

Standards of Independence for Outside Directors and Outside Audit & Supervisory Board Members

Yokorei Co., Ltd.

The Company will consider an Outside Director, Outside Audit & Supervisory Board Member, and candidate for Outside Director and Outside Audit & Supervisory Board Member to be independent when it determines that none of the following items apply to the individual.

1. A Related Party of the Group

The individual is a business executive of the Company and its consolidated subsidiaries (“the Group”).

2. A Related Party of a Business Partner

- (1) The individual is a business partner or the business executive of a business partner of which the Group accounts for at least 2% of the business partner’s prior fiscal year consolidated net sales, or a business partner that accounts for at least 2% of the Group’s consolidated net sales.
- (2) The individual is affiliated with a major lender to the Group which loaned the Group an amount that is 2% or more of the Group’s consolidated total assets as of the prior fiscal year end.

3. A Provider of Professional Services

- (1) The individual receives annual remuneration of 10 million yen or more other than officer remuneration from the Group as a lawyer, certified public accountant, tax accountant, architect, or other professional involved in management, finance, technology, or marketing.
- (2) The individual is a certified public accountant affiliated with an audit firm that is an accounting auditor for the Group.

4. A Recipient of a Donation or a Grant

The individual is the Director or other business executive of an organization to which the Group makes annual donations or grants of 10 million yen or more.

5. A Related Party of a Holder of Voting Rights

- (1) The individual is a shareholder or a business executive of a shareholder who holds 10% or more of the voting rights of the Company.
- (2) The individual is a business executive of a company of which the Group holds 10% or more of the voting rights.

6. An Individual with Previous Applicability

Any of 1. through 5. applied to the individual at any time during the past three years.

7. A Close Relative

The individual is the spouse or a relative within the second degree of kinship of a person described in 1. through 6. above (excludes persons of no importance).

8. Notwithstanding the provisions of the preceding items, an individual for whom special reasons are recognized that may give rise to a conflict of interest with the Group

Established May 13, 2016