

## Independence Standards for External Directors

In cases where any of the following applies to a candidate for an External Director, the Company shall deem him/her not to have independence as an independent director.

### 1. Former member, etc. of the Company or Group company

- Executive director, executive (*shikkoyaku*), executive officer (*shikkoyakuin*), general manager, employee, counselor or any other person prescribed in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act (hereinafter referred to as "Executive") of the Company or a Group company.
- A person who has served as Director, executive (*shikkoyaku*), executive officer (*shikkoyakuin*), general manager or employee of the Company or a Group company over the past ten years.

### 2. Reciprocal appointment

An executive of a company at which the Company's Executive has been appointed as officer.

### 3. Major clients

A person whose major client<sup>\*1</sup> is the Company or an Executive thereof, or a major client of the Company<sup>\*2</sup> or an Executive thereof.

\*1 "A person whose major client is the Company" refers to a person who received payments from the Company that accounted for more than 2% of said person's annual sales over the past three years.

\*2 "A major client of the Company" refers to a person who made payments to the Company that accounted for more than 2% of the Company's annual sales over the past three years.

### 4. Audit corporation of the Company

A person who belongs to the audit corporation of the Company that conducts audits pursuant to the Companies Act or the Financial Instruments and Exchange Act.

### 5. External specialist

An external specialist who receives a large amount<sup>\*3</sup> of money or other properties other than officer's remuneration from the Company (lawyer, judicial scrivener, certified public accountant, certified tax accountant, patent attorney, consultant, etc.; and in cases where the person who receives said properties is an organization such as a legal entity, partnership, etc., a person who belongs to said organization).

\*3 "Large amount" refers to, concerning the amount of property received in the most recent fiscal year, more than 10 million yen per year for an individual, or an amount exceeding 2% of the consolidated net sales or gross income of an organization if the party receiving such properties is an organization

such as a partnership, etc.

## **6. Recipient of donations**

A recipient of a large amount<sup>\*4</sup> of donations from the Company (if the recipient of the donation is an organization such as a legal entity, partnership, etc., an Executive of said organization).

\*4 "Large amount" refers to, concerning the amount of donation received in the most recent fiscal year, an amount exceeding 10 million yen per year.

## **7. Major shareholder**

A person who essentially holds 10% or more of the Company's voting rights (if the person who essentially holds 10% or more of such voting rights is an organization such as a legal entity, partnership, etc., an Executive of said organization).

## **8. Person with corresponding history**

A person who fell under any of 2 to 7 above over the past three years.

## **9. Close relative**

A relative within the second degree of kinship of a person who falls under 1 to 8 above (excluding those who are not material).

[End of document]

Established on May 9, 2016