

Independence criteria for independent officers

The Company designates all outside directors who satisfy the criteria for independent officers as independent officers. Outside directors are considered to be independent only if they do not fall under any of the independence criteria specified by the Financial Instruments Exchange as well as the following items.

- (1) An executive person of the Company and its subsidiaries and affiliates (collectively, “the Group”)
*Note 1
- (2) A major business partner of the Group, or its executive person *Note 2
- (3) An entity to whom the Group is a major business partner, or its executive person *Note 3
- (4) The Group’s major lender or its executive person *Note 4
- (5) A person who belongs to a firm which is the Group’s accounting auditor
- (6) An attorney, certified public accountant, tax accountant or consultant, etc. who receives a large amount of money or other property from the Group in addition to the officer’s remuneration
*Note 5
- (7) An entity who receives a large amount of donations from the Group, or its executive person
*Note 6
- (8) The Group’s major shareholder, or its executive person *Note 7
- (9) A close relative of the person falling under (1) through (8) above *Note 8
- (10) A person who fell under (1) through (9) above in the last three years

(Note)

1. “An executive person” refers to an executive director, corporate officer, executive officer or other employee, etc.
2. “A major business partner of the Group” refers to an entity that makes payments to the Group amounting to 2% or higher of the Group’s consolidated net sales in the most recent fiscal year.
3. “An entity to whom the Group is a major business partner” refers to an entity that receives payments from the Group amounting to 2% or higher of the entity’s consolidated net sales in the most recent fiscal year.
4. “A major lender” refers to an entity that extends loans to the Group amounting to 2% or higher of the Group’s consolidated total assets.
5. “A large amount of money or other property” refers to payments in excess of ¥10 million in a single year.
6. “A large amount of donations” refers to donations in excess of ¥10 million in a single year.
7. “A major shareholder” refers to a shareholder who owns 10% or more of the total number of issued shares in the most recent fiscal year.
8. “A close relative” refers to a second-degree relative.