

Independence Standards for Outside Directors and Outside Corporate Auditors

The Company has established the following independence standards for its outside officers (Outside Directors and Outside Corporate Auditors), and any officer to which any of the following applies shall be deemed not to have independence from the Company.

1. Persons who are currently or in the past ten years have been executives (Note 1) at either the Company or its subsidiaries
2. Persons who are main transaction partners (Note 2) or executives at main transaction partners of the Company or its subsidiaries (collectively, the "Company Group")
3. Persons who are principal shareholders (persons directly or indirectly owning 10% or more of the Company's total voting rights) or executives of principal shareholders in the Company
4. Persons or executives thereof in which the Company Group directly or indirectly owns 10% or more of the total voting rights
5. Consultants, accounting specialists, and legal specialists receiving large amounts of funds or other assets (Note 3) from the Company Group aside from officer compensation (where the party receiving such assets is a group such as a corporation or association, this shall refer to a person belonging to such group).
6. Persons belonging to the audit corporation that acts as the Company's accounting auditor
7. Persons receiving large donations (Note 4) from the Company Group (where the party receiving such donations is a group such as a corporation or association, this shall refer to a person belonging to such group)
8. Where an executive of the Company Group serves as an outside officer at another company, executives at that company
9. Any person to which the above 2. to 8. apply within the past three years
10. The spouse or second-degree relative of a person to which the above 2. through 9. apply (limited to persons in important positions (Note 5))

(Note 1) "Executives" refers to Director, Executive Officers, Operating Officers, employees and Administrative Officers who execute business, and other similar persons and employees who execute business of corporations or other groups.

(Note 2) The Company Group's main transaction partners refers to (i) parties for which the amount of the transactions (funds associated with the provision of products and services and procurement) between the Company Group and the transaction partner in the most recent fiscal year make up 2% or more of the consolidated net sales of either party, (ii) parties for which borrowings from the party to the Company Group in the most recent fiscal year make up 2% or more of the Company Group's consolidated total assets. (Financial institutions from which the Company Group borrows are limited to those that are absolutely essential and irreplaceable in procuring funds for the Company Group.)

(Note 3) Large amounts of funds or other assets refers to profit in the form of funds or other assets exceeding JPY 10 million annually in the most recent fiscal year aside from director and officer compensation. (where the party receiving such assets is a group such as a corporation or association, this shall refer to profit in the form of funds or other assets making up 2% or more of the group in question's total income in the most recent fiscal year.)

(Note 4) Large donations refers to an amount exceeding an average of JPY 10 million annually in the past three fiscal years or 2% of the organization in question's total income in the most recent fiscal year, whichever is larger.

(Note 5) Persons in important positions refers to Directors (excluding Outside Directors), Executive Officers, Operating Officers, employees in upper management positions at the General Manager level or higher, certified public accountants belonging to audit corporations, attorneys belonging to law offices, and other persons objectively and rationally deemed to have a similar level of importance.

Where transactions and donations associated with independent officers satisfy the following insignificance standards, and are deemed not to risk affecting decision-making in the exercise of shareholder voting rights, such transactions do not need to be listed.

<Insignificance Standards to Deem that Transactions do not Affect the Exercise of Shareholder Voting Rights>

1. Transactions

- The amounts of transactions (funds associated with the provision of products and services and procurement) between the Company Group and the transaction partner in the most recent fiscal year make up less than 1% of the consolidated net sales of each party

2. Donations

- The amount of donations does not exceed JPY 5 million annually or 1% of total income of the organization in question in the most recent fiscal year, whichever is larger