

# Criteria for Appointment of Independent Outside Directors of Meiko Network Japan, Co., LTD.

## [Definition]

Independent Outside Directors are defined as "Outside Directors with no risk of conflicts of interest with general shareholders."

## [Purpose]

When appointing candidates for outside directors, the Company shall stipulate the criteria for appointing independent outside directors in order to ensure their independence.

## [Roles and Expectations of Independent External Directors]

The Company expect that outside directors, based on their respective knowledge, will maximize corporate value, including social evaluations such as brand value and reputation, based on widely accepted societal principles and common sense, and will monitor overall management, including governance and legal compliance, including internal controls, in order to avoid damage to corporate value due to corporate scandals, etc. In addition to providing advice to the extent that they are not involved in the execution of business, they are also expected to play an important role in the decision-making process by expressing their opinions from a shareholder's perspective and a specialist's perspective.

## [General Rules]

To ensure the transparency of management oversight functions when appointing Independent Outside Directors, the Company shall establish and designate more rigorous Independent Outside Directors' Independent Standards with reference to the Securities Listing Regulations stipulated by the Tokyo Stock Exchange, Inc. ("TSE"), as well as the Companies Act and the Independence Standards of Voting Advisory Bodies, etc.

In order to be an independent outside director with no risk of having a conflict of interest with the Company public shareholders, the following standards must be met.

## [Criteria for Appointment of Independent Outside Directors]

### **Standard 1. In-house**

A person shall not be an executive director, executive officer, manager, or any other employee of the Company, and shall not be an executive director of the Company or a person who has been an executive officer, manager, or any other employee of the Company.

### **Standard 2. Subsidiary-related**

A person shall not be an executive director or an executive officer, manager or any other employee of a subsidiary of the Company at present, and shall not be an executive director or an executive officer, manager or any other employee of a present subsidiary of the Company at any time in the past.

### **Standard 3. Shareholder-related**

A person shall not fall under any of the following:

- i. A director, an accounting advisor, a corporate officer or an employee, including a manager, of a major shareholder (meaning a shareholder with a voting right holding ratio of 10% or more; the same shall apply hereinafter) of The Company at present.
- ii. A person who was a director, auditor, accountant, executive officer or manager or other employee of The Company's present principal stockholder during the last 5 years.
- iii. A director, auditor, accounting advisor, corporate officer, manager or any other employee of a corporation for which the Company is currently a Major Shareholder.

### **Standard 4. Business Partner-Related**

A person shall not fall under any of the following:

- i. A person whose main business partner is The Company or its subsidiary (a person who has received payment of 2% or more of the annual consolidated total sales in the most recent business year from The Company or its subsidiary; the same shall apply hereinafter) or, in cases where such person is a company, an executive director, corporate officer, manager, or any other employee of such company.
- ii. A person who had been a major business partner of the Company or its subsidiaries during the past 3 years (a person who had been paid 2% or more of annual consolidated gross sales in the most recent fiscal year by the Company or its subsidiaries; the same shall apply hereafter), or an executive director, executive officer, manager or other employee of such company in cases where such person is a company.
- iii. A person who is a major business partner of the Company (a person whose The Company pays 2% or more of the annual consolidated total sales in the most recent business year; the same shall apply hereinafter) or, in cases where such person is a company, an executive director, corporate officer, manager, or any other employee of such company.
- iv. A person who was a major business partner of the Company during the past 3 years (a person whose the Company paid 2% or more of the annual consolidated gross sales in the most recent fiscal year; the same shall apply hereafter) or an executive director, executive officer, manager or other employee of the said company in cases where such person is a company.
- v. Organizations that receive donations or subsidies from the Company or its subsidiaries in excess of a certain amount (the greater of 10 million yen per year or 30% of the organization's total annual costs over the previous 3 years on average) (for example, directors (limited to those who execute business) of public interest incorporated foundations, public interest incorporated associations, non-profit corporations, etc.) and other business executives (referring to officers, partners, or employees who execute business of the organization; the same shall apply hereafter).

### **Standard 5. Mutual dispatch**

A person shall not be a director, auditor, accounting advisor, or executive officer of a company or any subsidiary of which directors (whether full-time or part-time) are dispatched by the Company or its subsidiary.

**Standard 6. Main bank-related**

A person shall not fall under any of the following:

- i. Directors, statutory auditors, corporate auditors, executive officers, managers and other employees of financial institutions and other large creditors that are essential to the Company's fund-raising and rely to an extent that there is no substitutability, or of their parent companies or subsidiaries (hereinafter referred to as "large creditors, etc.").
- ii. A person who was a director, statutory auditor, accounting advisor, executive officer, manager or other employee of The Company in the past 5 years.
- iii. The degree of dependence on which there is no substitutability means that the Company comprehensively determines whether there are conflicts of interest with shareholders (status where there is a possibility of insolvency or insolvency), financial and credit ratings, equity ratios, dependence on the relevant creditors for fund-raising, and the capacity to repay borrowings.

**Standard 7. Related to lead-manager securities companies**

A person shall not fall under any of the following:

- i. A director, auditor, accounting advisor, corporate officer, manager or any other employee of a lead manager securities company of The Company.
- ii. During the last 5 years, a person who was a director, auditor, accountant, executive officer or manager or other employee of the Company's currently lead brokerage firm.

**Criteria 8. Advisor-related**

A person shall not fall under any of the following:

- i. A person who is currently an accounting auditor of the Company or its subsidiary, or a member, partner or employee of a certified public accountant (or a tax accountant) or an auditing firm (or a tax accountant corporation) who is an accounting advisor.
- ii. In the last 3 years, an accounting auditor of the Company or its subsidiary or a member, partner or employee of a certified public accountant (or tax accountant) or auditing firm (or tax accountant corporation) who was an accounting advisor of the Company or its subsidiary, who was actually in charge of the auditing services of The Company or its subsidiary (excluding assistant involvement) (including a person who is currently resigning or leaving the office).
- iii. Any attorney, certified public accountant, certified public accountant, or other consultant who does not fall under any of i. or ii. above and who, in addition to executive remuneration, has obtained monetary or other proprietary benefits from the Company or its affiliates averaging 10 million yen or more per year over the last 3 years.
- iv. A person who is an employee, partner, associate or employee of a law firm, auditing firm, tax accountant firm or other professional advisory firm that does not fall under i. or ii. above and whose main business partner is The Company or its subsidiary (a firm that has received payments of 2% or more of its gross sales, averaged over the previous 3 years, from the Company or its subsidiary; the same shall apply hereafter).

**Base 9. Related to family members**

A person shall not fall under any of the following:

- i. A relative within the second degree of kinship or a relative living together with an executive director or executive officer of the Company or its subsidiary.
- ii. A relative within the second degree of kinship or a relative living together with a person who was an executive director or executive officer of the Company or its subsidiary in the last 5 years.
- iii. A relative within the second degree of kinship or a relative living together with a director, company auditor, accounting advisor, or corporate officer of a major shareholder of the Company at present.
- iv. A relative within the second degree of kinship or a relative living together with a person who was a director, company auditor, accounting advisor, or corporate officer of a major shareholder of the Company over the last 5 years.
- v. A relative within the second degree of kinship or a relative living together with a director, company auditor, accounting advisor or corporate officer of a corporation of which the Company is currently a Major Shareholder.
- vi. A relative within the second degree of kinship or a cohabiting relative of the Company or a person whose main customer is a subsidiary thereof (individual), or a relative within the second degree of kinship or a cohabiting relative of an executive director or executive officer of a company whose main customer is the Company or a subsidiary thereof.
- vii. In the last 3 years, a relative within the second degree of kinship or a relative living together of a person (individual) who has made the Company or its subsidiary as its principal business partner, or a relative within the second degree of kinship or a relative living together of an executive director or executive officer of a company who has made the Company or its subsidiary as its principal business partner.
- viii. A relative within the second degree of kinship with a major customer (individual) of the Company or a relative within the second degree of kinship with a corporate executive director or executive officer who is a major customer of the Company or a relative within the second degree of kinship with a corporate business partner.
- ix. A relative within the second degree of kinship, or a relative within the second degree of kinship, of an executive director or executive officer of a company that was a major customer of the Company, or a relative within the same household, of a person who was a major customer of the Company in the last 3 years.
- x. A family member within 2 relatives or a family member living with a family member within the second degree of business execution or a family member of a person who is a director (limited to a person who executes business) of an organization that receives donations or subsidies from the Company or its subsidiaries in excess of a certain amount (the greater of 10 million yen per year or 30% of the organization's annual total costs over the previous 3 years on average) or a certain amount (for example, public interest incorporated foundations, public interest incorporated associations, non-profit corporations, etc.).

- xi. A family member or a family member living with a family member within the second degree of relatives of a director, statutory auditor, accounting advisor or executive officer of a currently large creditor, etc. of the Company.
- xii. A family member within the second degree of relatives or a family member living with a person who was a director, statutory auditor, accounting advisor, or executive officer of a major creditor, etc. of the Company in the past 3 years.
- xiii. A person whose relative within the second degree of kinship or a relative living together is a member or partner of a certified public accountant (or tax accountant) or audit firm (or tax accountant corporation) who is an accounting auditor or accounting advisor of the Company or its subsidiary.  
A person whose relative within the second degree of kinship or a relative living together is an employee of a certified public accountant (or a tax accountant) or an auditing firm (or a tax accountant corporation) who is an accounting auditor or accounting advisor of the Company or its subsidiary and who is actually in charge of the auditing services of the Company or its subsidiary (excluding assistant involvement).
- xiv. A person whose relative within the second degree of kinship or a relative living together is a member or partner in or employee of a certified public accountant (or tax accountant) or audit firm (or tax accountant corporation) who is an accounting auditor or accounting advisor of the Company or its subsidiary in the last 3 years and who actually took charge of the audit services of the Company or its subsidiary during the raid period (excluding assistant involvement).
- xv. A person whose relative or relative living with him/her within the second degree of kinship falls under the category of an attorney, certified public accountant, tax accountant or other consultant who does not fall under 8-i. or ii. above and who, in addition to remuneration for officers, has obtained from the Company or its subsidiaries a monetary or other property benefit of 10 million yen or more per year averaged over the last 3 years.  
Alternatively, a legal firm, auditing firm, tax accountant firm, consulting firm or other professional advisory firm that does not fall under i. or ii. in Item 8 above, who is an employee or partner of a firm whose main business partner is the Company or its subsidiary.

#### **Standard 10. Comprehensive**

Even if a person falls under the above, a person considered by the Company to be appropriate as an independent outside director of the Company in light of the personality and insight of the person concerned may be regarded by the Company as an independent outside director of the Company, provided that such person is explained externally as the reason why such person is appropriate as an independent outside director of the Company.

#### **Standard 11. Others**

The Company persons who are not likely to have a constant substantial conflict of interest in circumstances other than those considered above with the common stockholders as a whole.

[Matters requiring confirmation in the process of appointing outside director candidates (expertise, insight, etc.)]

**"Past Job Histories, Experience, etc. of Candidates"**

Significant business partners of banks, etc. shall be subject to the duty of confidentiality, the duty of due diligence and the duty of loyalty to the Company, and therefore they must prioritize the interests of the Company rather than the business partners. As this is a pinch between the Company and its business partners, it is necessary to pay sufficient attention to the selection criteria 6 "Main bank-related."

**"Candidate Expertise"**

Confirm expertise in such areas as accounting, accounting, financial, tax, human resources, labor, IT, and legal matters related to corporate management generally, as well as expertise in the field of sales of the Company, and pay attention to the portfolio of the members of the Board of Directors that comprise such expertise.

**"The Company Business Insight"**

Although it is not an absolute condition, it is preferable to have insight into the Company business. Even if they do not have insight into the Company business, they need to have a degree of sharing with customers' perspectives on the Company business.

**"Corporate Social Responsibility"**

Thinking about corporate social responsibility.

**"Diversity in Terms of Nationality, Race, Religion and other Perspectives"**

The candidate shall not be excluded because of nationality, race, religion, and other perspectives.

**"Gender"**

No matter gender.

**"Basic Capabilities"**

A person has a basic understanding of the Board of Directors and a spiritual independence as an outside director. A person has the ability to certify facts based on his/her understanding of various businesses, materials and reports, problems and risk discovery capabilities, ability to apply, briefing and persuade matters, and he/she has a spiritual independence that enables him to directly question and discuss matters among management and a number of executive directors, etc. at meetings of the Board of Directors, and to make proposals such as reexamining, continuing deliberations, and opposing to proposals.

[Appointment procedures]

1. Examine documents using resumes, etc.
2. Outside directors (excluding directors who are Audit and Supervisory Committee members) are interviewed by the president and the "Selection Committee," which is composed of full-time directors (excluding directors who are Audit and Supervisory Committee members). The Selection Committee may

also seek opinions from outside directors. Outside directors who are Audit and Supervisory Committee members meet with full-time Audit and Supervisory Committee members.

### 3. Report of outside directors to the Board of Directors

The Board of Directors shall report to the Representative Directors that they will submit proposals to nominate candidates for outside directors by the Selection Committee.

### 4. Resolution and deliberation of Audit and Supervisory Committee of external Audit and Supervisory Committee members

The Outside Audit and Supervisory Committee members shall submit to the Representative Director a proposal for a Board of Directors meeting with the candidates for Audit and Supervisory Committee members by deliberation and resolution of Audit and Supervisory Committee.

### 5. Appointment of Independent outside directors (Registration Statement)

Several independent outside directors are appointed. Submit an Independent Director Notification Form to the TSE at least two weeks prior to the date of the change and designate all applicable outside directors who meet the requirements for independent outside directors as independent outside directors. In addition, since it is disclosed externally as an independent outside director, the consent and confirmation procedures for the individual shall be implemented.

Approved by the Board of Directors on August 26, 2015  
Revisions approved by the Board of Directors on August 22, 2019  
Revisions approved by the Board of Directors on July 10, 2020  
Revisions approved by the Board of Directors on October 31, 2022