

## Criteria for Determining Independence of Outside Officers

MTI has prepared criteria for determining the independence of its outside officers (Outside Directors and Outside Auditors) for the purpose of establishing a corporate governance structure that achieves highly transparent business management and a strong management monitoring function and that contributes to the enhancement of its corporate value. The criteria are as follows. (A person who does not fall under any of the items below shall be determined as independent.)

1. Person who is at present or has been in the past 10 years a Director (excluding Outside Director), an Audit & Supervisory Board Member (excluding Outside Auditor), an Executive Officer, an employee or a person in an occupational position similar to the foregoing (collectively, "Executive Persons, etc.") at MTI or its current subsidiary or affiliated company (collectively, the "MTI Group")
2. Person who falls at present or has fallen in the past three years under any of items a to j below:
  - a. A major shareholder (meaning shareholder whose ownership ratio of voting rights is no less than 10%. The same shall apply hereunder) of MTI; or if said shareholder is a judicial person, its Executive Persons, etc.
  - b. Executive Persons, etc. of a company whose major shareholders include MTI
  - c. Person who is a major client of the MTI Group (person who received payment of an amount equivalent to no less than 2% of the person's annual consolidated net sales or payment of no less than 100 million yen, whichever was higher, from the MTI Group in the person's immediately preceding business year); or if said person is a company, its Executive Persons, etc.
  - d. Person who is a major client of MTI (person who paid MTI an amount equivalent to no less than 2% of MTI's annual consolidated net sales in the immediately preceding business year); or if said person is a company, its Executive Persons, etc.
  - e. Person who has received donations or grants exceeding a certain amount (an average of 10 million yen per annum or 30% of total cost per annum incurred by the person's organization, whichever was higher, in the past 3 business years) from the MTI Group; or if said person falls under various types of organizations, its Executive Persons, etc.
  - f. Person who is a large creditor, etc. of MTI; or if said person is a company, its Executive Persons, etc.
  - g. Certified public accountant who is an audit company providing service to the MTI Group; or person who belongs to the audit company.
  - h. Person who receives compensation, other than officer's remuneration, in an amount no less than 10 million yen per annum from the MTI Group as an attorney, a certified public accountant, a certified tax accountant or as another consultant; or if the person falls under various types of organizations, its Executive Persons, etc.

- i. Spouse or a relative within the second degree of relationship of a person who falls under any of items a to h above (excluding person who is not important)
  - j. Officer of a company that has officer(s) (meaning Director or Audit & Supervisory Board Member. The same shall apply hereunder) appointed by the MTI Group
3. Other persons who are likely to constantly cause substantive conflicts of interest with general shareholders of MTI under certain circumstances other than the reasons listed in 1 and 2 above
  4. With regard to a person who falls under any of the items under 2 above but who is deemed not likely to cause substantive conflicts of interests with general shareholders, MTI shall be able to appoint said person as its independent officer on the condition that said person satisfies the requirements for outside director or outside auditor stipulated in the Companies Act and that MTI openly provides an explanation of the reason why said person is considered appropriate as an independent officer of MTI.