

English Translation

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Corporate Governance Report

Sansan, Inc.

Latest Revision:	December 13, 2021
Company:	Sansan, Inc.
Representative:	Chikahiro Terada Representative Director & CEO
TSE Code:	4443
Contact:	Muneyuki Hashimoto Director, Executive Officer, CFO +81-3-6419-3131

The corporate governance of Sansan, Inc. (the “Company”) is described below.

I Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information

1. Basic Approach

Under the mission of “turning encounters into innovation” and the vision of “becoming business infrastructure,” the Company is developing businesses. Centered on business cards, which are proof of an encounter, the Company rediscovers the possibility of encounters and provides an innovative service to the very nature of business and encounters. Through this service, the Company will maximize sustainable corporate value and contribute to society while recognizing the importance of gaining the continued trust of all stakeholders.

Based on this recognition, the Company has adopted the system of a company with Audit & Supervisory Committee for the purpose of further improving its corporate governance and enhancing the soundness and transparency of management by reinforcing the supervisory function of the directors. The Company will secure the transparency of management decision-making and the supervision of business execution by having an Audit & Supervisory Committee. At the same time, the Company will establish an internal control system based on the Basic Policy on Internal Control Systems determined by the Board of Directors and ensure its thorough operation while striving to maintain and strengthen corporate governance.

[Reasons for not Implementing Principles of the Corporate Governance Code] Updated

[Applicable Code]

The statements are made based on the revised Code of June 2021 which includes principles for companies listed on the Prime Market.

[Supplementary Principle 2.4.1 Voluntary and Measurable Goals for Ensuring Diversity]

In order to realize the Group’s stated mission and to accelerate business growth, the Company believes that it is vital to maximize the growth of each and every employee and continue sustainable growth. Thus, the Company is working on initiatives aimed at developing the environment and formulating human resource strategies also from the perspective of ensuring diversity, to maximize the productivity of the Company and its employees. Under the policy to aggressively recruit and promote outstanding talents regardless of attributes such as gender, nationality, and disabilities, the Company does not establish target values for each attribute

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since the bias of attributes depending on occupation including Engineer exists as an external factor and in order to provide all employees with fair opportunities for assessment and promotion. However, considering the situation of ensuring diversity, we are deepening our awareness of issues, particularly with regard to the ratio of women and the ratio of women in management positions, in order to achieve a higher level than the current level.

[Supplementary Principle 3.1.3 Disclosure, Etc. Based on TCFD Recommendations]

The Company regards addressing climate change-related issues as an extremely important initiative to ensure stable development of the economy and secure a foundation for the livelihoods of people. To this end, the Company is taking actions such as strict energy-saving and reduce greenhouse gas emissions by digitizing documents, etc., as well as allocating a part of its revenue to tree-planting activities, and we are contributing to the establishment of a circular economy toward a decarbonized society. However, the Company does not make any disclosure, etc. based on TCFD recommendations at this time, we recognize the necessity and importance of the framework and will continue to consider establishing our internal system and operations in terms of governance, strategy, risk management, indicators and goals.

[Supplementary Principle 4.1.3 Succession Plan]

The Company regards a succession plan for the CEO and other top executives as an important issue in the long term and believes that it is a matter that should be considered going forward.

[Supplementary Principle 4.10.1 Use of Optional Approach]

The Company is a company with Audit & Supervisory Committee and seeks to enhance overall governance functions of the Board of Directors by multilaterally utilizing the monitoring function of the Audit & Supervisory Committee that consists only of Outside Directors. In addition to the fact that half of the Audit & Supervisory Committee consists of women, each of the Outside Directors has a wide range of abundant knowledge and experience, and we believe that we have established an adequate system in terms of diversity and skills, including gender.

Based on these situations, in order to avoid issues arising from setting up organizations whose purposes overlap, such as an issue of making a decision-making process complicated or conflicted, the Company considers that it has no need to separately set up any optional advisory committees that mainly consist of Independent Outside Directors.

The Audit & Supervisory Committee deliberates on the appointment and dismissal of Directors, and the Company has a policy of deciding the details of individual remuneration for Directors after confirming the intentions of all Outside Directors, in order to establish a system for appropriate involvement and advice.

[Disclosure Based on Principles of the Corporate Governance Code] Updated

[Principle 1.4 Cross-Shareholdings]

From the viewpoint of corporate governance, the Company will not conduct cross-shareholdings for the purpose of merely securing stable shareholders. If the Company conducts cross-shareholdings, the Company will do so only after the Board of Directors examines whether the cross-shareholdings are reasonable and appropriate.

[Principle 1.7 Related Party Transactions]

The Company has established the Rules on Management of Related Party Transactions and strictly operates and properly monitors transactions through a system where an authorized person specified in the Company's internal rules approves those transactions

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in advance with respect to appropriateness of the details and decision methods of those transactions, and the Company subsequently, after the approval, receives reports on the status, etc. of those transactions.

Even for transactions other than those specified above, the Company checks where there were any transactions with its directors and their close relatives by conducting an individual examination on directors once a year. Moreover, the Company properly discloses related party transactions in accordance with the provisions of the Companies Act, the Financial Instruments and Exchange Law and other applicable laws and regulations as well as the rules of the Tokyo Stock Exchange.

[Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion of Core Human Resources]

<Views on Ensuring Diversity and the Status Thereof>

In order to realize the Group's stated mission and vision and to accelerate business growth, the Company believes that it is vital to maximize the growth of each and every employee and continue sustainable growth. Thus, the Company is working on initiatives aimed at developing the environment and formulating human resource strategies also from the perspective of ensuring diversity, to maximize the productivity of the Company and its employees. Under the policy to aggressively recruit and promote outstanding talents regardless of attributes such as gender, nationality, and disabilities, the Company provides all employees fair opportunities for assessment and promotion.

With respect to the status of ensuring diversity as of the first day of the month preceding the filing of this Report, females accounted for 34.8% of all employees, and the share of females at managerial positions was 14.4%. The percentage of foreign employees was 2.8%.

<Voluntary and Measurable Goals for Ensuring Diversity>

As the Company provides all employees fair opportunities for assessment and promotion, it does not establish target values for each attribute since the bias of attributes depending on occupation including Engineer exists as an external factor. However, considering the situation of ensuring diversity, we are deepening our awareness of issues, particularly with regard to the ratio of women and the ratio of women in management positions, in order to achieve a higher level than the current level.

<Policies on Training Human Resources and Developing Work Environments to Ensure Diversity and Status of Implementation>

For the Group to achieve sustainable growth, it is crucial that we hire many talented professionals with diverse career backgrounds, and then improve our sales, development, and managerial structures. In order to establish work environments and arrangements that substantially fuel employee motivation for talented professionals who share an understanding of the Group's corporate philosophy and business activities, we allow our staff to work remotely under certain conditions regardless of the COVID-19 pandemic to support flexible workstyles, and introduced the "Strength Matching" system to objectively analyze, recognize, and share the strengths of each and every employee, and the Peer Bonus system. The Company is developing frameworks that will enable our people to respect each other's diversity and advantages, and the Company to synergize their ability to contribute to the organization and business by utilizing the capabilities of employees in a timely and appropriate manner. Also, as initiatives to respect and foster unrestricted ideas and the willingness to take on challenges in employees, we introduced such systems as "Many Projects" employee-originated project system and "Geek Seek" engineering skills promotion system, through which we establish a framework to encourage employees to develop their capacity on their own initiative. Moreover, regarding the point of supporting the active participation of women who bear a greater burden on account of pregnancy, childbirth, and childcare, the Company is aiming to create an environment in which it is easy to work regardless of gender. To support the early return to work of women taking maternity leave and childcare leave, the Company has a support system for their children to enter and attend nursery schools by providing

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allowance to pay the full tuition for nursery schools and aid for taxi fares, and a system to provide aid for babysitter fees with the aim of supporting employees to balance parenting and work.

Also, to respond to the increase in employees of foreign nationality, we are developing an environment in which our people, regardless of nationality, can understand and cultivate the Company's mission and status, for example, by making it a general rule to include an English translation for any group-wide notices.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has no corporate pension fund plan.

[Principle 3.1 Full Disclosure]

(i) Corporate philosophy, etc.

The Company's corporate philosophy, code of conduct, "The Katachi of Sansan," and management strategies, etc. are described on the Company's website (<https://corp-sansan.com/>) and its Annual Securities Reports (available in Japanese only) posted on the website.

(ii) Basic views and basic policies on corporate governance

For the Company's basic views and basic policies on corporate governance, please refer to "I. 1. Basic Approach" in this Corporate Governance Report.

(iii) Policies and procedures in determining remuneration for directors

The Company's Board of Directors adopted a resolution at its meeting held on February 16, 2021 regarding the policy for deciding the details of remuneration, etc. for Directors. The amount of remuneration for Directors who are Audit & Supervisory Committee Members is decided following discussion by all Audit & Supervisory Committee Members within the limit of the total remuneration amount resolved at the General Meeting of Shareholders. In addition, at the meeting of the Board of Directors held on May 18, 2021, a resolution was passed to change the method of determining the details of individual remuneration, etc. for Directors (excluding those who are Audit & Supervisory Committee Members) from delegation to Representative Directors to determination by resolution of the Board of Directors. At the time of the resolution by the Board of Directors, the Company will consult with the independent officers regarding the details of the resolution in advance and receive their report. As a result, from the 15th fiscal year onward, decisions on the details of individual remuneration, etc. for Directors (excluding those who are Audit & Supervisory Committee Members) are made by resolution of the Board of Directors.

The details of the decision policy regarding the details of individual remuneration, etc. for Directors are as follows.

a. Policy for determining the amount or calculation method of individual remuneration, etc. of Directors regarding basic remuneration (fixed monetary remuneration)

The amount of individual basic remuneration for Directors (excluding those who are Audit & Supervisory Committee Members) shall be updated and determined each fiscal year within the limits of the total amount of remuneration resolved at the General Meeting of Shareholders, taking into consideration the responsibilities and business execution status of each Director and the Company's performance and economic conditions.

The amount of individual basic remuneration for Directors who are Audit & Supervisory Committee Members is decided following discussion by all Audit & Supervisory Committee Members within the limit of the total remuneration amount resolved at the General

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Meeting of Shareholders.

b. Introduction and decision policy for performance-linked remuneration and non-monetary remuneration

The introduction of a performance-linked remuneration plan or a non-monetary remuneration plan for individual Directors shall require a resolution of the Board of Directors.

When introducing such a remuneration plan, the Board of Directors shall also pass a resolution on the details of the plan, the policy for determining the amount (calculation method), and the ratio of each form of remuneration that constitutes the individual remuneration, etc.

c. Policy for determining the timing and conditions of payment and grant of remuneration, etc. to Directors

The remuneration, etc. of Directors shall, in principle, be fixed remuneration on a monthly basis. This shall not apply in cases where expenses to be paid as remuneration are separately incurred.

d. Matters concerning the delegation of decisions on remuneration, etc.

Individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) shall be determined by resolution of the Board of Directors, and shall be subject to approval by a majority of the Directors and all Outside Directors. As a means to incentivize Directors apart from the remuneration system, the Company has introduced the Stock Acquisition Rights Trust and the Performance Target-linked Stock Acquisition Rights (Stock Options with Charge), which aims to provide an incentive to current and future Directors of the Group to improve corporate value over the medium to long term. The number of shares distributed to each eligible recipient is decided based on their position, expected role (mission grade), etc.

(iv) Policies and procedures in nomination of candidates for directors and dismissal of directors

The Company stipulates in the Articles of Incorporation that the number of directors (excluding Audit & Supervisory Committee Members) shall not exceed 8 and that the number of directors who are Audit & Supervisory Committee Members shall not exceed 5. The Company appoints members who constitutes the Board of Directors, taking into account the balance between experience, knowledge and skills and diversity. Currently, the Company has 9 Directors (male: 7, female: 2), 3 of whom are Independent Outside Directors.

In nominating candidates for directors (excluding Audit & Supervisory Committee Members), the Company nominates, based on its policy, persons who have extensive knowledge and experience in the relevant business, are expected to greatly contribute to the Company through the relevant business, fulfill their duties as directors and contribute to improving corporate value.

In nominating candidates for directors who are Audit & Supervisory Committee Members, the Company nominates, based on its policy, persons who are expected to offer opinions on overall management leveraging their knowledge on corporate management based on their extensive business experience, such as persons who have experience of serving as officers of other companies and legal experts who are familiar with corporate legal affairs and compliance matters.

In appointment procedure for directors (excluding Audit & Supervisory Committee Members), Representative Director & CEO proposes persons who meet the requirements of the Company's policy as candidates for directors and obtains an opinion of the Audit & Supervisory Committee. Then, the Board of Directors discusses and submits such proposal to the General Meeting of Shareholders for resolution.

In appointment procedure for directors who are Audit & Supervisory Committee Members, Representative Director & CEO proposes persons who meet the requirements of the Company's policy as candidates for directors and obtains consent of the Audit & Supervisory Committee. Then, the Board of Directors discusses and submits such proposal to the General Meeting of Shareholders

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for resolution.

The Board of Directors and the Audit & Supervisory Committee monitor and supervise the status of business execution by each director. If they determine that any director is disqualified, they will discuss whether or not to dismiss such director.

(v) Reasons for individual nominations of candidates for directors

Reasons for appointment of Directors are described on the Notice of Annual General Meeting of Shareholders and Annual Securities Reports, etc. posted on the Company's website (<https://corp-sansan.com/>).

[Supplementary Principle 3.1.3 Initiatives, Etc. on Sustainability]

The Group offers its businesses under the mission of “turning encounters into innovation” and the vision of “becoming business infrastructure.” It believes that contributing to resolving social issues through its business activities will help create a sustainable society, which will eventually lead the Group to sustainable growth and to improvement of corporate value. We take into consideration various factors including the business climate surrounding the Group, financial conditions, and business stage, and under sound governance and corporate management, give full attention to what we can do now for the future through our core business, and pursue sustainable activities that contribute to business growth and investments in human resources and intellectual properties. Also, under the management strategies set forth in the Company's Securities Report, we disclose our earnings forecast. At the same time, through posting information on the Company's website, we provide comprehensible explanation on our initiatives, etc. on sustainability in line with our business portfolio and future growth strategy.

<Initiatives on Sustainability>

As an initiative on sustainability, the Company acknowledge protection of information assets to be a material issue, and engages in environmental and social initiatives to fulfill its responsibility as a listed company. Customer information and other information assets that are handled in the course of the Group's business is extremely important as the Group's management foundation. We undertake information security measures to protect such information assets from risks such as leakage, damage, and loss. In order to ensure that all executives and employees handling information assets abide by the information security policy, and that information security such as confidentiality, integrity, and availability of information assets are maintained, we have established a Computer Security Incident Response Team (CSIRT), which is responsible for the gathering of information on security vulnerability, monitoring of cyber-attacks and troubles, and formulation of countermeasure policies and procedures based on such information gathering and monitoring. The Team also engages in the implementation of information security training and sharing of expertise on information security.

Also, environmental and social initiatives that were launched in 2011 are appropriately reviewed through del beration by the Board of Directors, as the wings of activities are expanded in line with the forms and size of responsibilities that the Company should bear as a listed company. Currently, the Company actively pursues NEXT, its CSV activities under the concept “What we can do now, for the future,” and engages mainly in the following initiatives to contr bute to society and to the growth of its business.

- Scan for Trees

This is an effort to support environmental issues and regional reconstruction by planting trees, the raw material of business cards. We plant trees in regions in need according to the number of business cards scanned into Sansan. So far, we have planted 9,882 trees. (As of November 2021)

- Sansan for NPOs

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This is our project to support NPOs working on solving social issues. We provide Sansan services customized to NPOs, offered at special prices that make it easy to implement, even for NPOs that have difficulty investing in IT.

- Kodomo Meishi (Kids' Business Cards) Project (Education Support)

We produce and give away kids' business cards, and hold workshops and other events for children. Through these activities, the project provides educational support for children who are the businesspersons of the future in an aim to help them treasure the diversity and importance of encounters and foster their interests in working.

- Supporting establishment of Kamiyama Marugoto College of Design, Technology and Entrepreneurship (Education Support)

By supporting the establishment of Kamiyama Marugoto School of Technology which encourages the development of entrepreneurs taking advantage of IT technologies, we aim to foster human resources who can contribute to the digital transformation of Japanese companies through startups and job placements.

- Yoiko for CSR

We introduced a system in which the Company supports employee-planned and employee-implemented CSR activities through funding of activity costs, granting of leave, and so on. It aims to achieve social contribution and productivity improvement through interaction among employees.

NEXT website: <https://www.corp-sansan.com/csv/>

<Initiatives on Investments in Human Resources and Intellectual Properties>

The Company's initiatives on investments in human resources are as described in the statement for Supplementary Principle 2.4.1. Also, for investments in intellectual properties, we conduct, through patent offices, investigations, etc. on infringement of patents on software and programs developed and designed by the Company to reduce the risks of infringement of third-party rights. We also invest a certain amount to fund the promotion of patent applications, etc. through hosting of regular intellectual property discovery meetings in collaboration with patent offices in an aim to uncover potential intellectual properties. In addition, by providing employee incentives through the establishment of the Employee Invention Rules, we boost the motivation of employees and encourage more patent applications, which leads to enhancing the Company's technological strengths and trust.

<Disclosure Based on TCFD Recommendations>

The Company regards addressing climate change-related issues as an important initiative to ensure stable development of the economy and secure a foundation for the livelihoods of people. To this end, the Company is taking actions such as strict energy-saving and reduce greenhouse gas emissions by digitizing documents, etc., as well as allocating a part of its revenue to tree-planting activities, and we are contributing to the establishment of a circular economy toward a decarbonized society. However, the Company does not make any disclosure, etc. based on TCFD recommendations at this time, we recognize the necessity and importance of the framework and will continue to consider establishing our internal system and operations in terms of governance, strategy, risk management, indicators and goals.

[Supplementary Principle 4.1.1 Scope of Authority Delegated to the Management]

The Company has a policy to determine the following matters through resolution of the Board of Directors in accordance with the provisions of the Rules on the Board of Directors: (1) Matters prescribed by the Companies Act and other laws and regulations; (2) Matters prescribed by the Articles of Incorporation; (3) Matters delegated by resolution of the General Meeting of Shareholders; and (4) Other important matters on management.

As for other important matters on management, the Company decides on the materiality of such matters based on factors such as

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the scale of such matters. In addition, in order to expedite a decision-making process for business execution, the Company stipulates in the Articles of Incorporation that the execution of certain important duties may be delegated to directors, and establishes the Rules on Organization, Segregation of Duties and Administrative Authority pursuant to which the Company delegates its authority to executive directors and executive officers, etc. as appropriate.

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

The Company nominates persons, as candidates for independent Outside directors, who have diverse and specialist knowledge, experience and deep insight required to provide the Company with advice on management and to fulfill their supervisory function among from persons who meet standards set by financial instruments exchanges, taking into consideration other specific conditions.

[Supplementary Principle 4.11.1 Board Composition]

The Company stipulates in the Articles of Incorporation that the number of Directors (excluding Audit & Supervisory Committee Members) shall not exceed 8 and that the number of Directors who are Audit & Supervisory Committee Members shall not exceed 5. Currently, the Company has appointed 9 Directors (male: 7, female: 2).

The Company appoints members who constitutes the Board of Directors, taking into account the balance between experience, knowledge and skills and diversity. In addition, starting from the 14th Annual General Meeting of Shareholders, the skill matrix of candidates for Directors and the reasons for nomination of each candidate are included in the Convocation Notice, in order to disclose the skill composition of the management team that the Company should have. In addition, Independent Outside Directors include those who themselves have corporate experience and those who concurrently serve as directors of other companies. Thus, the Company has established a system in which it can expect to receive opinions that are not based on those of the Company itself. Skill matrix of the management team is described on the Notice of the 14th Annual General Meeting of Shareholders posted on the Company's website (<https://corp-sansan.com/>).

[Supplementary Principle 4.11.2 Status of Concurrent Positions of Directors]

The status of major concurrent positions of directors are described on the Notice of Annual General Meeting of Shareholders and Annual Securities Reports, etc. posted on the Company's website (<https://corp-sansan.com/>). The Company has confirmed that all directors who have concurrent positions can properly perform their roles and responsibilities at the Company.

[Supplementary Principle 4.11.3 Summary of Analysis and Evaluation Results of Effectiveness of Board of Directors]

The Board of Directors of the Company conducts Effectiveness Evaluation of the Board of Directors as an initiative to evaluate the extent to which the roles expected of them have been fulfilled with respect to the management, etc. delegated to the Board by shareholders, and based on the evaluation results, the Board carries out a PDCA cycle on its own to enhance corporate governance. For the 14th fiscal year Effectiveness Evaluation of the Board of Directors, we conducted a questionnaire survey on the effectiveness of the Board or Directors, etc. targeting all directors. The survey results were brought to the Audit & Supervisory Committee for discussion, and based on the opinions obtained, the Board discussed the survey results, shared common perceptions, and decided on the policy for improvements. The survey results for the current fiscal year indicated that, for the major items of the questionnaire—namely, “Responsibilities of the Board,” “Board size and composition,” “Frequency of Board meetings,” “Decision-making process of the Board,” and “Quality of information provided to the Board”—there were many opinions that evaluated these items as

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Appropriate or Generally Appropriate. Therefore, we determined that the effectiveness of the Board was ensured in the current fiscal year.

Going forward, as the Company's business scale and social responsibilities as a listed company continue to expand, the necessity to further enhance the training system for directors and to deepen deliberations of the Board of Directors by revising the agenda items, etc. was identified. The Company will make continuous efforts through the formulation of improvement plans, etc. to improve the effectiveness of the Board.

[Supplementary Principle 4.14.2 Training Policy for Directors]

In order to ensure that directors fully perform their management supervisory and audit functions, the Company facilitates improvement of discussion at meetings of the Board of Directors by distributing and explaining materials for the meetings of the Board of Directors in advance and providing relevant information. In addition, for the Audit & Supervisory Committee that consists of Outside Directors, the Company has deployed dedicated employees to assist the Audit & Supervisory Committee's smooth execution of its duties. Such employees are engaged in timely reporting and provision of information upon request of the Audit & Supervisory Committee by participating in major meetings, accessing important documents, etc. The Company also provides directors with opportunities to participate in training sessions provided by third-party institutions at the Company's expense.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

The Company believes that, for sustainable growth and the medium- to long-term enhancement of corporate value, it is important to actively conduct dialogues with investors, including shareholders, and to properly reflect insight gained in management. Accordingly, the Company willingly accepts interviews from shareholders and investors based on the following policies:

- (i) The Company has set up a department in charge of IR under the immediate control of the CFO and appointed Director, Executive Officer, CFO Muneyuki Hashimoto as executive officer in charge of the department.
- (ii) The Company has established a system to work with related departments in connection with opinions and requests of shareholders identified at the dialogues.
- (iii) CEO, CFO and the department in charge of IR take the initiative in holding financial results briefings for analysts and institutional investors, and the Company discloses information on its website and arranges actual dialogues with shareholders, investors, etc. in and outside Japan.
- (iv) The department in charge of IR takes the initiative in discussing actions for opinions and concerns of shareholders identified at the dialogues and reports such actions to the Board of Directors, as necessary.
- (v) To properly manage insider information, the Company has established the Rules on Timely Disclosure and the Rules on Management of Insider Trading and manage insider information in accordance with the provisions of those rules.

2. Capital Structure

Foreign Shareholding Ratio Updated	30% or more
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[Status of Major Shareholders] **Updated**

Name or Designation	Number of Shares Held (Shares)	Shareholding Ratio (%)
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Chikahiro Terada	10,358,230	33.18
The Master Trust Bank of Japan, Ltd. (Trust account)	3,477,900	11.14
DCM Ventures China Fund (DCM VII), L.P.	1,355,000	4.34
A-Fund, L.P.	1,280,000	4.10
Kei Tomioka	1,040,000	3.33
Custody Bank of Japan, Ltd. (Trust account)	1,020,700	3.27
Kenji Shiomi	580,000	1.86
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	549,195	1.76
CNK, Inc.	511,770	1.64
Toru Akaura	430,000	1.38

Controlling shareholders (excluding parent company)	-
Existence of parent company	None

■Supplementary information

-

3. Corporate Attributes

Classification of Market to be Listed	Tokyo Stock Exchange First section
Fiscal Year-End	May
Category of Business	Information, Telecommunications
Number of Employees (consolidated) as of the end of the previous fiscal year	From 500 to less than 1,000
Sales (consolidated) as of the end of the previous fiscal year	From ¥10 billion to less than ¥100 billion
Number of consolidated subsidiaries as of the end of the previous fiscal year	Less than 10 companies

4. Guidelines for measures to protect minority shareholders when conducting transactions with controlling shareholders

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5. Other special circumstances that may have a material impact on corporate governance

Not applicable

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II Management Framework regarding Management-Related Decision-Making, Execution and Supervision, and Other Corporate Governance Matters

1. Matters regarding organizational structure and operations, etc.

Organization Form	Company with Audit & Supervisory Committee
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[Directors]

Number of Directors Stipulated in the Articles of Incorporation	13
Term of Office of Directors Stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	Chief Executive Officer (CEO)
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Outside Directors Designated as Independent Officers	3

■ Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Yasuko Yokosawa	Attorney											
Toru Akaura	From another company											
Yosh ki Ishikawa	Academic											
Toko Shiotsuki	From another company											

* Selection criteria regarding relationship with the Company

○: shows the item is/was applicable to the Outside Director either currently or until recently

△: shows the item was applicable to the Outside Director in the past

●: shows the item is/was applicable to a close relative of the Outside Director either currently or until recently

▲: shows the item was applicable to a close relative of the Outside Director in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides

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compensation as a Director/Audit & Supervisory Committee member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Audit & Supervisory Committee member himself/herself only)

i. Executive of a company, between which and the Company Outside Directors/Audit & Supervisory Committee member are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Relationship with the Company (2)

Name	Membership of Audit & Supervisory Committee	Designation as Independent Director	Supplementary Information on Applicable Items	Reasons for Appointment
Yasuko Yokosawa	○	○	TMI Associates Counsel Attorney	Ms. Yokosawa possesses specialist knowledge and experience as an attorney with regard to areas such as corporate legal affairs and compliance. The Company has appointed her as an Outside Director in the anticipation that she will present opinions from a legal perspective, including legal arrangements related to the Company's new business strategies. In addition, there is no special relationship between Ms. Yokosawa and the Company and she is unlikely to have conflicts of interest with general shareholders. Therefore, the Company has nominated her as an Independent Director.
Toru Akaura	○		Incubate Fund KK Representative Director	As a Representative Director at Incubate Fund KK, Mr. Akaura possesses many years of professional experience in the venture capital business together with a wealth of experience as a director of other companies and has cultivated broad insights through these experiences. He is appointed as an Outside Director in the anticipation that he will offer advice and suggestions with regard to all areas of

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				management and investing in companies.
Yosh ki Ishikawa	○	○	-	<p>Mr. Ishikawa possesses specialist and abundant knowledge with regard to areas such as data science, human resource strategy, and sustainability, as a researcher of preventive medicine and behavioral science, as well as work experience at a business company where he was involved in the establishment and management. Therefore, the Company has appointed him as an Outside Director in the anticipation that he will present opinions from a multifaceted perspective cultivated through the experiences described above.</p> <p>In addition, there is no special relationship between Mr. Ishikawa and the Company and he is unlikely to have conflicts of interest with general shareholders. Therefore, the Company has nominated him as an Independent Director.</p>
Toko Shiotsuki	○	○	CyberAgent, Inc. Director and Full-time Audit and Supervisory Committee member	<p>Ms. Shiotsuki has degrees as a junior accountant and a doctor of jurisprudence (professional), and has extensive experience in business companies, including serving as a full-time Audit & Supervisory Committee member of a listed company by leveraging her broad insight in accounting, auditing and legal affairs. The Company has appointed her as an Outside Director in the anticipation that she will present meaningful opinions from the perspective of auditing and supervision as well as diversity.</p> <p>In addition, there is no special relationship between Ms. Shiotsuki and the Company and she is unlikely to have conflicts of interest with general shareholders. Therefore, the Company has nominated her as an Independent Director.</p>

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[Audit & Supervisory Committee]

■The Committee's Composition and Attributes of Its Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	4	0	0	4	Outside Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee

Appointed

■Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

Since all of the 4 Audit & Supervisory Committee Members of the Company are Outside Directors, they fulfill their duties as Audit & Supervisory Committee Members from an independent standpoint. In addition, the Office for the Audit & Supervisory Committee has been established as an organization to assist the duties of the Audit & Supervisory Committee. If an employee is assigned to assist the duties of the Audit & Supervisory Committee, that employee shall be able to assist the duties of the Audit & Supervisory Committee independently, without being subject to the chain of command of a director who is not an Audit & Supervisory Committee member. The evaluation and assignment of the employee shall be determined with prior notice to, and consent of, the Audit & Supervisory Committee.

■Cooperation among the Audit & Supervisory Committee, Accounting Auditors and Internal Auditing Department

Furthermore, Audit & Supervisory Committee Members and the Internal Auditing Department promote the sharing of information through their attendance at audit reviews that are held regularly by the Accounting Auditor. At the same time, by continually exchanging opinions on the presence of audit-related problems and issues going forward, the Company promotes the establishment of internal controls essential for its sound management and continued development, as well as the evaluation and verification of the operation status and effectiveness thereof.

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee

None

[Independent Directors]

Number of Independent Directors

3

■Matters Related to Independent Directors

Based on the independence standards for independent officers stipulated by the Tokyo Stock Exchange, the Company has designated Ms. Yokosawa, Mr. Ishikawa, and Ms. Shiotsuki as independent directors because they have no transactions at all with the Company

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and they are unlikely to have conflicts of interest with general shareholders.

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Introduction of a stock-option system with charge
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■Supplementary Explanation

As a means to incentivize Directors apart from the remuneration system, the Company has introduced the Stock Acquisition Rights Trust and the Performance Target-linked Stock Acquisition Rights (Stock Options with Charge), which aims to provide an incentive to current and future Directors of the Group to improve corporate value over the medium to long term.

Recipients of Stock Options	Directors, Outside Directors, Employees, Subsidiaries' Directors, Subsidiaries Employees, Others
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■Supplementary Explanation

The Group has adopted the stock-option system with the aim of linking medium- to long-term growth and the improvement of corporate value with benefits received by the recipients of stock options, and increasing the motivation of the recipients to contribute to the Company. The number of stocks distributed to each recipient is decided based on position, expected role (mission grade), etc.

[Director Remuneration]

Disclosure of Individual Director's Remuneration	No Individual Disclosure
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■Supplementary Explanation

Since no director is paid in excess of a total of ¥100 million in remuneration etc., individual remuneration amounts are not shown. Furthermore, the total amount of directors' remuneration is disclosed separately in the Annual Securities Report.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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■Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The details of the policies and procedures in determining remuneration for Directors are described on Principles 3.1 (iii) of "Disclosure Based on Principles of the Corporate Governance Code" of this Corporate Governance Report.

[Support System for Outside Directors and/or Corporate Auditors]

In order to ensure that directors fully perform their management supervisory and audit functions, the Company facilitates improvement of discussion at meetings of the Board of Directors by distributing and explaining materials for the meetings of the Board of Directors in advance and providing relevant information. In addition, for the Audit & Supervisory Committee that consists of Outside Directors,

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the Company has deployed dedicated employees to assist the Audit & Supervisory Committee's smooth execution of its duties. Such employees are engaged in timely reporting and provision of information upon request of the Audit & Supervisory Committee by participating in major meetings, accessing important documents, etc. The Company also provides directors with opportunities to participate in training sessions provided by third-party institutions at the Company's expense.

2. Matters on Functions such as Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) An overview of the Company's corporate governance structure is described below. **Updated**

Board of Directors

The Board of Directors consists of 9 Directors, including 4 Directors who are members of the Audit & Supervisory Committee. All directors who are members of the Audit & Supervisory Committee are Outside Directors. The Company has invited as Outside Directors persons such as those with experience as a director at other companies and legal experts with a detailed knowledge of corporate legal affairs and compliance, as well as persons with expertise in the field of accounting, in order to promote the establishment of a system that enables the Company to conduct management decision-making from a broader perspective and to supervise management from outside the Company, while utilizing their insights on corporate management based on their wealth of business experience. In addition, in accordance with Article 427, paragraph (1) of the Companies Act, the Company has entered agreements with its Outside Directors to limit their liability for damages under Article 423, paragraph (1) of said Act. The maximum amount of liability for damages under these agreements is the minimum liability amount provided for under laws and regulations. In order to conduct effective and prompt decision-making, the Board of Directors holds a regular Board of Directors meeting once a month in principle, as well as holding extraordinary meetings as needed. 17 meetings were held in the 14th fiscal year. The Board of Directors functions both as a body for supervising the operations of directors and a body for making decisions on important management matters, in compliance with the Articles of Incorporation and laws and regulations.

Audit & Supervisory Committee

The Company's Audit & Supervisory Committee comprises 4 directors who are members of the Audit & Supervisory Committee. All Committee Members are Outside Directors. Directors who are members of the Audit & Supervisory Committee include attorneys or persons who possess an independent perspective on corporate management. Thus, the Company has established a structure in which management supervision is conducted from the standpoint of each Committee member's professional ethics. Directors who are members of the Audit & Supervisory Committee express opinions on directors' execution of business at meetings of the Board of Directors and other meetings. The Audit & Supervisory Committee monitors the vision of governance and its operational status. In order to audit and supervise the everyday activities of the directors, including the directors' performance of duties, the Audit & Supervisory Committee implements audits based on the audit plan and holds meetings of the Audit & Supervisory Committee once a month while convening meetings with the Internal Auditing Department and Accounting Auditors, and sharing information necessary for auditing. During the 14th fiscal year, the Company held 13 meetings of the Audit & Supervisory Committee.

Functions of nomination and remuneration decisions

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The methods for determining nomination and remuneration are described on Principles 3.1 (iii) and (iv) of “Disclosure Based on Principles of the Corporate Governance Code” of this Corporate Governance Report.

Status of Internal Audits, Audit & Supervisory Committee's Audits, and Financial Audits

Internal Audits.

The head of the Internal Auditing Department and 1 dedicated person belonging to the Internal Auditing Department are in charge of the Company's internal auditing. The objective of internal auditing is to examine and evaluate the effectiveness of internal controls established and operated at the Company, and to point out matters that require improvement and offer advice toward making improvement in order to contribute to achievement of the Company's management targets and stable business operations. The Internal Auditing Department makes an internal audit plan each fiscal year, implements internal auditing after receiving the approval of the CEO, and reports results of auditing to Representative Directors and the division that was subject to auditing while pointing out matters to the said department in order to realize improvements, and checking the status of improvements. The Internal Auditing Department cooperates with the Audit & Supervisory Committee and shares information necessary for auditing.

Audit & Supervisory Committee's Audits

The Company's Audit & Supervisory Committee consists of 4 members, all of whom are Outside Directors.

Based on the Audit & Supervisory Committee's guidelines, the Audit & Supervisory Committee carries out audit operations in line with auditing standards, auditing policies, the Audit Plan, auditing methods, etc. decided by the Audit & Supervisory Committee.

The Audit & Supervisory Committee checks whether the Company's internal control systems are being established and operated appropriately, receives regular reports on the comprehensive implementation status of audits from the Internal Auditing Department, and shares information at the meeting of the Audit & Supervisory Committee. Furthermore, in order to foster sufficient communication and deepen mutual awareness between Audit & Supervisory Committee Members and the Representative Director, they exchange opinions under the theme of significant auditing issues, etc. By attending meetings of the Board of Directors, etc., each Audit & Supervisory Committee member receives information regarding the status of business execution, and by giving their opinions regarding this, audits and monitors the legality and suitability, and ensures appropriate business execution.

In addition, the Audit & Supervisory Committee monitors and verifies whether the Accounting Auditors maintain their independence and implement appropriate audits, and receives reports from the Accounting Auditors regarding the performance of their duties and requests explanations when necessary. Moreover, the Audit & Supervisory Committee receives notification from the Accounting Auditors regarding steps to improve the “systems for ensuring that the performance of the duties is being carried out properly” (as enumerated in each item of Article 131 of the Regulation on Corporate Accounting) in compliance with the “Quality Control Standard for Audit” (adopted by the Business Accounting Council on October 28, 2005), etc., and requests explanations when necessary.

Furthermore, Ms. Yasuko Yokosawa, an Outside Director who is a member of the Audit & Supervisory Committee, is a qualified attorney and she offers recommendations and advice on the Company's legal affairs from her standpoint as an expert. Outside Director Toko Shiotsuki, who is also an Audit & Supervisory Committee member, has degrees as a junior accountant and a doctor of jurisprudence (professional), and has extensive knowledge of finance and accounting.

Financial Audits

The Company has concluded an auditing contract with KPMG AZSA LLC. There is no relationship of special interest between the

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Company and this auditor or its employees who conduct audits. The names of the certified public accountants who executed the audit and the composition of the assistants involved in the audit work are stated below.

1. Names of the certified public accountants who execute the audit:

Hiroyuki Nakamura, Designated Limited Liability Partner and Executive Partner

Genta Tsuru, Designated Limited Liability Partner and Executive Partner

2. Composition of assistants involved in the audit work:

9 certified public accountants

10 other individuals

3. Reasons for adopting the current corporate governance structure

From the perspective of further strengthening the auditing and oversight functions of the Board of Directors through the further enhancement of corporate governance, the Company transitioned from being a company with a Board of Auditors to a company with Audit & Supervisory Committee on August 18, 2015. The Company made this transition in order to leverage the functions of Outside Directors, who do not personally execute business operations. Members of the Audit & Supervisory Committee, who possess auditing authority and voting rights at meetings of the Board of Directors appropriately oversee the directors' execution of business in terms of both legality and validity. With this transition to a company with Audit & Supervisory Committee, the Company believes it will enhance the fairness, transparency, and effectiveness of management.

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III Implementation of Measures for Shareholders and Other Stakeholders

1. Efforts to ensure that the General Shareholder Meeting is active and well-facilitated and that voting rights are exercised smoothly

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company endeavored to promptly send the Convocation Notice at least three weeks prior to the date of the General Meeting of Shareholders.
Scheduling General Shareholder Meeting to Avoid Peak Days	The Company has scheduled its General Shareholder Meeting for August, when the general shareholder meetings of other companies are not expected to be intensively held. The Company will avoid scheduling its General Shareholder Meeting on peak days so that as many shareholders as possible can attend.
Allowing Electronic Exercise of Voting Rights	The Company has made it possible to exercise voting rights via the Internet in order for every shareholder to actively exercise voting rights.
Participating in the Electronic Voting Platform and Other Efforts to Encourage Institutional Investors to Exercise their Voting Rights	The Company has commenced the utilization of the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English	The Company posts the Japanese and English versions of the Convocation Notice on the Company's website on the same day.
Other	In order to ensure sufficient time for shareholders to consider the agenda, the Company began posting the Convocation Notice on its website prior to sending the Convocation Notice. In addition, we have been accepting questions in advance regarding the objectives of the General Meeting of Shareholders, and we have been working to revitalize the Meeting and facilitate the exercise of voting rights, regardless of whether or not the shareholders attend the meeting in person, such as by livestreaming the day's proceedings of the meeting via the internet.

2. IR Activities **Updated**

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	We strive to provide shareholders and investors with information in a transparent, fair and continuous manner. Our basic policy on IR activities and information disclosure methods are posted on our website. (IR policy: https://ir.corp-sansan.com/en/ir/policy.html)	

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	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Individual Investors	We are making efforts to distribute information online by participating in briefings for individual investors such as posting content in video format on the Company's website. In 2021, we create a page for individual investors and are posting explanatory materials on the Company as a whole and on individual businesses and R&D divisions.	No
Regular Investor Briefings for Analysts and Institutional Investors	Representative Director & CEO and Directors hold financial results briefings for analysts and institutional investors four times a year (once every quarter), and provide explanations on business results, management policy, and other matters. Furthermore, the video and script of these briefings are posted on the Company's website.	Yes
Regular Investor Briefings for Overseas Investors	The English translation of the explanation and Q&A session at the financial results briefing is available on the Company's website. Furthermore, the Company regularly holds telephone conferences, conferences, etc. with overseas institutional investors in Europe, the Americas, Asia, etc.	Yes
Posting of IR Materials on the Website	The Company posts information on its website, such as financial briefings, timely disclosure materials, annual securities reports, quarterly financial briefing, notice of the annual general meeting of shareholders, presentation materials for the general meeting of shareholders, presentation material on financial results, supplementary presentation material on financial results, and items that are expected to be of high interest in financial results. Main IR materials are disclosed in Japanese and English at the same time. Materials for new investors and other information are posted on the page for individual investors. (The Company's website: https://www.corp-sansan.com/)	
Establishment of Department in Charge of IR	IR Lead: Director, Executive Officer, CFO IR Department: IR Team	

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3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules for Respecting the Position of Stakeholders	The Company's mission is "turning encounters into innovation." Centered on business cards, which are proof of an encounter, the Company rediscovers the possibility of encounters and provides an innovative service to the very nature of business and encounters. Through this service, the Company will maximize sustainable corporate value and contribute to society while recognizing the importance of gaining the continued trust of all stakeholders.
Implementation of Environmental Conservation Activities, CSR Activities, etc.	The details of sustainability policy and activities are described on Supplementary Principle 3.1.3 of "Disclosure Based on Principles of the Corporate Governance Code" of this Corporate Governance Report. The Company posts details of each activity on the Company's website. (NEXT website: https://www.corp-sansan.com/csv/)
Development of Policies on Information Provision to Stakeholders	We will proactively disclose information to our stakeholders through our website and financial results briefing. In addition, we are making efforts to enhance our information disclosure by preparing and releasing integrated reports from 2020. (Integrated Report: https://ir.corp-sansan.com/ja/ir/library/report.html) (available in Japanese only)

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IV Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and the Progress of System Development

The Company strives to maintain and enhance corporate governance by the establishment and strict operation of an internal control system based on the Basic Policy on Internal Control System, which was determined by the Board of Directors.

a) System to ensure that the execution of duties by directors and employees complies with laws and regulations as well as the Articles of Incorporation (System for Strict Compliance with Laws and Regulations and the Articles of Incorporation).

1. Directors and employees carry out appropriate corporate activities based on high ethical standards and comply with laws and regulations and internal rules such as the Articles of Incorporation in accordance with the Company's corporate philosophy and code of conduct, "The Katachi of Sansan."

2. Implement internal audits by the Internal Auditing Department, an independent entity under the direct supervision of the CEO, to verify if execution of business operations is being conducted based on laws and regulations, the Articles of Incorporation, and internal and other rules while at all times strive to make improvements when issues are discovered.

b) System for storage and management of information related to execution of duties by directors (Information Storage and Management System)

1. Store and manage documents, business forms, and records made in an electronic format based on the Rules on Document Management, after classifying according to level of confidentiality.

2. Directors may access these documents and records at any time.

c) Rules and other systems for managing risk of loss (Risk Management System)

1. Appropriately manage a host of potential risks in the Company's business activities through the establishment of internal rules and a response system.

2. Give utmost priority to the appropriate handling of personal information, appoint a person in charge of personal information protection, and make efforts to minimize the risks associated with the management of personal information by establishing internal rules centered on a set of basic regulations for the protection of personal information.

3. Reduce information security risks by appointing a chief information officer with responsibility and authority for information security risks and risk management and establishing rules on management of information systems.

4. Directors immediately report to the Audit & Supervisory Committee in the event of any kind of risk arising that may cause a major loss to the Company.

d) System to ensure that the duties of the directors are being carried out efficiently (System for Securing Efficiency)

1. Hold regular meetings comprising directors once a month and convene extraordinary meetings as needed in accordance with laws and regulations, the Articles of Incorporation, and the Rules on the Board of Directors in order to audit the status of business execution by discussing and making decisions on important matters, and receiving reports from executive directors.

2. Establish a suitable and efficient decision-making system through developing internal rules such as the Rules on the Board of Directors, and clarifying areas of responsibility and authority.

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e) System to ensure the properness of business operations of the corporate group composed of the Company and its subsidiaries
(Internal Control of Corporate Group)

1. The Company and its subsidiaries, etc., which comprise the Sansan Group, have held up a policy to carry out appropriate corporate activities based on high ethical standards and to comply with their respective corporate philosophy and code of conduct as well as applicable laws and regulations and internal rules, such as the Articles of Incorporation, and endeavor to develop fair and responsible business to contribute to sustainable growth of the Sansan Group.
2. As the basic policy for involvement in management of its subsidiaries, the Company has established the Rules on Management of Subsidiaries and maintains a system in which group governance can function, such as concluding business management agreements with the subsidiaries pursuant to said regulations.
3. The Internal Auditing Department implements regular audits in order to verify if the business operations of the Company and its subsidiaries are in compliance with laws and regulations, the Articles of Incorporation, internal rules, and other regulations.

f) Internal control system for financial reporting (System to ensure properness of financial reporting)

1. In order to secure the properness of financial reporting of the Company and its subsidiaries, the Company develops and appropriately operates internal rules, including the Basic Policy on Internal Controls Related to Financial Reporting, based on the Financial Instruments and Exchange Law and other laws and regulations in Japan and overseas that apply to the Company and its subsidiaries.
2. Develop and operate a monitoring system for financial reporting and establish a system for timely and appropriate reporting when internal control system problems or defects are identified through the monitoring system.
3. In terms of information infrastructure, make effective and efficient use of the internal control system for financial reporting and respond appropriately with respect to General Control and Application Control.

g) Matters related to the Office that assists the duties of the Audit & Supervisory Committee.

Matters related to the independence of members of that Office and matters on ensuring the practicability of instructions to those members (Establishing an Office and Office member for the Audit & Supervisory Committee), (Independence of the Office for the Audit & Supervisory Committee), (Ensuring practicability of instructions to the Office of the Audit & Supervisory Committee).

1. Establish an Office under the direct control of the Audit & Supervisory Committee and designate an Office member to assist the duties of the Committee's members on a full-time basis.
2. The supervisory authority over that Office member is to belong exclusively to the Audit & Supervisory Committee and the appointment, transfer, performance evaluation, disciplinarian action, and other matters regarding the member require the approval of, and prior notification to, the Audit & Supervisory Committee.

h) System for submitting reports to the Audit & Supervisory Committee, which includes the system for directors and employees to report to the Audit & Supervisory Committee

1. Directors and employees shall promptly inform the Audit & Supervisory Committee of any matter that may have a significant impact on the Company and the implementation status of internal audits as well as legal matters, and provide necessary reports and information in response to requests from the Audit & Supervisory Committee.
2. Formulate rules for a Whistle-Blower System and ensure the operation of an appropriate reporting system based on the

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stipulations of the Whistle-Blower System. The Company shall not treat any director or employee unfavorably on the basis of said director or employee using the System to give a report to the Audit & Supervisory Committee.

i) Other: Systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee (Systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee)

1. The CEO shall meet regularly with the Audit & Supervisory Committee and Accounting Auditor to exchange of opinions and communicate effectively.

2. The Audit & Supervisory Committee shall meet regularly with the Accounting Auditor, cooperate with the Internal Auditing Department, and exchange information at all times.

3. Payments of costs incurred in the process of executing the duties of the Audit & Supervisory Committee Member shall be addressed upon a request for payment.

2. Basic Views on Eliminating Anti-Social Forces

a. Basic Views on Eliminating Anti-Social Forces

The Company shall conduct fair and responsible corporate activities by the formulation of its Basic Policy on Eliminating Anti-Social Forces and its dissemination inside and outside the Company as well as the securing and maintaining of a compliance system through the development and operation of all internal rules.

b. Status of the Company's preparedness for the elimination of antisocial forces

(a) Status of the preparedness of internal rules

All executives and employees of the Company shall comply with the Basic Policy on Eliminating Anti-Social Forces and other internal rules and establish a system to promote the elimination of such forces.

Additionally, by establishing Detailed Rules on Investigations into Anti-social Forces for Sales Management and Detailed Rules on External Procurement Transactions as operational rules, the Company has built a system for preventing transactions with anti-social forces.

(b) Special department with responsibility for countermeasures in relation to anti-social forces and person responsible for the prevention unreasonable demands

The Company has established the following system for responding to antisocial forces.

1. Person with overall responsibility: Executive in charge of General Affairs & Legal

2. Division with overall responsibility: Legal Team

3. Responding division: The department dealing with that business partner

(c) Method for addressing the elimination of anti-social forces

i. New business partners, shareholders, and executives

As a general principle, the Company uses a private sector tool to ascertain whether or not new business partners, shareholders, and executives have relationships with anti-social forces.

At the commencement of business, the Company inserts a wording in all contracts in which the partner guarantees that they

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have no relationship with anti-social forces, and a contract cancellation clause to be invoked in the event that the partner does have such relationship.

ii. Existing business partners

Using a price sector investigative tool, the Company carries out checks on all existing business partners to ascertain whether or not they have relationships with anti-social forces. In addition to taking the usual precautions, the Company also implements investigations and checks to a certain extent.

iii. The Company has a system for dissolving relationships with existing business partners if it comes to light that they are anti-social forces or are suspected of being such forces.

(d) Status of cooperation with external specialist organizations

The Company continuously studies the importance of eliminating anti-social forces through external lectures and seminars. Additionally, the Company has established cooperative ties with the police, the Center for Removal of Criminal Organizations, and legal counsel.

(e) Status of efforts to gather and manage information related to anti-social forces

The Company consolidates information on anti-social forces with the responsible division, thereby centralizing the gathering and management of information.

(f) Implementation status of training activities

On joining the Company, new employees submit a written pledge confirming that they have no relationships with anti-social forces and the Company explains the importance of eliminating anti-social forces.

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Other Matters

1. Adoption of Anti-Takeover Measures

Adoption of anti-takeover measures

No

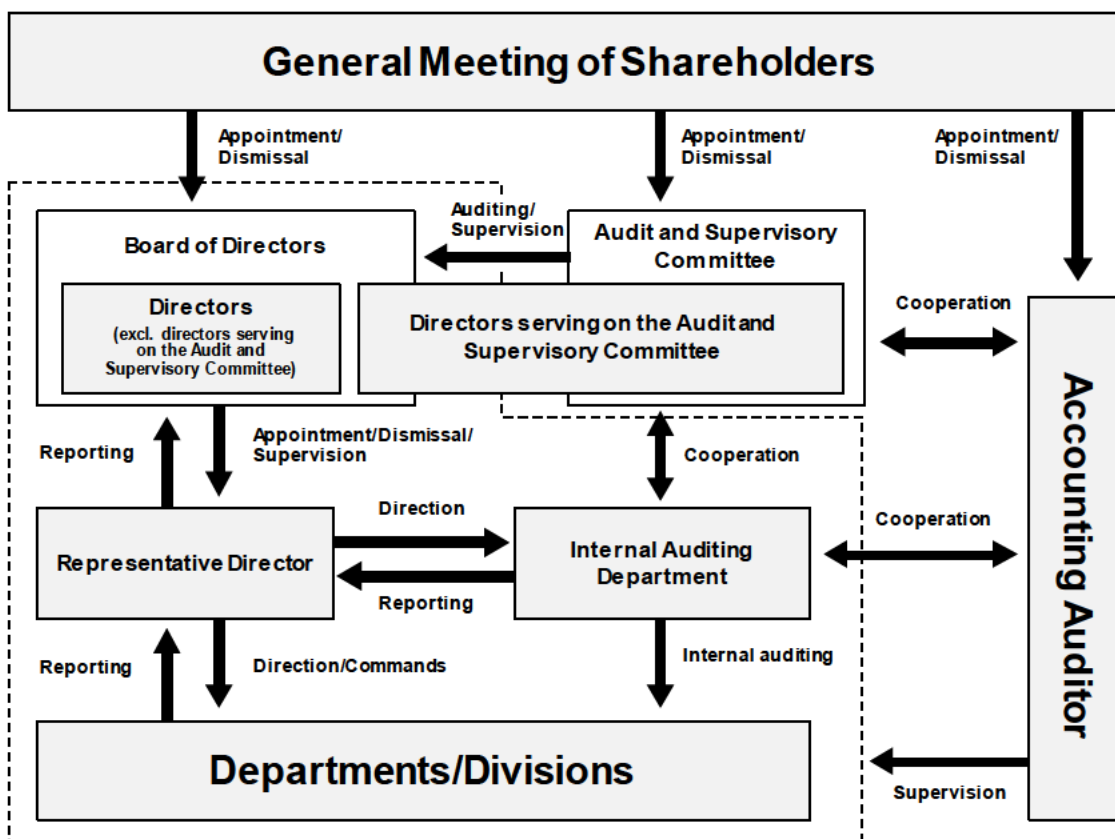
■Supplementary Explanation

2. Other matters concerning corporate governance system, etc.

A flow chart describing the Company's corporate governance and timely disclosure systems is attached for reference.

[Chart 1]

Corporate Governance System



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[Chart 2]

Timely Disclosure System

