

## **(Reference) Criteria for Independence of Outside Officers**

1. The Board of Directors of the Company recognizes that its Outside Directors\*<sup>1</sup> or Outside Audit & Supervisory Board Members\*<sup>2</sup> pursuant to the provisions of the Companies Act and the Regulation for Enforcement of the Companies Act (hereinafter collectively referred to as “Outside Officers”) are independent in cases where Outside Officers do not fall under any of the following:
  - (1) An executive\*<sup>3</sup> of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”);
  - (2) A counterparty to whom the Group is a major business client\*<sup>4</sup> or an executive thereof;
  - (3) A major business client of the Group\*<sup>5</sup> or an executive thereof;
  - (4) A major shareholder (i.e., a shareholder whose direct or indirect holding of voting rights accounts for 10% or more of the total number of voting rights) of the Company or an executive thereof;
  - (5) An executive of an investee in which the Group is a large investor (i.e., investee whose voting rights held by the Company account for 10% or more of the total number of voting rights);
  - (6) A director (limited to a person who executes operations) or other executive of an organization that receives a donation or grant exceeding a certain amount (i.e., 10 million yen per year on average over the past three years or 30% of the annual total expenses of such organization, whichever is higher) from the Group;
  - (7) An executive of a financial institution or other major creditor that is indispensable for the Company in raising funds and depended upon by the Company to the extent that there is no substitute;
  - (8) An attorney, certified public accountant, certified tax accountant or consultant who has received monetary or other property benefits in the amount of 10 million yen or more per year on average over the past three years other than officer compensation from the Group;
  - (9) A certified public accountant or an executive, partner or employee of an audit corporation serving as an accounting auditor or accounting advisor of the Company or its subsidiaries;
  - (10) An executive at another company in which an executive of the Group is currently serving or has served in the past three years as an outside officer;
  - (11) A person who has fallen under (1) above in the past ten years;
  - (12) A person who has fallen under (2) through (10) above in the past three years; or
  - (13) A person who falls under (1) through (12) above who is a close relative, etc.\*<sup>6</sup> of an important executive.\*<sup>7</sup>
2. Being an independent officer requires that the person essentially be free of risk of conflict of interest with ordinary shareholders of the Company as a whole at all times in circumstances other than the factors taken into consideration in (1) through (12) above.
3. Upon the election of an independent officer, the recommendation or consent of at least one independent Director or independent Audit & Supervisory Board Member must be obtained.

\*1 “Outside Director” means “Outside Director” as defined in Article 2, item (xv) of the Companies Act.

\*2 “Outside Audit & Supervisory Board Member” means “Outside Company Auditor” as defined in Article 2, item (xvi) of the Companies Act.

\*3 “Executive” means “Executive” as defined in Article 2, paragraph (3), item (vi) of the Regulation for Enforcement of the Companies Act.

\*4 “A counterparty to whom the Group is a major business client” means a party who received from the Group payments accounting for 2% or more of said party’s annual consolidated gross sales in the

latest fiscal year.

- \*5 “A major business client of the Group” means a business client to whom the amount of sales of the Group to such business client in the latest fiscal year accounted for 2% or more of the Group’s consolidated net sales.
- \*6 “Close relative, etc.” means a relative within the second degree of kinship and an interested person who shares living expenses.
- \*7 “Important executive” means an executive director, person responsible for a division, or other people who execute important operations.