

(Exhibit 2)

### **Independence Standards for Outside Officers**

1. If none of the following items apply to an outside director or an outside corporate auditor, Sumitomo Heavy Industries, Ltd. (“SHI”) shall consider the outside director or the outside corporate auditor to be independent from SHI. However, (xiv) below shall only apply to an outside corporate auditor.
  - (i) A person who is or was a person performing an executive role (\*1) at the SHI Group (\*2).
  - (ii) A person who is a certified public accountant and is SHI’s accounting auditor or a certified public accountant who belongs to the audit firm that is SHI’s accounting auditor.
  - (iii) A consultant, an accounting expert, or a legal expert who receives large amount of money or other property (\*3) other than officer remuneration from SHI (if the person who receives such property is an organization such as a corporation, a person who belongs to such organization).
  - (iv) A shareholder who owns shares of 10% or more of SHI’s total voting rights as of the last day of the last fiscal year (if such shareholder is an organization such as a corporation, a person performing an executive role therein).
  - (v) A person performing an executive role in a corporation whose shares of 10% or more of its total voting rights are owned by SHI as of the last day of the last fiscal year.
  - (vi) A person who is a principal business counterparty of SHI (\*4) (if such person is an organization such as a corporation, a person performing an executive role therein).
  - (vii) A person to whom SHI is a principal business counterparty (\*5) (if such person is an organization such as a corporation, a person performing an executive role therein).
  - (viii) A person who is a principal lender to SHI (\*6) (if such lender is an organization such as a corporation, a person performing an executive role at such organization or its parent company).
  - (ix) A person who receives donations of over 10 million yen annually on average over the last three fiscal years from SHI (if such person is an organization such as a corporation, a person performing an executive role therein).
  - (x) A spouse or a relative within the second degree of kinship of a person to whom any of (i) through (ix) above applies (excluding an unimportant person (\*7)).
  - (xi) A person to whom any of (ii) through (ix) above applies within the last three years.

- (xii) A spouse or a relative within the second degree of kinship of a person to whom any of (i) through (ix) above applies within the last three years (excluding an unimportant person).
- (xiii) A person performing an executive role in another company with which SHI has a mutual appointment relationship of outside officers (\*8).
- (xiv) A spouse or a relative within the second degree of kinship of a person to whom (a) or (b) below applies:
  - (a) a person who is a director performing a nonexecutive role in a SHI subsidiary; or
  - (b) a person who falls under (a) above or a director performing a nonexecutive role at SHI within the last one year.
- (\*1) A person performing an executive role refers to an executive director, a statutory executive officer, an executive officer, or an employee including a manager (in the case of an organization such as a corporation other than a stock company, an officer, a member, or an employee performing an executive role in such organization).
- (\*2) The SHI Group refers to SHI and its subsidiaries and affiliated companies.
- (\*3) Large amount of money or other property refers to money or other property received by a person if such person received the same over the last three fiscal years with an average amount of (i) 10 million yen or more annually if such person is an individual, or (ii) 2% or more of such person's average annual consolidated sales if such person is an organization such as a corporation.
- (\*4) A person who is a principal business counterparty of SHI is a person to whom SHI's average annual sales over the last three fiscal years comprise 2% or more of SHI's average annual consolidated sales.
- (\*5) A person to whom SHI is a principal business counterparty is a person to whom SHI's average annual payment over the last three fiscal years comprises 2% or more of such person's average annual consolidated sales.
- (\*6) A person who is a principal lender to SHI refers to a person from whom SHI's average balance of borrowings over the last three fiscal years exceeds 2% of SHI's consolidated total assets as of the last day of the last fiscal year.
- (\*7) An unimportant person refers to (i) with regard to a person performing an executive role, a person other than a director, a statutory executive officer, or an executive officer, and (ii) with regard to a specialized advisory firm (an audit firm, law firm, etc.) in consulting-related matters, a person other than a member or a partner (an associate or an employee).

- (\*8) A mutual appointment relationship of outside officers refers to a relationship where a person performing an executive role who belongs to SHI is an outside officer of another company, and a person performing an executive role who belongs to such other company is an outside officer of SHI.
2. Even if any of the items in 1. above apply to an outside director or an outside corporate auditor, SHI may appoint such outside director or outside corporate auditor as an independent outside director or an independent outside corporate auditor when it determines that such person is suitable for its independent outside director or independent outside corporate auditor upon considering such person's character and insight, among others, provided that, it shall publically provide an explanation as to why it has determined that there is no possibility of a conflict of interest with general shareholders.