

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Stock code: 6914
March 4, 2020

To our shareholders,

Isamu Oguni, President and CEO
OPTEX GROUP Company, Limited
4-7-5, Nionohama, Otsu-shi, Shiga

Notice of the 41st Ordinary General Meeting of Shareholders

You are cordially invited to attend the 41st Ordinary General Meeting of Shareholders of OPTEX GROUP Company, Limited (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet, etc. Please examine the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Wednesday, March 25, 2020 (JST).

1. **Date and Time:** Thursday, March 26, 2020, at 10:00 a.m.
2. **Place:** Genji Ballroom (3rd floor), Hotel Granvia Kyoto
Shiokoji-sagaru, Karasuma-dori, Shimogyo-ku, Kyoto-shi
(Located in the JR Kyoto Station Building)
3. **Purposes:**
 - Matters to be reported:**
 1. Reports on the Business Report and the Consolidated Financial Statements for the 41st fiscal year (from January 1, 2019 to December 31, 2019), and the results of audit on the Consolidated Financial Statements by Financial Auditor and Audit and Supervisory Committee
 2. Reports on the Non-consolidated Financial Statements for the 41st fiscal year (from January 1, 2019 to December 31, 2019)
 - Matters to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
 - Proposal 3:** Election of Two (2) Directors Who Are Audit and Supervisory Committee Members

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- You are kindly requested to present the enclosed Voting Card to the receptionist when you attend the meeting in person. For the purpose of saving resources, please be sure to bring this notice with you.
 - If any amendments are made to the Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements, or Reference Documents for the General Meeting of Shareholders, such amendments will be posted on the Company website (<https://www.optexgroup.co.jp>). The amendments in these documents will be available in Japanese only.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

Considering the return of profits to shareholders to be one of its most important management tasks, the Company pursues a basic policy of taking into account strengthening the financial foundation needed for future business development and striving to maintain stable dividend payouts based on corporate earnings.

Regarding the year-end dividend for the 41st fiscal year, in consideration of the business performance during the fiscal year under review, future business development and other factors, we propose to pay ¥15 per share as described below. Together with the interim dividend of ¥17.50 (ordinary dividend: ¥15; commemorative dividend: ¥2.50) per share, the annual dividend will be ¥32.50 per share.

Year-end dividends

(1) Type of dividend property

Cash

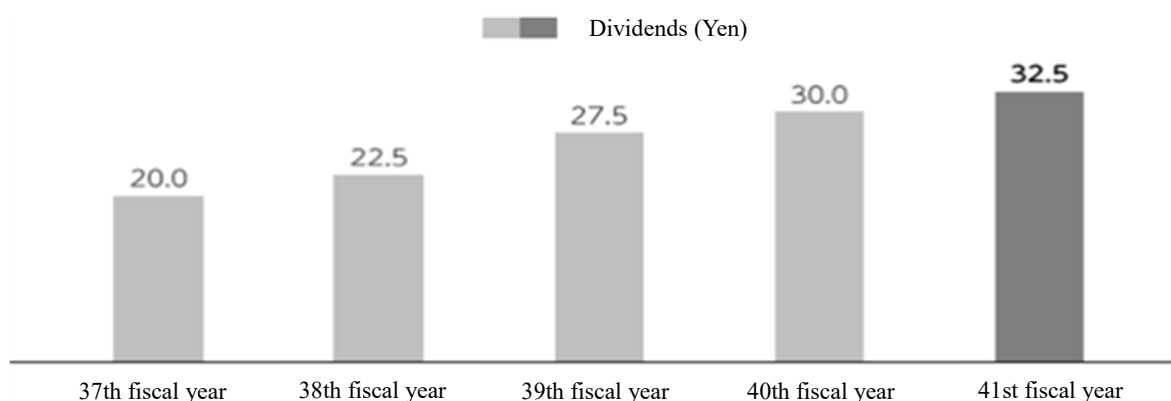
(2) Allotment of dividend property and total amount thereof

Dividend per common stock of the Company: ¥15 Total amount: ¥542,106,900

(3) Effective date of the dividend of surplus

March 27, 2020

(Reference) Trends in annual dividend per share



Note: The Company conducted a two-for-one share split on April 1, 2018. The amounts shown for the annual dividend per share for the 37th to 39th fiscal years have been converted taking into account the share split.

Proposal 2: Election of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members, the same shall apply hereinafter in this proposal) will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company requests the election of eight (8) Directors, which constitutes an increase of one (1) Director for the purpose of further enhancement of the management structure and corporate governance.



The Board of Directors selected candidates for Directors upon receiving a report from the Nomination Advisory Committee. Also, the Audit and Supervisory Committee has stated its opinion that all of the candidates for Directors are appropriate.



The candidates for Directors are as follows:



(Reference) Candidates for Directors


No.	Name	Gender	Current position and areas of responsibility in the Company	Attendance at meetings of Board of Directors during the 41st fiscal year
1	Isamu Oguni Reelection (67 years old)	[Male]	President and CEO	13/13
2	Akira Higashi Reelection (58 years old)	[Male]	Executive Director and CFO	13/13
3	Toru Kobayashi Reelection (72 years old)	[Male]	Director and Senior Corporate Adviser	12/13
4	Toru Kamimura Reelection (59 years old)	[Male]	Director	13/13
5	Hiroyuki Onishi Reelection (54 years old)	[Male]	Director	12/13
6	Tatsuya Nakajima Reelection (53 years old)	[Male]	Director	13/13
7	Kazuhiro Yoshida New election Outside Independent (59 years old)	[Male]	–	–
8	Nanako Aono New election Outside Independent (58 years old)	[Female]	–	–

Note: The “Attendance at meetings of Board of Directors during the 41st fiscal year” excludes five written resolutions.

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company (Significant positions concurrently held at other organizations)	Number of the Company's shares held
1	 <p>Reelection</p> <p>Isamu Oguni (May 17, 1952)</p> <p>Attendance at meetings of Board of Directors: 13/13</p>	<p>Mar. 1981 Joined OPTEX Company, Limited</p> <p>Feb. 1988 Director, OPTEX Company, Limited</p> <p>Jan. 2002 President, OPTEX FA CO., LTD. with the establishment of OPTEX FA CO., LTD.</p> <p>Oct. 2016 Director, CCS Inc.</p> <p>Jan. 2017 President and COO, OPTEX GROUP Company, Limited</p> <p>Mar. 2019 President and CEO, OPTEX GROUP Company, Limited (current position)</p>	116,592 shares
<p>Significant concurrent positions No items to report.</p> <p>Reason for election The Company requests the reelection of Isamu Oguni as Director because he has abundant experience and a track record in corporate management such as serving as Director of the Company for over 15 years and President of OPTEX FA CO., LTD., which was a listed company up to 2016, for over 15 years. The Company considers that he is a talented individual who is appropriate for the position of Director and that his election will continue to improve the Group's corporate value.</p> <p>Special interest between the candidate and the Company There is no special interest between Isamu Oguni and the Company.</p>			
2	 <p>Reelection</p> <p>Akira Higashi (Jun. 10, 1961)</p> <p>Attendance at meetings of Board of Directors: 13/13</p>	<p>Apr. 1984 Joined OPTEX Company, Limited</p> <p>Jan. 2003 Head, President's Office, OPTEX Company, Limited</p> <p>Jan. 2004 Executive Officer, General Manager, Corporate Planning Division, OPTEX Company, Limited</p> <p>Jan. 2005 Executive Officer, General Manager, Administration Division, OPTEX Company, Limited</p> <p>Mar. 2012 Director and Executive Officer, General Manager, Administration Division, OPTEX Company, Limited</p> <p>Jan. 2014 Director and Executive Officer, General Manager, Administrative Headquarters and General Manager, Administration Division, OPTEX Company, Limited</p> <p>Jan. 2017 Executive Director and CFO, OPTEX GROUP Company, Limited (current position)</p>	24,260 shares
<p>Significant concurrent positions No items to report.</p> <p>Reason for election Akira Higashi has a major role in the management of the Group as Director of the Company and has served for many years in charge of the Corporate Planning and Administration Divisions. The Company requests the reelection of Akira Higashi as Director because he has abundant experience and a track record in corporate management. The Company considers that he is a talented individual who is appropriate for the position of Director and that his election will continue to improve the Group's corporate value.</p> <p>Special interest between the candidate and the Company There is no special interest between Akira Higashi and the Company.</p>			

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company (Significant positions concurrently held at other organizations)	Number of the Company's shares held
3	 <p>Reelection Toru Kobayashi (Jan. 10, 1948)</p> <p>Attendance at meetings of Board of Directors: 12/13</p>	<p>May 1979 Established OPTEX Company, Limited Assumed office as President and Representative Director, OPTEX Company, Limited</p> <p>Jan. 2002 President and CEO, OPTEX Company, Limited</p> <p>Jan. 2012 Chairman, President and CEO, OPTEX Company, Limited</p> <p>Jan. 2017 Chairman and CEO, OPTEX GROUP Company, Limited</p> <p>Mar. 2019 Director and Senior Corporate Adviser, OPTEX GROUP Company, Limited (current position)</p>	1,277,490 shares
<p>Significant concurrent positions No items to report.</p> <p>Reason for election The Company requests the reelection of Toru Kobayashi as Director because he is the founder of the Company, has the foresight and knowledge of an engineer including the first commercialization in the world of automatic door sensors that utilize infrared, and has led the Group as the Representative Director since the founding of the Company. The Company considers that he is a talented individual who is appropriate for the position of Director and that his election will continue to improve the Group's corporate value.</p> <p>Special interest between the candidate and the Company There is no special interest between Toru Kobayashi and the Company.</p>			
4	 <p>Reelection Toru Kamimura (Apr. 9, 1960)</p> <p>Attendance at meetings of Board of Directors: 13/13</p>	<p>Nov. 2006 Joined OPTEX Company, Limited</p> <p>Jan. 2007 Executive Officer, General Manager, Technology Development Division, OPTEX Company, Limited</p> <p>Jan. 2011 Executive Officer, General Manager, SEC Business Division, OPTEX Company, Limited</p> <p>Mar. 2012 Director and Executive Officer, General Manager, SEC Business Division, OPTEX Company, Limited</p> <p>Jan. 2014 Director and Executive Officer, General Manager, Corporate Business Strategy Headquarters and Manager, NSS Business Division, OPTEX Company, Limited</p> <p>Jan. 2017 Director, OPTEX GROUP Company, Limited (current position)</p> <p>President, OPTEX Company, Limited (current position)</p>	14,592 shares
<p>Significant concurrent positions President, OPTEX Company, Limited</p> <p>Reason for election The Company requests the reelection of Toru Kamimura as Director because he developed a track record as a technical expert at a major Japanese electronics manufacturer for over 22 years since 1983, has served as General Manager in both the Company's Development Division and Sales Division, and has abundant experience and a track record as Director. The Company considers that he is a talented individual who is appropriate for the position of Director and that his election will continue to improve the Group's corporate value.</p> <p>Special interest between the candidate and the Company There is no special interest between Toru Kamimura and the Company.</p>			

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company (Significant positions concurrently held at other organizations)	Number of the Company's shares held
5	 <p>Reelection</p> <p>Hiroyuki Onishi (Aug. 8, 1965)</p> <p>Attendance at meetings of Board of Directors: 12/13</p>	<p>May 2011 Joined CCS Inc.</p> <p>Aug. 2011 Executive Officer (<i>Shikkoyaku</i>) in charge of Corporate Planning Division and Manager, Management Strategy Group, CCS Inc.</p> <p>Feb. 2012 Executive Officer (<i>Shikkoyaku</i>) in charge of Corporate Planning Division and New Business Division, CCS Inc.</p> <p>Oct. 2015 Director and Managing Executive Officer (<i>Shikkoyaku</i>) in charge of Domestic Sales Division and Management Strategy Office, CCS Inc.</p> <p>Aug. 2016 Managing Director in charge of Domestic Sales Division, Corporate Planning Division, Management Strategy Office, and Management Support Department, CCS Inc.</p> <p>Oct. 2016 President, CCS Inc. (current position)</p> <p>Jan. 2017 Director, OPTEX GROUP Company, Limited (current position)</p>	11,340 shares
<p>Significant concurrent positions President, CCS Inc.</p> <p>Reason for election The Company requests the reelection of Hiroyuki Onishi as Director because he was engaged in corporate management at a group company of a leading Japanese securities firm and other companies for over 21 years since 1990, and has abundant experience and a track record in corporate management such as serving as Executive Officer (<i>Shikkoyaku</i>) and Director in charge of the Corporate Planning Division, Management Strategy Office, and Sales Division of CCS Inc. The Company considers that he is a talented individual who is appropriate for the position of Director and that his election will continue to improve the Group's corporate value.</p> <p>Special interest between the candidate and the Company There is no special interest between Hiroyuki Onishi and the Company.</p>			
6	 <p>Reelection</p> <p>Tatsuya Nakajima (Oct. 11, 1966)</p> <p>Attendance at meetings of Board of Directors: 13/13</p>	<p>Apr. 2016 Joined OPTEX FA CO., LTD.</p> <p>Jul. 2016 General Manager, Sensor Sales Division, OPTEX FA CO., LTD.</p> <p>Jan. 2017 Director, OPTEX FA CO., LTD.</p> <p>Mar. 2017 Executive Director, OPTEX FA CO., LTD.</p> <p>Mar. 2018 President, OPTEX FA CO., LTD. (current position) Director, OPTEX GROUP Company, Limited (current position)</p>	4,128 shares
<p>Significant concurrent positions President, OPTEX FA CO., LTD.</p> <p>Reason for election The Company requests the reelection of Tatsuya Nakajima as Director because he has abundant experience and a track record of serving for over 27 years since 1989 in leading companies in the factory automation sensor industry in Japan and overseas. The Company considers that he is a talented individual who is appropriate for the position of Director and that his election will continue to improve the Group's corporate value.</p> <p>Special interest between the candidate and the Company There is no special interest between Tatsuya Nakajima and the Company.</p>			

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company (Significant positions concurrently held at other organizations)	Number of the Company's shares held
7	 <p data-bbox="357 748 478 819">New election Outside Independent</p> <p data-bbox="328 846 507 900">Kazuhiro Yoshida (Jun. 8, 1960)</p>	<p data-bbox="561 286 1024 313">Apr. 1983 Joined SANYO Electric Co., Ltd.</p> <p data-bbox="561 322 1161 376">Apr. 1990 Assigned to New York, SANYO North America Corporation</p> <p data-bbox="561 385 1177 439">Oct. 2004 Director, SANYO EPSON IMAGING DEVICES CORPORATION</p> <p data-bbox="561 448 1155 501">Apr. 2007 General Manager, General Affairs and Human Resources Division, SANYO Electric Co., Ltd.</p> <p data-bbox="561 510 1177 564">Apr. 2008 Executive Officer, SANYO Electric Co., Ltd. Vice President, SANYO Semiconductor Co., Ltd.</p> <p data-bbox="561 573 1200 680">Sep. 2010 Executive Officer, Deputy General Manager, Corporate Planning Division, SANYO Electric Co., Ltd.</p> <p data-bbox="561 689 1200 761">Feb. 2011 Executive Officer, Vice Company Manager, Mobile Energy Company, SANYO Electric Co., Ltd.</p> <p data-bbox="561 770 1203 913">Apr. 2012 Vice President, In Charge of Solar Business, Energy Company, Panasonic Corporation, and Executive Officer, General Manager, Solar Business Unit, Energy Company, SANYO Electric Co., Ltd.</p> <p data-bbox="561 922 1184 1021">Apr. 2016 General Manager, Solar Systems Business Unit, Energy Systems Business Division, Eco Solutions Company, Panasonic Corporation</p> <p data-bbox="561 1030 1155 1111">Apr. 2018 Executive, In charge of Energy Technology, Engineering Division, Eco Solutions Company, Panasonic Corporation</p>	200 shares
<p data-bbox="284 1128 619 1155">Significant concurrent positions</p> <p data-bbox="284 1160 472 1182">No items to report.</p> <p data-bbox="284 1209 485 1232">Reason for election</p> <p data-bbox="284 1236 1401 1370">The Company requests the new election of Kazuhiro Yoshida as Outside Director because he has abundant experience and broad insights, having long served at major Japanese electronics manufacturers as a technical expert, General Manager, etc. in both General Affairs and Human Resources Division and Corporate Planning Division, an executive officer and Director of an affiliated company. The Company considers that he is a talented individual who is appropriate for the position of Director and that his election will continue to improve the Group's corporate value.</p> <p data-bbox="284 1406 871 1429">Special interest between the candidate and the Company</p> <p data-bbox="284 1433 992 1456">There is no special interest between Kazuhiro Yoshida and the Company.</p>			

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company (Significant positions concurrently held at other organizations)	Number of the Company's shares held
8	 <p data-bbox="355 539 480 613">New election Outside Independent</p> <p data-bbox="344 636 491 696">Nanako Aono (Jan. 15, 1962)</p>	<p data-bbox="560 286 1219 347">Apr. 1984 Joined The Nikko Securities Co., Ltd. (currently, SMBC Nikko Securities Inc.)</p> <p data-bbox="560 353 1082 383">Nov. 1995 Joined ChuoAoyama Audit Corporation</p> <p data-bbox="560 389 1177 418">Jul. 2002 Joined BUSICOM. (currently, OAG BUSICOM.)</p> <p data-bbox="560 425 906 454">Mar. 2005 Director, BUSICOM.</p> <p data-bbox="560 461 1139 521">Jun. 2008 Outside Audit & Supervisory Board Member, DUSKIN CO., LTD.</p> <p data-bbox="560 528 1219 589">May 2010 Representative Director and President, GEN Co., Ltd. (current position)</p> <p data-bbox="560 595 1166 656">Jun. 2017 Outside Corporate Auditor, MISUMI Group Inc. (current position)</p> <p data-bbox="560 663 1203 723">Jun. 2019 Outside Corporate Auditor, Nippon Paper Industries Co., Ltd. (current position)</p>	0 shares
<p data-bbox="288 721 619 750">Significant concurrent positions</p> <p data-bbox="288 750 810 779">Representative Director and President, GEN Co., Ltd.</p> <p data-bbox="288 779 762 808">Outside Corporate Auditor, MISUMI Group Inc.</p> <p data-bbox="288 808 884 837">Outside Corporate Auditor, Nippon Paper Industries Co., Ltd.</p> <p data-bbox="288 860 485 889">Reason for election</p> <p data-bbox="288 889 1401 1025">The Company requests the new election of Nanako Aono as Outside Director because she has long served as a certified public accountant and as Audit & Supervisory Board member of listed companies. The Company considers that she is a talented individual who is appropriate for the position of Director and that her election will contribute to further enhancement of the Group's corporate governance and continue to improve the Group's corporate value by providing sound advice based on her abundant business experience and broad insights.</p> <p data-bbox="288 1048 868 1077">Special interest between the candidate and the Company</p> <p data-bbox="288 1077 954 1106">There is no special interest between Nanako Aono and the Company.</p>			

- Notes:
1. Kazuhiro Yoshida and Nanako Aono are candidates for Outside Directors.
 2. Kazuhiro Yoshida and Nanako Aono satisfy the requirements for independent officers as stipulated by the Tokyo Stock Exchange, Inc. and the independence criteria established by the Company. If their election is approved, the Company will register them as independent officers as stipulated by the Tokyo Stock Exchange, Inc. Consequently, the number of the Company's independent officers will continue to be four (4), including incumbent, Minoru Kida, and Yasushi Sakemi, who will assume office as an Outside Director who is an Audit and Supervisory Committee Member if Proposal 3 is approved as proposed.
 3. The Company has, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, entered into agreements with Directors (excluding Directors that execute business, etc.) to limit liability for damages under Article 423, paragraph (1) of the Companies Act. The limit of the liability based on such agreements shall be the minimum amount stipulated in laws and regulations. If the election of Kazuhiro Yoshida and Nanako Aono is approved, the Company will enter into the same agreement with them.

Proposal 3: Election of Two (2) Directors Who Are Audit and Supervisory Committee Members

The terms of office of three (3) Directors who are Audit and Supervisory Committee Members, Yukio Kuroda, Yukinori Kuwano, and Tsutomu Ozako, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests the election of two (2) Directors who are Audit and Supervisory Committee Members.

If this proposal is approved and adopted, the number of Directors who are Audit and Supervisory Committee Members will decrease by one, resulting in three. However, the Company considers that the audit structure will continue to be effective, through cooperation with the internal audit department and the Outside Directors who are qualified as an attorney at law, and as a certified public accountant and certified public tax accountant.

The Board of Directors selected the candidates for Directors who are Audit and Supervisory Committee Members upon receiving a report from the Nomination Advisory Committee. In addition, Audit and Supervisory Committee has consented to this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:


(Reference) Candidates for Directors


No.	Name	Gender	Current position and areas of responsibility in the Company	Attendance at meetings of Board of Directors and Audit and Supervisory Committee during the 41st fiscal year
1	Yukio Kuroda Reelection (64 years old)	[Male]	Director who is an Audit and Supervisory Committee Member (Full-time)	Meetings of Board of Directors: 13/13 Meetings of Audit and Supervisory Committee: 14/14
2	Yasushi Sakemi New election Outside Independent (61 years old)	[Male]	Outside Director Independent Officer	Meetings of Board of Directors: 9/10 (After assuming the position in March 2019)

Note: The "Attendance at meetings of Board of Directors during the 41st fiscal year" excludes five written resolutions.

(Reference)

Yasushi Sakemi assumed office as Outside Director at the 40th Ordinary General Meeting of Shareholders held on March 28, 2019, and his term of office will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests his election as a Director who is an Audit and Supervisory Committee Member.

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company (Significant positions concurrently held at other organizations)	Number of the Company's shares held
1	 <p>Reelection</p> <p>Yukio Kuroda (Dec. 13, 1955)</p> <p>Attendance at meetings of Board of Directors: 13/13</p> <p>Attendance at meetings of Audit and Supervisory Committee: 14/14</p>	<p>Dec. 1989 Joined OPTEX Company, Limited</p> <p>Sep. 1993 Seconded to OPTEX MORSE INC. (currently OPTEX INCORPORATED)</p> <p>Jan. 2003 Internal Audit Office, OPTEX Company, Limited</p> <p>Apr. 2004 Head, Internal Audit Office, OPTEX Company, Limited</p> <p>Jan. 2008 Head, Group Internal Audit Office, OPTEX Company, Limited</p> <p>Mar. 2015 Standing Auditor, OPTEX Company, Limited</p> <p>Jun. 2016 Director who is an Audit and Supervisory Committee Member (Full-time), OPTEX Company, Limited (current position)</p> <p>Jul. 2018 Company Auditor, CCS Inc. (current position)</p>	1,820 shares
<p>Significant concurrent positions No items to report.</p> <p>Reason for election The Company requests the reelection of Yukio Kuroda as Director who is an Audit and Supervisory Committee Member because of his experience and track record serving multiple positions including serving for more than ten years as the Head of the Company's Internal Audit Office, as a Standing Auditor since 2015, and as a full-time Director who is an Audit and Supervisory Committee Member following the transition to a company with Audit and Supervisory Committee in 2016. The Company considers that he is a talented individual who is appropriate for the position of Director who is an Audit and Supervisory Committee Member.</p> <p>Special interest between the candidate and the Company There is no special interest between Yukio Kuroda and the Company.</p>			

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company (Significant positions concurrently held at other organizations)	Number of the Company's shares held
2	 <p>New election Outside Independent</p> <p>Yasushi Sakemi (Dec. 24, 1958)</p> <p>Attendance at meetings of Board of Directors: 9/10</p>	<p>Apr. 1991 Registered as an attorney at law</p> <p>Apr. 1993 Joined Tetsuro Sakemi Law Office (currently Sakemi Law Office)</p> <p>Jun. 2004 Outside Auditor, SHOFU INC. (current position)</p> <p>Oct. 2009 Outside Director, CCS Inc.</p> <p>Aug. 2016 Outside Director (Audit and Supervisory Committee Member), CCS Inc.</p> <p>Jul. 2018 Company Auditor, CCS Inc. (current position)</p> <p>Mar. 2019 Director, OPTEX GROUP Company, Limited (current position)</p>	7,620 shares
<p>Significant concurrent positions Head, Sakemi Law Office Outside Auditor, SHOFU INC.</p> <p>Reason for election The Company requests the election of Yasushi Sakemi as Outside Director who is an Audit and Supervisory Committee Member because he has long served as an attorney. The Company considers that he will contribute to further enhancement of the audit structure of the Group by providing sound advice based on his abundant business experience and broad insights as well as his advanced legal knowledge. Yasushi Sakemi has never in the past been involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as Outside Director based on the above reasons. Yasushi Sakemi is currently Outside Director of the Company, and at the conclusion of this meeting, he will have served one year as Outside Director of the Company.</p> <p>Special interest between the candidate and the Company There is no special interest between Yasushi Sakemi and the Company.</p>			

- Notes: 1. Yasushi Sakemi is a candidate for Outside Director.
2. Yasushi Sakemi assumed office as Outside Director at the 40th Ordinary General Meeting of Shareholders of the Company held on March 28, 2019. His term of office will expire at the conclusion of this General Meeting of Shareholders.
3. Yasushi Sakemi satisfies the requirements for an independent officer as stipulated by the Tokyo Stock Exchange, Inc. and the independence criteria established by the Company. If his election is approved, the Company will register him again as an independent officer as stipulated by the Tokyo Stock Exchange, Inc. Consequently, the number of the Company's independent officers will be four (4), including incumbent, Minoru Kida, and Kazuhiro Yoshida and Nanako Aono, who will assume office if Proposal 2 is approved as proposed.
4. The Company has, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, entered into agreements with all Audit and Supervisory Committee Members to limit liability for damages under Article 423, paragraph (1) of the Companies Act. The limit of the liability based on such agreements shall be the minimum amount stipulated in laws and regulations. If the election of Yasushi Sakemi is approved, the Company will enter into the same agreement with him.

(Reference) Independence standards for the purpose of appointing Outside Directors

The Company stipulates the following as its independence standards for the purpose of appointing Outside Directors and determines that an Outside Director is independent if he or she does not fall under any of the following categories. Upon appointment, the Company determines individually that he or she can perform his or her duties as an Outside Director from a standpoint independent of the Company, based on the absence of any relationship affecting the Company's decision making and the absence of any special interest in the Company, etc.

The Company judges independent officers to be independent when they are persons who do not fall under any of the Independence Standards set forth below 1. to 9.

1. Executing person of the Company and its affiliated company
2. Person whose principal trading partner is the Company (Note 1) or said person's executing person (Note 2)
3. The Company's principal trading partner (Note 3) or said trading partner's executing person
4. Consultant, professional accountant or legal professional who receives a large amount of money (Note 4) or other assets from the Company besides executive compensation (in the case where person receiving said assets is a corporate body, association or other organizations, this shall mean consultant, professional accountant or legal professional who belongs to said corporate body or other organizations)
5. Large shareholder of the Company (Note 5), or in the case where said large shareholder is a corporate body, etc., said shareholder's executing person
6. Person who receives a large amount of donation from the Company (Note 6) or said person's executing person
7. Person who belongs to an audit corporation and acts as accounting auditor of the Company
8. Person who fell under any of 1 through 7 above at any time during the past three years
9. Spouses or relatives within the second degree of kinship of any person who falls under any of 1 through 7 above

(Note 1) "Person whose principal trading partner is the Company" shall mean a person who received from the Company payment of an amount equivalent to no less than 2% of the person's consolidated net sales in the immediately preceding business year.

(Note 2) "Executing person" shall mean director, executive officer, employee who executes business operations, executive director and other persons equivalent thereto, of a corporate body or other organizations.

(Note 3) "The Company's principal trading partner" shall mean a person who paid the Company an amount equivalent to no less than 2% of the Company's consolidated net sales in the immediately preceding business year.

(Note 4) "Large amount of money" shall mean a total of no less than ¥10 million per year calculated as the average of the past three years in the case of an individual person, and an amount equivalent to no less than 2% of total revenue in the immediately preceding business year calculated as the average of the past three years in the case of corporate body, etc.

(Note 5) "Large shareholder" shall mean a person who directly or indirectly holds no less than 10% of total voting rights.

(Note 6) "Large amount of donation" shall mean a total of no less than ¥10 million per year calculated as the average of the past three years.