

Standards for Judging the Independence of Outside Directors and Outside Audit and Supervisory Board Members

The Company judges outside members of the board of directors and outside audit and supervisory board members or their candidates to be independent if they satisfy the requirements for independence under the Companies Act and do not meet any of the descriptions under (i) through (xii) below.

- (i) Persons involved in business execution (Note 1) of the Company and its subsidiaries ("Group" hereinafter) or persons who were involved in business execution of the Group within the past 10 years (Note 2)

(Note 1) "Persons involved in business execution" refer to those as stipulated in Article 2, Paragraph 3, Subparagraph 6, of the Enforcement Regulations to the Companies Act, including executive directors and other employees, as well as executive officers, corporate advisors, senior corporate advisors, and others in positions equivalent to those of executives. However, in the standards for judging the independence of an outside audit and supervisory board member under (i) and (xii), non-executive directors are added to "persons involved in business execution."

(Note 2) As used here, the "past 10 years" refers to the period of 10 years prior to appointment as an outside director. However, if the relevant individual had served as a non-executive director or audit and supervisory board member of the Group at any time during that 10-year period, then it refers to the period of 10 years prior to appointment to that position.

- (ii) A main supplier (Note 3) of the Group or a person involved in business execution of such a party

(Note 3) "A main supplier of the Group" refers to a supplier of products or services to the Group for which the transaction amount in the most recent business year (i.e., the amount paid by the Group to that party) accounted for 2% or more of the party's consolidated annual total net sales.

- (iii) A party to which the Group is a main supplier (Note 4) or a person involved in business execution of such a party

(Note 4) "A party to which the Group is a main supplier" refers to a party to which the Group is a supplier of products or services and for which the transaction amount in the most recent business year (i.e., the amount paid by that party to the Group) accounted for 2% or more of the Group's consolidated annual total net sales.

- (iv) A major financial institution from which the Group borrows funds (Note 5) or a person involved in business execution of such a party

(Note 5) "A major financial institution" refers to a financial institution lending an amount equal to or more than 2% of the Group's consolidated total assets to the Group at the end of the most recent business year or its parent company or subsidiary.

- (v) An attorney or other legal professional, certified public accountant, licensed tax accountant, or other accounting professional, or consultant receiving from the Group a large amount of money or other assets (Note 6) in addition to director's remuneration (or a director or other person involved in business execution of a corporation, association, or other organization receiving such financial gains)

(Note 6) "A large amount of money or other assets" refers to money or other financial gains of more than 10 million yen in the most recent business year if the recipient of such assets is an individual or money or other financial gains equal to at least 2% of the organization's consolidated net sales or total income, on average, over the past three business years if the recipient is a corporation, association, or other organization.

- (vi) A party affiliated with the audit firm that carries out the Group's statutory auditing
- (vii) A party receiving donations or subsidies in large amounts (Note 7) from the Group (or a director or other person involved in business execution of a corporation, association, or other organization receiving such donations or subsidies)

(Note 7) "Donations or subsidies in large amounts" refer to donations or subsidies of money or other assets of more than 10 million yen in the most recent business year.

- (viii) A major shareholder in the Company (Note 8), or a person involved in business execution of a corporation that is a major shareholder in the Company

(Note 8) "A major shareholder in the Company" refers to a shareholder who held at least 5% of voting rights, whether directly or indirectly, at the end of the most recent business year.

- (ix) A party for whom the Group is a major investor (Note 9) or a person involved in business execution of the party

(Note 9) "A major investment" refers to a party in which the Group held at least 5% of voting rights at the end of the most recent business year.

- (x) A party involved in business execution of a company to which the Group has dispatched a director (full-time or part-time), or its parent company or subsidiary

- (xi) A party that met any of the descriptions under (ii) through (x) above in the past three years

- (xii) A close relative (Note 11) of a party meeting any of the descriptions below (only those in important positions (Note 10))

- (1) A current person involved in business execution or non-executive director of the Group
- (2) A party who was a person involved in business execution of the Group within the past three years
- (3) A party meeting any of the descriptions under (ii) through (xi) above

(Note 10) "Those in important positions" refer to directors, executive officers, advisors, consultants, and others in positions equivalent to those of executives, as well as employees in upper management positions of ranks equivalent to division general manager or above. However, outside directors are not included under (3) above.

(Note 11) "A close relative" refers to a spouse or a relative within two degrees of consanguinity.

Record of establishment and revision of these Standards

August 10, 2016: Established and took effect

November 10, 2021: Revised