

Criteria for Election and Independence of Outside Board Members

(Purpose)

Chapter 1: The purpose of these criteria is to establish criteria for the election and independence of Outside Directors and Outside Audit & Supervisory Board Members at the Company.

(Outside Directors)

Chapter 2: Outside Directors are selected from people who satisfy the conditions enumerated below. Gender and nationality do not matter.

1. From the viewpoint of incorporating diverse perspectives into the Company's Board of Directors, a person possessing an honest personality, high insight and ability, and who has extensive knowledge and experience in their field.
2. A person who does not fall under the Director disqualification reasons stipulated in Article 331 (1) of the Companies Act.
3. A person who meets the requirements of Outside Director as stipulated in Article 2 (xv) of the Companies Act.

(Outside Audit & Supervisory Board Members)

Chapter 3: Outside Audit & Supervisory Board Members are selected from people who satisfy the conditions enumerated below. Gender and nationality do not matter.

1. A person possessing an honest personality, high insight and ability, and who has a high degree of specialized knowledge and a wealth of experience, especially in the fields of law, accounting, business management, etc.
2. A person who does not fall under the Company Auditor disqualification reasons stipulated in Article 331 (1) of the Companies Act, which are applied *mutatis mutandis* under Article 335 (1) of the Companies Act.
3. A person who meets the requirements of Outside Company Auditor as stipulated in Article 2 (xvi) of the Companies Act.

(Independence of Outside Board Members)

Chapter 4: Outside Directors or Outside Audit & Supervisory Board Members (hereinafter collectively referred to as "Outside Board Members") who do not meet any of the conditions enumerated below shall be judged to have independence.

1. A major shareholder of the Company (a person who holds more than 10% of the total voting rights as of the most recent fiscal year end) or a person who executes business for the Company.
2. A person whose main business partner is the Company or a person who executes business for such a company.
3. The Company's main business partners or person who executes business for such a company.
4. The auditor of Company or a consolidated subsidiary of the Company, or a person who is in charge of auditing the Company or a consolidated subsidiary of the Company.

5. Lawyers, judicial scriveners, patent attorneys, certified public accountants, tax accountants, consultants, etc. who receive more than ¥10 million a year in cash and other assets, excluding executive compensation from the Company (However, if the person that obtained the assets in question is a corporation, union, etc., then a person belonging to that organization).
 6. The Company's primary borrowers (borrowers whose name or designation is listed as a primary borrower in the Company's business report for the most recent fiscal year) or a person who executes business for such a company.
 7. A person who receives a donation of more than ¥10 million annually from the Company (However, if the person receiving the donation in question is a corporation, union, etc., then a person belonging to that organization).
 8. A person who fell under any of the above 1 to 7 conditions in the past three years.
 9. Relatives within two degrees of any person in the above listed 1 to 8 conditions (However, limited to important individuals).
 10. Relatives within two degrees of Directors, Executive Officers, Advisory Senior Managers, employees, or accounting advisors (in the case of a corporation, employees who would perform those duties) of the Company or a subsidiary of the Company.
 11. Relatives within two degrees of a person who was a Director, Executive Officer, Advisory Senior Managers, manager, employee, or accounting advisor (in the case of a corporation, employees who would perform those duties) of the Company or a subsidiary of the Company in the previous three years.
 12. In addition to the afore-enumerated items, those who have a special reason for not being able to fulfill duties as an Independent Outside Board Member, such as a conflict of interest with the Company.
- 2) Outside Board Members who are determined to have independence under these conditions shall immediately notify the Company if they become non-independent.
- 3) As used in these conditions, "A person whose main business partner is the Company" means a person whose payments from the Company to the business partner in the immediately preceding fiscal year exceeds 2% of the business partner's annual consolidated sales.
- In addition, "The Company's main business partners" means a person whose payments from the business partner to the Company in the immediately preceding fiscal year exceed 2% of the Company's annual consolidated sales.

Supplementary Clause: Revision and/or repeal of these Criteria shall be by resolution of the Board of Directors.