

(PLEASE Note: This document is an English summary of the Japanese original. The Japanese original is official, and this summary is for your reference only. Sharp does not guarantee the accuracy of this summary.)

Standards for Independence of Outside Directors

Standards for independence of outside directors are the following:

1. The Company shall regard a person as independent if he/she does not fall under any of the following items.
 - (1) A person for whom the Company is a major business partner^{*1} or an executor of operations thereof,^{*2}
 - (2) A major business partner^{*1} of the Company or an executor of operations thereof,
 - (3) A person who received rewards of more than 10 million yen as an expert or consultant in law, accounting or tax, other than executive remunerations from the Company, in any of the last three fiscal years (or a person who belongs to corporations, associations or any other entity which received from the company monetary consideration or other property of more than 2% of those annual incomes in any of the last three fiscal years),
 - (4) A spouse and relatives within the second degree of kinship or living together of a person listed below:
 - a) A person who falls under the definition of the above (1) to (3)
 - b) A director of any important subsidiaries^{*3} of the Company
 - c) A person who was executing the business operations of the above b) or the Company in the last three fiscal years
(*only a person with an important position^{*4})
 - (5) A major shareholder^{*5} of the Company or an executor of operations thereof,
 - (6) A Council member or other executor of operations of a body which, or a person who, receives donations or assistance of more than 10 million yen per year on the average of the last three fiscal years from the Company or its subsidiaries,
 - (7) A person from a corporation for which an executor of operation of the Company assumed the post of its outside director or outside audit & supervisory board member on a reciprocal basis.
2. Even if a person falls under any of the above items, if the Company considers him/her as suitable to be an independent executive (i.e. independent outside executives; the same shall apply hereinafter), in light of the personality and deep insight together with the required conditions to appoint as outside directors which is defined in Companies Acts, the Company may appoint him/her as independent executives of the Company, provided that the reasons for this appointment are explained to the public.
3. Total tenure shall not exceed 8 years to reappoint the current independent executives of the Company.

- | | | |
|----------------------------|---|---|
| *1. major business partner | : | a partner whose business volume exceeded 2% of the Company's consolidated annual net sales in any of the last three fiscal years.
(In article 1-(2), including financial institutions that are financing more than 2% of the amount of the Company's consolidated total assets to the Company in any of the past three fiscal years) |
| *2. executor of operations | : | a person defined in Section 2.3.6 of the Ordinance for Enforcement of the Companies Act |
| *3. important subsidiaries | : | subsidiaries, described in the business report "status of important subsidiaries" |
| *4. important position | : | group general manager or the above |
| *5. major shareholder | : | a shareholder who owns 10% or more of total voting rights of the Company directly or indirectly, and who obtains the share issued under a special contract |