

Criteria for Independence of Outside Directors

The Company has established criteria concerning the independence of outside directors of the Company as follows, and outside directors who do not meet any of the following conditions are considered independent.

1. An executive (*1) of the Company or a subsidiary currently or within the past 10 years
2. A person who has met any of the following conditions (1) through (7) over the last three years
 - (1) A party whose major client or supplier is the Company (*2) or an executive thereof
 - (2) A major client or supplier of the Company (*3) or an executive thereof
 - (3) A consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company in addition to compensation as a director/corporate auditor (*4) (In case it is an organization such as a corporation or an association that receives monetary consideration or other property, a party which belongs to the said organization.)
 - (4) A major shareholder (*5) of the Company or an executive thereof
 - (5) A major lender (*6) of the Company or an executive thereof
 - (6) A party that receives a donation over a certain amount (*7) from the Company or a party affiliated with an organization that receives a donation from the Company
 - (7) An executive of a company for which an executive of the Company serves concurrently as outside director or outside auditor of the said company
3. A spouse or relative within the second degree of kinship of the person in 1. or 2. above
4. A person who has served as outside director of the Company for over eight years

(*1) “Executive” is an executive director, an executive officer or an employee.

(*2) “A party whose major client or supplier is the Company” is one which has received a payment from the Company equivalent to over 2% of its consolidated annual gross sales.

(*3) “Major client or supplier of the Company” is one which has paid to the Company an amount equivalent to over 2% of the Company’s consolidated annual gross sales.

(*4) “Receives a large amount of monetary consideration or other property from the Company in addition to compensation as a director/corporate auditor” means receiving from the Company monetary consideration or property which exceeds the higher of either 2% of sales or total revenue of such party in addition to compensation as a director/corporate auditor or 10 million yen.

(*5) “Major shareholder” is one whose ownership ratio of voting rights is 10% or higher.

(*6) “Major lender” is one which has lent the Company an amount equivalent to over 2% of the Company’s consolidated total assets.

(*7) “A donation over a certain amount” is one over 10 million yen.