

Note: This document has been translated from a part of 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.

Securities Code: 7905

June 9, 2020

To our shareholders:

Masanori Okuda,
Representative Director, President
DAIKEN CORPORATION
1-1, Inami, Nanto-shi, Toyama
(Operational Headquarters: 3-2-4,
Nakanoshima, Kita-ku, Osaka)

Notice of the 104th Annual General Meeting of Shareholders

We are pleased to announce the 104th Annual General Meeting of Shareholders of DAIKEN CORPORATION (the “Company”), which will be held as indicated below.

From the perspective of preventing the spread of the novel coronavirus disease (COVID-19), we strongly suggest that you exercise your voting rights in writing beforehand, and refrain from attending on the day of the General Meeting of Shareholders, regardless of physical condition.

Please review the attached Reference Documents for General Meeting of Shareholders, and indicate your approval or disapproval of the proposals in the enclosed voting form and then return the form to the Company by postal mail so that your vote is received by 5:45 p.m. on Thursday, June 25, 2020 (JST).

1. Date and Time: Friday, June 26, 2020, at 10:00 a.m. (JST)

2. Venue: Head Office of the Company
1-1, Inami, Nanto-shi, Toyama

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 104th fiscal year (from April 1, 2019 to March 31, 2020, and the results of audits of the Consolidated Financial Statements by the Auditors and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 104th fiscal year (from April 1, 2019 to March 31, 2020)

Matters to be resolved:

- Proposal No. 1** Appropriation of Surplus
Proposal No. 2 Election of Eight Directors
Proposal No. 3 Election of One Audit & Supervisory Board Member
Proposal No. 4 Election of One Substitute Audit & Supervisory Board Member

When you attend the meeting, you are kindly requested to present the enclosed voting form at the reception.

If there are any amendments to the Reference Documents for General Meeting of Shareholders, the Business Report and/or the Consolidated and Non-consolidated Financial Statements, these amendments will be posted on the Company’s website (<https://www.daiken.jp/>).

Reference Documents for General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The quest to boost corporate value is at the heart of the Company's capital policy, under which we strive for efficient management that prioritizes return on equity (ROE) while striking the optimal balance among enhancing shareholder return, achieving financial stability and executing strategic investment. The Company's shareholder return policy sets a dividend payout ratio of at least 30%, and while aiming for a performance-linked return of profits, we strive to maintain stable dividend payout.

The Company has given consideration to matters including the business performance of the fiscal year and future business development, and it proposes to pay year-end dividends for the 104th fiscal year as follows:

Year-end dividends

Type of dividend property

To be paid in cash.

Allotment of dividend property and their aggregate amount

The Company proposes to pay a dividend of ¥35 per ordinary share of the Company.

In this event, the total dividends will be ¥910,984,865.

Effective date of dividends of surplus

The effective date of dividends will be Monday, June 29, 2020.

Proposal No. 2 Election of Eight Directors

The terms of office of all seven Directors will expire at the conclusion of this meeting.

In that regard, the Company proposes the election of eight Directors, increasing the number of Outside Directors by one to further strengthen corporate governance.

The candidates for Director are as follows:

List of candidates for Director

Candidate No.	Name		Current position and responsibility in the Company	Attendance at Board of Directors meetings
1	Masanori Okuda	Reelection	Representative Director, President	13/13 (100%)
2	Takashi Aihara	Reelection	Representative Director, Senior Managing Executive Officer Responsible for Head Office, IT and logistics reforms, ISO, crisis management, information management, compliance, IR, and R&D	13/13 (100%)
3	Tomoaki Kato	Reelection	Representative Director, Senior Managing Executive Officer Responsible for overseas business General Manager of Overseas Business, General Manager of Asia Business, General Manager of North America Business and General Manager of the Tokyo Office	11/13 (85%)
4	Tetsuo Harima	Reelection	Director, Senior Managing Executive Officer Responsible for business in Japan General Manager of Domestic Business	13/13 (100%)
5	Hiroshi Sekino	Reelection	Director	10/10 (100%)
6	Koji Mizuno	Reelection Outside Independent	Outside Director	13/13 (100%)
7	Kiyoshi Furube	Reelection Outside Independent	Outside Director	13/13 (100%)
8	Shingo Ishizaki	New election Outside Independent	Outside Audit & Supervisory Board Member	10/10 (100%)

Note: As Hiroshi Sekino and Shingo Ishizaki were appointed at the 103rd Annual General Meeting of Shareholders held on June 21, 2019, the number of Board of Directors meetings they were eligible to attend is different from that of other Directors. Shingo Ishizaki has attended Board of Directors meetings as an Audit & Supervisory Board Member.

Candidate No.	1	Masanori Okuda (Born on April 25, 1950)	Number of the Company's shares owned 32,750 shares
		Career summary and position in the Company (Significant concurrent positions outside the Company)	
Reelection Attendance at Board of Directors meetings 13/13 (100%)	Apr. 1974 Apr. 2007 Apr. 2008 June 2008 Apr. 2009 Apr. 2010 June 2011 Apr. 2012 June 2013 Oct. 2013 Apr. 2014 June 2018	Joined the Company Executive Officer General Manager of Tobu Juken Sales Control Senior Executive Officer General Manager of Juken Sales Control and General Manager of Tobu Sales Control Director, Senior Executive Officer Director, Managing Executive Officer Tokyo Representative and General Manager of Juken Sales Control General Manager of Juken Sales General Manager of Sales, Manager of New Development Sales, and General Manager of the Tokyo Office Director, Senior Managing Executive Officer General Manager of the Tokyo Office Representative Director, Senior Managing Director, and Senior Managing Executive Officer General Manager of Procurement Innovation and General Manager of the Tokyo Office Representative Director, Representative President and Executive Officer Representative Director, President (present)	
		Reasons for nomination as candidate for Director	
Masanori Okuda assumed the position of Representative President in April 2014. He has been clearly promoting the Company's future vision while swiftly making decisions aimed at boosting corporate value. His managerial skills, backed by his broad understanding, are essential for boosting the corporate value of the Company. Therefore, the Company proposes his reelection as Director.			

Candidate No.	2	Takashi Aihara (Born on October 17, 1955)	Number of the Company's shares owned 7,930 shares
	Career summary and position in the Company (Significant concurrent positions outside the Company)		
Reelection Attendance at Board of Directors meetings 13/13 (100%)	Apr. 2001 Aug. 2003 Mar. 2006 Aug. 2006 Feb. 2008 June 2010 Jan. 2011 Apr. 2011 June 2011 June 2017 June 2018 Apr. 2020	Professor of School and Graduate School of Law and Politics, KWANSEI GAKUIN UNIVERSITY Director and Manager of IR Planning of Takara Printing Co., Ltd. Outside Audit & Supervisory Board Member of Urban Life Co., Ltd. Director and Executive Officer responsible for IR business development of Takara Printing Co., Ltd. Registered lawyer (Tokyo Bar Association) (present) Outside Audit & Supervisory Board Member of the Company Member of the Ninth Tender Monitoring Committee of Ministry of Finance Member of the Committee of Monitoring Mint Contracts (Independent Administrative Institution) Outside Director of the Company Representative Director, Senior Managing Director, and Senior Managing Executive Officer Representative Director, Senior Managing Executive Officer (present) Responsible for Head Office, IT and logistics reforms, ISO, crisis management, information management, compliance, IR, and R&D (present)	
Reasons for nomination as candidate for Director			
Takashi Aihara assumed the position of Outside Director of the Company in June 2011, and has been managing the Head Office as an Executive Director from June 2017. He currently promotes the strengthening of governance of the entire Company as the person responsible for the Head Office, and IT and logistics reforms. His extensive insights regarding governance and compliance are essential for boosting the corporate value of the Company. Therefore, the Company proposes his reelection as Director.			

Candidate No. 3	Tomoaki Kato (Born on January 20, 1957)	Number of the Company's shares owned 27,730 shares
Reelection Attendance at Board of Directors meetings 11/13 (85%)	Career summary and position in the Company (Significant concurrent positions outside the Company)	
	Apr. 1980	Joined ITOCHU Corporation
	Apr. 2003	General Manager of Wood Products & Materials Department
	June 2009	Director of the Company
	Apr. 2011	General Manager of Planning & Administration Department, Chemicals, Forest Products & General Merchandise Company of ITOCHU Corporation
	Mar. 2012	Retired from ITOCHU Corporation
	Apr. 2012	Director, Managing Executive Officer of the Company
	Oct. 2012	General Manager of MDF Business, General Manager of Overseas Business, and Manager of Overseas Sales
	June 2013	Outside Director of HOKUSHIN Co., Ltd.
	Apr. 2014	General Manager of MDF Business, General Manager of Overseas Business, and General Manager of the Tokyo Office of the Company
	Apr. 2016	Director, Senior Managing Executive Officer General Manager of Overseas Business, and General Manager of the Tokyo Office
	June 2016	Representative Director, Senior Managing Director, and Senior Managing Executive Officer
	Apr. 2017	Responsible for overseas business, General Manager of the Tokyo Office (present)
	June 2018	Representative Director, Senior Managing Executive Officer (present)
	Apr. 2020	General Manager of Overseas Business, General Manager of Asia Business and General Manager of North America Business (present)
Reasons for nomination as candidate for Director		
Tomoaki Kato assumed the position of Director of the Company in June 2009. He currently manages the MDF Business, Asia Business and North America Business as the person responsible for the overseas business. His extensive insight regarding the overseas situation is essential for boosting the corporate value of the Company. Therefore, the Company proposes his reelection as Director.		

Candidate No.	4	Tetsuo Harima	(Born on November 7, 1957)	Number of the Company's shares owned 14,130 shares	
Career summary and position in the Company (Significant concurrent positions outside the Company)					
Reelection Attendance at Board of Directors meetings 13/13 (100%)	Apr. 1981 Apr. 2004 Apr. 2006 Apr. 2009 Apr. 2010 Apr. 2011 Apr. 2012 Apr. 2013 Oct. 2013 Apr. 2015 June 2016 Oct. 2017 Apr. 2018 Mar. 2019 Apr. 2020	Joined the Company Manager of Kyushu Sales Manager of Kinki Sales Assistant General Manager of Seibu Sales Control Assistant General Manager of Tobu Juken Sales Control Executive Officer General Manager of Juken Sales Control Senior Executive Officer Managing Executive Officer General Manager of Eco Business General Manager of Engineering Business and General Manager of Special Demand Sales Director, Managing Executive Officer General Manager of Engineering Business and General Manager of Special Demand Sales President of DAIKEN HOME & SERVICE CORPORATION Director, Senior Managing Executive Officer of the Company (present) President of DAIKEN ENGINEERING CORPORATION Responsible for business in Japan, General Manager of Domestic Business (present)			
Reasons for nomination as candidate for Director					
Tetsuo Harima assumed the position of Director in June 2016. He currently manages the domestic manufacturing, domestic sales and engineering business as the person responsible for the domestic business. His extensive insight regarding the overall business is essential for boosting the corporate value of the Company. Therefore, the Company proposes his reelection as Director.					

Candidate No.	5	Hiroshi Sekino (Born on September 20, 1962)	Number of the Company's shares owned 0 shares
	Career summary and position in the Company (Significant concurrent positions outside the Company)		
Reelection Attendance at Board of Directors meetings 10/10 (100%)	Apr. 1987 Apr. 1997 Apr. 2004 Apr. 2007 Apr. 2009 Apr. 2010 Apr. 2015 June 2015 Apr. 2016 Apr. 2019 June 2019	Joined ITOCHU Corporation Industrial Materials Section, Lumber Department No. 2 Chief of Industrial Materials Section of Wood Products & Materials Department Seconded to ITOCHU Kenzai Corporation Wood Products & Materials Department of ITOCHU Corporation Chief of Industrial Materials Section of Wood Products & Materials Department Acting Manager of Wood Products & Materials Department, Chief of Industrial Materials Section of Wood Products & Materials Department, and Planning and Administration Department, ICT, General Products & Realty Company Acting Manager of Wood Products & Materials Department, and Planning and Administration Department, ICT, General Products & Realty Company Seconded to ITOCHU Kenzai Corporation General Manager, Construction & Building Material Department of ITOCHU Corporation (present) Director of ITOCHU Kenzai Corporation (present) Director of the Company (present)	
	Reasons for nomination as candidate for Director		
Hiroshi Sekino was engaged mainly in the field of wood materials after joining ITOCHU Corporation and during his posting overseas, he broadened his experience in field operations as an expert in that field. His extensive insight regarding wood materials is essential for boosting the corporate value of the Company. Therefore, the Company proposes his reelection as Director.			

Candidate No.	6	Koji Mizuno	(Born on June 29, 1968)	Number of the Company's shares owned 400 shares
		Career summary and position in the Company (Significant concurrent positions outside the Company)		
Reelection Outside Independent Attendance at Board of Directors meetings 13/13 (100%)	Apr. 1991 Mar. 2006 Apr. 2006 Apr. 2010 Apr. 2011 June 2011 Apr. 2014 June 2015 Apr. 2016 Apr. 2018	Joined The Nanto Bank, Ltd. Retired from The Nanto Bank, Ltd. Full-time Instructor, Faculty of Management, Otomon Gakuin University Assistant Professor, Faculty of Management Advisor to the Organization for Small and Medium Enterprises and Regional Innovation, JAPAN (Independent Administrative Institution) (present) Outside Audit & Supervisory Board Member of the Company Assistant Professor, Graduate School of Business Administration, Faculty of Management, Otomon Gakuin University Outside Director of the Company (present) Professor, Graduate School of Business Administration, Faculty of Management, Otomon Gakuin University General Manager of the Venture Business Study Center Dean and Professor, Faculty of Management (present) Professor, Graduate School in Business Administration and Economics (present)		
Reasons for nomination as candidate for Outside Director				
<p>Koji Mizuno assumed the position of Outside Director of the Company in June 2015, and he has actively provided advice and proposals backed by his advanced specialist knowledge as a university professor. His extensive insight regarding corporate management is essential for boosting the corporate value of the Company.</p> <p>He 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. Therefore, the Company proposes his reelection as Outside Director.</p>				
Special notes on candidate for Outside Director				
<p>At the conclusion of this meeting, Koji Mizuno's tenure as Outside Director of the Company will have been five years. He has also served as Outside Audit & Supervisory Board Member of the Company from June 2011 to June 2015. He meets the "Judgment Criteria for Independence" established by the Company (see page 14). Therefore, the Company has submitted notification to the Tokyo Stock Exchange that he has been designated as an independent officer as provided for by the aforementioned exchange. If this proposal is approved and adopted in its original form, the Company plans for his designation as an independent officer to continue.</p>				

Candidate No.	7	Kiyoshi Furube	(Born on November 3, 1954)	Number of the Company's shares owned 200 shares
Career summary and position in the Company (Significant concurrent positions outside the Company)				
Reelection	Apr. 1977	Joined TOTO Kiki Ltd. (present TOTO LTD.)		
Outside	Oct. 2003	Manager of Sales Promotion Group in Shikoku		
Independent	Apr. 2008	General Manager of Sales Promotion Group		
Attendance at Board of Directors meetings 13/13 (100%)	June 2008	Executive Officer and General Manager of Sales Promotion Group		
	June 2010	Director, Executive Officer, General Manager of Sales Promotion Group and Sales Control		
	Apr. 2011	Director, Managing Executive Officer, responsible for the Sales Promotion Group		
	Apr. 2012	Director, Senior Managing Executive Officer, responsible for the Sales Promotion Group		
	Apr. 2014	Representative Director, Executive Vice President, responsible for all sales related departments		
	Apr. 2017	Director		
	June 2017	Outside Director of the Company (present) Advisor of TOTO LTD.		
	June 2019	Retired from Advisor of TOTO LTD.		
Reasons for nomination as candidate for Outside Director				
<p>Kiyoshi Furube was engaged in corporate management for many years as a director at TOTO LTD., and, since June 2017, he actively provides advice and proposals as an Outside Director of the Company based on this extensive experience. His extensive experience and broad insight regarding corporate management is essential for boosting the corporate value of the Company.</p> <p>Therefore, the Company proposes his reelection as Outside Director.</p>				
Special notes on candidate for Outside Director				
<p>At the conclusion of this meeting, Kiyoshi Furube's tenure as Outside Director of the Company will have been three years. He previously worked for TOTO LTD., a business partner of the Company. However, the amount of transactions with said company with respect to the Company's consolidated net sales or purchases during the most recent business year was less than 1% in either case, and he therefore meets the "Judgment Criteria for Independence" (see page 14). Therefore, the Company has submitted notification to the Tokyo Stock Exchange that he has been designated as an independent officer as provided for by the aforementioned exchange. If this proposal is approved and adopted in its original form, the Company plans for his designation as an independent officer to continue.</p>				

Candidate No. 8	Shingo Ishizaki (born on August 3, 1954)	Number of the Company's shares owned 0 shares
Career summary and position in the Company (Significant concurrent positions outside the Company)		
New election	Apr. 1979	Joined Yamaichi Securities Co., Ltd.
	Apr. 1998	Joined Merrill Lynch Japan Securities Co., Ltd.
Outside	July 2001	Joined UFJ Capital Markets Securities Co., Ltd. (present Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
Independent	Oct. 2004	Joined Mizuho Securities Co., Ltd. Executive Manager of Investment Banking Group
Attendance at Board of Directors meetings 10/10 (100%)	Apr. 2009	Managing Executive Officer and Kansai Investment Banking Group Leader
	Apr. 2010	Managing Executive Officer and Kansai and Western Japan Investment Banking Group Leader
	June 2015	Special Adviser of Sekisui House, Ltd.
	June 2015	Special Adviser of Sekisui Plastics Co., Ltd.
	Apr. 2018	President and Representative Director, CEO of SI Management Co., Ltd. (present)
	June 2019	Outside Audit & Supervisory Board Member of the Company (present)
Reasons for nomination as candidate for Outside Director		
Shingo Ishizaki was involved in investment banking at a securities company for many years, and, since June 2019, he utilizes the extensive knowledge cultivated through this experience in the auditing of the Company as an Outside Audit & Supervisory Board Member of the Company. The Company has deemed that his extensive knowledge in finance and accounting will contribute to increasing the corporate value of the Company. Therefore, the Company newly proposes his election as Outside Director.		
Special notes on candidate for Outside Director		
At the conclusion of this meeting, Shingo Ishizaki's tenure as Audit & Supervisory Board Member of the Company will have been one year. He meets the "Judgment Criteria for Independence" established by the Company (see page 14). Therefore, the Company has submitted notification to the Tokyo Stock Exchange that he has been designated as an independent officer as provided for by the aforementioned exchange, and plans for him to continue as an independent officer if this proposal is approved and adopted in its original form.		

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Shingo Ishizaki plans to retire from the position of Audit & Supervisory Board Member of the Company at the conclusion of this meeting.
 3. Koji Mizuno, Kiyoshi Furube and Shingo Ishizaki are candidates for Outside Director.
 4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into limited liability agreements with Hiroshi Sekino, Koji Mizuno and Kiyoshi Furube to limit their liability for damages under Article 423, paragraph (1) of the Act to the amount prescribed by laws and regulations. If the reelection of Hiroshi Sekino, Koji Mizuno and Kiyoshi Furube is approved and adopted, the Company plans to renew the aforementioned agreements with them. The Company has entered into a limited liability agreement with Shingo Ishizaki as an Audit & Supervisory Board Member. If the election of Shingo Ishizaki is approved and adopted, the Company plans to enter into the same limited liability agreement with him.

Proposal No. 3 Election of One Audit & Supervisory Board Member

Audit & Supervisory Board Member Shingo Ishizaki will resign at the conclusion of this meeting. Therefore, the Company proposes the election of one Audit & Supervisory Board Member.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Kiyoshi Mukohara (Born on February 11, 1952)		Number of the Company's shares owned 0 shares
Career summary and position in the Company (Significant concurrent positions outside the Company)		
New election Outside Independent	Apr. 1975	Joined The Sumitomo Trust and Banking Company, Limited (present Sumitomo Mitsui Trust Bank, Limited)
	June 2006	Director and Managing Executive Officer
	June 2008	Representative Director and Senior Managing Executive Officer
	Apr. 2011	Representative Director and Deputy President Executive Officer
	Apr. 2012	Representative Director and Deputy President of SUMITOMO MITSUI TRUST HOLDINGS, INC.
	Apr. 2012	Representative Director, Deputy Chairman of Sumitomo Mitsui Trust Bank, Limited
	Apr. 2015	Representative Director of SUMITOMO MITSUI TRUST HOLDINGS, INC.
	Apr. 2015	Corporate Advisor of Sumitomo Mitsui Trust Bank, Limited
	June 2015	Retired from Director of SUMITOMO MITSUI TRUST HOLDINGS, INC.
	June 2016	Outside Audit & Supervisory Board Member of Rengo Co., Ltd. (present)
Apr. 2018	Executive Advisor of Sumitomo Mitsui Trust Bank, Limited	
Mar. 2019	Advisor of Sumitomo Mitsui Trust Research Institute Co., Ltd. (present)	
Reasons for nomination as candidate for Outside Audit & Supervisory Board Member		
Kiyoshi Mukohara has been involved in the management of financial institutions for many years. The Company has judged that he will be able to contribute to the further strengthening of governance by utilizing his extensive knowledge in finance and management cultivated through this experience in the auditing of the Company. Therefore, the Company newly proposes his election as Outside Audit & Supervisory Board Member.		
Special notes on candidate for Outside Audit & Supervisory Board Member		
Kiyoshi Mukohara previously worked for Sumitomo Mitsui Trust Bank, Limited, which is a primary lender of the Company. However, five years have passed since he retired as director from this company, and he therefore meets the "Judgment Criteria for Independence" (see page 14). Therefore, the Company has submitted notification to the Tokyo Stock Exchange that he has been designated as an independent officer as provided for by the aforementioned exchange, and plans for him to be an independent officer if this proposal is approved and adopted in its original form.		

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Kiyoshi Mukohara is a candidate for Outside Audit & Supervisory Board Member.
 3. If the election of Kiyoshi Mukohara is approved and adopted, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company plans to enter into a limited liability agreement with him to limit his liability for damages under Article 423, paragraph (1) of the same Act to the amount prescribed by laws and regulations.

Proposal No. 4 Election of One Substitute Audit & Supervisory Board Member

The effective term of Toshio Uzuka, who was elected as substitute Audit & Supervisory Board Member at the 100th Annual General Meeting of Shareholders held on June 24, 2016, will expire upon commencement of this meeting. In this regard, in order to prepare for a case in which the number of Audit & Supervisory Board Members falls short of the number stipulated by laws and regulations, it is hereby proposed that one substitute Audit & Supervisory Board Member be elected in advance.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Akio Hasunuma		(Born on February 21, 1951)	Number of the Company's shares owned 0 shares
Career summary (Significant concurrent positions outside the Company)			
Outside	Apr. 1973	Joined TOTO Kiki Ltd. (present TOTO LTD.)	
	June 2006	Director, Executive Officer	
	June 2008	Director, Managing Executive Officer	
	June 2009	Director, Senior Managing Executive Officer	
	Apr. 2010	Representative Director, Executive Vice President	
	Apr. 2014	Director	
	June 2014	Outside Audit & Supervisory Board Member of the Company	
	June 2018	Retired from Outside Audit & Supervisory Board Member of the Company	
Reasons for nomination as candidate for substitute Audit & Supervisory Board Member			
Akio Hasunuma was engaged in corporate management for many years as a director at TOTO LTD., and, from June 2014 until June 2018, he held the position of Outside Audit & Supervisory Board Member of the Company. The Company anticipates that he will reflect his extensive experience and broad insight as a manager for many years in the auditing of the Company as a substitute if one of the current Outside Audit & Supervisory Board Members is unable to so act. Therefore, the Company newly proposes his election as substitute Audit & Supervisory Board Member.			
Special notes on candidate for substitute Audit & Supervisory Board Member			
Akio Hasunuma previously worked for TOTO LTD., a business partner of the Company. However, the amount of transactions with said company with respect to the Company's consolidated net sales or purchases during the most recent business year was less than 1% in either case, and he therefore meets the "Judgment Criteria for Independence" (see page 14).			

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Akio Hasunuma is a candidate for substitute Outside Audit & Supervisory Board Member.
 3. If Akio Hasunuma is appointed as Outside Audit & Supervisory Board Member, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company plans to enter into a limited liability agreement with him to limit his liability for damages under Article 423, paragraph (1) of the same Act to the amount prescribed by laws and regulations.

(Reference) Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

The Company requires Outside Directors or Outside Audit & Supervisory Board Members (hereinafter “outside officers”) to meet the requirements set forth below in order to be deemed to have independence. The eligible time period is currently or any time in the past for requirement No. 1 below, and currently or at some time during the past five years for requirements Nos. 2 to 6 below.

1. Relevant persons of the Daiken Group

The persons shall not be a director (excluding its outside director), audit & supervisory board member (excluding its outside audit & supervisory board member), accounting advisor, executive officer (*shikkoyaku*), executive officer, or employee (hereinafter collectively referred to as “directors, etc.”) of the Company, its subsidiaries and affiliates (hereinafter referred to as the “Group”)

2. Relevant persons with voting power

- I. The persons shall not be a shareholder or director, etc., with 10% or higher voting power for the Company.
- II. The persons shall not be a director, etc., of a company in which the Group possesses 10% or higher voting power.

3. Relevant persons of business partners

- I. The persons shall not be a director, etc., of a business partner, which the Group does business with for the equivalent amount of 2% or higher of consolidated net sales or purchase for either of the companies.
- II. The persons shall not be a director, etc., of a primary financial institution, which the Group borrows the equivalent amount of 2% or higher of the Company’s consolidated assets.
- III. The persons shall not be a director, etc., of the Group’s lead brokerage.

4. Experts (lawyer, certified public accountant, consultant, etc.)

- I. The persons shall not be a certified public accountant who is the Group’s auditors, an employee, partner, or personnel of an auditing company.
- II. The persons shall not be a person who receives remuneration of more than ¥10 million annually as a certified public accountant, licensed tax accountant, lawyer, or other consultants besides the remuneration as a director or audit & supervisory board member from the Group.

5. Charitable donation

The persons shall not be a person who receives a donation exceeding ¥10 million annually from the Company or an executing person.

6. Other

- I. The persons shall not be a family member within the second degree of kinship of those listed the above Nos. 1 to 5 (excluding those who do not hold a key position).
- II. The persons shall not be a director, etc., of the company where the Group’s officers are mutually in place.