

(Reference)

Independence Criteria for Outside Officers

The following independence criteria are established between candidates for Outside Officers and the companies or organizations to which they belong and the HASEKO Group ^(Note). Outside Officers must continue to comply with the independence criteria specified below after they have taken office. After assuming a new major position, their independence must be verified again based on the independence criteria.

1. A person who is not currently a Director (excluding Outside Director), Corporate Auditor (excluding Outside Corporate Auditor), Operating Officer or employee of the HASEKO Group, and has not been a Director (excluding Outside Director), Corporate Auditor (excluding Outside Corporate Auditor), Operating Officer or employee of the HASEKO Group in the last ten years.
2. A person who has not been a major shareholder* of the HASEKO Group or a Director, Corporate Auditor, Operating Officer or employee of a company of which the HASEKO Group has been a major shareholder in any fiscal year in the last five years.

*“Major shareholder” refers to a company or other shareholder that holds shares of 10% or more of the total voting rights.

3. A person who is not a Director, Corporate Auditor, Operating Officer or employee of a major business partner* of the HASEKO Group.

*“Major business partner” refers to a company that has paid or received transaction amounts worth 2% or more of the consolidated net sales of the HASEKO Group or the business partner (including its parent company and significant subsidiaries) in ordinary transactions with the HASEKO Group in the most recent fiscal year and the last three fiscal years.

The acquisition of real estate by a public tender is not considered as ordinary transactions, but if such an acquisition has occurred, it must be disclosed in the securities report.

4. A person who is not a Director, Corporate Auditor, Operating Officer or employee of a company that is a major lender* to the HASEKO Group.

*“Major lender” refers to a financial institution to which the HASEKO Group owes an outstanding amount worth 2% or more of the consolidated total assets of the HASEKO Group or the financial institution at the end of the most recent fiscal year.

5. A person who is not a Trustee, Director, Corporate Auditor, Operating Officer or employee of a corporation, association or other organization that has received a large donation* from the HASEKO Group.

*“Large donation” refers to an amount exceeding an average of ¥10 million per year in the last three fiscal years.

6. A Director, Corporate Auditor or Operating Officer who has not been dispatched on a reciprocal basis with the HASEKO Group.

(Note) This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

7. A person who has not been a certified public accountant belonging to an auditing firm that is the Accounting Auditor of the HASEKO Group, an attorney who has an advisory contract with the HASEKO Group, or an attorney belonging to a law firm that has an advisory contract with the HASEKO Group in any fiscal year in the last five years.
8. A person who is not an attorney, certified public accountant, consultant or other such expert who has received a large amount of money* or other property (excluding remuneration for officers) from the HASEKO Group (if the party receiving the property is a corporation, association or other organization, a person who is not a person belonging to such an organization).
*“Large amount of money” refers to an amount exceeding an average of ¥10 million per year in the last three fiscal years.
9. A person who is not a spouse of, a relative within the second degree of kinship of, a relative living with, or a person who shares a livelihood with a person falling under any of the following items:
 - (1) A Director, Corporate Auditor, Operating Officer or important employee* of the HASEKO Group;
 - (2) A person who has been a Director, Corporate Auditor, Operating Officer or important employee of the HASEKO Group in any fiscal year in the last five years; or
 - (3) A person whose appointment is restricted due to not satisfying any of 2. to 7. above.*“Important employee” generally refers to an employee of or above the level of Operating Officer. However, in HASEKO Corporation, it refers to an employee of or above the level of department head.
10. In addition to the above, a person whose independence to perform the duties of an Outside Officer is not in doubt.

Note: “The HASEKO Group” refers to HASEKO Corporation and its subsidiaries.