

Independence Criteria for Outside Directors of the Company

To ensure the independence of those who will serve as Outside Directors, thereby establishing a sound corporate governance system, the Company has set out the independence criteria for Outside Directors as follows. The Company shall deem an Outside Director to have independence from the Company and no conflict of interest with ordinary shareholders if said Outside Director is found not to fall under any of the following items as a result of an investigation conducted by the Company to a reasonably practicable extent.

1. Executives of the Company

An executive of the Company or its subsidiaries (hereinafter collectively referred to as the “Group”)

 - An “executive” shall mean an executive director, an executive officer, an officer who executes the business of another legal entity or organization, an employee, or any other related person.
2. Major business associates
 - (1) A major business partner of the Group or an executive thereof
 - A “major business partner of the Group” shall mean a party who has made payments to the Group in a total amount that exceeds 2% of the Group’s annual consolidated net sales for the most recent fiscal year. If consolidated accounting is not adopted by the Group, the annual non-consolidated net sales for the year of the Company should be employed in place of the annual consolidated net sales for the year.
 - (2) A party who considers the Group as a major business partner or an executive thereof
 - A “party who considers the Group as a major business partner” shall mean a party who has received payments from the Group in a total amount that exceeds 2% of the party’s annual consolidated net sales for the most recent fiscal year. If consolidated accounting is not adopted by the partner, the annual non-consolidated net sales for the year of the partner should be employed in place of the annual consolidated net sales for the year.
 - (3) A major lender of the Group or an executive thereof
 - A “major lender of the Group” shall mean a lender from whom the Group has borrowed an amount that exceeds 2% of its total consolidated assets at the end of the most recent fiscal year. If consolidated accounting is not adopted by the Group, an amount of total non-consolidated assets of the Company should be employed in place of total consolidated assets for the year.
3. Professional service providers
 - (1) A consultant, accounting profession such as a certified public accountant or a certified public tax accountant, or legal profession such as an attorney-at-law who receives a large amount of monetary consideration or other property from the Group besides compensation as an officer (if the recipient of such property is a legal entity, partnership or any other organization, a person who is a member of such organization)
 - Receiving a “large amount of monetary consideration or other property” indicates cases when: (1) the professional service provider is an individual, and the total amount of such property received from the Group, excluding compensation as an officer, exceeds 10 million yen per year in the most recent fiscal year; or (2) the professional service provider is a legal entity, partnership or other such organization, and the total amount of such property received from the Group exceeds the higher of (a) 2% of the organization’s annual consolidated net sales or total annual income, or (b) 10 million yen, in the most recent fiscal year. If consolidated accounting is not adopted by said organization, the annual non-consolidated net sales for the year of said organization should be employed in place of the annual consolidated net sales for the year.
 - (2) A person who belongs to an audit firm appointed as Financial Auditor of the Group
4. Voting rights holders
 - (1) A party who directly or indirectly holds 10% or more of the Company’s total voting rights or an executive thereof
 - (2) A party of which the Group directly or indirectly holds 10% or more of the total voting rights or an executive thereof

5. Parties receiving donation or grant
A person or a director of organization such as a legal entity or partnership that has received a large amount of donation or grant from the Group or an executive thereof
 - A “large amount of donation or grant” shall mean a donation or a grant at or in excess of 10 million yen per year.

6. Parties who have fallen under aforementioned items in the past
 - (1) A party who has fallen under the item 1. above in the past ten years
 - (2) A party who has fallen under the items 2. to 5. above in the past three years
 - (3) A spouse or relative within the second degree of kinship of an important person who has fallen under the items 1. to 5. above
 - An “important person” shall mean an executive director, an executive officer, an officer, or an employee who executes important business such as a head of business unit.