a period of time after their resignation), the company may reduce or eliminate unvested compensation (malus) or request a return of paid compensation (clawback) based on deliberation by the Compensation Committee.

#### 6. Stock Ownership Guideline

The company recommends that Executive Officers hold company shares equivalent to at least one times the value of their base compensation within four years of assuming office, for the purpose of sharing profits with shareholders from a mid- to long-term perspective.