

Independence Standards for Outside Directors

We determine that a candidate for an Outside Director is independent if the candidate satisfies the requirements for the outsideness stipulated by the Companies Act and does not fall under any of the following items (i) through (xii).

- (i) A person who has been an Executive (Note 1) of the Company or its subsidiaries (hereinafter referred to as the “KITZ Group”) or a person who has been an executive of the KITZ Group within the past 10 years (Note 2)

(Note 1) “Executive” shall mean an executive set forth in Article 2, paragraph 3, item 6, of the Regulations for Enforcement of the Companies Act, and includes an Executive Director, Senior Executive Officer, and other employees, as well as an Executive Officer, advisor, consultant, or any other person in a position equivalent to that of an officer.

(Note 2) “Past 10 years” shall mean the 10 years prior to the appointment as an Outside Director. However, if the person has served as a Non-Executive Director or an Auditor of the KITZ Group at any time within the past 10 years, this means the 10 years prior to the appointment as such position.

- (ii) A person whose main business partner is the KITZ Group (Note 3) or an executive thereof

(Note 3) “A person whose main business partner is the KITZ Group” shall mean a business partner who provides products or services to the KITZ Group and whose transaction amount (the amount paid by the KITZ Group to that person) in the most recent business year is 2% or more of that person's annual consolidated gross sales.

- (iii) A main business partner of the KITZ Group (Note 4) or an executive thereof

(Note 4) “A main business partner of the KITZ Group” shall mean a business partner to whom the KITZ Group provides products or services and whose transaction amount (the amount paid by that person to the KITZ Group) in the most recent business year is 2% or more of the KITZ Group's annual consolidated gross sales.

- (iv) A main financial institution (Note 5) from which the KITZ Group borrows money or an executive thereof

(Note 5) “A main financial institution” shall mean a financial institution or its parent company or subsidiary that lends to the KITZ Group an amount of 2% or more of the consolidated assets of the KITZ Group as of the end of the most recent business year.

- (v) A person who is a legal expert such as a lawyer, an accounting expert such as a certified public accountant or tax accountant, or a consultant who receives a large amount of money or other property in addition to executive remuneration (Note 6) from the KITZ Group (however, if the party receiving the property benefit is an organization, such as a corporation or association, the person means one who is a director or other executive of the organization)

(Note 6) “A large amount of money or other property” shall mean, if the party receiving the property is an individual, monetary or other property benefits exceeding 10 million yen in the most recent business year, or if the party receiving the property is an organization such as a corporation or association, monetary or other property benefits

equal to or exceeding an amount of 2% of the organization's consolidated gross sales or total revenue on average over the past three business years.

(vi) A person affiliated with an auditing corporation that conducts statutory audits of the KITZ Group

(vii) A person who receives large donations or subsidies (Note 7) from the KITZ Group (however, if the party receiving such donations or subsidies is an organization, such as a corporation or association, a director or other executive of the party is the person described in this paragraph)

(Note 7) "Large donations or subsidies" shall mean donations or subsidies of money or other property exceeding 10 million yen in the most recent business year.

(viii) A main shareholder of the Company (Note 8) or, if the shareholder is a corporation, an executive of the corporation

(Note 8) "A main shareholder of the Company" shall mean a shareholder who owns 5% or more of voting rights at the end of the most recent business year, regardless of direct or indirect ownership.

(ix) A person in which the KITZ Group is a major investor (Note 9) or an executive thereof

(Note 9) "A major investor" shall mean a party to which the KITZ Group has invested 5% or more of the voting rights of that party at the end of the most recent business year.

(x) A company that accepts a Director (full-time or part-time) from the KITZ Group, or the executive of its parent company or subsidiary

(xi) A person who has fallen under any of the items (ii) through (x) above in the past three years

(xii) A close relative (Note 11) of a person who falls under any of the following (limited to a person in an important position (Note 10))

(1) A person who is currently the executive or Non-Executive Director of the KITZ Group

(2) A person who has been the executive of the KITZ Group in the past three years

(3) A person who falls under any of the items (ii) through (xi) above

(Note 10) "A person in an important position" shall refer to a Director, Senior Executive Officer, Executive Officer, advisor, consultant, or any other person in a position equivalent to an officer, or an employee in a senior management position equivalent to department manager or above. However, (3) excludes Outside Directors.

(Note 11) "A close relative" shall refer to a spouse or a relative within the second degree of kinship.