

(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, 2021

To our shareholders,

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

## Notice of the 42nd Ordinary General Meeting of Shareholders

You are cordially invited to attend the 42nd Ordinary General Meeting of Shareholders of OPTEX GROUP Company, Limited (the “Company”), which will be held as described below.

From the perspective of preventing the spread of the novel coronavirus disease (COVID-19), we strongly recommend that you reconsider any plans to attend the meeting in person and exercise your voting rights beforehand either via the Internet or in writing. Please study the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights by 5:30 p.m. on Thursday, March 25, 2021 (JST).

1. **Date and Time:** Friday, March 26, 2021, 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 42nd fiscal year (from January 1, 2020 to December 31, 2020), 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 42nd fiscal year (from January 1, 2020 to December 31, 2020)
  - 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 One (1) Director Who Is an Audit and Supervisory Committee Member

- 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 42nd 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 ¥15 per share, the annual dividend will be ¥30 per share.

#### Year-end dividends

(1) Type of dividend property

Cash

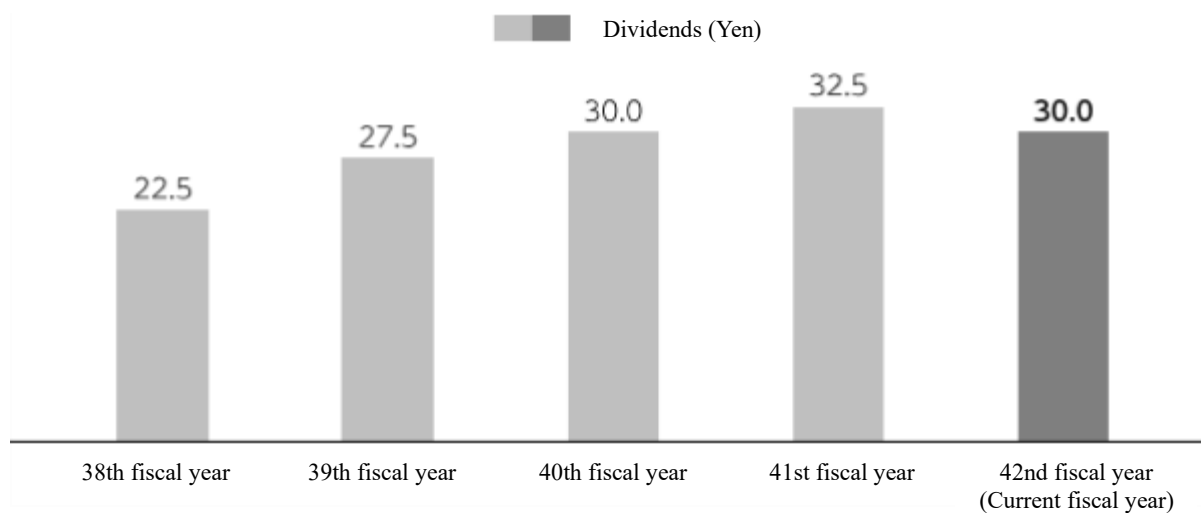
(2) Allotment of dividend property and total amount thereof

Dividend per common stock of the Company: ¥15      Total amount: ¥542,444,760

(3) Effective date of the dividend of surplus

March 29, 2021

#### (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 38th 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 Eight (8) 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.



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 42nd fiscal year
1	Isamu Oguni <b>Reelection</b> (68 years old)	[Male]	President and CEO	13/13
2	Akira Higashi <b>Reelection</b> (59 years old)	[Male]	Executive Director and CFO	13/13
3	Toru Kobayashi <b>Reelection</b> (73 years old)	[Male]	Director and Senior Corporate Adviser	13/13
4	Toru Kamimura <b>Reelection</b> (60 years old)	[Male]	Director	13/13
5	Hiroyuki Onishi <b>Reelection</b> (55 years old)	[Male]	Director	13/13
6	Tatsuya Nakajima <b>Reelection</b> (54 years old)	[Male]	Director	13/13
7	Kazuhiro Yoshida <b>Reelection Outside Independent</b> (60 years old)	[Male]	Outside Director Independent officer	10/10 (After assuming the position in March 2020)
8	Nanako Aono <b>Reelection Outside Independent</b> (59 years old)	[Female]	Outside Director Independent officer	9/10 (After assuming the position in March 2020)


Note: The “Attendance at meetings of Board of Directors during the 42nd fiscal year” excludes six 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><b>Reelection</b></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>	121,092 shares
<p><b>Significant concurrent positions</b> No items to report.</p> <p><b>Reason for election</b> 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 16 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><b>Special interest between the candidate and the Company</b> There is no special interest between Isamu Oguni and the Company.</p>			
2	 <p><b>Reelection</b></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>	28,360 shares
<p><b>Significant concurrent positions</b> No items to report.</p> <p><b>Reason for election</b> 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><b>Special interest between the candidate and the Company</b> 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><b>Reelection</b> Toru Kobayashi (Jan. 10, 1948)</p> <p>Attendance at meetings of Board of Directors: 13/13</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>	1,223,690 shares
<p><b>Significant concurrent positions</b> No items to report.</p> <p><b>Reason for election</b> 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><b>Special interest between the candidate and the Company</b> There is no special interest between Toru Kobayashi and the Company.</p>			
4	 <p><b>Reelection</b> 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>	18,692 shares
<p><b>Significant concurrent positions</b> President, OPTEX Company, Limited</p> <p><b>Reason for election</b> 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><b>Special interest between the candidate and the Company</b> 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><b>Reelection</b></p> <p>Hiroyuki Onishi (Aug. 8, 1965)</p> <p>Attendance at meetings of Board of Directors: 13/13</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>	15,640 shares
<p><b>Significant concurrent positions</b> President, CCS Inc.</p> <p><b>Reason for election</b> 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><b>Special interest between the candidate and the Company</b> There is no special interest between Hiroyuki Onishi and the Company.</p>			
6	 <p><b>Reelection</b></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>	8,128 shares
<p><b>Significant concurrent positions</b> President, OPTEX FA CO., LTD.</p> <p><b>Reason for election</b> 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><b>Special interest between the candidate and the Company</b> 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><b>Reelection Outside Independent</b></p> <p>Kazuhiro Yoshida (Jun. 8, 1960)</p> <p>Attendance at meetings of Board of Directors: 10/10</p> <p>(After assuming the position in March 2020)</p>	<p>Apr. 1983 Joined SANYO Electric Co., Ltd.</p> <p>Apr. 1990 Assigned to New York, SANYO North America Corporation</p> <p>Oct. 2004 Director, SANYO EPSON IMAGING DEVICES CORPORATION</p> <p>Apr. 2007 General Manager, General Affairs and Human Resources Division, SANYO Electric Co., Ltd.</p> <p>Apr. 2008 Executive Officer, SANYO Electric Co., Ltd. Vice President, SANYO Semiconductor Co., Ltd.</p> <p>Sep. 2010 Executive Officer, Deputy General Manager, Corporate Planning Division, SANYO Electric Co., Ltd.</p> <p>Feb. 2011 Executive Officer, Vice Company Manager, Mobile Energy Company, SANYO Electric Co., Ltd.</p> <p>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>Apr. 2016 General Manager, Solar Systems Business Unit, Energy Systems Business Division, Eco Solutions Company, Panasonic Corporation</p> <p>Apr. 2018 Executive, In charge of Energy Technology, Engineering Division, Eco Solutions Company, Panasonic Corporation</p> <p>Mar. 2020 Outside Director, OPTEX GROUP Company, Limited (current position)</p>	400 shares
<p><b>Significant concurrent positions</b> No items to report.</p> <p><b>Reason for election</b> The Company requests the reelection 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. Kazuhiro Yoshida 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><b>Special interest between the candidate and the Company</b> 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><b>Reelection Outside Independent</b></p> <p>Nanako Aono (Jan. 15, 1962)</p> <p>Attendance at meetings of Board of Directors: 9/10</p> <p>(After assuming the position in March 2020)</p>	<p>Apr. 1984 Joined The Nikko Securities Co., Ltd. (currently, SMBC Nikko Securities Inc.)</p> <p>Nov. 1995 Joined ChuoAoyama Audit Corporation</p> <p>Jul. 2002 Joined BUSICOM. (currently, OAG BUSICOM.)</p> <p>Mar. 2005 Director, BUSICOM.</p> <p>Jun. 2008 Outside Audit &amp; Supervisory Board Member, DUSKIN CO., LTD.</p> <p>May 2010 Representative Director and President, GEN Co., Ltd. (current position)</p> <p>Jun. 2017 Outside Corporate Auditor, MISUMI Group Inc. (current position)</p> <p>Jun. 2019 Outside Corporate Auditor, Nippon Paper Industries Co., Ltd. (current position)</p> <p>Mar. 2020 Outside Director, OPTEX GROUP Company, Limited (current position)</p>	2,000 shares
<p><b>Significant concurrent positions</b> Representative Director and President, GEN Co., Ltd. Outside Corporate Auditor, MISUMI Group Inc. Outside Corporate Auditor, Nippon Paper Industries Co., Ltd.</p> <p><b>Reason for election</b> The Company requests the reelection of Nanako Aono as Outside Director because she has long served as a certified public accountant and as Audit &amp; 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. Nanako Aono is currently Outside Director of the Company, and at the conclusion of this meeting, she will have served one year as Outside Director of the Company.</p> <p><b>Special interest between the candidate and the Company</b> 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 reelection is approved, the Company will register them again 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 Yasushi Sakemi, who is currently Outside Director who is an Audit and Supervisory Committee Member, and Minoru Kida, who will assume office as 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 reelection of Kazuhiro Yoshida and Nanako Aono is approved, the Company will continue the same agreement with them.



4. The Company has entered into a contract of directors and officers liability insurance with details summarized below in order to secure excellent personnel and prevent irresolution in the officers' execution of duties. All the candidates for Directors put forward in this proposal are candidates for reelection and already insured persons in the insurance policy. They will continue to be insured persons after they are reelected. Furthermore, the Company plans to renew the contract of this insurance with the same details at the time of its next renewal.

[Overview of insurance details]

- (i) Share of burden of insurance fees effectively borne by insured persons  
The insurance fees, including any special clauses, are entirely borne by the Company, and there is no effective burden of insurance fees for the insured persons.
- (ii) Overview of events insured against  
In addition to special clauses, the insurance policy covers damages arising from liability borne by the insured persons in the course of execution of their duties as an officer, etc. or claims pertaining to the pursuit of such liability. However, there are certain reasons for exemption, such as performance of an illegal act with full knowledge of its illegality.
- (iii) Measures taken to ensure no loss of propriety in the duties of officers etc.  
The provision of an excess amount is established in the insurance policy, whereby damages within the amount of that excess are not covered by the policy.


**Proposal 3:** Election of One (1) Director Who Is an Audit and Supervisory Committee Member

The term of office of Director who is an Audit and Supervisory Committee Member, Minoru Kida, will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company requests the election of one (1) Director who is an Audit and Supervisory Committee Member.

The Board of Directors selected the candidate for Director who is an Audit and Supervisory Committee Member upon receiving a report from the Nomination Advisory Committee. In addition, Audit and Supervisory Committee has consented to this proposal.

The candidate for Director who is an Audit and Supervisory Committee Member is as follows:

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
 <p><b>Reelection Outside Independent</b></p> <p>Minoru Kida (Jul. 30, 1970) (50 years old) Male</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>Oct. 1993 Joined Osaka Office, Showa Ota &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)</p> <p>Jan. 2004 Registered as CPA and tax accountant and started Kida CPA Office Representative and Head, Kida CPA Office (current position)</p> <p>Dec. 2006 Established Gravitas Audit Corporation Chief Executive Officer and Representative Partner, Gravitas Audit Corporation (current position)</p> <p>Mar. 2019 Outside Director who is an Audit and Supervisory Committee Member, OPTEX GROUP Company, Limited (current position)</p>	<p>0 shares</p>
<p><b>Significant concurrent positions</b> Representative and Head, Kida CPA Office Chief Executive Officer and Representative Partner, Gravitas Audit Corporation</p> <p><b>Reason for election</b> The Company requests the reelection of Minoru Kida as Outside Director who is an Audit and Supervisory Committee Member because he has experience being actually engaged in audit work for listed companies as a certified public accountant and certified public tax accountant for many years as well as broad insights and abundant knowledge and experience. The Company considers that he will contribute to further enhancement of the audit structure of the Group by providing sound advice. Minoru Kida 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. Minoru Kida is currently Outside Director who is an Audit and Supervisory Committee Member of the Company, and at the conclusion of this meeting, he will have served two years as Outside Director who is an Audit and Supervisory Committee Member.</p> <p><b>Special interest between the candidate and the Company</b> There is no special interest between Minoru Kida and the Company.</p>		

- Notes: 1. The “Attendance at meetings of Board of Directors” during the 42nd fiscal year excludes six written resolutions.  
2. Minoru Kida is a candidate for Outside Director.

3. Minoru Kida 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 reelection 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 continue to be four (4), including, Yasushi Sakemi, who is currently Outside Director who is an Audit and Supervisory Committee Member, and Kazuhiro Yoshida and Nanako Aono, who will assume office as Outside Director 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 reelection of Minoru Kida is approved, the Company will continue the same agreement with him.
5. The Company has entered into a contract of directors and officers liability insurance with details summarized below in order to secure excellent personnel and prevent irresolution in the officers' execution of duties. The candidate for Outside Director who is an Audit and Supervisory Committee Member put forward in this proposal is a candidate for reelection and already an insured person in the insurance policy. He will continue to be an insured person after he is reelected. Furthermore, the Company plans to renew the contract of this insurance with the same details at the time of its next renewal.

[Overview of insurance details]

- (i) Share of burden of insurance fees effectively borne by insured persons  
The insurance fees, including any special clauses, are entirely borne by the Company, and there is no effective burden of insurance fees for the insured persons.
- (ii) Overview of events insured against  
In addition to special clauses, the insurance policy covers damages arising from liability borne by the insured persons in the course of execution of their duties as an officer, etc. or claims pertaining to the pursuit of such liability. However, there are certain reasons for exemption, such as performance of an illegal act with full knowledge of its illegality.
- (iii) Measures taken to ensure no loss of propriety in the duties of officers etc.  
The provision of an excess amount is established in the insurance policy, whereby damages within the amount of that excess are not covered by the policy.

## **(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.