

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^{*1} is the Company or an Executive thereof, or a major client of the Company^{*2} 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^{*3} 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*4 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).

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Established on May 9, 2016