

Lion Corporation has established the positions of external directors and external corporate auditors (hereinafter collectively referred to as “external directors/corporate auditors”) with the aim of further enhancing the transparency of management and the Board of Directors’ supervisory function and thereby reinforce the Company’s corporate governance systems. These external directors/corporate auditors are offered such positions in accordance with the standards presented here that Lion Corporation has formulated to secure individuals who have no significant relationships of interest with the Company or the Company’s affiliated companies (hereinafter collectively referred to as the “Group”) and are able to remain independent from management.

The Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors

Lion Corporation’s external directors/corporate auditors must not fall into any of the following categories:

1. An individual who currently serves, or has served as an executive*¹ within the Group
In addition to the above, the Company’s external corporate auditor must not be an individual who either currently holds or in the past has held a non-executive director post within any Group member or has acted as an accounting advisor to any Group member (in those case where such an accounting advisor is associated with an auditing firm or tax accountant corporation, this standard refers to any employee who performs or has performed the specific duties of accounting advisor for any Group member).
2. An individual who currently falls, or has fallen into any of the following categories within past 10 years (including the latest fiscal year)
 - (1) A party for whom the Group is a principal business partner;*² a principal business partner of the Group; or an executive of such party or business partner
 - (2) A large shareholder of the Company who directly or indirectly holds 10% or more of the total voting rights of the Company or an executive of such a shareholder
 - (3) An executive of a party in which the Group directly or indirectly holds 10% or more of the total voting rights
 - (4) A consultant, an accounting professional such as a certified public accountant or a legal professional such as an attorney-at-law who has received a significant amount of money or other remuneration*³ from the Group, other than as compensation for acting in the capacity of director or corporate auditor (in cases where the recipient of such compensation is a corporation, partnership or any other business entity, this item refers to a person who belongs to said entity)

- (5) A spouse of any of the Group's important executives;*⁴ a relative of any such executive within the second degree of kinship; or a relative who cohabits with or otherwise depends on such executive for his/her livelihood
 - (6) A person serving in or a person who has served in a listed company with which the Group is engaged through the cross-assumption of offices of external directors/corporate auditors*⁵
 - (7) A party to which the Group has donated a significant amount of money or other remuneration*³ or an executive of such party
3. A person, other than those described in the preceding items, who can be reasonably deemed, due to any type of circumstance, unqualified to perform the duties of an external director or corporate auditor

*¹ Executives include: executive directors, executive officers and corporate officers of stock companies (*Kabushiki-Gaisya*); partners of membership companies (*Mochibun-Gaisya*) who hold executive positions in such companies (if such a partner is a corporation, this refers to the person who carries out the duties of said corporation as set forth in Article 598-1 of the Corporation Law or other equivalent person); executives of a corporation or entity other than a company; and employees serving a corporation or other entity.

*² Principal business partner refers to a party that undertakes business transactions with the Group, in which the annual transaction amount exceeds 2% of the annual consolidated sales of such party.

*³ Significant amount of money or other remuneration/compensation refers to cases where, if the recipient is a person, said compensation totals ¥10 million or more per fiscal year; or if the recipient is a business entity, said compensation exceeds 2% of the annual consolidated sales of such entity.

*⁴ Important executives include: directors (excluding external directors); executive officers; corporate officers; and employees of senior management offices who hold ranks no lower than general manager.

*⁵ Cross-assumption of offices of external directors/corporate auditors refers to a reciprocal relationship wherein the Company offers a post as an external director/corporate auditor to a person serving in or a person who has served in another listed company and a person serving the Group or person who has served the Group takes the same such office in said listed company.