

## Independence Criteria for Outside Officers

To judge the independence of outside directors and outside corporate auditors as stipulated in the Companies Act, we check the requirements for independent directors and independent corporate auditors stipulated by the Tokyo Stock Exchange, Inc. as well as checking whether the following items apply.

- (1) A major shareholder of the Company (holding 10% or more of voting rights either directly or indirectly), or a person who executes business for a major shareholder of the Company (\*1)
- (2) A person/entity for which the Group is a major client, or a person who executes business for such person/entity (\*2)
- (3) A major client of the Group or a person who executes business for such client (\*3)
- (4) A person who executes business for a major lender of the Group (\*4)
- (5) A senior partner or partner of the accounting auditor for the Company
- (6) A provider of expert services, such as a consultant, attorney at law, or certified public accountant, who receives cash or other financial benefits exceeding ¥10 million in one business year other than officer compensations from the Company
- (7) A person/entity receiving contributions from the Group exceeding ¥10 million in one business year, or a person who executes business for such person/entity
- (8) A person to whom any one of (1) to (7) above has applied in the past three business years
- (9) Where any of (1) to (8) above apply to a key person, and his or her immediate relatives, which includes his or her grandparents, grandchildren, siblings, spouse and his or her grandparents, siblings and grandchildren (\*5)
- (10) A special reason other than the preceding items that will prevent the person from performing their duties as an independent outside officers, such as the potential for a conflict of interest with the Company.

\*1 A person who executes business means an executive director, executive officer, corporate officer, or other employee, etc.

\*2 A person/entity for which the Group is a major client means a person/entity who receives payments from the Group amounting to at least the higher of either 2% of the consolidated net sales of the client or ¥100 million.

\*3 A major client of the Group means a client that makes payments to the Group amounting to at least the higher of either 2% of the Company's consolidated net sales or ¥100 million.

\*4 A major lender of the Group means a lender named as a major lender in the Group's business report.

\*5 A key person means a director (excluding outside directors), corporate auditor (excluding outside corporate auditor), executive officer, corporate officer, or other person in the rank of senior general manager or above, or a corporate officer corresponding to these positions.