

English Translation

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-Corporate Governance Report

Sansan, Inc.

Latest Revision:	December 22, 2023
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 “Become business infrastructure,” the Company is developing businesses. The Company provides an innovative service to the very nature of business and encounters, and the cloud-based solutions that promote digital transformation and reshape how we work to companies and businesspersons facing various business issues. 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]

The Company has implemented every principle of the Corporate Governance Code.

[Disclosure Based on Principles of the Corporate Governance Code]

[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

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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 related party transactions (including transactions that represent a conflict of interest), which are transactions with Directors of the Company, major shareholders, etc., 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.

Furthermore, the Company properly manages conflicts of interest by checking whether 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 achieving sustainable business growth and new value creation, the Group positions human resources as one of the most important management capitals, and it is crucial that we embrace diversity of human resources and establish work environments that substantially fuel employee motivation for each of employees with diverse career backgrounds. Under the policy to aggressively recruit and promote outstanding talents regardless of certain attributes such as career background, gender and nationality, we provide all employees fair opportunities for assessment and promotion. In addition, in being oriented to proactive overseas business development, we reinforce recruitment of employees with a foreign citizenship, and endeavor to foster corporate culture of achieving the mission while embracing diversity by creating opportunities for interaction between foreign employees at overseas offices and Japanese employees in Japan to stimulate communications.

With respect to the status of ensuring diversity as of May 31, 2023, females accounted for 34.9% of all employees, the share of females at managerial positions was 17.8%, and the percentage of foreign employees was 2.6%.

<Voluntary and Measurable Goals for Ensuring Diversity>

The Company has set targets for the fiscal year ending May 31, 2030 of a share of females at managerial positions of 30% or higher and for females to account for 45% or higher of all employees. Through annual monitoring, fair assessment practices, expansion of various internal systems and other initiatives, the Company is striving to increase each of these ratios. As to the share of foreign employees at managerial positions, the Company has not set a specific target level for the share of foreign employees at managerial positions this point in time, considering that the percentage of foreign employees is relatively low. Since the share of mid-career hires at the Company is high, at 82.5%, the Company has not recognized any particular issues in terms of mid-career attributes during managerial appointments and has therefore not set a target for the share of mid-career hires at managerial positions.

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

The Company recognizes that it is important not only to ensure that talented professionals who share an understanding of the Group's corporate philosophy and business activities actively participate, but also to establish an environment in which organizations absorb their excellent insights, resulting in further growth of people around them. Specifically, the Company provides opportunities for all employees to discuss the corporate philosophy and face the Company's values and culture. The Company also strives to instill the company culture and improve employee engagement through visualization of internal appreciation cases by utilizing a

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platform involving all employees centered on the peer bonus system. Besides, the Company invests continuously in measures for stimulating internal communications and has provided systems for encouraging employees self-directed skills development, including a coaching course system designed to identify issues for individual's growth and encourage them to take action and a skills enhancement program for the STEM Divisions (engineering, research and development, and creator positions). Furthermore, the Company aims to realize flexible working styles that respect employees' intentions and desires. These include support systems for handling both parenting and work for all employees, such as establishing price difference subsidies for unlicensed nurseries until three years old, subsidy systems for usage fees for babysitters, housework support and so forth in order to support employees in career formation while also handling parenting/nursing care. Also, to response to the increase in employees of foreign nationality, we are developing an environment in which all employees, regardless of nationality, can understand the Company's mission and status, for example by making it a general rule to require English translations to accompany group-wide notices such as the management philosophy and code of conduct.

[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 makes decisions at meetings of the Board of Directors regarding the policy for deciding the details of remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) based on the details of reports from the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

At the Board of Directors meeting held in July 2023, the Company resolved to partially revise the policy for deciding the details of remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year ending May 31, 2024 onward, to provide performance-linked bonuses as short-term incentive remuneration and to grant stock remuneration-type stock options as non-monetary individual remuneration to Directors (excluding those who are Audit & Supervisory Committee Members) subject to approval by the General Meeting of Shareholders.

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) and performance-linked remuneration

As individual monetary remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members), the Company shall pay basic remuneration (fixed monetary remuneration) and performance-linked bonuses as short-term incentive remuneration for improving business performance in each fiscal year.

The amount of individual basic remuneration for Directors (excluding those who are Audit & Supervisory Committee Members) shall

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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 performance-linked bonuses for Directors (excluding those who are Audit & Supervisory Committee Members) shall be calculated within the range of 0% to 200% based on the degree of achievement against the performance targets for each fiscal year within the limit of the total amount of remuneration resolved at the General Meeting of Shareholders, and shall be updated and determined each fiscal year, taking into consideration each Director's position and responsibilities. The performance target for each fiscal year shall be based on consolidated net sales, which is the most important management indicator of the Company.

The amount of individual basic remuneration for Directors who are Audit & Supervisory Committee Members shall be determined by consultation of all Audit & Supervisory Committee Members within the limits of the total amount of remuneration resolved at the General Meeting of Shareholders.

b. Introduction and decision policy for non-monetary remuneration

With regard to individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members), stock options with share price conditions and stock remuneration-type stock options may be granted as medium- to long-term incentive remuneration. The ratio of these stock options to basic remuneration shall be decided and appropriate limits and conditions shall be set based on the business environment, remuneration level at other companies, etc. in order to make the stock options incentives that encourage the maximization of Directors' performance and willingness to contribute in addition to appropriate risk taking as a result of the further strengthening of the link with shareholder value.

The introduction of a non-monetary remuneration plan as other individual remuneration, etc. of Directors shall require a resolution of the Board of Directors. When introducing such a remuneration plan, the Board of Directors shall decide 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. based on the details of a report from the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

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

Among the remuneration, etc. for Directors, fixed remuneration shall be paid monthly, and the performance-linked bonus to be introduced as individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) shall be paid in a lump sum at a certain time each year. In addition, stock options with share price conditions and stock remuneration-type stock options shall take into consideration the timing of payment/granting, conditions, etc. based on stock options granted in the past, number of years in office, etc.

This shall not apply in cases where expenses to be paid as remuneration are separately incurred.

d. Matters concerning the decisions on remuneration, etc.

Individual remuneration, etc. of Directors (excluding those who are Audit & Supervisory Committee Members) shall be decided at a meeting of the Board of Directors based on the details of a report from the Nomination and Remuneration Advisory Committee following consultations with the said Committee.

In the event of issuing stock options with share price conditions and stock remuneration-type stock options for Directors (excluding those who are Audit & Supervisory Committee Members), a resolution of the General Meeting of Shareholders shall be obtained, and details of the proposal for the General Meeting of Shareholders shall be decided by the Board of Directors based on the report

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of the Nomination and Remuneration Advisory Committee after consultation with the Committee.

Also, as a means to incentivize Directors apart from the remuneration system, the Company has introduced the Performance Target-linked Stock Acquisition Rights (Stock Options with Charge) for Directors (excluding those who are Audit & Supervisory Committee Members) and Executive Officers of the Company, which aims to provide an incentive to improve the Company's shareholder value and corporate value over the medium- to long-term, on the condition that performance targets, which use consolidated net sales as an indicator, are achieved. 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 those who are 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 also diversity. Currently, the Company has 9 Directors (male: 7, female: 2), 4 of whom are Independent Outside Directors.

In nominating candidates for Directors (excluding those who are 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, accounting and compliance matters.

Regarding the procedure for nominating candidates for Directors, the Representative Director & CEO proposes persons who meet the requirements of the above-mentioned policy as candidates. Then, the appointment of the candidates is decided by the Board of Directors based on the details of reports from the Nomination and Remuneration Advisory Committee following consultations with the said Committee regarding the candidates. Furthermore, for decisions by the Board of Directors, they receive opinions regarding candidates for Directors (excluding those who are Audit & Supervisory Committee Members) from the Audit & Supervisory Committee in advance and the consent of the Audit & Supervisory Committee for candidates for Directors who are Audit & Supervisory Committee Members.

The Board of Directors monitors and supervises 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 based on the details of a report from the Nomination and Remuneration Advisory Committee following prior consultations with the said Committee.

(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 believes that helping to resolve social issues through its business activities contributes to the building of a sustainable society, and in turn opens the way to sustainable growth for the Group and to enhancements in the Company's corporate value.

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While taking into account such factors as the operating environment, the state of management, and the stage of the business, the Group promotes activities for achieving sustainability through collaboration and cooperation with all of its stakeholders. Based on these concepts, a Director of the Company has been assigned responsibility for each of the material issues (priority issues), under whose supervision response measures and the details of initiatives are considered. Matters that contribute to achieving sustainability, including consideration of these details, are reported to and subsequently supervised by the Board of Directors on an annual basis, and significant issues are deliberated and determined by the Board of Directors.

The Group's Sustainability Policy, material issues (priority issues), and details of specific initiatives are presented in its Annual Securities Report and the following URL.

<https://www.corp-sansan.com/sustainability>

<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.

<Initiatives to Address Climate Change Issues>

The Group, in relation to issues surrounding climate change, the ascertaining and monitoring of business risks and opportunities under an appropriate system, and the raising of the ability to respond to issues, is regarded as an extremely important initiative for the promotion of the migration to a low carbon economy or carbon-free society, and has the objective of stable economic development and the securing of a foundation for day to day life, etc.

Under such concepts, the Company has expressed its support for the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD), and makes disclosures based on this framework in its Annual Securities Report and on the following website.

https://www.corp-sansan.com/sustainability/environment/climate_change/

[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 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.

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[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 4.10.1 Use of Optional Approach]

The Company is a company with Audit & Supervisory Committee, but Independent Outside Directors do not account for a majority of the Board of Directors. The Company is establishing the Nomination and Remuneration Advisory Committee to gain appropriate involvement of Independent Outside Directors, including from the perspective of diversity, such as gender, and skills, in order to strengthen the functions of the Board of Directors pertaining to nomination, remuneration, etc. of Directors as well as the independence, objectivity and accountability of the Board of Directors.

The Nomination and Remuneration Advisory Committee is composed of three or more members appointed by a resolution of the Board of Directors. In order to ensure the independence of the committee, Independent Outside Directors shall make up a majority, and the chairperson shall be elected by resolution of the committee and selected from the committee members who are Independent Outside Directors.

Please refer to "Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)" and the supplementary explanation in this report for the composition and roles of the Nomination and Remuneration Advisory Committee as of the publication of this report.

[Supplementary Principle 4.11.1 Board Composition]

The Company stipulates in the Articles of Incorporation that the number of Directors (excluding those who are 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, including gender, internationality, such as international work experience, work experience and age. Recognizing the importance of gender diversity, the Company has set the target for the ratio of female Directors at 30% or more by the fiscal year ending May 31, 2030, and will continue to aim both for this target and the appropriate size for the Board of Directors in light of the management policy, business activities, etc. In addition, at least one-third of the members appointed to the Board of Directors shall be independent Outside Directors, and at least one member shall have a considerable amount of knowledge related to finance and accounting as a Director who is an Audit & Supervisory Committee Member.

The skill matrix of candidates for Directors and the reasons for nomination of each candidate are included in the Notice of the Annual General Meeting of Shareholders, 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 16th 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]

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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 every year 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 Effectiveness Evaluation of the Board of Directors in the fiscal year ended May 31, 2023 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 said 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 Appropriate or Generally Appropriate. Therefore, we determined that the effectiveness of the Board was ensured in the said fiscal year.

Going forward, as the Company's business scale and social responsibilities as a listed company continue to expand, the Company will continuously carry out initiatives to enhance the effectiveness of the Board of Directors, such as by fostering multifaceted perspectives that incorporate the knowledge of Outside Directors by establishing opportunities for discussion regarding medium- to long-term management issues and business direction as a part of Directors' training, further strengthening the management foundation, and enhancing information provision that deepens Outside Directors' understanding of business activities and the direction of business as well as document and information provision that contributes to deliberations by the Board of Directors.

[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 recognizes 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, accurately grasp their expectations, concerns, requirements, and other feedback concerning the Company, and properly reflect the insights gained in management and business activities. Under the following policies, the Company is working to promote constructive dialogue with shareholders.

(i) For general dialogue with shareholders, the department in charge of IR, supervised by the officer who is Director, Executive Officer and CFO, engages in dialogue in principle, and the CEO or CFO also strives to engage in dialogue within reason.

(ii) To achieve constructive dialogue, the Company has created a structure under which the department in charge of IR coordinates

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with the relevant departments for regular exchanges of opinion and gathering of information. Moreover, to ascertain the composition of its own shareholders, the Company undertakes an investigation to identify its beneficial shareholders based on the shareholder register at the end of May each year.

(iii) The Company holds regular financial results briefings presented by the CEO and CFO for analysts and institutional investors, as well as briefings for individual investors. The Company also discloses this information on its website.

(iv) The opinions and concerns of investors picked up through the dialogues are summarized by the department in charge of IR, which then reports these appropriately to the Board of Directors and discusses responses with the relevant departments.

(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.

【Response to Realizing Management with an Awareness of Cost of Capital and Share Price】

The Company formulates management plans and business strategies with an awareness of the cost of capital, and has set medium-term financial targets for the fiscal year ended May 31, 2023 to the fiscal year ending May 31, 2025. Specifically, the Company is targeting continued solid growth in consolidated net sales in the mid-20% range or higher, and an increase in the consolidated adjusted operating profit (operating profit_+ share-based payment expenses + expenses that arise from business combinations) margin each fiscal year. In addition, the Company is currently working to strengthen its financial position and expand its internal reserves and so forth. Recognizing that aggressively investing in businesses that continue to deliver high growth will lead to the greatest return of profit to shareholders, the Company is executing growth investments after ascertaining and giving consideration to investment efficiency and returns by referring to various indicators such as the efficiency of advertising and marketing activities and the productivity of operating activities in each business.

Furthermore, the Company has implemented measures to increase incentive for enhancing corporate value by raising the stock price, including issuing stock options with share price conditions (stock acquisition rights) to Directors, performance target-linked stock acquisition rights (stock options with charge) to Directors and Executive Officers, and tax-qualified stock options with share price conditions (stock acquisition rights) for Executive Officers and certain employees.

The Company actively discloses information about these matters through various disclosure materials, financial results briefings, and its website, among others.

(IR website: <https://ir.corp-sansan.com/en/ir.html>)

【Status of Dialogue with Shareholders, Etc.】

In the fiscal year ended May 31, 2023, the Company worked actively to create opportunities for two-way in-person dialogue, such as participation in a number of conferences that enabled meetings with institutional investors and visits to overseas institutional investors by the CEO and CFO. As a result, the numbers of meetings in the fiscal year ended May 31, 2023 included 127 with domestic institutional investors, 180 with overseas institutional investors, 54 with securities company analysts, and 15 with others for a total of 376. In addition, the Company held four financial results briefings for institutional investors and one briefing for individual investors.

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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 (%)
Chikahiro Terada	34,530,420	27.48
The Master Trust Bank of Japan, Ltd. (Trust account)	11,545,900	9.19
CNK, Inc.	7,694,580	6.12
JPLLC CLIENT ASSETS-SK J	6,297,400	5.01
Custody Bank of Japan, Ltd. (Trust account)	4,990,000	3.97
Kei Tomioka	4,160,000	3.31
MSIP CLIENT SECURITIES	3,617,801	2.88
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	2,736,312	2.18
MSCO CUSTOMER SECURITIES	2,404,837	1.91
Kenji Shiomi	2,285,000	1.82

Controlling shareholders (excluding Parent Company)	-
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Existence of parent company	None
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Supplementary information

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3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
Fiscal Year-End	May
Category of Business	Information, Telecommunications
Number of Employees (consolidated) as of the end of the previous fiscal year	1,000 or more
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	4

■ Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Maki Suzuki	Attorney												
Toru Akaura	From another company												
Toko Shiotsuki	From another company												
Taro Saito	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
Maki Suzuki	○	○	Shintaro Sato Law Office Attorney	Ms. Suzuki possesses specialist knowledge in corporate legal affairs and compliance, etc., as well as a wealth of insight in judicial precedents in her career as an attorney. The Company has appointed her as an Outside Director in the anticipation that she can provide meaningful opinions on the Company's management from a legal perspective as well as diversity. In addition, there is no special relationship between Ms. Suzuki and the Company and she is unlikely to have conflicts of interest with general shareholders. Therefore, the Company has designated 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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				<p>management and investing in companies.</p> <p>In addition, there is no special relationship between Mr. Akaura and the Company and he is unlikely to have conflicts of interest with general shareholders. Therefore, the Company has designated him as an Independent Director.</p>
Toko Shiotsuki	○	○	<p>CyberAgent, Inc. Director and Full-time Audit and Supervisory Committee member</p>	<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 designated her as an Independent Director.</p>
Taro Saito	○	○	<p>dof Inc. Representative Director</p>	<p>As a Representative Director at dof Inc., Mr. Saito possesses many years of work experience in branding and communication design together with extensive experience as an officer at other companies, and has cultivated broad insights through these experiences. He is appointed as an Outside Director in the anticipation that he will provide advice and suggestions concerning the general management and corporate governance of the Company.</p> <p>In addition, there is no special relationship between Mr. Saito and the Company and he is unlikely to have conflicts of interest with general shareholders. Therefore, the Company has designated him 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 and Independent 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, Financial 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 Financial 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

Established

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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other Members	Chairperson
Voluntarily Established Committee Equivalent to Nominating Committee	Nomination and Remuneration Advisory Committee	6	0	2	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	6	0	2	4	0	0	Outside Director

■Supplementary information

Independent Outside Directors do not account for a majority of the Board of Directors. The Company is establishing the Nomination and Remuneration Advisory Committee to gain appropriate involvement of Independent Outside Directors, including from the perspective of diversity, such as gender, and skills, in order to strengthen the functions of the Board of Directors pertaining to nomination, remuneration, etc. of Directors as well as the independence, objectivity and accountability of the Board of Directors.

The Nomination and Remuneration Advisory Committee is composed of three or more members appointed by a resolution of the Board of Directors. In order to ensure the independence of committee members, Independent Outside Directors shall make up a majority, and the chairperson shall be appointed by resolution of the committee and selected from the committee members who are Independent Outside Directors.

The Nomination and Remuneration Advisory Committee deliberates in advance matters related to the nomination of Directors, appointment and dismissal of Directors, remuneration of Directors (excluding those who are Directors who are Audit & Supervisory Committee Members) and other matters for which the Board of Directors seeks advice, and provides reports to the Board of Directors. The Board of Directors is decided by the Board of Directors based on the details of a report from the Nomination and Remuneration Advisory Committee.

Chairperson: Maki Suzuki, Director who is an Audit & Supervisory Committee Member (Outside Director)

Members: Toru Akaura, Director who is an Audit & Supervisory Committee Member (Outside Director); Toko Shiotsuki, Director who is an Audit & Supervisory Committee Member (Outside Director); Taro Saito, Director who is an Audit & Supervisory Committee Member (Outside Director); Chikahiro Terada, Representative Director & CEO; and Yuta Ohma, Director

The status of activities by the Nomination and Remuneration Advisory Committee is described in the Annual Securities Report.

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[Independent Directors]

Number of Independent Directors	4
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■Matters Related to Independent Directors

Based on the independence standards for independent officers stipulated by the Tokyo Stock Exchange, the Company has designated all the Outside Directors as independent Directors because they have no transactions at all with the Company and they are unlikely to have conflicts of interest with general shareholders.

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Introduction of a performance-linked remuneration plan and introduction of a stock-option system
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■Supplementary Explanation

The Company will pay performance-linked bonuses to the Directors of the Company (excluding those who are Audit & Supervisory Committee Members) as short-term incentive remuneration for improving business performance in each fiscal year. The amount of individual performance-linked bonus paid to Directors (excluding those who are Audit & Supervisory Committee Members) shall be calculated within a range of 0% to 200% based on the degree of achievement against the performance targets for each fiscal year within the limit of the total remuneration amount resolved at the General Meeting of Shareholders and shall be updated and determined each fiscal year, taking into consideration each Director's responsibilities, etc. The performance target for each fiscal year shall be based on consolidated net sales, which is the most important management indicator of the Company.

With the aim of improving the medium- to long-term shareholder value and corporate value of the Company, under the objectives of further improving the incentives of the Directors of the Company, as well as to share further value with shareholders, the Company has granted stock options with share price conditions and stock remuneration-type stock options as non-monetary remuneration for Directors of the Company (excluding those who are Audit & Supervisory Committee Members). Also, as a means to incentivize Directors apart from the remuneration system, the Company has introduced the Performance Target-linked Stock Acquisition Rights (Stock Options with Charge) for Directors (excluding those who are Audit & Supervisory Committee Members) and Executive Officers of the Company, which aims to provide an incentive to improve the Company's shareholder value and corporate value over the medium- to long-term, on the condition that performance targets, which use consolidated net sales as an indicator, are achieved.

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.

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[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, 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.

Board of Directors

The Board of Directors consists of 9 Directors, including 4 Directors who are Audit & Supervisory Committee Members. All Directors who are Audit & Supervisory Committee Members 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

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a month in principle, as well as holding extraordinary meetings as needed. 17 meetings were held in the fiscal year ended May 31, 2023.

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.

The members of the Board of Directors and the status of its activities are described in the Annual Securities Report.

Audit & Supervisory Committee

The Company's Audit & Supervisory Committee comprises 4 Directors who are Audit & Supervisory Committee Members. All Committee Members are Outside Directors. Directors who are Audit & Supervisory Committee Members include attorneys or persons who possess an independent perspective on accounting and 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 Audit & Supervisory Committee Members 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 Financial Auditors, and sharing information necessary for auditing. During the fiscal year ended May 31, 2023, the Company held 13 meetings of the Audit & Supervisory Committee.

The members of the Audit & Supervisory Committee and the status of its activities are described in the Annual Securities Report.

Nomination and Remuneration Advisory Committee

Please refer to "Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)" and the supplementary explanation in this Corporate Governance Report for the Nomination and Remuneration Advisory Committee.

The status of activities, etc. by the Nomination and Remuneration Advisory Committee is described in the Annual Securities Report.

Functions of nomination and remuneration decisions

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 2 employees who belong to the Internal Auditing Department, and internal auditors appointed by the head of 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 Representative Director & CEO, and reports results

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of auditing to the Representative Director & CEO, the Audit & Supervisory Committee 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 & CEO, 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 Financial Auditors maintain their independence and implement appropriate audits, and receives reports from the Financial Auditors regarding the performance of their duties and requests explanations when necessary. Moreover, the Audit & Supervisory Committee receives notification from the Financial 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. Maki Suzuki, 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 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:
 - Osamu Takagi, 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:
 - 6 certified public accountants
 - 8 other individuals

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3. Reasons for adopting the current corporate governance structure

The Company has judged that the current corporate governance structure is a corporate governance system that can realize the strengthening of the Board of Directors decision-making and supervisory functions and the acceleration of business execution, and has adopted the current structure for the establishment of a corporate governance structure that will realize transparent and fair management as well as swift decision-making.

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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	<p>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.</p> <p>The Company will avoid scheduling its General Shareholder Meeting on peak days so that as many shareholders as possible can attend.</p>
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 and TDnet prior to sending the Convocation Notice. Furthermore, in addition to receiving questions related to the purpose of the meeting in advance of the shareholders' meeting, the Company held a fully online general meeting of shareholders (virtual-only shareholders meeting) from the 15th Annual General Meeting of Shareholders. The Company revitalized and streamlined the general meeting of shareholders and mitigated the risk of infectious diseases and large-scale disasters, such as natural disasters, by livestreaming the proceedings on the day, and receiving the exercise of voting rights, questions and motions from shareholders viewing the livestream.

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2. IR Activities

	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 guidelines on IR activities and information disclosure methods are posted on our website. (IR policy: https://ir.corp-sansan.com/en/ir/policy.html)	
Regular Investor Briefings for Individual Investors	We are making efforts to distribute information online by holding briefings for individual investors such as posting content in video format on the Company's website. Furthermore, we have prepared a page on our website for individual investors, and posted materials for the explanation of the Company and links for new investors.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	CEO and CFO hold financial results briefings for analysts and institutional investors 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	Once every quarter, 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 holds telephone conferences, conferences, etc. with overseas institutional investors in Europe, the Americas, Asia, etc.	Yes

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	Supplementary Explanations	Explanation by Representative
Posting of IR Materials on the Website	<p>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, annual reports, factbooks, 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 the explanation of the Company and other information are posted on the page for individual investors.</p> <p>(The Company's website: https://www.corp-sansan.com/)</p>	
Establishment of Department in Charge of IR	<p>IR Lead: Director, Executive Officer, CFO, Managing Executive (Corporate Division)</p> <p>IR Department: IR Team, Corporate Division</p>	
Other	<p>- Issuance of Annual Reports</p> <p>We have published an annual report every year since 2020. "Annual Report 2022" was selected as "Excellent Annual Report" and "Most-improved Integrated Report" by an asset management institution of the Government Pension Investment Fund (GPIF). Furthermore, "Annual Report 2021" received "Honors" in the Traditional Annual Reports category at the International ARC Awards, one of the world's largest annual reports competitions organized by the independent awards organization MerComm, Inc. of the United States.</p>	

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3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules for Respecting the Position of Stakeholders	Under the mission of "Turning encounters into innovation," and the vision of "Become business infrastructure," the Company is developing businesses. The Company provides an innovative service to the very nature of business and encounters, and the cloud-based solutions that promote digital transformation and reshape how we work to companies and businesspersons facing various business issues. 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.	Initiatives Related to Sustainability are described on Supplementary Principle 3.1. (iii) of "Disclosure Based on Principles of the Corporate Governance Code" of this Corporate Governance Report.
Development of Policies on Information Provision to Stakeholders	The Company's basic guideline for investor relations activities is to provide accurate, fair, and timely disclosure of information to all stakeholders, including its shareholders and investors, in accordance with the Financial Instruments and Exchange Act, other laws and regulations, and the "Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities, etc." provided by the Tokyo Stock Exchange. The Company's policy is to also proactively disclose information that does not fall under the above categories, but is considered important for the understanding of the Company, through the Company's website and financial results briefings, etc. Additionally, the Company is striving to expand disclosure of non-financial information through the annual reports and its website. (Integrated Report: https://ir.corp-sansan.com/en/ir/library/report.html)

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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 Updated

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. Establish the Compliance Committee to oversee the compliance systems, with the Representative Director & CEO as the person who has the ultimate responsibility for compliance, and while determining policies and measures related to compliance, monitor the progress of such policies and measures and promote compliance.
3. Develop rules for a Whistle-Blower System, and strive to ensure awareness and compliance with the rules to prevent illegal, inappropriate or unethical behavior by Directors, employees, etc., and to detect issues at an early stage, implement corrective measures and prevent recurrence.
4. Establish the Internal Auditing Department, an independent entity under the direct supervision of the Representative Director & CEO, and implement audits based on internal audit regulations 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. The Company shall appropriately prepare, store and manage documents, business forms, various information such as records made in an electronic format based on the Rules on Information Asset 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. For risks identified at each department through the execution of business operations, internal audit process, etc., assess the risks from the perspective of the frequency of occurrence and impact level, and strive to prevent and early detect risks.
3. Due to the nature of the Company's business, 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.
4. Reduce information security risks by appointing a chief information security officer with responsibility and authority for

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information security risks and risk management and establishing rules on management of information systems.

5. Establish a system for promptly and appropriately reporting, managing and responding in the event that an incident occurs or any kind of risk arises. Directors shall immediately report to the Audit & Supervisory Committee in the event of an incident or 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. In accordance with laws and regulations, the Articles of Incorporation, and the Rules on the Board of Directors, hold regular meetings of the Board of Directors once a month and convene extraordinary meetings of the Board of Directors as needed in order to discuss and make decisions on management plans and other important matters, receive reports from Executive Directors, and supervise the status of business execution.

2. While adopting an executive officer system in order to realize agile execution of business operations based on decisions of the Board of Directors, establish suitable and efficient decision-making and business-execution systems through developing organization rules, and clarifying areas of responsibility and authority related to corporate organs, organizational structures and positions.

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 policies and rules applied group-wide, 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. In addition, 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 for establishing systems that require the Company's approval or reporting to the Company regarding important matters in business operations of the subsidiaries.

2. 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 shall develop and appropriately operate internal rules, including the Basic Policy on Internal Controls Related to Financial Reporting, based on the Financial Instruments and Exchange Act 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, effective and efficient use of the internal control system is made for financial reporting and the Company shall respond appropriately with respect to general control and application control of that structure.

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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 member for the Audit & Supervisory Committee) (Ensuring practicability of instructions to the Office member 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 (System for reporting 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. Ensure that there is an appropriate reporting system in accordance with the rules for a 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 Company ensures the efficiency and effectiveness of audits by having an Audit & Supervisory Committee member or an Office member of the Audit & Supervisory Committee attend meetings of the Board of Directors or other important meetings and gather information necessary for the audits.
2. The Representative Director & CEO shall meet regularly with the Audit & Supervisory Committee and Financial Auditor to exchange opinions and communicate effectively.
3. The Audit & Supervisory Committee shall meet regularly with the Financial Auditor to exchange opinions, as well as exchange information with auditing organizations at all times, such as by receiving the audit plan and reports on the results of auditing from the Internal Auditing Department.
4. The operation status of the Whistle-Blower System and other compliance systems shall be regularly reported to the Audit & Supervisory Committee.
5. 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

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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 Corporate Division
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 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 private 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

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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

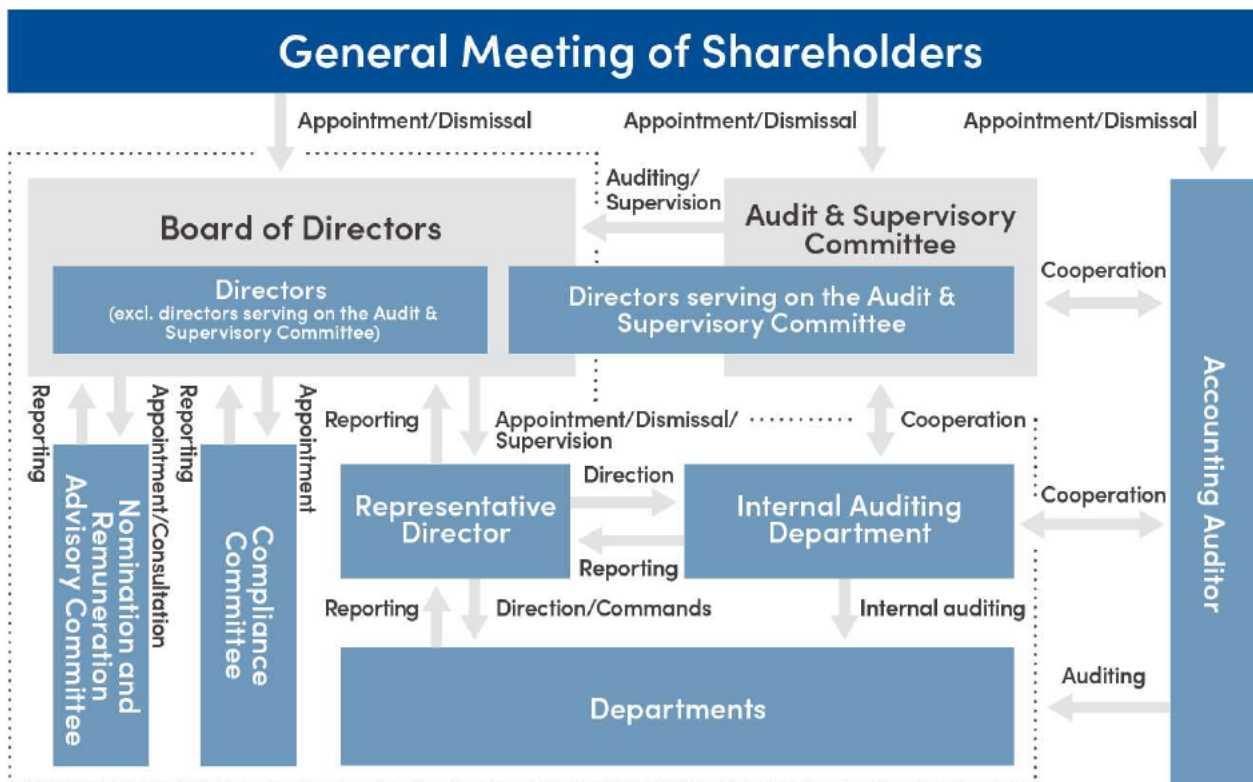
Adoption of anti-takeover measures	No
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2. Other matters concerning corporate governance system, etc. Updated

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

