

[Translation for Reference Purpose Only]

Established as of March 14, 2022

Criteria for Independence of Outside Officers

MUGEN ESTATE Co., Ltd.

MUGEN ESTATE Co., Ltd. (hereinafter, the "Company".) has a policy regarding the independence of outside directors and outside audit & supervisory board members, the Company selects independent officers from among people who meet the requirements for outside directors or outside audit & supervisory board members prescribed in the Companies Act and who do not meet any of the following criteria regarding independence:

1. Person who executes the business^{*1} of the Company, its subsidiaries, etc. (hereinafter, the "Group")
2. Major shareholder^{*2} of the Company or person who executes the business of the major shareholder
3. Entity of which the Group is a major shareholder or person who executes the business of the said entity
4. Person or entity a major business partner of whom is the Group^{*3} or person who executes the business of the said person or entity
5. Person or entity that is a major business partner of the Group^{*4} or person who executes the business of the said person or entity
6. Major lender of the Group^{*5} or person who executes the business of the said lender
7. Person who receives donations from the Group in an amount exceeding a certain amount^{*6}
8. Person who belongs to an audit corporation that serves as the Group's accounting auditor
9. Person who belongs to a law firm, audit corporation, tax accountant corporation, or consulting firm, etc., association or other group that receives a large amount of money or other property benefits from the Group
10. Consultant, certified public accountant, or legal specialist, etc. who receives a large amount of money or other property benefits from the Group in addition to officer compensation^{*7}
11. In a case where a person who executes the business of the Group concurrently serves as an outside officer of another company, another person who executes the business of that company
12. Person who fell under any of Items 2 to 11 above in the past three years
13. The spouse or relative within the second degree of kinship of the persons meeting any of Items 1 to 12 above

*1. Person who executes business shall mean an executive director or executive officer of a corporation, etc. and other persons and employees with similar positions who execute the business of the corporation.

*2. Major shareholder means a person who directly or indirectly holds 10% or more of the total voting rights.

*3. Person or entity a major business partner of whom is the Group means a person or an entity who conducted transactions with the Group in the most recent business year in an amount exceeding 2% of the consolidated sales of the person or the entity.

*4. Person or entity that is a major business partner of the Group means a person or an entity

who conducted transactions with the Group in the most recent business year in an amount exceeding 2% of the consolidated sales of the Group.

- *5. Major lender of the Group means a person or an entity that the Group's borrowing amount from them in the most recent business year exceeds 2% of the consolidated total assets of the Group.
- *6. Person who receives donations from the Group in an amount exceeding a certain amount means a person or an entity that received donations or subsidies in the past three business years in an amount exceeding an average of 10 million yen per year; provided, however, if the said person is a corporation, association or other group, this means a person who belongs to such a group that receives donations in an amount exceeding 30% of the total expenses of the group.
- *7. Consultant, certified public accountant, or legal specialist, etc. who receives a large amount of money or other property benefits from the Group in addition to officer compensation means a person who receives assets in an amount exceeding 10 million yen in addition to officer compensation in the most recent business year; provided, however, if the said person is a corporation, association or other group, this means a person who belongs to such a group that receives money or other property benefits in an amount exceeding 2% of the consolidated net sales or total revenue of the group.