

[NOTICE: This Notice of Convocation is a translation of the Japanese original for reference purposes only, and in the event of any discrepancy, the Japanese original shall prevail.]

Securities Code 7245

June 8, 2020

To shareholders with voting rights

3-1, Sakae 2-chome, Naka-ku, Nagoya
13F Nagoya Hirokoji Building

DAIDO METAL CO., LTD.

Chairman and
Chief Executive Officer **Seigo Hanji**

Notice of Convocation of the 112th Annual Shareholders' Meeting

Dear shareholders,

We hereby announce that the 112th Annual Shareholders' Meeting of Daido Metal Co., Ltd. (the "Company") will be held as set forth below.

Recently, the Japanese government and prefectural governors strongly advised all residents to stay at home to prevent the spread of new coronavirus infections (COVID-19). After careful consideration of the current situation, we have decided to implement appropriate measures to prevent the infections before holding the Annual Shareholders' Meeting.

Due to the said stay-at-home advice and from the standpoint of preventing the spread of infections at the Annual Shareholders' Meeting, shareholders are kindly asked to exercise voting rights in advance in writing or via the Internet, etc.

Please kindly review the Reference Materials for the Annual Shareholders' Meeting that follow this notice, and exercise your voting rights by no later than 5 p.m. on June 25, 2020 (Thursday).

Yours sincerely,

Note

- Date and time** 10 a.m. on June 26, 2020 (Friday)
- Venue** 4-2, Marunouchi 2-chome, Naka-ku, Nagoya, Japan
5th Floor Grand Hall of Nagoya Bankers Association

To prevent the spread of new coronavirus infections, we will not provide you with souvenirs or drinks this year. We kindly ask for your understanding.

- Purpose**
 - Reporting matters
 - Reporting of business report, consolidated financial statements and results of the audit of consolidated financial statements by the Accounting Auditor and Audit & Supervisory Board for the 112th fiscal year (from April 1, 2019 to March 31, 2020)
 - Reporting of non-consolidated financial statements for the 112th fiscal year (from April 1, 2019 to March 31, 2020)

Matters for resolution

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| Agenda Item No. 1 | Appropriation of Surplus |
| Agenda Item No. 2 | Election of Eight Directors |
| Agenda Item No. 3 | Election of One Substitute Member of Audit & Supervisory Board |
| Agenda Item No. 4 | Payment of Bonus to Directors |

4. Guidance on exercising voting rights

(1) Exercising voting rights in writing

Please complete the enclosed Voting Card, indicating your approval or disapproval, and send the Card by return mail to be delivered to us by no later than 5 p.m. on June 25, 2020 (Thursday).

(2) Exercising voting rights via the Internet, etc.

If you exercise your voting rights via the Internet, etc., please review the instructions under “Guidance for exercising your voting rights via the Internet, etc.” described on page 4. Please access the Website designated by the Company (<https://www.web54.net>) to exercise your voting rights following the instructions on the screen by no later than 5 p.m. on June 25, 2020 (Thursday).

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- ⦿ **We may change the above measures, etc. depending on how the spread of new coronavirus infections and what announcements, etc. are made by the government, etc. until the date of the Annual Shareholders’ Meeting. Please confirm the relevant information we send via our website (<https://www.daidometal.com/>).**
 - ⦿ **When attending the meeting in person, you are kindly asked to pay attention to the coronavirus situation as of the date of the meeting, check your health condition until the meeting begins, and help us prevent infections by wearing a mask, etc. At the meeting venue, we may take certain measures to prevent infections such as using alcohol disinfectant sprays and masks and carrying out temperature checks. Your cooperation would be appreciated.**
 - ⦿ **To shorten the meeting for the purpose of preventing the spread of new coronavirus infections, we will omit detailed explanations of reporting matters (including the audit report) and agenda items at the meeting venue. Shareholders are kindly asked to look over this Notice of Convocation in advance.**
 - ⦿ **If you attend the meeting in person on the day, please kindly submit the enclosed Voting Card to the reception desk.**
 - ⦿ **If you intend to exercise your voting right by proxy, you can designate a single shareholder of the Company to vote on your behalf. In this case, please submit documentation to prove you have properly assigned your rights to your proxy to vote on your behalf.**
 - ⦿ **The reception desk is scheduled to open at 9 a.m. on the day.**
 - ⦿ **If there are any revisions to the business report, consolidated financial statements, non-consolidated financial statements and Reference Materials for the Annual Shareholders’ Meeting, they will be posted online on the Company’s website (<https://www.daidometal.com/>).**
 - ⦿ **Please be advised that the Cool Biz summer dress code applies to the meeting.**

Guidance for exercising your voting rights

To avoid the Three Cs (closed spaces, crowded places, close-contact settings) set out by the Prime Minister's Office and Ministry of Health, Labour and Welfare of Japan and prevent the spread of infections at the meeting venue, shareholders are kindly asked to exercise voting rights in writing or via the Internet, etc., rather than by attending the meeting in person.

«In writing»

Please fill the enclosed Voting Card, indicating your approval or disapproval, and send the Card by return mail.

Deadline for vote: 5 p.m. on June 25, 2020 (Thursday)

«Via the Internet, etc.»

Please review the instructions in “Guidance for exercising your voting rights via the Internet, etc.” on page 4 and enter your approval or disapproval following the instructions on screen.

Deadline for vote: 5 p.m. on June 25, 2020 (Thursday)

«By attending the Annual Shareholders' Meeting in person»

If you attend the meeting in person on the day, please kindly bring this Notice of Convocation and submit the enclosed Voting Card at the reception desk.

Date and time: 10 a.m. on June 26, 2020 (Friday)

- * If voting rights are exercised in writing with the Voting Card and also exercised via the Internet, etc. (duplicate votes), the votes exercised via the Internet, etc. will be considered effective.
- * If voting rights are exercised multiple times via the Internet, etc., the final vote cast will be considered effective.

«Please use “Smart Exercise” to exercise voting rights using a smartphone»

By scanning the “Login QR code for Voting Rights Exercise Website using smartphone” printed at the lower right of on the enclosed Voting Card, you can access the website without having to enter the Voting Rights Exercise Code or Password.

(* QR Code is the registered trademark of DENSO WAVE INCORPORATED.)

- * You may exercise your voting rights only once via “Smart Exercise.”

Guidance for exercising your voting rights via the Internet, etc.

If you exercise your voting rights via the Internet, etc., please follow the instruction below and access the Website to exercise your voting rights. Please enter the “Voting Rights Exercise Code” and “Password” given on the Voting Card, and exercise your voting rights following the instructions on screen.

<p>1. Accessing the Website to exercise your voting rights URL of the Website: https://www.web54.net/ Click “Next.”</p> <p>2. Login Please enter the “Voting Rights Exercise Code” given on the Voting Card and click “Login.”</p> <p>3. Entering password Please enter the “Password” given on the Voting Card and click “Next.”</p>
<p>Please then follow the instructions on the screen and indicate your approval or disapproval on the website.</p>

«Passwords»

- The password is a means to verify the identity of the person exercising voting rights as a shareholder.
- The Company will not be able to respond to inquiries about the password by telephone.
- If you enter an incorrect password more than a certain number of times, the operation will be locked. If you would like a new password to be issued, please follow the instructions on the screen.

«Notes on using the system»

- Internet service provider connection fees and data transmission fees to use the Voting Rights Exercise Website
- Data transmission fees to the provider are to be borne by shareholders.

<Help desk for Internet voting>
Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Web Support:
Toll free (only within Japan) 0120-652-031
(Business Hours: from 9 a.m. to 9 p.m., Japan time)

«The electronic voting platform for institutional investors»

You can use the electronic voting platform for institutional investors operated by ICJ, Inc.

Reference Materials for the Annual Shareholders' Meeting

Agendas and Matters for Reference

Agenda Item No. 1 Appropriation of Surplus

The Company proposes to make the following appropriation of surplus:

It is the Company's basic policy to pay appropriate return of profit to our shareholders based on the results of operations and payout ratio. It is also our policy to maintain a stable and sustainable level of dividends from surplus in overall consideration of the internal reserve for future business development, expansion of research and development, strengthening of business foundations and changes to the business environment.

In consideration of the basic policy above, including the consolidated performance of the Company for the full year, the Company proposes the year-end dividend of 15 yen per share.

As a result, the annual dividend, including the interim dividend paid of 20 yen per share (including a commemorative dividend of 5 yen), would be 35 yen per share.

Details of the year-end dividend

(1) Type of dividend property

Cash

(2) Allocation of dividend property to shareholders and the total amount

15 yen per ordinary share of the Company

Total amount: 712,794,300 yen

(3) Date when dividends from surplus become effective

June 29, 2020

Agenda Item No. 2 Election of Eight Directors

The terms of office for all eight Directors expire at the conclusion of this Shareholders' Meeting.

In this regard, the Company proposes the election of eight Directors.

The candidates for Director are nominated in accordance with the policy and procedures as described in "Policies on and procedures for the appointment and dismissal of candidates for senior management positions and for the nomination of candidates for Director and Audit & Supervisory Board Member" on page 22 in this Notice of Convocation.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career history, positions and duties at the Company, and important concurrent positions at other entities	Number of shares of the Company held by the candidate
(1)	<p>Seigo Hanji (January 2, 1942)</p> <p><u>Re-election</u></p> <p>Attendance at Board of Directors meetings 15/15</p>	<p>April 1965 Joined the Company</p> <p>June 1993 Director and Deputy General Manager of Business Division 3</p> <p>April 1994 Director and General Manager of Business Division 1</p> <p>June 1995 President</p> <p>June 2005 President & Chief Executive Officer</p> <p>June 2007 Chairman & Chief Executive Officer (current)</p> <p>May 2008 Executive & Vice Chairman of Japan Auto Parts Industries Association and Chubu Branch Manager of the same Association</p> <p>June 2010 Outside Director of Nichirei Co., Ltd.</p> <p>May 2018 Executive of Japan Auto Parts Industries Association (current)</p> <p>[Important concurrent positions at other entities] Executive of Japan Auto Parts Industries Association</p>	147,190 shares
<p>[Reason for nomination as candidate for Director] Mr. Seigo Hanji has been in charge of the Group's overall management and has led corporate value improvements over the years. He is a person of decision and action backed by his extensive business management experience and strong leadership. In the belief that he will continue to contribute to the Group's sustainable growth, the Company nominated him as a candidate for Director.</p>			
(2)	<p>Kotaro Kashiyama (March 28, 1947)</p> <p><u>Re-election</u></p> <p>Attendance at Board of Directors meetings 15/15</p>	<p>April 1971 Joined the Company</p> <p>June 2003 Director and Head of Polymer Bearings Division</p> <p>April 2005 Director and Head of Thinwall Bearings & Turbo Charging Bearings Division</p> <p>July 2005 Director and Executive Officer, and Head of Thinwall Bearings & Turbo Charging Bearings Division</p> <p>June 2007 Managing Director and Executive Officer, and Head of Thinwall Bearings & Turbo Charging Bearings Division</p> <p>July 2007 Managing Director and Senior Executive Officer, and Head of Thinwall Bearings & Turbo Charging Bearings Division</p> <p>June 2009 Managing Director and Senior Executive Officer, and General Manager of Strategy Development Division</p> <p>June 2010 Senior Managing Director and Senior Executive Officer, and General Manager of Strategy Development Division President of Daido Plain Bearings Co., Ltd.</p> <p>April 2011 Senior Managing Director and Senior Executive Officer, General Manager of Global Strategy Division and Head of Technology Division President of Daido Plain Bearings Co., Ltd.</p> <p>June 2011 President & Chief Operating Officer General Manager of Global Strategy Division and Head of Technology Division</p> <p>April 2012 President & Chief Operating Officer (current)</p>	103,317 shares
<p>[Reason for nomination as candidate for Director] Mr. Kotaro Kashiyama has held several managerial positions in a broad range of fields at the Company, and has deep insight about the Company's overall business. In the belief that he will continue to strongly advance the Group's Midterm Business Plan and contribute to sustainable growth in corporate value through his swift and appropriate business decisions based on his extensive experience and knowledge, the Company nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career history, positions and duties at the Company, and important concurrent positions at other entities	Number of shares of the Company held by the candidate
(3)	Toshiyuki Sasaki (December 7, 1950) [Re-election] Attendance at Board of Directors meetings 15/15	<p>April 1974 Joined Tokai Bank Ltd.</p> <p>April 1997 Manager of Taipei Branch</p> <p>March 2001 Manager of Americas, Manager of New York Branch, Manager of Cayman Branch and Manager of Chicago Office</p> <p>June 2002 General Manager of Toyota Corporate Sales Division and Manager of Toyota Branch of UFJ Bank Limited</p> <p>October 2003 Seconded to the Company</p> <p>April 2004 Joined the Company General Manager of Overseas Planning Department, Corporate Planning Division</p> <p>April 2005 General Manager of Corporate Planning Department, Corporate Planning Division</p> <p>June 2005 Director and General Manager of Corporate Planning Department, Corporate Planning Division</p> <p>July 2005 Director and Executive Officer, and General Manager of Corporate Planning Department, Corporate Planning Division</p> <p>June 2007 Director and Executive Officer, and General Manager of Corporate Planning Division</p> <p>July 2008 Director and Senior Executive Officer, and Head of Corporate Planning Division</p> <p>June 2010 Managing Director and Senior Executive Officer, and Head of Corporate/Financial Planning Division</p> <p>June 2011 Managing Director and Senior Executive Officer, Head of Corporate/Financial Planning Division, and Head of Human Resources Planning Division</p> <p>April 2015 Managing Director and Senior Executive Officer, and Head of Corporate/Financial Planning Division President of DAIDO METAL SAGA CO., LTD. (part-time)</p> <p>July 2015 Director and Managing Executive Officer, and Head of Corporate/Financial Planning Division President of DAIDO METAL SAGA CO., LTD. (part-time)</p> <p>July 2016 Director and Senior Managing Executive Officer, and General Manager of BPR (Business Process Re-engineering) Department President of DAIDO METAL SAGA CO., LTD. (part-time)</p> <p>October 2017 Director and Senior Managing Executive Officer, Head of BPR-ICT Division, and General Manager of BPR (Business Process Re-engineering) Department</p> <p>April 2019 Director and Senior Managing Executive Officer, Head of BPR-ICT Division, General Manager of BPR (Business Process Re-engineering) Department, and General Manager of Inuyama Site (current)</p>	79,627 shares
[Reason for nomination as candidate for Director] Mr. Toshiyuki Sasaki has advanced insight into global business management, which was developed through his extensive international experience at financial institutions. He has made a great contribution to the global development of the Company's business operations as a Director of the Company since 2005. In the belief that he will continue to contribute to building foundations for sustainable growth of the Group by advancing business improvements and efficiency, the Company nominated him as a candidate for Director.			
(4)	Masaki Ikawa (December 12, 1950) [Re-election] Attendance at Board of Directors meetings 15/15	<p>April 1973 Joined the Company</p> <p>July 2008 Executive Officer President of Daido Metal Bellefontaine LLC</p> <p>October 2009 Executive Officer and General Manager of Corporate Planning Department, Corporate Planning Division</p> <p>April 2010 Executive Officer and General Manager of Bimetal Division</p> <p>April 2011 Executive Officer and General Manager of Quality Management & Planning Department</p> <p>July 2011 Senior Executive Officer, General Manager of Quality Management & Planning Department and General Manager of Inuyama Site</p> <p>April 2012 Senior Executive Officer, General Manager of Human Resources Planning Department and General Manager of Inuyama Site</p> <p>June 2012 Director and Senior Executive Officer, Head of Human Resources Planning Division and Head of Inuyama Site</p> <p>July 2015 Director and Managing Executive Officer, Head of Human Resources Planning Division</p> <p>July 2017 Director and Senior Managing Executive Officer, Head of Human Resources Planning Division (current)</p>	46,280 shares
[Reason for nomination as candidate for Director] Mr. Masaki Ikawa has extensive business experience in the field of quality in addition to international experience. He has been responsible for the development and advancement of the human resources strategy at the Company since 2012 as a Director in charge of Human Resources. In the belief that he will continue to contribute to further improving corporate value through the advancement of a global human resources strategy, the Company nominated him as a candidate for Director.			

Candidate No.	Name (Date of birth)	Career history, positions and duties at the Company, and important concurrent positions at other entities	Number of shares of the Company held by the candidate
(5)	Motoyuki Miyo (September 8, 1955) [Re-election] Attendance at Board of Directors meetings 12/12	<p>April 1979 Joined The Fuji Bank, Limited</p> <p>December 1988 Director of San Francisco Branch</p> <p>April 1995 Deputy General Manager of International Credit Department</p> <p>October 1998 Deputy General Manager of London Branch</p> <p>September 2000 Associate Director-General of International Department</p> <p>April 2002 Associate Director-General of Singapore Branch, Mizuho Corporate Bank, Ltd.</p> <p>September 2004 Associate Director-General of Asia Coordination Division (in Hong Kong), Mizuho Corporate Bank, Ltd.</p> <p>March 2007 Associate Director-General of International Coordination Division, Mizuho Corporate Bank, Ltd.</p> <p>September 2008 Joined the Company</p> <p>October 2008 Executive Vice President of Daido Metal Russia LLC</p> <p>July 2011 Executive Officer</p> <p>July 2015 Executive Vice President of Daido Metal Russia LLC</p> <p>July 2018 Senior Executive Officer</p> <p>July 2018 Executive Vice President of Daido Metal Russia LLC</p> <p>July 2018 Managing Executive Officer</p> <p>July 2018 Executive Vice President of Daido Metal Russia LLC</p> <p>April 2019 Managing Executive Officer and Head of Corporate/Financial Planning Division</p> <p>June 2019 Director and Managing Executive Officer, and Head of Corporate/Financial Planning Division (current)</p>	3,772 shares
[Reason for nomination as candidate for Director] Mr. Motoyuki Miyo has extensive international experience in financial institutions. He has made a great contribution to business expansion in Russia since he joined the Company. In the belief that he will continue to contribute to the Group's sustainable growth and medium- to long-term improvement in corporate value through his swift and decisive business judgment based on his outstanding knowledge acquired during many years of managerial experience at overseas bases, the Company nominated him as a candidate for Director.			
(6)	Yoshiaki Sato (December 19, 1956) [Re-election] Attendance at Board of Directors meetings 12/12	<p>April 1979 Joined the Company</p> <p>July 2005 Executive Officer and General Manager of Bimetal Division</p> <p>April 2009 Executive Officer and Head of Polymer Bearings Division</p> <p>April 2010 Executive Officer</p> <p>April 2010 President of Daido Metal Czech s.r.o.</p> <p>April 2012 Executive Officer and Head of Technology Division</p> <p>July 2014 Senior Executive Officer and Head of Technology Division</p> <p>April 2017 Senior Executive Officer and Head of Thinwall Bearings & Turbo Charging Bearings Division</p> <p>July 2018 Managing Executive Officer and Head of Thinwall Bearings & Turbo Charging Bearings Division</p> <p>June 2019 Director and Managing Executive Officer, and Head of Thinwall Bearings & Turbo Charging Bearings Division (current)</p>	34,226 shares
[Reason for nomination as candidate for Director] Mr. Yoshiaki Sato has engaged in the fields of production and technologies at the Company over the years, and has managerial experience at overseas bases, in addition to broad insight into bearing production including material development and production technologies. In the belief that he will continue to contribute to the Group's sustainable growth and medium- to long-term improvement in corporate value through his business judgment as a person familiar with the Company's technologies, by further improving the Company's core technologies and creating new business lines, the Company nominated him as a candidate for Director.			

Candidate No.	Name (Date of birth)	Career history, positions and duties at the Company, and important concurrent positions at other entities	Number of shares of the Company held by the candidate
(7)	Toshikazu Takei (September 22, 1953) <div style="text-align: center;"> Re-election Outside Director Independent Officer </div> Attendance at Board of Directors meetings 15/15	<p>April 1976 Joined Bank of Japan</p> <p>July 1989 Director of Nagoya Branch</p> <p>November 1991 Director of Secretary Office and Secretariat of the Policy Board</p> <p>June 1994 Deputy General Manager for Europe</p> <p>April 1998 Director of Diet Liaison Division, Secretariat of the Policy Board</p> <p>May 1999 General Manager of Matsuyama Branch</p> <p>February 2002 Director-General, Senior Secretary to the Governor, Secretariat</p> <p>July 2003 Advisor to the Governor for Parliamentary Affairs and Public Relations, Secretariat of the Policy Board</p> <p>July 2005 General Manager of Nagoya Branch</p> <p>July 2006 Chief Representative in Europe of the Bank of Japan (stationed in London)</p> <p>June 2008 Left Bank of Japan</p> <p>July 2008 Senior Executive Advisor of Accenture Japan Ltd.</p> <p>October 2012 Managing Director of Japan Center for International Finance</p> <p>June 2015 Outside Director of the Company (current)</p> <p>April 2019 Chairman of The Central Council for Financial Services Information (current)</p> <p>[Important concurrent positions at other entities] Chairman of The Central Council for Financial Services Information</p>	7,225 shares

[Reason for nomination as candidate for Outside Director]
Mr. Toshikazu Takei was long engaged in business execution and served in managerial positions at the Bank of Japan. In addition, he is familiar with international businesses and has extensive experience and broad insight. In the belief that he will continue to oversee and supervise the management of the Company based on such experience and insight, the Company nominated him as a candidate for Outside Director. Although Mr. Toshikazu Takei has no experience of engaging in the management of a company, the Company judges that he will appropriately fulfill his duties as an Outside Director of the Company based on the above reasons. There is no business relationship between the Company and The Central Council for Financial Services Information, where he holds an important concurrent position.

(8)	Kiyotaka Hoshinaga (November 15, 1950) <div style="text-align: center;"> Re-election Outside Director Independent Officer </div> Attendance at Board of Directors meetings 15/15	<p>April 1975 Joined Department of Urology, Keio University School of Medicine</p> <p>August 1994 Assistant Professor, Department of Urology, Fujita Health University School of Medicine</p> <p>April 2000 Professor, Department of Urology, Fujita Health University School of Medicine</p> <p>February 2006 Deputy Director, Fujita Health University Hospital</p> <p>February 2009 Director, Fujita Health University Hospital</p> <p>April 2013 Managing Director, Fujita Academy Incorporated Educational Institution</p> <p>April 2014 President, Fujita Health University</p> <p>June 2016 Outside Director of the Company (current)</p> <p>October 2018 Chairman, Board of Directors of Fujita Academy Incorporated Educational Institution (current)</p> <p>[Important concurrent positions at other entities] Chairman, Board of Directors of Fujita Academy Incorporated Educational Institution</p>	4,784 shares
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[Reason for nomination as candidate for Outside Director]
Mr. Kiyotaka Hoshinaga has served as a director of a hospital and a president of a university after serving as a professor of a university and has extensive knowledge and experience gained through involvement in management of a hospital and a university. In the belief that he will continue to oversee and supervise the management of the Company based on such knowledge and experience, the Company nominated him as a candidate for Outside Director. Although Mr. Kiyotaka Hoshinaga has no experience of engaging in the management of a company, the Company judges that he will appropriately fulfill his duties as an Outside Director of the Company based on the above reasons. There is no business relationship between the Company and Fujita Academy Incorporated Educational Institution, where he holds an important concurrent position.

- (Notes)
- There is no special interest between any of candidates and the Company.
 - As for each candidate's position please refer to "4. Company Officers, (1) Directors and Audit & Supervisory Board Members" on pages 17 and 18.
 - Mr. Toshikazu Takei and Mr. Kiyotaka Hoshinaga are candidates for Outside Director.
 - Differences in the number of attendance at Board of Directors meetings are due to differences in the dates of appointment.
 - Liability limitation agreement
The Company has entered into a liability limitation agreement with Mr. Toshikazu Takei and Mr. Kiyotaka Hoshinaga. The Company will continue this agreement with them if they are reelected.
The outline of the agreement is as follows:
 - When a non-executive Director is liable to compensate the Company for damages due to his/her negligence of duties, he/she assumes such liability up to the amount stipulated by laws and regulations (the minimum liability amount stipulated in Article 425, paragraph (1) of the Companies Act).
 - The above liability limitation is allowed only when the relevant non-executive Director acts in good faith and without gross negligence with respect to the liability as set forth in Article 423, paragraph (1) of the Companies Act.
 - Mr. Toshikazu Takei and Mr. Kiyotaka Hoshinaga have been registered as Independent Officers pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange. If they are reelected, the Company will continue to register them as Independent Officers.
 - The term of office of Mr. Toshikazu Takei as an Outside Director will be five years at the conclusion of this Annual Shareholders' Meeting. The term of office of Mr. Kiyotaka Hoshinaga as an Outside Director will be four years at the conclusion of this Annual Shareholders' Meeting.

[Standards for Independence of Outside Officers]

The Company has established independence standards of Outside Officers, based on those established by the Tokyo Stock Exchange, but much stricter standards. An outside director or an outside audit & supervisory board member who is deemed to have independence from the Company as required by these standards is registered as an independent outside director or as an independent outside audit & supervisory board member. For more details, please refer to [Standards for Independence of Outside Officers of DAIDO METAL CO., LTD.] reported below.

[Standards for Independence of Outside Officers of DAIDO METAL CO., LTD.]
Established on October 28, 2015

An Outside Director or Outside Audit & Supervisory Board Member is deemed not to have independence from the Company if he/she falls under one of the categories below.

- (1) Person related to the Company
A person who currently works or has previously worked for the DAIDO Group within the last ten years.
- (2) Person related to the major suppliers
A person who currently is or has previously been an officer or employee of a major supplier to the Company (with which the annual aggregate amount of transactions is 1,000 million yen or more) or its group companies within the last three fiscal years.
- (3) Person related to the major business partners
A person who currently is or has previously been an officer or employee of the Company's major business partner (with which the annual aggregate amount of transactions is 1,000 million yen or more) during any of the last three fiscal years.
- (4) Person related to the financial institutions
 - 1) A person who currently is or, in the last three fiscal years, has previously been an officer or employee of a financial institution with which the Company currently has transactions of deposits or borrowings of 1,000 million yen or more.
 - 2) A person who currently is or, in the last three fiscal years, has previously been an officer or employee of a company which is a managing underwriter of the Company.
- (5) Person related to the parties providing professional services
A person who currently receives, or within the last three years, has received from the Company an annual compensation of 20 million yen or more as the Company's legal counsel (law office), the Company's accounting auditor, a certified tax accountant, patent attorney, judicial scrivener, or as a management, finance, technology or marketing consultant.
- (6) Person related to the parties receiving donations or grants from the Company
A person who is a representative or operating officer of an organization (public interest incorporated foundation, public interest incorporated association, not-for-profit organization, etc.) to which the Company has made donations or provided grants exceeding a certain amount (1 million yen or 30% of the organization's annual average total expenses, whichever the larger) in the current fiscal year or in the last three fiscal years.
- (7) Relatives
A relative of a person who currently works or has previously worked for the DAIDO Group within the last five years (the person's spouse, parent, child, sibling, grandparent, grandchild, or relatives living with the person). A relative of a person coming under aforementioned categories (2) to (5).
- (8) Reappointment and reappointed person.
A person who has executed his/her duties without coming under any of the aforementioned categories (1) to (7) for a period exceeding ten years in case of reappointment of Outside Director or for a period exceeding twelve years with three consecutive terms in the case of reappointment of Audit & Supervisory Board Member.

Agenda Item No. 3 Election of One Substitute Member of Audit & Supervisory Board

The Company proposes to elect one substitute member of Audit & Supervisory Board in advance, just in case the Company is unable to meet the number of Audit & Supervisory Board Members required by laws and regulations. The effect of this resolution is valid until the commencement of the next Annual Shareholders' Meeting.

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

The candidate for substitute member of Audit & Supervisory Board is as follows:

Name (Date of birth)	Career history and important concurrent positions at other entities	Number of shares of the Company held by the candidate
<p>Nobuyuki Ishiwata (July 12, 1945)</p> <p>Substitute Audit & Supervisory Board Member</p> <p>Outside Audit & Supervisory Board Member</p>	<p>April 1971 Joined Tohmatsu Awoki & Co. Audit Corporation (currently, Deloitte Touche Tohmatsu LLC)</p> <p>April 1975 Registered as a certified public accountant</p> <p>January 1976 Registered as a licensed tax accountant</p> <p>March 1978 Left Tohmatsu Awoki & Co. Audit Corporation (currently, Deloitte Touche Tohmatsu LLC)</p> <p>April 1978 Opened CPA Nobuyuki Ishiwata accounting firm</p> <p>April 1988 Established Seishin & Co. Audit Corporation (currently, Moore Shisei & Co.) and assumed the post of Representative Partner (current)</p> <p>August 1999 Outside auditor of Adecco Ltd. (current)</p> <p>July 2003 Established Seishin & Co. Tax Corporation (currently, Moore Shisei Tax Corporation) and assumed the post of Representative Partner (current)</p> <p>[Important concurrent positions at other entities]</p> <p>Representative Partner of Moore Shisei & Co.</p> <p>Representative Partner of Moore Shisei Tax Corporation</p> <p>Outside auditor of Adecco Ltd.</p>	<p>0 shares</p>
<p>[Reason for nomination as candidate for substitute Outside Audit & Supervisory Board Member]</p> <p>Mr. Nobuyuki Ishiwata has been in practice as a certified public accountant and a licensed tax accountant and has rich accounting and taxation knowledge gained from his experience as a certified public accountant and a licensed tax accountant. In the belief that he will audit the Company's management based on his rich accounting and taxation knowledge if he assumes the position of Audit & Supervisory Board Member, the Company nominated him as a candidate for substitute Audit & Supervisory Board Member.</p> <p>Although Mr. Nobuyuki Ishiwata has no experience of engaging in the management of a company other than as an outside officer, the Company judges that he will appropriately fulfill his duties as an Outside Audit & Supervisory Board Member of the Company based on the above reasons. There are no business relationships between the Company and Moore Shisei & Co., Moore Shisei Tax Corporation, and Adecco Ltd., where he holds important concurrent positions.</p>		

- (Notes)
1. There is no special interest between the candidate and the Company.
 2. Mr. Nobuyuki Ishiwata, the candidate for substitute Audit & Supervisory Board Member, is a candidate for Outside Audit & Supervisory Board Member.
 3. Liability limitation agreement
The Company will enter into a liability limitation agreement with Mr. Nobuyuki Ishiwata if he is elected as an Audit & Supervisory Board Member and he assumes office.
The outline of the agreement is as follows:
 - When an Audit & Supervisory Board Member is liable to compensate the Company for damages due to his/her negligence of duties, he/she assumes such liability up to the amount stipulated by laws and regulations (the minimum liability amount stipulated in Article 425, paragraph (1) of the Companies Act).
 - The above liability limitation is allowed only when the relevant Audit & Supervisory Board Member acts in good faith and without gross negligence with respect to the liability as set forth in Article 423, paragraph (1) of the Companies Act.
 4. The Company will register Mr. Nobuyuki Ishiwata as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange if he assumes office as an Outside Audit & Supervisory Board Member of the Company.

Agenda Item No. 4 Payment of Bonus to Directors

The Company requests approval for the payment of bonuses amounting to 105.7 million yen in total to the six Directors (excluding two Outside Directors) in office as of March 31, 2020, based on the specified standard of the Company (refer to pages 19 and 20 of this notice) in due consideration of business performance and others during the fiscal year in a comprehensive manner.

It is also proposed that decisions as to the amounts of the bonus allotted to each Director be entrusted to the discretion of the Board of Directors.