

(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 5, 2024

To our shareholders,

Tatsuya Nakajima, President
OPTEX GROUP Company, Limited
4-7-5, Nionohama, Otsu-shi, Shiga

Notice of the 45th Ordinary General Meeting of Shareholders

First, we would like to express our deepest sympathies to all those who have been affected by the 2024 Noto Peninsula Earthquake, and we sincerely hope for a quick recovery.

You are cordially invited to attend the 45th Ordinary General Meeting of Shareholders of OPTEX GROUP Company, Limited (the “Company”), which will be held as described below.

The Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (excluding the Voting Card) (matters for which measures for providing information in electronic format are to be taken) in electronic format. Please access the Company’s website using the internet address shown below to review the information (by selecting “IR Library,” and “Annual general meeting of shareholders” in that order).

Company's website: <https://www.optexgroup.co.jp> (in Japanese only)



In addition to posting matters for which measures for providing information in electronic format are to be taken on the website listed above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). To access this information from the latter website, access the TSE website (Listed Company Search) by using the internet address given below, input “OPTEX GROUP” in “Issue name (company name)” or securities code “6914” in “Code,” and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



Enforcement of the system for providing informational materials for the general meeting of shareholders in electronic format

Accompanying the enforcement of the system for providing information in electronic format under the revised Companies Act, the Company has changed the method of providing documents for the general meeting of shareholders (reference documents for the general meeting, Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and audit report), which were formerly sent in as paper-based documents, to posting them online. Please access the websites using the internet address shown above to review the information.

For this general meeting of shareholders, the Company will send paper-based documents to be delivered to shareholders who requested the delivery of such documents pursuant to the provisions of laws and regulations, and the Articles of Incorporation to all shareholders with voting rights.

Please refer to this information as well.

Please study the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights by 5:30 p.m. on Tuesday, March 26, 2024 (JST).

1. **Date and Time:** Wednesday, March 27, 2024, at 10:00 a.m.
2. **Place:** Kokin Ballroom (5th 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 45th fiscal year (from January 1, 2023 to December 31, 2023), 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 45th fiscal year (from January 1, 2023 to December 31, 2023)

Matters to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Five (5) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

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

- You are kindly requested to present the enclosed Voting Card to the receptionist when you attend the meeting in person.
- If revisions to the matters for which measures for providing information in electronic format are to be taken arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company's aforementioned website and the TSE website. The amendments in these documents will be available in Japanese only.
- Resolutions of this general meeting of shareholders will be posted on the Company's aforementioned website after the conclusion of the meeting.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

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 45th fiscal year, in consideration of the business performance during the fiscal year under review, future business development and other factors, we propose to pay ¥20 per share as described below. Together with the interim dividend of ¥20 per share, the annual dividend will be ¥40 per share.

Year-end dividends

(1) Type of dividend property

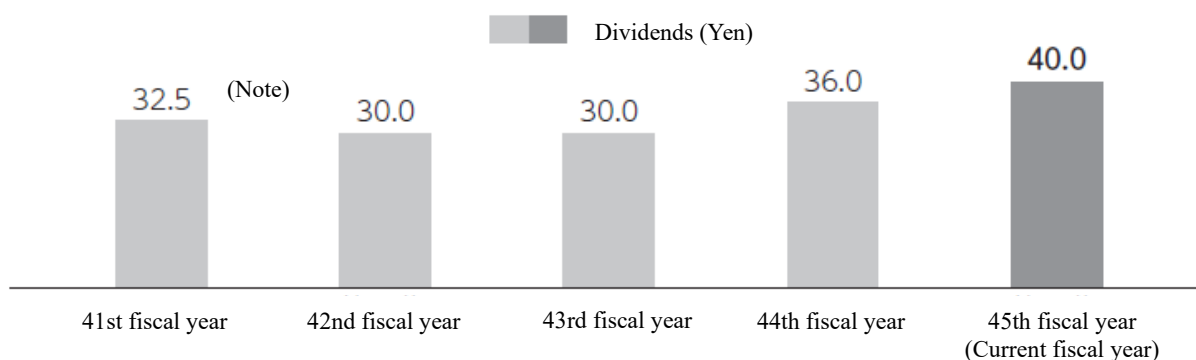
Cash

(2) Allotment of dividend property and total amount thereof

Dividend per common stock of the Company: ¥20 Total amount: ¥710,493,800

(3) Effective date of the dividend of surplus

March 28, 2024



Note: The dividend for the 41st fiscal year of ¥32.5 includes a commemorative dividend of ¥2.5 to celebrate the 40th anniversary of the Company's founding.

Proposal 2: Election of Five (5) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all Six (6) 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 Five (5) Directors, lowering the number of Directors by one (1) for the purpose of enabling the Board of Directors to make increasingly strategic and flexible decisions by implementing management structure reforms.



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 45th fiscal year
1	Tatsuya Nakajima Reelection (57 years old)	[Male]	President	13/13
2	Toru Kamimura Reelection (63 years old)	[Male]	Director	13/13
3	Yamana Koki New election (58 years old)	[Male]	—	—
4	Kazuhiro Yoshida Reelection Outside Independent (63 years old)	[Male]	Outside Director Independent officer	13/13
5	Shoko Negishi Reelection Outside Independent (54 years old)	[Female]	Outside Director Independent officer	10/10 (After assuming the position in March 2023)

Note: The “Attendance at meetings of Board of Directors during the 45th fiscal year” excludes eight written resolutions.

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company	Number of the Company's shares held
1	 <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 CO., LTD.</p> <p>Mar. 2023 President, OPTEX GROUP CO., LTD. (current position)</p>	8,228 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. He has been guiding the Group, serving as President of OPTEX FA CO., LTD. since March, 2018 and as President of the Company since March, 2023. 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>			
2	 <p>Reelection</p> <p>Toru Kamimura (Apr. 9, 1960)</p> <p>Attendance at meetings of Board of Directors: 13/13</p>	<p>Nov. 2006 Joined OPTEX CO., LTD.</p> <p>Jan. 2007 Executive Officer, General Manager, Technology Development Division, OPTEX CO., LTD.</p> <p>Jan. 2011 Executive Officer, General Manager, SEC Business Division, OPTEX CO., LTD.</p> <p>Mar. 2012 Director and Executive Officer, General Manager, SEC Business Division, OPTEX CO., LTD.</p> <p>Jan. 2014 Director and Executive Officer, General Manager, Corporate Business Strategy Headquarters and Manager, NSS Business Division, OPTEX CO., LTD.</p> <p>Jan. 2017 Director, OPTEX GROUP CO., LTD. (current position) President, OPTEX CO., LTD. (current position)</p>	19,692 shares
<p>Significant concurrent positions President, OPTEX CO., LTD.</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. He has been guiding the Group, serving as President of OPTEX CO., LTD. since January, 2017, and serving as Director of the Company for 12 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 Toru Kamimura and the Company.</p>			

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company	Number of the Company's shares held
3	 <p data-bbox="352 580 485 685">New election Koki Yamana (Jul. 1, 1965)</p>	<p data-bbox="560 286 986 315">Apr. 2005 Joined OPTEX FA CO., LTD.</p> <p data-bbox="560 324 1198 376">Jul. 2007 General Manager, Accounting Department, OPTEX FA CO., LTD.</p> <p data-bbox="560 385 1217 436">Jan. 2016 General Manager, Corporate Management Department, OPTEX FA CO., LTD. (current position)</p> <p data-bbox="560 445 1171 497">Mar. 2017 Director supervising Administration Department, OPTEX FA CO., LTD. (current position)</p> <p data-bbox="560 506 1206 535">Mar. 2018 Director, OPTEX MFG CO., LTD. (current position)</p> <p data-bbox="560 580 1102 631">Apr. 2021 General Leader (Accounting and Finance Department), OPTEX GROUP CO., LTD.</p>	7,158 shares
<p data-bbox="285 759 619 788">Significant concurrent positions Director, General Manager, Corporate Management Department, supervising Administration Department, OPTEX FA CO., LTD.</p> <p data-bbox="285 869 485 898">Reason for election The Company requests the election of Kouki Yamana as Director because he has practical experience from many years of involvement as head of the Accounting and Finance Department and of the Corporate Management Department of the Company's directly controlled subsidiary OPTEX FA CO., LTD., formerly a listed company (currently unlisted), and currently also has a track record of involvement in its management as a Director, as well as abundant experience and a track record including involvement in Group management as General Leader (Accounting and Finance Department) of the Company. The Company considers that he is appropriate for the position of Director as his election will continue to improve the Group's corporate value.</p> <p data-bbox="285 1115 871 1144">Special interest between the candidate and the Company There is no special interest between Koki Yamana and the Company.</p>			

No.	Name (Date of birth)	Career summary and position and areas of responsibility in the Company	Number of the Company's shares held
4	 <p>Reelection Outside Independent</p> <p>Kazuhiro Yoshida (Jun. 8, 1960)</p> <p>Attendance at meetings of Board of Directors: 13/13</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 (retired in February 2020)</p> <p>Mar. 2020 Outside Director, OPTEX GROUP CO., LTD. (current position)</p>	1,400 shares
<p>Significant concurrent positions No items to report.</p> <p>Reason for election and overview of expected roles 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 four years as Outside Director of the Company.</p> <p>Special interest between the candidate and the Company 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	Number of the Company's shares held
5	 <p>Reelection Outside Independent</p> <p>Shoko Negishi (Mar. 29, 1969)</p> <p>Attendance at meetings of Board of Directors: 10/10</p>	<p>Mar. 1992 Graduated from Faculty of Business and Commerce, Keio University</p> <p>Mar. 1994 Master of Commerce, Graduate School of Business and Commerce, Keio University</p> <p>Jun. 1997 Course completed for DPhil in Economics, Oxford University, UK</p> <p>Sep. 1997 Economist, International Finance Team, Development Prospect Group, World Bank</p> <p>Apr. 2002 Associate Professor, Graduate School of Economics, Faculty of Economics, Kobe University</p> <p>Apr. 2004 Associate Professor, Faculty of Policy Studies, Doshisha University</p> <p>Apr. 2008 Associate Professor, Faculty of Policy Studies, Graduate School of Policy and Management, Doshisha University (current position)</p> <p>Mar. 2023 Outside Director, OPTEX GROUP CO., LTD. (current position)</p>	—
<p>Significant concurrent positions Associate Professor, Faculty of Policy Studies, Graduate School of Policy and Management, Doshisha University</p> <p>Reason for election and overview of expected roles The Company requests the election of Shoko Negishi as Outside Director because she has broad experience, knowledge, and insight based on her global perspective and expertise gained as an economist at the World Bank in the research field of international finance in developed countries such as Japan, but also in developing countries and emerging economies. The Company considers that she is a talented individual who can provide appropriate advice to continuously enhance the Group's corporate value as a Director of the Company. Shoko Negishi has never in the past been involved in the management of a company except as an outside officer. However, the Company judges she will appropriately fulfill her duties as Outside Director based on the above reasons. Shoko Negishi 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>Special interest between the candidate and the Company There is no special interest between Shoko Negishi and the Company.</p>			

- Notes: 1. Kazuhiro Yoshida and Shoko Negishi are candidates for Outside Directors.
2. Kazuhiro Yoshida and Shoko Negishi 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 Minoru Kida, who is currently Outside Director who is an Audit and Supervisory Committee Member, and Keiko Iijima, 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 all 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 Shoko Negishi is approved, the Company will continue the same agreement with them.

4. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company 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 assume office. In addition, if the election of Kouki Yamana is approved as proposed, he will newly become an insured person in the insurance policy. For the overview of this insurance policy, please refer to the "Overview of the directors and officers liability insurance policy" on page 14.

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

The terms of office of Two (2) Directors who are Audit and Supervisory Committee Members, Yukio Kuroda, and Yasushi Sakemi, 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.


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.


If this proposal is approved and adopted, the number of Directors who are Audit and Supervisory Committee Members will continue to be three (3).

The candidate for Director who is an Audit and Supervisory Committee Member is 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 45th fiscal year
1	Masaya Okuno New election (59 years old)	[Male]	Team Leader, Internal Audit Team, OPTEX GROUP CO., LTD. (current position)	—
2	Keiko Iijima New election Outside Independent (58 years old)	[Female]	—	—

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>NEW election</p> <p>Masaya Okuno (Jul. 15, 1964)</p>	<p>Apr. 1987 Joined OPTEX CO., LTD.</p> <p>May. 2004 Director, Giken Trastem Co., Ltd.</p> <p>Jan. 2009 General Manager, Corporate Planning Department, Administration Division, OPTEX CO., LTD.</p> <p>Jan. 2011 Head, Public Relation Office, Administration Division, OPTEX Company, Limited</p> <p>Mar. 2015 Head, Group Internal Audit Office, OPTEX CO., LTD.</p> <p>Apr. 2017 Head, Internal Audit Office, OPTEX GROUP CO., LTD.</p> <p>Apr. 2018 Corporate Auditor, OPTEX MFG CO., LTD. (current position)</p> <p>Apr. 2021 Team Leader, Internal Audit Team, OPTEX GROUP CO., LTD. (current position)</p>	6,890 shares
<p>Significant concurrent positions No items to report.</p> <p>Reason for election Masaya Okuno was involved in sales activities for many years, mainly in the Automatic Door Division, after which he served as head of the Company's Public Relations Office, Corporate Management Department. Moreover, he has been involved in internal audits for the Group in general, in charge of the Audit Division of the Company since 2014, and serving as head of the division since 2015. The Company requests the election of Masaya Okuno as Director who is an Audit and Supervisory Committee Member because he has experience being actually engaged in group audit work for listed companies 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.</p> <p>Special interest between the candidate and the Company There is no special interest between Masaya Okuno 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
	 NEW election Keiko Iijima (May. 29, 1965)	Apr. 1995 Judicial appointment (Served at courts in Sapporo, Chiba, Osaka, Matsue, and Kyoto) Jun. 2009 Registered as an attorney at law (current position) Jun. 2016 Outside Director, DAISHINKU CORP. (current position) Jun. 2022 Outside Audit & Supervisory Board Member, Keifuku Electric Railroad Co.,Ltd. (current position)	—
2	<p>Significant concurrent positions Outside Director, DAISHINKU CORP. Outside Audit & Supervisory Board Member, Keifuku Electric Railroad Co.,Ltd.</p> <p>Reason for election The Company requests the election of Keiko Iijima as Outside Director who is an Audit and Supervisory Committee Member because she has experience being actually engaged in audit work for listed companies as a director and audit & supervisory board member through corporate legal work as an attorney, as well as broad insights and abundant knowledge and experience. The Company considers that she will contribute to further enhancement of the audit structure of the Group by providing sound advice. Keiko Iijima has never in the past been involved in the management of a company except as an outside officer. However, the Company judges she will appropriately fulfill her duties as Outside Director based on the above reasons.</p> <p>Special interest between the candidate and the Company There is no special interest between Keiko Iijima and the Company.</p>		

- Notes: 1. Keiko Iijima is a candidate for Outside Director.
2. Keiko Iijima 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 continue to be four (4), including, Minoru Kida, who is currently Outside Director who is an Audit and Supervisory Committee Member, and Kazuhiro Yoshida and Shoko Negishi, who will assume office as Outside Director if Proposal 2 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 all Directors who are 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 Masaya Okuno and Keiko Iijima is approved, the Company will enter into the same agreement with them.
4. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company in order to secure excellent personnel and prevent irresolution in the officers' execution of duties. If the election of Masaya Okuno and Keiko Iijima as Directors who are Audit and Supervisory Committee Members is approved as proposed, they will both newly become insured persons in the insurance policy. For the overview of this insurance policy, please refer to the "Overview of the directors and officers liability insurance policy" on page 14.

(Reference 1)**Table of experience and knowledge held by Directors of the Company and Directors who are Audit and Supervisory Committee Members (after the conclusion of the 45th Ordinary General Meeting of Shareholders)**

	Name Gender Years in office	Corporate management/ Management strategy	International experience	Audit/ Internal control	Technology/ Research and development	Sales/ Marketing	Finance/ Accounting	Legal affairs/ Risk management
Directors	Tatsuya Nakajima (Male) Six(6)	●	●			●		
	Toru Kamimura (Male) Twelve(12)	●	●		●	●		
	Yamana Koki (Male) —	●		●			●	
	Kazuhiro Yoshida (Independent officer) (Male) Four(4)	●	●		●	●		
	Shoko Negishi (Independent officer) (Female) One(1)	●	●				●	
Directors who are Audit and Supervisory Committee Members	Masaya Okuno (Male) —			●		●	●	●
	Minoru Kida (Independent officer) (Male) Five(5)		●	●			● (Certified public tax accountant and certified public accountant)	●
	Iijima Keiko (Independent officer) (Female) —			●				● (Attorney at law)

* The above table does not represent all of the experience and knowledge possessed by each Director.

(Reference 2)

Composition for members of the Board of Directors of the Company (after the expiration of the 45th Ordinary General Meeting of Shareholders)

- Independent Outside Directors: four (4), 50%
- Female Directors: two (2), 25%
- Nomination Advisory Committee Members: Kazuhiro Yoshida (Chairperson), Keiko Iijima and Tatsuya Nakajima
- Compensation Advisory Committee Members: Minoru Kida (Chairperson), Shoko Negishi, Tatsuya Nakajima

(Reference 3)

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.

(Reference 4)

Overview of the directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and renews the insurance policy every year. The insurance policy covers the legally mandated amount of indemnification and court costs arising from an insured person's assumption of liability incurred in the course of the performance of duties of insured persons and the receipt of claims pertaining to the pursuit of such liability.

However, there are certain reasons for coverage exclusion, such as an insured person's performance of an illegal act with full knowledge of its illegality is not covered, and measures have been put into place to ensure that the proper performance of duties of insured persons is not impaired.

The insured persons in the insurance policy are all of the Directors, corporate auditors and employees in management positions of the Company and its subsidiaries, and the full amount of the insurance premiums for the insurance policy is borne by the Company.