The following is an English translation of the Notice of Convocation of the 78th Annual Shareholders' Meeting of LIXIL Group Corporation (the "Company") to be held on June 30, 2020. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.

[Cover Page]

Notice of Convocation of the 78th Annual Shareholders' Meeting



In consideration of the situation of the COVID-19, placing top priority on the safety of our shareholders, we strongly ask shareholders to exercise voting rights in advance and refrain from coming to the venue on the day of the Shareholders' Meeting.
The Shareholders' Meeting may be viewed by live broadcast.

With respect to the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and the Audit Reports, please refer to the attached "Report on the 78th Term"

Date and Time
Tuesday, June 30, 2020 at 1 p.m. (Japan time)
(Reception opens at 11:30 a.m. (Japan time) (scheduled))

Venue
LIXIL WING Building, Hikari Tower B1 Meeting Room
2-1-1 Ojima, Koto-ku, Tokyo, Japan

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(Securities Code 5938)
LIXIL Group Corporation

Making better homes a reality for everyone



American Standard Genie



A showerhead made for consumers living in areas with low water pressure, its design helps to increase water pressure and makes cleaning the inside of the shower head easy.

Every person on the planet dreams of a better home

LIXIL Group extends across the globe with its brands, such as INAX, GROHE, American Standard and TOSTEM, and develops and provides pioneering products and technologies in order to realize people’s dream of better homes.

We draw on our Japanese heritage to create world-leading technology and innovate to make high quality products that transform homes. We make things that matter to all sorts of different people, to the many communities we are part of, and to sustainably support the world we live in. Today, our approach comes to life through some of the most trusted global brands in our industry, including INAX, GROHE, American Standard, and TOSTEM.

INAX SATIS



A tankless shower toilet, SATIS has contributed to making bathroom spaces more beautiful and comfortable

TOSTEM LW



A large-sized window designed to brighten the home, featuring a high level of insulation and a frame and locking function almost completely hidden from view.

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CEO Message

Dear Shareholders,

At LIXIL Group, we are transforming ourselves. We strive to make better homes a reality for everyone, everywhere. In order to achieve this, though, I believe we have to become a more purpose-driven and entrepreneurial company that contributes to society.

Our employees are at the heart of our transformation strategy. They are the ones who deliver on our goals, provide for our customers, and create value for society. That is why we are making LIXIL a better place to work. In addition to clear goals, we have implemented initiatives this year to create a flatter and more meritocratic organization, including our new "*Kawaranaito LIXIL*" program. I believe that enabling our people to contribute more will be our greatest source of competitiveness.

We also continue to create a simpler, more focused company. In addition to the planned merger of LIXIL Group Corporation and LIXIL Corporation and the implementation of our new organization structure in Japan and overseas, we have agreed to sell Permasteelisa, our overseas building business. These initiatives will enable us to truly focus on our core water and housing businesses while providing us with the agility to react to the changing world around us.

I believe environmental, social, and governance (ESG) factors are also powerful contributors to long-term sustainability. We achieved our carbon intensity target two years ahead of plan, have helped to improve access to sanitation for 18.6 million people since 2013, and implemented new governance reforms at the highest level. The shared value created by ESG can be a significant differentiator and source of sustainable growth.

We have taken significant steps toward becoming the type of company we want to be. Especially now during the COVID-19 pandemic, we know we have an important role to play in creating healthier and more comfortable living spaces for people everywhere. I look forward to your continued support.



Kinya Seto
Director, Representative Executive Officer, President and CEO
LIXIL Group Corporation

Business Highlight (Fiscal Year ended March 2020)

Revenue	Core earnings	Profit attributable to owners of the parent
JPY16,944 hundred million	**JPY586 hundred million**	**JPY125 hundred million**
(0.1% increase from previous term)	(7.5% increase from previous term)	(recorded a surplus)

Overview of LIXIL Group

LIXIL develops and provides pioneering products and services in order to realize people's dream of better homes all over the world. It expands worldwide, not only in Japan but to areas such as the Asia-Pacific region, the Americas, Europe, the Middle East and Africa. Its various housing products ranging from water-related products such as bathrooms and kitchens to construction products such as windows, doors, interiors and exteriors, are being used by a billion people over the world every day.

Used by a billion people over the world every day

Revenue
JPY16,944 hundred million

- Japan: JPY12,878 hundred million
- North America: JPY1,327 hundred million
- Europe: JPY1,234 hundred million
- Asia: JPY1,274 hundred million
- Others: JPY231 hundred million

Number of factories	Number of showrooms	Number of employees
16 countries, 97 factories	**18 countries, 130 sites**	**61,634**

* Revenue and core earnings in this page are the amounts concerning continuing operations.
The number of factories, the number of showrooms and the number of employees are as of March 31, 2020. Those numbers include Permasteelisa S.p.A. categorized as discontinued operation in the Fiscal Year ended March 2020.

Corporate Responsibility (CR) Strategy

LIXIL Group's Corporate Responsibility strategy focuses on three key strategic pillars where the company believes it can make the biggest difference for society.
Aligned with global trends, LIXIL Group outlined its new sustainability targets in FYE 2020. The company also received external recognition for its efforts, including selection in the DJSI World index for the first time.

Three Strategic Pillars	Key Updates	Relevant SDGs
Global Sanitation & Hygiene Sanitation for All By 2025, improve the livelihood of 100 million people through sanitation and hygiene initiatives	● Remains firmly committed to target but extended target year **from 2020 to 2025** ● In addition to SATO Social Business, **included all businesses and initiatives** that improve sanitation and hygiene worldwide	
Water Conservation & Environmental Sustainability Zero Carbon and Circular Living By 2050, achieve net-zero carbon emissions from housing and lifestyle solutions as well as operations, and become a leading company based on a model that preserves water and natural resources for future generations	● **Incorporated Environmental Vision 2050** ● Not only reducing CO_2 but also focusing on **water conservation and resource recycling**	
Diversity & Inclusion Inclusive for All By 2020, establish the culture of diversity and inclusion within our organization and among all employees By 2030, ensure all products and services* are based on LIXIL's Universal Design concept ＊Scope: Products and services in Japan (as of August 2019)	● **Added Universal Design target** ● **Expanded UD target to all users** irrespective of their age, gender and the level of disability	

Global Social Responsibility Investment indexes highly evaluating LIXL:

Included for the first time in the DJSI World Index, and for three consecutive years in the DJSI Asia-Pacific Index	Included in the FTSE4 Good Index Series and the FTSE Biossom Japan Index for three consecutive years	Included in the MSCI Japan Empowering Women (WIN) Select Index for three consecutive years

MEMBER OF Dow Jones Sustainability Indices In collaboration with SAM

FTSE4Good FTSE Blossom Japan

MSCI 2019 Constituent MSCI日本株 女性活躍指数 (WIN)

For details, please refer to "Sustainability" in our website https://www.lixil.com/en/sustainability

Global Sanitation and Hygiene

Promote and enable access to safe and hygienic sanitation practices, especially for women and girls, while preventing the harmful transmission of diseases for children



An estimated two billion people live without access to safe, sanitary toilets. Among them, approximately 670 million people still regularly defecate in the open. These figures come with a devastating human cost: children's health, opportunity for education, dignity of women and so on.
SATO, a safe toilet system to tackle such sanitation issues realized safety and sanitation with affordable price. Those working on sanitation at the base of the economic pyramid know that behavior change and sustained use of the toilet is far more likely if the consumer has taken the decision to invest in the toilet themselves and understands the benefits. From LIXIL' s perspective, we could also scale SATO operations much further and far faster if it could operate as a self-sustaining business.
By FYE2020, approximately 3.8 million SATO toilets pans and stools have been shipped, providing access to basic sanitation for nearly 18.6 million people in over 38 countries. Though we have not hit our goal to improve the lives of 100 million people by 2020, we have made meaningful progress, including insightful lessons about how to reach the consumers living in the "last mile" . Such communities are the ones who need our products the most. In FYE2019, in Bangladesh, our first and largest market, SATO operations broke even for the first time, which is a huge milestone and important proof that the social business model can work. As a country, Bangladesh has made huge strides in tackling diarrhea over the past two decades, helping to reduce the number of childhood deaths.
To meet our new target to improve the livelihood of 100 million people through sanitation and hygiene initiatives by 2025, we will accelerate and expand the reach of our activities and continue strengthening a range of partnerships aimed at tackling the sanitation challenge with organizations including UNICEF, the Bill & Melinda Gates Foundation and JICA.

MAKE A SPLASH! TOILETS FOR ALL | LIXIL IN PARTNERSHIP WITH unicef

世界の衛生環境を改善しよう!
みんなにトイレをプロジェクト

In this campaign, LIXIL donated a part of its each Shower Toilet revenue. In FYE2020, LIXIL donated 26 million yen to its partnership with UNICEF. The donation will be used for infrastructure to install safe and clean toilets and sanitation and hygiene education.

Signed a memorandum of understanding (MOU) with JICA

LIXIL signed a MOU with JICA to collaborate to improve sanitation and access to safe toilet in developing economies



JICA has entered into a collaborative MOU with a private company in the water and sanitation field for the first time. LIXIL and JICA will jointly look into the use of toilets and sanitary conditions in developing countries in Africa and Asia, while raising awareness and stimulating demand for toilets(1)

Water Conservation and Environmental Sustainability

Conserve water, energy, and other natural resources utilized in and by LIXIL products and services in all processes, including in procurement, production, distribution, end use and disposal





Formulation of new Environmental Vision towards 2050

Under the Paris Agreement adopted in 2015, an agreement was reached on keeping the increase in global temperature to below 2℃ above the level before the Industrial Revolution, aiming at less than 1.5℃. In order to achieve this, it is necessary to reduce emissions of greenhouse gases such as CO2 to substantially zero. In addition, it is expected that by 2050, more than 40% of the world's population will not have access to sufficient water supply due to the depletion of water resources.
In the Fiscal Year ended March 2020, LIXIL achieved the targeted reduction of carbon dioxide emissions intensity from the offices, two years in advance. In November 2019, LIXIL announced its further ambitious Environmental Vision "Zero Carbon and Circular Living." It will aim at substantial zero CO2 emission by 2050 through its business process, products and services and becoming a leading company passing on the blessings of water and limited resources to the next generation.

ZERO CARBON AND CIRCULAR LIVING

RE 100

Acceleration in use of renewable energy

LIXIL joined "RE100," a corporate initiative aiming at using renewable energy for all of electricity used for business, and promotes the use of renewable energy. In 2019, the Head Office and all of Grohe's production plants have shifted to renewable energy. Further, from April 2020, by supporting activities in projects based on extremely high standards, all CO2 inevitably emitted were offset at Grohe, achieving CO2-neutral production for the first time in the water-related product industry. Grohe was highly appraised in Germany for such advanced approaches and received, among others, the "German Sustainability Award."



German Sustainability Award ceremony

Diversity and Inclusion

Leverage the knowledge and perspectives of a diverse workforce as a key driver of growth and innovation, and improve quality of life for all people through our products and services, irrespective of their age, gender, and the level of disability.

Diversity and Inclusion

LIXIL Group is a strong believer in the power of diversity and inclusion (D&I) as an enabler of sustainable growth. The company has established the LIXIL Diversity and Inclusion Declaration and considers the views of a diverse workforce to be a driving force for innovation. To further integrate D&I in its organization, during the current fiscal year, LIXIL Group established the Global D&I Department within its Human Resources Function to coordinate its D&I initiatives worldwide. The company also launched a comprehensive series of employee-focused initiatives to revitalize its Japan business, including "changing working styles" as one of its three priority objectives, aiming to drive awareness of and encourage new and more flexible ways of working to cater to the diverse lifestyles of its employees.
Additionally, LIXIL Group consolidated its global headquarters functions in a single location. The new head office accommodates a workforce of over 5,000 employees, utilizing a non-territorial workspace arrangement without assigned seating to foster open and equal level communication. The new HOSHI building also features a new concept for an office restroom space to support a diverse workforce and varied working styles.

LIXIL Group was selected by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) as a Nadeshiko Brand enterprise, demonstrating excellence in supporting the empowerment of women in the workplace. This is the third consecutive year that LIXIL Group has been chosen for this distinction, and the fifth time overall.

LIXILユニバーサルデザイン
ひとりにいい、みんなにいい、ずっといい。

LIXIL Universal Design

Universal Design

The LIXIL Group focuses its efforts on universal design (UD), a design philosophy that seeks to ensure everyone can live comfortably, no matter who they are. We aim to ensure all our products and services are based on UD concepts * by 2030.
In the Fiscal Year ended March 2020, Japan Welfare Town Institute awarded LIXIL, Kanazawa University and Company Inc. for the part of their joint initiative "Research on gender use and user satisfaction of office toilets, part 2."
This research group shares the common understanding that toilet use is a part of human rights, that affects human dignity. The group aims to pursue a model of office toilets for all gender by combining the knowledge and expertise of the three members.

*Products and services provided in Japan (as of August 2019)


表彰状
第22回全国大会 大会優秀賞
論文名「オフィストイレのオールジェンダー利用に関する研究 その2 オフィストイレの利用満足度要因におけるジェンダー比較」
代表者 日野 晶子 殿
あなたの論文(一般発表)は福祉のまちづくり学会第22回全国大会において内容及びプレゼンテーションのあり方が評価されました
よって大会優秀賞として表彰します
令和元年12月吉日
一般社団法人 日本福祉のまちづくり学会
会長 小山 聡子

Japan Welfare Town Institute award certificate

Corporate Governance

LIXIL Group Corporation has adopted the corporate governance structure of a "company with a Nomination Committee, etc." This enables it to establish the firm governance system by mutual coordination among the Board of Directors, the Committees and the Executive Officers; the improvement of efficiency and transparency of management; and performance of the supervisory function in a timely and appropriate manner.

Corporate Governance Policy and System

LIXIL Group Corporation (the "Company") has adopted the corporate governance structure of a "company with Nomination Committee, etc." as outlined in Japan's Companies Act. Under this governance system, the Company separates the conduct of management from the surveillance of management. This enables it to leverage a system where its Executive Officers can make management decisions quickly and decisively while securing management transparency.

In order to monitor, supervise and continuously enhance its corporate governance, the Company has established the Governance Committee within the Board of Directors as a voluntary committee, which discusses or makes recommendations to the Board of Directors regarding various matters related to corporate governance, and also convenes meetings such as the Compliance Committee, Risk Management Committee, M&A Committee, Investment Review Committee and Corporate Responsibility Committee. These committees discuss management strategies, medium- and long-term policies, and investment-related matters in order to accelerate decision-making while enhancing the effectiveness of its governance.

To further strengthen corporate governance, the Company also announced on March 23, 2020, that it will merge with LIXIL Corporation ("LIXIL"), its 100% subsidiary, on December 1, 2020. This will provide the Company with greater monitoring and supervision of its domestic and overseas business portfolio and management. To prepare for the merger, the Company and LIXIL have made a transition to an integrated management structure from April 1, 2020. While maintaining the independent legal status of the two companies during this transition period, the business will be operated by management holding concurrent positions and manage consolidated decision-making bodies.

Activities relating to our Corporate Governance

We will focus on the following five items.

- **Significance and Purpose of Merger (Page 10)**
- **Constitution of Board of Directors and each Committee (Page 11)**
- **Assessment on Effectiveness of the Board of Directors (Page 12)**
- **Situation of Activities of Nomination Committee (Page 13 and 14)**
- **Executive Compensation (Page 15)**

Significance and Purpose of Merger

The merger with LIXIL will further improve our group governance for management and execution and strengthen monitoring and supervision by the Board of Directors.

Significance and purpose of the merger

The new management team, which was established after the Annual Shareholders' Meeting held in June 2019, has considered that the Company would like to eliminate the current two-tiered structure, and have each Director and Executive Officer thereby monitor and supervise the business more actively and respond to the Company's shareholder mandate, including achieving performance targets and ensuring thorough compliance.

Strengthen Monitoring and Supervision by the Board of Directors

◎ **Pursue effectiveness of monitoring and supervision**
In addition to monitoring and supervising the portfolio management of the holding company, the Board of Directors will also monitor and supervise the business operations

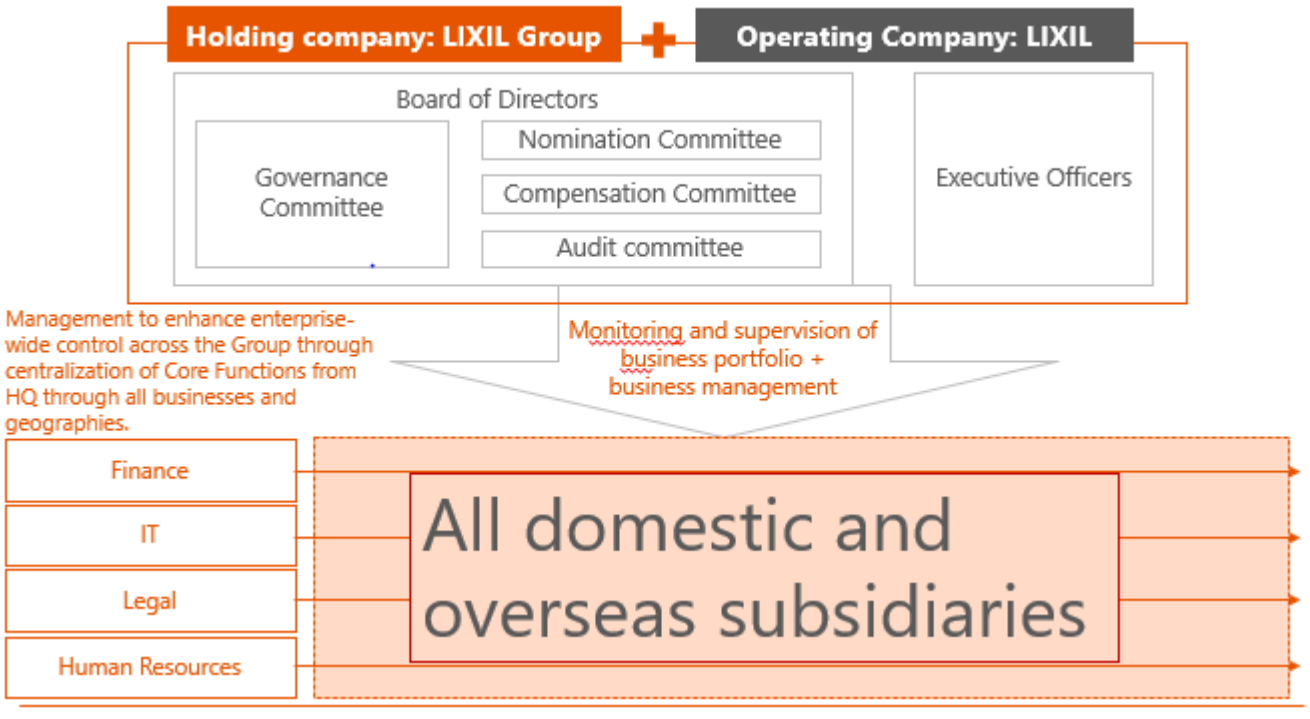
◎ **Improve management transparency**
By dissolving the two-tier structure, the Board of Directors will support the decisive management executions of LIXIL, the largest operating company in the Group

Strengthen group companies' management and improve management efficiency

◎ Enable faster decision-making
◎ Eliminate duplication of management and human resources (reduce additional operating costs)
◎ Improve management control and supervision across the Group by headquarters function

Improving management transparency and group governance

Governance structure of LIXIL Group Corporation, LIXIL Corporation, and operating companies other than LIXIL Corporation (from December 1, 2020 (plan); after the merger)



Note: As of April 1, 2020, the management of the LIXIL Group Corporation and LIXIL Corporation have been substantially integrated.

Constitution of Board of Directors and each Committee

The Company has the Governance Committee as a voluntary and permanent committee for the purpose of monitoring and supervising the corporate governance in addition to the Board of Directors and each Committee.

Constitution of Board of Directors and Committees

	Present Structure				Structure after this Shareholders' Meeting (if Item 2 of Resolution is approved at this Shareholders' Meeting)			
	Number of members	Internal Directors	Outside Directors	Chairperson (chair)	Number of members	Internal Directors	Outside Directors	Chairperson (chair)
Board of Directors	14	5	9 (8 of whom are Independent Directors)	Outside Director	9	3	6 (6 of whom are Independent Directors)	Outside Director
Nomination Committee	5	1	4	Outside Director	4	0	4	Outside Director
Audit Committee	5	1	4	Outside Director	3	0	3	Outside Director
Compensation Committee	4	0	4	Outside Director	3	0	3	Outside Director
Governance Committee	5	1	4	Outside Director	6	0	6	Outside Director

Governance Committee as Permanent Committee

The Governance Committee was established at the Board of Directors Meeting held after the Annual Shareholders' Meeting held in June 2019, as a voluntary committee for the purpose of investigating into the underlying causes of past governance issues and confirming the sufficiency of corrective measures taken.
After its establishment, investigations and verifications were conducted through June 2019 to October 2019, with respect to the following two points. 1. The various problems acknowledged with respect to decision-making process concerning the transfer of the representative executive officer last year, and 2. the various problems concerning the operation of the 77th Annual Shareholders' Meeting held on June 25, 2019. As a result, it became evident that although there was no serious defect in the Company's governance system, there were underlying causes (1) in the point that there were ambiguous expressions in the Company's Corporate Governance Guidelines and the Rules of Nomination Committee, and (2) there was lack of objectivity and fairness.

The following were conducted as corrective measures by mutual collaboration among the Board of Directors and each Committee.
1. Expressions used in all guidelines and regulations setting forth provisions on the operation of the Board of Directors and statutory committees were modified so as to admit no other interpretation, and
2. The Governance Committee was established in the Board of Directors as a voluntary standing committee to fulfil monitoring and supervisory functions within the Board of Directors.

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Assessment on Effectiveness of the Board of Directors

The Company conducts self-assessment on the effectiveness of the Board of Directors once a year. The summary of the result for the assessment for the Fiscal Year ended March 2020 is as follows.

Conclusion, Methods of Analysis/Evaluation

1) Conclusion

As a result of the evaluation of the effectiveness of the Board of Directors, the Company's Board of Directors concluded that the

Board of Directors for the fiscal year ended March 2020 was "effectively working."

2) Methods of Analysis/Evaluation

The Company, led by the Governance Committee, conducted survey such as questionnaires from February to May 2020 in order to analyze and evaluate the effectiveness of the Board of Directors for the fiscal year ended March 2020. Based on the questionnaires prepared by the Governance Committee and the Board of Directors' Office to evaluate effectiveness of the Board of Directors and confirmed by the Board of Directors, the Company obtained responses from fourteen directors. This time, as the first attempt, the Company obtained responses from the Executive Officers who are supervised by the Board of Directors.

3) Evaluation Items and Scoring

Since, with respect to the composition of the Board of Directors, it was determined that the size and composition of the Board suitable for the Company requires careful consideration, the "Composition of the Board" was separately evaluated under the direction of the Nomination Committee (for details, please refer to page 13).

The Governance Committee was in charge of evaluation of effectiveness of the Board of Directors excluding "Composition of the Board". Large categories and scoring of the evaluation of effectiveness of the Board of Director are as shown below:

Large Categories of Evaluation of Effectiveness of the Board of Directors Conducted by Directors	Large Categories of Evaluation of Effectiveness of the Board of Directors Conducted by Executive Officers
1. Items relating to operation of Board of Directors Meetings 2. Items relating to agenda of the Board of Directors Meetings 3. Items relating to the system that supports the Board of Directors Meetings 4. Items relating to dialogues between the Board of Directors and shareholders, investors and stakeholders 5. Items relating to Outside Directors	1. Items relating to agenda of the Board of Directors Meetings 2. Items relating to the system that supports the Board of Directors Meetings 3. Items relating to dialogues between the Board of Directors and shareholders, investors and stakeholders

(Scoring)
For both Directors and Executive Officers, the scores of answers for each question are calculated based on (a) 4 points (Sufficiently appropriate), (b) 3 points (More or less appropriate), (c) 2 points (Slightly insufficient), (d) 1 point (Insufficient) and (e) 0 point (Not appropriate at all).

(Evaluation Results)
The gross average points of the evaluation of effectiveness by the Directors is 2.8 points, which is almost "More or less appropriate", but it is still in the 2 to 3 point range and has room for improvement. The gross average points of the answers from the Executive Officers are 3.5 points. It is between "Sufficiently appropriate" and "More or less appropriate". There is a comment which appreciates significant improvement of the system compared to the previous year as a whole. The Governance Committee saw that the evaluation of effectiveness showed a passing mark.

Future effort

The Company's Board of Directors had discussion based on the points evaluated by the respondents and a number of suggestions from each Director and Executive Officer. The Board of Directors will improve the effectiveness of the Board of Directors, setting the following three points as the priority issues for the following fiscal year:

1) To establish a common understanding of the matters to be assumed by the Board of Directors, the matters to be assumed by the Executive Officers and the matters to be jointly assumed by the Board of Directors and the Executive Officers;
2) To clarify the matter to be supervised by the Board of Directors and each committee (the Nomination Committee, the Compensation Committee, the Audit Committee and the Governance Committee); and
3) To expand opportunities to have discussion with stakeholders.

Situation of Activities of Nomination Committee (Process in selection of director candidates)

The Nomination Committee is responsible for the selection of candidates for directors, which is the statutory authority, as well as the formulation of draft reports to the Board of Directors on the system for Executive Officers. The Nomination Committee has exerted effort to secure transparency in discussions by revising various rules and actively holding meetings and discussions with employees.

Situation of Activities of Nomination Committee

Prior to the selection of director candidates and formulation of draft reports to the Board of Directors on the system for Executive Officers, the Nomination Committee, after the 2019 Annual Shareholders' Meeting, revised various rules such as the LIXI Group Corporate Governance Guideline, etc. and constructed a system for preventing arbitrary interpretations and the abuse and burnup of the system.
While continuing revisions in the various rules, it has exerted effort to secure the transparency of discussions and to break away from opacity, by improving committee minutes and actively holding meetings and discussions with the executive side officers and employees.

Details of Nomination Committee Discussions

In accordance with the various rules such as the revised Rules of Nomination Committee, the Nomination Committee has continued processes for selecting director candidates and formulating draft reports to the Board of Directors on the Executive Officer system.

1. Process in selection of director candidates

A. Composition of Board of Directors	・Summarization of the results of replies to surveys to all directors (October 2019) ・Individual hearings concerning the details of replies to surveys (November 2019)	
B. Selection of director candidates	Internal directors	Outside directors
	・Organization of outlooks and points of selection ・Exchange of opinions by the Chairperson of the Board of Directors, Chairperson of the Nomination Committee and CEO ・Discussions by the Nomination Committee on proposals from the Chairperson of the Nomination Committee	・Recommendation and vote by all directors (December 2019 – January 2020) ・Individual hearings concerning details of votes (January 2020) ・Hearing of opinions other than directors ・Report and proposal concerning the above results (February 2020)

Based on the above, director candidates were determined through discussion at the Nomination Committee held in March 2020.

Assessment concerning composition of the Board of Directors
As a part of "assessment on the effectiveness of the Board of Directors," opinions concerning the "composition of the Board of Directors" were summarized by the Nomination Committee, from October to December 2019.
Upon conducting investigation through surveys to 14 directors from the 4 viewpoints, "appropriate number of board members," "appropriate allocation of internal directors serving concurrently as executive officer, non-executive internal directors and internal directors," "need of restriction of concurrent positions of outside directors" and "diversity of outside directors," individual hearings were conducted by the Chairperson of the Nomination Committee and the Chairperson of the Board of Directors on all directors, from the viewpoint of supplementing and digging deeper into the details of the replies, which were used as material for consideration by the Nomination Committee, in considering the composition of the Board of Directors and committees from June 2020 onwards.

Situation of Activities of Nomination Committee (System for Executive Officers and Process in selection of CEO)

2. Process of formulation of draft reports to the Board of Directors on the system for Executive Officers

Taking the following steps, the draft report from the March 2020 Nomination Committee was resolved at the Board of Directors' Meeting, and the new executive system has started from April 1, 2020.

STEP 1	August – October 2019	Revisions on rules and guidelines concerning executive personnel
STEP 2	August – September 2019	Individual meetings with current executives (deepening understanding of executives)
STEP 3	December 2019	Agreement on receiving proposal on the Executive Officer system for the next term, assuming the reappointment of CEO Seto
STEP 4	January 2020	Proposal from CEO concerning Executive Officer system for the next term
STEP 5	February 2020	Meetings with resigning candidates and newly appointed candidates (confirmation of intention)
STEP 6	February 2020	Confirmation of policy on CEO reappointment and discussion on draft reports concerning selection of executives for the next term
STEP 7	March 2020	Resolution on draft reports to the Board of Directors on the system for Executive Officers

3. Idea on appointment and selection of CEO and standards for removal and dismissal

The reappointment of the CEO is considered every year, from the 3 viewpoints, "performance," "progress of measures" and "internal assessment," in addition to matters in the various rules such as the Rules of Nomination Committee and the LIXIL Group Corporate Governance Guidelines, etc. set forth by the Company.
The reasons for the Nomination Committee's reappointment of Mr. Kinya Seto as CEO are as follows.

Reasons for reappointment of CEO Seto
1. Performance and share price after returning to CEO has been shifting smoothly (excluding abnormal cases).
2. He has been bravely challenging the difficult issues concerning the mid-term business plan and has been improving performance.
 Promotion of the LIXIL Group Corporation and LIXIL Corporation merger framework and reconsideration of other organizational frameworks.
 Accomplishment of "*Kawaranaito LIXIL*" (new personnel strategy), etc.
3. He has been extremely positively evaluated by executives, etc.
 Improvement of corporate atmosphere. Speed-up of decisions and implementation.
 Rapid increase in global unity, etc.

4. CEO Succession Plan

The Nomination Committee has received explanation from CEO Seto, with respect to CEO candidates for next term, from the following three viewpoints.

1. Measures and subjects at time of emergency
2. Mid- to long-term CEO successor candidates (internal)
3. Human resources that may possibly become CEO successor candidates in the future

The CEO Succession Plan is currently being considered by the Nomination Committee and will continue being considered by the Nomination Committee from next fiscal year onwards as well.

Executive Compensation

Compensation Committee ("the Committee") decided the overall executive compensation as described below based on the belief that strong motivations for Executive Officers to achieve management goals and thorough corporate governance for all Directors/Executive Officers are important for achieving the LIXIL Core Philosophy "The Group's superior products and services contribute to improving people's comfort and lifestyles" sustainably.

Activities of the Committee for the fiscal year ended March 2020

①Members of the Committee: From the Annual Shareholders' Meeting held in June 2019 to the Annual Shareholders' Meeting in 2020, there were four people who were selected among Directors by a resolution of the Board of Directors Meeting. All members are Outside Directors.
Chairperson: Daisuke Hamaguchi
Members: Haruo Kawahara, Yuji Nishiura and Zenji Miura
②Role and Responsibility of the Committee: The followings are the role and responsibility according to the Rules of the Committee.
・Determination of the policy regarding property benefits (the "Compensation") of Directors and Executive Officers paid by the Company as consideration for their duties.
・Determination of individual Compensation for Directors and Executive Officers.
From the fiscal year ended March 2020, the Compensation of executives of overseas subsidiaries of the Company is managed by the Committee in order to enhance compensation governance of the entire Group.
③Activities in the fiscal year ended March 2020: After the Annual Shareholders' Meeting held in June 2019, the Committee was held 12 times by the end of March (14 times from April 1, 2019 to March 31, 2020), and the attendance rate was 100%. When the Committee decides on executive compensation, the deliberation was conducted with due regard to the management policy and the objective views of external expert organizations.

【Executive summary of the activities of the Committee in the fiscal year ended March 2020】

April	May	June	July	August	September	October	November	December	January	February	March
Resolution of performance-linked compensation based on the achievement of targets in the previous fiscal year		Resolution of compensation policy/system/level and individual compensation amount	Resolution of performance-linked compensation scheme and KPIs				Resolution of compensation policy/system/level applied to the Directors/Executive Officers in the following fiscal year			Resolution of individual compensation for Executive Officers in the following fiscal year	
Confirmation of disclosure documents such as securities report			Resolution of stock-linked compensation plan								

* With respect to the policy for determining the method of calculating the Compensation for Directors and Executive Officers, and the total amount of the Compensation for Directors and Executive Officers for this financial year, please refer to pages 19 to page 24 in the attached "Report for the 78th Fiscal Year."

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TOPICS 1:

Highly acclaimed housing innovation created by design thinking

LIXIL has been promoting the approach of reinforcing product development from the viewpoint of consumers and integrating innovative technology and differentiated designs. It has been conducting product development through design thinking, so as to provide products and services capable of resolving everyday issues, in consideration of the lives of people. Such approach has been highly appraised from outside the company as well, and in 2020, LIXIL received a total of 44 awards at the "iF DESIGN AWARD" and "Red Dot Design Award," internationally prestigious awards constituting the world's three major design awards.



In particular, "INAX," the water-related brand born in Japan, received a total of 24 awards in the two design awards. The INAX brand, in order to create unity, sets and incorporates into all of its products, three characteristic formative factors, including the shape of something between a square and oval. Such design leads to easy use and cleanability in consideration of spatial fitting. Last year, prior to the global expansion of the brand, it participated in "Milan Design Week 2019," where it was highly appraised for its expression of the Japanese sense of beauty based on modern interpretation.

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TOPICS 2:

Beginning of new communication, with the hopes of providing sound and comfortable housing space realizing "making always, happy."

LIXIL believes that in this era of 100-year life, a comfortable housing space where long hours are spent every day leads to sound mind and body. Thus, in order to make an irreplaceable day out of each day casually spent, LIXIL started its new communication in Japan. The phrase, "making always, happy" will be developed as the common communication word.



The provision of a sound and comfortable housing space that cannot be realized by each product alone, is the Company's strength and also stimulates the demand for set renovation. In order to convey this to end-users, LIXIL, for example, introduces in television commercials and websites, the wall material "Ecocarat" that reduces unwanted odors, together with the Company's built-in kitchen "Richelle," demonstrating a kitchen that makes cooking fun as well as a deodorized comfortable living room where the family members come together.

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Notice of convocation

(Securities Code 5938)
June 15, 2020

To shareholders

LIXIL Group Corporation

2-1-1 Ojima, Koto-ku, Tokyo

Kinya Seto, Director, Representative Executive Officer,
President and CEO

Notice of Convocation of the 78th Annual Shareholders' Meeting

We express our sincere sympathy to all those affected by the COVID-19 and hope that they make a speedy and full recovery.

Notice is hereby given that we will hold the 78th Annual Shareholders' Meeting (the "**AGM**") of LIXIL Group Corporation (the "**Company**"), the details of which are as follows.

In consideration of the situation of the COVID-19, placing top priority on the safety of our shareholders, we strongly ask you to exercise voting rights in advance and **refrain from coming to the venue on the day of the AGM regardless of your physical condition**. The AGM may be viewed by live broadcast. Please note that you may not exercise your voting rights through live broadcast. We kindly ask for your understanding and cooperation.

Please review the "Reference Materials for the AGM", which follows this notice, and exercise your voting rights in advance.

[Exercise of voting rights in writing]

When exercising your voting rights in writing, please indicate whether you approve or disapprove the items for resolution on the enclosed "Voting Form", and send the Voting Form back so that we receive it no later than 5:20 p.m. on Monday, June 29, 2020 (Japan time).

[Exercise of voting rights via the Internet, etc.]

When exercising your voting rights via the Internet, etc., please refer to the "Instructions on the Exercise of Voting Rights by Electromagnetic Means (e.g. via the Internet, etc.)" (page 22) which follows this notice, and indicate whether you approve or disapprove the items for resolution no later than 5:20 p.m. on Monday, June 29, 2020 (Japan time).

Yours sincerely

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Details

1. Date and time: Tuesday, June 30, 2020 at 1 p.m. (Japan time)

(Reception opens at 11:30 a.m. (Japan time) (scheduled))

2. Venue: LIXIL WING Building, Hikari Tower B1 Meeting Room
2-1-1 Ojima, Koto-ku, Tokyo, Japan

(Please note that the venue and the time are different from last year's AGM)

3. Meeting Agenda

Reports

1. Business Report, Consolidated Financial Statements and Audit Reports on the Consolidated Financial Statements by Accounting Auditors and by the Audit Committee for the 78th Fiscal Year (from April 1, 2019 through March 31, 2020).
2. Non-consolidated Financial Statements for the 78th Fiscal Year (from April 1, 2019 through March 31, 2020).

Items for Resolution

Item 1: Partial Amendment to the Articles of Incorporation

Item 2: Election of nine (9) Directors

End

1. In the event there is a change in the operation of the AGM due to the situation of COVID-19, announcement by the government and other agencies or other circumstances, we will notify you on the Company's website (https://www.lixil.com/).

2. Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and the Audit Report are as stated in the attached "Report for the 78th Fiscal Year." However, the following items are on the Company's website in accordance with laws and regulations and Article 16 of the Articles of Incorporation of the Company, and therefore, they are not included in the "Report for the 78th Fiscal Year."

(1) Table of Explanatory Notes on the Consolidated Financial Statements
(2) Table of Explanatory Notes on the Non-consolidated Financial Statements

Address https://www.lixil.com/

The Consolidated Financial Statements and Non-consolidated Financial Statements by the Accounting Auditors and the Audit Committee include various documents shown in the attached "Report for the 78th Fiscal Year", and the Table of Explanatory Notes on the Consolidated Financial Statements and the Table of Explanatory Notes on the Non-consolidated Financial Statements posted on the Company's website.

3. Any amendment to the Reference Materials for the AGM, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements will be posted on the Company's website (https://www.lixil.com/jp/).

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Instructions on the Exercise of Voting Rights, etc.

Voting rights at the Shareholders' Meeting are important rights of shareholders. Please exercise your voting rights after reviewing the Reference Materials for the AGM (page 23 to page 37).

Ways of exercise of your voting rights

Exercise of your voting rights in writing

Please indicate whether you approve or disapprove the items for resolution on your Voting Form and return it so that we can receive it by the voting deadline described below. Please also refer to the attached "Instructions on the Exercise of Voting Rights by Shareholders."

[Voting Deadline] Your Voting Form must arrive no later than 5:20 p.m. on Monday, June 29, 2020 (Japan time).

Exercise of your voting rights by electromagnetic means (e.g. via the Internet, etc.)

Please access the website for exercising voting rights designated by the Company and follow the on-screen instructions to enter your approval or disapproval on the items for resolution by the following voting deadline.

Please refer to page 22 for details.

[Voting Deadline] Your votes must be entered by 5:20 p.m. on Monday, June 29, 2020 (Japan time).

(Note) Handling of voting rights that are exercised multiple times

(1) If voting rights are exercised both in writing and via the Internet, etc., votes made via the Internet, etc. will be deemed to be valid.
(2) If voting rights are exercised multiple times via the Internet, etc., the last votes will be deemed to be valid. Further, if voting rights are exercised multiple times by personal computer, smartphone and mobile phone, the last votes will be deemed to be valid.

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Exercising voting rights via the Internet, etc.

Access by reading the QR code

You can log into the website for exercising voting rights without entering the log-in ID and temporary password indicated on the voting card.

1. Please read the QR code indicated on the Voting Card.

*"QR code" is a registered trademark of Denso Wave Incorporated.

2. Please enter your vote according to the on-screen instructions.

You may access the website only once using the QR code.
When re-exercising voting rights or when exercising voting rights without using the QR code, please confirm the "Access by entering log-in ID and temporary password" below.

Access by entering log-in ID and temporary password

Website for exercising voting rights
http://evote.tr.mufg.jp/

1. Please access the website for exercising voting rights.

2. Enter the "Log-in ID and temporary password" indicated on the Voting Card and click "Log in."
Enter "Log-in ID and temporary password"
Click "Log in"

3. Register your new password.
Enter "New password"
Click "Send"

4. Please enter your vote according to the on-screen instructions.

*The operation screens are images.

For inquiries regarding the method of operation of personal computers, smartphones and mobile phones for exercising voting rights via the Internet, please contact:	Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Division Helpdesk 0120-173-027 (available toll-free from 9 a.m. to 9 p.m.)

Institutional investors may use the platform to electronically exercise their voting rights for institutional investors operated by ICJ, Inc.

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Reference Materials for the AGM

Item 1: Partial Amendment to the Articles of Incorporation

1. Reason of the Amendment

(1) We will merge LIXIL Corporation, our 100% subsidiary, by way of an absorption-type merger which will be effective from December 1, 2020 (scheduled) (the "Merger"), and shift from a holding company to an "operating holding company" operating business by itself. In accordance with this change, we would like to amend Article 1 (Trade Name) of the current Articles of Incorporation.
The amendment of Article 1 (Trade Name) of the current Articles of Incorporation will take effect from the effective date of the Merger (scheduled on December 1, 2020) on the condition that the Merger takes effect.

(2) In order to clarify management responsibilities of Executive Officers for each fiscal year, we would like to amend Article 35 (Term of Office of Executive Officers), Paragraph 1.
However, the Terms of incumbent Executive Officers at the time of this Shareholders' Meeting are unchanged.

2. Details of the Amendments

We would like to amend the Articles of Incorporation as follows.

*Changes are indicated with underline.

Current	Proposed Amendments
(Trade Name) Article 1 The name of the Company shall be Kabushiki Kaisha LIXIL Group. In English, the Company shall be called LIXIL Group Corporation.	(Trade Name) Article 1 The name of the Company shall be Kabushiki Kaisha LIXIL. In English, the Company shall be called LIXIL Corporation.
(Purpose) Article 2 (Election of Executive Officers) Article 34 — (omitted)	(Purpose) Article 2 (Election of Executive Officers) Article 34 — (no change)
(Term of Office of Executive Officers) Article 35 The term of office of an Executive Officer shall expire at the close of the first meeting of the Board of Directors to be convened after the Annual Shareholders' Meeting pertaining to the last fiscal year ending within one (1) year from his/her election. 2. (omitted)	(Term of Office of Executive Officers) Article 35 The term of office of an Executive Officer shall expire at the end of the fiscal year ending within one (1) year from his/her election. 2. (no change)
(Executive Officers with Titles) Article 36 (Statute of Limitation of Dividends) Article 44 — (omitted)	(Executive Officers with Titles) Article 36 (Statute of Limitation of Dividends) Article 44 — (no change)

<Reference>

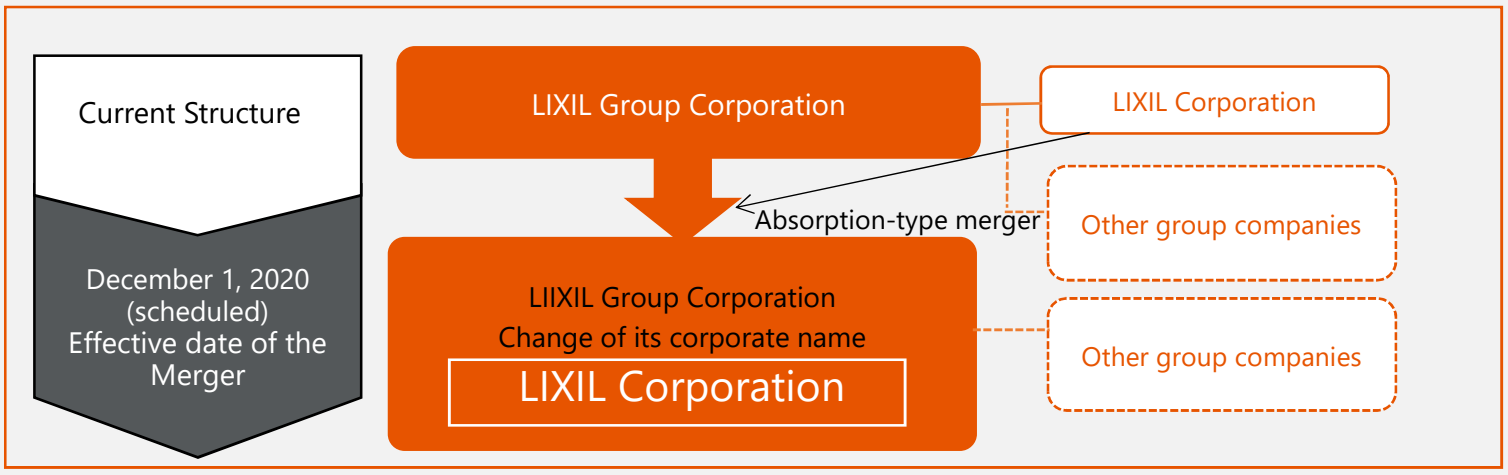
Absorption-type merger between the Company and LIXIL Corporation where the Company will be the surviving company for organizational streamlining, enhancement of efficiency and corporate governance

The Company adopted a holding company structure, and has been developing as a group with each operation company. However, as our strategy has evolved, the Company now places a greater focus on actively managing its core businesses and driving synergies across these business areas to accelerate growth, and the highest priority of the current Executive Officers and Board of Directors is to enhance corporate value by focusing on LIXIL's core businesses inside and outside of Japan.

For that purpose, by dissolving the two-tier structure of the Company and LIXIL Corporation, the Group will improve efficiency by eliminating duplication of management, operating costs and human resources. This change will enable faster decision-making, as well as improve corporate governance by simplifying the group management system and increasing the transparency of management.

Based on these considerations, the Board of Directors has resolved as of March 23, 2020 to conduct an absorption type merger of LIXIL (the "Merger") which will take effective from December 1, 2020 (scheduled) and change our corporate name to LIXIL Corporation after the Merger.

The Merger is a short-form mergers for the Company in accordance with Item 2, Article 796 of the Companies Act, and is a simplified merger for LIXIL in accordance with Item 1, Article 784. Thus, the Merger can be conducted without seeking approval for executing the merger agreement at each of the General Meeting of Shareholders.



For more details, please refer to "Notification Regarding Plans for Simplified and Short-Form Merger Between LIXIL Group Corporation and its 100% Subsidiary (LIXIL Corporation), Change of Company Name, and Partial Amendment of Articles of Incorporation" announced on March 23,2020 (see https://ssl4.eir-parts.net/doc/5938/tdnet/1809053/00.pdf)

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Item 2: Election of Nine (9) Directors

The term of office for all 14 incumbent Directors will expire at the close of this AGM. Therefore, based on the decision of the Nomination Committee, the Company proposes to elect nine (9) Directors. All of the six (6) Outside Director candidates satisfy the Independence Criteria for Outside Directors prescribed by the Company (page 37).

Candidate Number	Name	Current Position		Attendance at the Board Meeting
1	Kinya Seto male	Director	Representative Executive Officer and President Reappointment/Executive	16/16 (100.0%)
2	Sachio Matsumoto male		Representative Executive Officer and Executive Vice President New appointment/Executive	-
3	Hwa Jin Song Montesano female		Senior Managing Executive Officer New appointment/Executive	-
4	Tamio Uchibori male	Outside Director	Member of Audit Committee Reappointment/Outside / Independent/Non-Executive	11/11 (100.0%)
5	Kaoru Onimaru female	Outside Director	Member of Nomination Committee and Governance Committee Reappointment/Outside/Independent/ Non-Executive	11/11 (100.0%)
6	Teruo Suzuki male	Outside Director	Chairperson of Governance Committee and Member of Audit Committee Reappointment/Outside/Independent/ Non-Executive	11/11 (100.0%)
7	Yuji Nishiura male	Outside Director	Chairperson of Nomination Committee, and Member of Compensation Committee and Governance Committee Reappointment/Outside/Independent/ Non-Executive	11/11 (100.0%)
8	Daisuke Hamaguchi male	Outside Director	Chairperson of Compensation Committee and Member of Audit Committee Reappointment/Outside/Independent / Non-Executive	11/11 (100.0%)
9	Masatoshi Matsuzaki male	Outside Director	Chairperson of Board of Directors, and Member of Nomination Committee and Governance Committee Reappointment/Outside/Independent/ Non-Executive	11/11 (100.0%)

Outside: Outside Director candidates as provided for in Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act.

Independent: Director candidates who are to be reported as independent officers to the domestic stock exchanges on which the Company is listed. Please see each “Reason for judging independence” on Page 30 to Page 35.

“Executive” is shown for a candidate having a position as Executive Officer, President, Executive Vice President, Senior Managing Director, Managing Director, Corporate Director, Associate Director, Officer, employee, executive director or other positions as executive, and “Non-Executive” is shown for a candidate not having such position.

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Specialties requested at current LIXIL Group										Chairperson of Board of Directors and Constitution of Committees after this AGM (if all the candidates are elected at this AGM) ◎ : Chairperson ● : Member of Committee				
Management	Overseas Operation/ M&A	Negotiation with Admin. and Regulatory Agencies	Finance	Legal/ Risk Management	Human Resources Development	Sales/ Marketing	Manufactur-ing/ Technology /R&D	IT/Digital	Public Relations /IR	Chairperson of Board of Directors	Nomination Committee	Audit Committee	Compensation Committee	Governance Committee
✻	✻	✻	✻	✻	✻	✻	✻	✻	✻					
✻	✻	✻	✻	✻										
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Candidate Number 1	Kinya Seto (June 25, 1960) Male Reappointment/Executive [Years of service as Director of the Company at the end of the AGM: Four years]	Important concurrently held positions: Representative Director, Chairman, President and CEO, LIXIL Corporation Number of shares of the Company owned: 243,308 shares Number of other listed companies with concurrent positions: 1 Attendance at the Board meeting: 16/16 (100.0%)

Brief personal profile, position and responsibility in the Company and other important concurrently-held positions

Apr. 1983	Joined Sumitomo Corporation
May 1997	Representative Director and President, Iron Dynamics Process International LLC
Jun. 2001	Representative Director and President (Director, Representative Executive Officer and President from Mar. 2006), Sumitomo Grainger Inc. (currently MonotaRO Co., Ltd.)
Aug. 2011	Representative Director and President, K-engine Corp.
Mar. 2012	Director, Representative Executive Officer and Chair, MonotaRO Co., Ltd.
Oct. 2013	Senior Vice President in charge of Online Business, W. W. Grainger, Inc.
Dec. 2013	CEO, GWW UK Online Ltd. (currently Razor Occam, Ltd.)
Mar. 2014	Director and Chair, MonotaRO Co., Ltd. (part-time from 2016) (incumbent)
Jan. 2016	Representative Executive Officer, COO, LIXIL Group Corporation
Jan. 2016	Representative Director, President and CEO, LIXIL Corporation
Jun. 2016	Director, Representative Executive Officer, President and CEO, LIXIL Group Corporation (incumbent; Director of the Company from Apr. 2019 to Jun. 2019)
Jun. 2019	Representative Director, Chairman, LIXIL Corporation
Apr. 2020	Representative Director, Chairman, President and CEO, LIXIL Group Corporation (incumbent)

Reason for nominating the candidate as a candidate for Director

Mr. Seto, using his abundant experience and broad knowledge as managers of numerous companies, tackles important business executions of the LIXIL Group with strong leadership and is working on the construction of a corporate governance system. While fulfilling his duty of explanation to the Board of Directors as Representative Executive Officer and CEO in the position of widely looking over the business operations of the company, he has contributed to the improvement of the effectiveness of the Board of Directors by participating in important decision-making processes as Director. He is further expected to fulfill the role of connecting the Board of Directors with the executive side.

Message from the candidate for Director

By practicing one of the LIXIL Behaviors, “Do the Right Thing,” I have returned to the post of CEO, with the support of the shareholders. I have been promoting drastic change, in order to improve the Company’s competitiveness and to realize continuous growth. In addition to organizing environments where employees are able to display their entrepreneurial spirit and to exert their abilities to the greatest extent, I have also constructed an organizational system enabling quicker decision making and flexible measures both in and outside Japan. Further, I have worked on strengthening the group’s management system and governance. I will continue striving, so as to meet the expectations of stakeholders including shareholders and employees and to provide long-term value.

Candidate Number 2	Sachio Matsumoto (October 27, 1959) Male New appointment/Executive	Important concurrently held positions: Representative Director and President, LIXIL Group Finance Corporation Number of shares of the Company owned: 86,344 shares Number of other listed companies with concurrent positions: None

Brief personal profile, position and responsibility in the Company and other important concurrently-held positions

Apr. 1982	Joined Fuji Xerox Co., Ltd.
Jul. 2010	Executive Officer, Finance and Accounting Division Manager in charge of accounting and finance in general, Fuji Xerox, Co., Ltd.
Apr. 2013	Senior Managing Executive Officer, CFO, Finance and Accounting Division Manager and Internal Control Supervisor, LIXIL Corporation
Jun. 2013	Director, Senior Managing Executive Officer, CFO, Finance and Accounting Division Manager and Internal Control Supervisor, LIXIL Corporation
Jun. 2013	Executive Officer, Senior Manager in charge of finance and accounting and joint CFO, LIXIL Group Corporation
Apr. 2015	Executive Officer and Executive Vice President in charge of Finance and Accounting, Chief Financial Officer, LIXIL Group Corporation
Apr. 2015	Representative Director, Executive Vice President, Executive Officer and Chief Financial Officer, LIXIL Corporation
Jun. 2016	Executive Officer and Executive Vice President in charge of Finance, Accounting, M&A and Chief Financial Officer, LIXIL Group Corporation
Jun. 2017	Representative Director and President, LIXIL Group Finance Corporation (incumbent)
Jun. 2018	Representative Executive Officer and Executive Vice President in charge of Finance, Accounting, M&A and Chief Financial Officer, LIXIL Group Corporation (incumbent)
Apr. 2020	Representative Director, Executive Vice President and Chief Financial Officer, LIXIL Corporation (incumbent)

Reason for nominating the candidate as a candidate for Director

As Representative Executive Officer and Executive Vice President in charge of Accounting, Finance and M&A, Mr. Matsumoto is responsible, in addition to supervising the financial affairs of the entire LIXIL Group, for policy formulation of the entire LIXIL Group, such as M&A plans, financial strategies, etc. and is also endowed with abundant experience and knowledge in the main divisions of the LIXIL Group, such as through the promotion of various measures concerning the strengthening of governance and improvement of business efficiency in the areas of his responsibility. By newly appointing him as Director, he is expected to fulfill the role, as CFO, of connecting the Board of Directors with the executive side and holding highly effective discussions at the Board of Directors meetings on important issues such as financial strategies and M&A plans.

Message from the candidate for Director

This fiscal year started with the global spread of the new coronavirus. Placing priority on the health and safety of our employees, families, partners, and customers, etc. I would like to carefully ascertain the timing for making capital investment and to work on reducing selling, general and administrative expenses and controlling inventory level, etc. in order to secure global cash liquidity.

I would like to continue exerting effort in the improvement of corporate value and security of stable shareholder return, while also focusing on, improvement of cash flow and improvement of profitability through CCC, ROIC management.

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Candidate Number 3	Hwa Jin Song Montesano (April 24, 1971) Female New appointment/Executive	Important concurrently held positions: None Number of shares of the Company owned: 7,758 shares Number of other listed companies with concurrent positions: None

Brief personal profile, position and responsibility in the Company and other important concurrently-held positions

Sep. 1995	Congressional Affairs Director, Korea Economic Institute,
Jul. 2001	Corporate & Government Affairs Director, Asia Pacific, GlaxoSmithKline plc.
Jul. 2005	Vice President, Communications, Asia Region, GE Money
Mar. 2009	Vice President, Corporate & Government Affairs, Asia Pacific, Kraft Foods
Jul. 2012	Vice President, Global Public Affairs, GSK Vaccines
Nov. 2014	Executive Officer and Managing Director, in charge of Public Affairs, CSR, Environmental Strategy, LIXIL Group Corporation
Nov. 2014	Senior Managing Executive Officer and Chief Public Affairs Officer, LIXIL Corporation
Feb. 2015	Director, Senior Managing Executive Officer and Chief Public Affairs Officer, LIXIL Corporation
Nov. 2015	Executive Officer and Managing Director, in charge of Public Affairs, Corporate Responsibility, LIXIL Group Corporation
Jun. 2016	Executive Officer and Managing Director, in charge of Public Affairs, IR, External Affairs, Corporate Responsibility, LIXIL Group Corporation
Sep. 2017	Director, Senior Managing Director, Chief Public Affairs Officer and Social Sanitation Initiative Supervisor, LIXIL Corporation, and Supervisor, Headquarters for the Promotion of the Tokyo 2020 Olympic and Paralympic Games
Jun. 2018	Executive Officer and Managing Director, in charge of Public Affairs, IR, External Affairs, Corporate Responsibility and Chief Public Affairs Officer, LIXIL Group Corporation
Jun. 2019	Executive Officer and Managing Director, in charge of Public Affairs, IR, External Affairs, Corporate Responsibility, Personnel and Chief Public Affairs Officer and Chief Human Resource Officer, LIXIL Group Corporation
Apr. 2020	Executive Officer and Managing Director, in charge of Public Affairs, IR, External Affairs, Corporate Responsibility and Chief People Officer, LIXIL Group Corporation (incumbent)
Apr. 2020	Director, Senior Managing Director, Chief People Officer and SATO Business Supervisor, LIXIL Corporation and Supervisor, Headquarters for the Promotion of the Tokyo 2020 Olympic and Paralympic Games (incumbent)

Reason for nominating the candidate as a candidate for Director

Ms. Montesano has abundant experience and knowledge in the main areas of the LIXIL Group, such as supervising communication with both internal and external stakeholders of the LIXIL Group as Executive Officer and Senior Managing Director in charge of public affairs, IR, external affairs, corporate responsibility and personnel, as well as leading the implementation of corporate-wide personnel measures including employee-focused initiatives "*Kawaranaito LIXIL*", etc. By newly appointing Ms. Montesano as Director, she is expected to fulfil the role as CPO, of connecting the Board of Directors with the executive side, strengthening collaboration between the Board of Directors and the executive side in promoting various personnel measures and improving the supervisory function of the Board of Directors.

Message from the candidate for director

Since my appointment as Chief People Officer in June 2019, I have been tackling the challenges facing our employees during a turbulent time of change and transformation. The world of work is changing significantly, and companies need to adapt to keep employees motivated and engaged. Digitalization of work and the younger generations' expectations for more meaningful, purpose-driven work are just two examples of the forces that lead us to rethink the way we need to engage, motivate, and support people's careers. My mission is to make all employees proud to be a part of this Company. We need to ignite the power of our people so we

can take this company to new heights. HR should be a key champion of this effort. People policies and programs are focused on simplifying work, upskilling and re-skilling employees, and globalizing our workforce through diverse assignments and learning experiences. I appreciate your ongoing support for LIXIL.

Candidate Number 4	Tamio Uchibori (September 6, 1952) Male Reappointment/Outside/Independent/Non-executive [Year of service as Director of the Company at the end of the AGM: One year]	Important concurrently held positions: None Number of shares of the Company owned: 0 Number of other listed companies with concurrent positions: None Attendance at Board meetings: 11/11 (100.0%) Attendance at committee meetings: Audit Committee: 10/10 (100.0%)

Brief personal profile, position and responsibility in the Company and other important concurrently-held positions

Apr. 1977	Joined MinebeaMitsumi Inc.
Nov. 1982	Seconded to US subsidiary, MinebeaMitsumi Inc.
May 1988	Seconded to European subsidiary, MinebeaMitsumi Inc.
Dec. 2003	Business Administration Manager, MinebeaMitsumi Inc.
Jun. 2007	Executive Officer, General Planning Manager of Business Department, MinebeaMitsumi Inc.
Jun. 2011	Managing Executive Officer, MinebeaMitsumi Inc.
May 2012	Deputy in Charge of Management, Planning and Accounting, and Management Planning Manager, MinebeaMitsumi Inc.
Jun. 2013	Director, Senior Managing Executive Officer and Management Planning Manager, MinebeaMitsumi Inc.
Jun. 2016	Director, Senior Managing Executive Officer and General Manager of Management Planning Department, MinebeaMitsumi Inc.
Jul. 2018	Senior Director, MinebeaMitsumi Inc. (until March 2019)
Jun. 2019	Director (Outside Director) and member of Audit Committee (incumbent), the Company
Aug. 2019	Company Auditor, LIXIL Corporation (incumbent)

Reason for nominating the candidate as a candidate for Outside Director

As director and senior managing executive officer at MinebeaMitsubi, Mr. Uchibori has a wealth of knowledge and experience in the management of global manufacturers such as being responsible for the key corporate planning and M&A strategies at the company. In addition, he has expertise as a licensed tax accountant in accounting and tax affairs. Since assuming the position of Director of the Company in June 2019, he has contributed to the discovery of issues and understanding of risks, etc., utilizing his expertise concerning accounting and tax affairs, in particularly the Audit Committee. As Outside Director of the Company, he is expected to further contribute to the improvement of the effectiveness of the Board of Directors.

Reason for judging independence

Mr. Uchibori was Senior Managing Executive Officer of MinebeaMitsumi Inc., and he left the office in March 2019. The MinebeaMitsumi Group has business relationship with the Company involving purchase of electronic components etc. and sale of products; however, such transactions accounted for 0.056% of the MinebeaMitsumi group's sales for the last fiscal year, and for 0.001% of the LIXIL Group's sales for the last fiscal year, and therefore, neither amounts to a major business partner for the other. Furthermore, as he meets both the requirements for an independent officer prescribed by the stock exchange and the Independence Criteria for Outside Directors prescribed by the Company (page 37), he is determined to have a high level of independence from the Company.

Message from the candidate for Outsider Director

In the economic and social environment changing at unpredictable speed, including the recent effects of the new coronavirus, I plan on carefully maintaining the LIXIL brand with sufficient understanding that we are surrounded by the interests of various stakeholders such as the employees of the LIXIL Group and the regional society, etc., and on utilizing knowledge and experience accumulated thus far in order to efficiently increase, on a mid-term and long-term basis, precious assets entrusted from our many shareholders, and actively fulfilling such fiduciary responsibility together as "ONE TEAM" with the executive side.

Candidate Number 5	Kaoru Onimaru (February 7, 1949) Female Reappointment/Outside/Independent/Non-executive [Year of service as Director of the Company at the end of the AGM: One year]	Important concurrently held positions: None Number of shares of the Company owned: 0 Number of other listed companies with concurrent positions: None Attendance at Board meetings: 11/11 (100.0%) Attendance at committee meetings: Nomination Committee: 12/12 (100.0%)

Brief personal profile, position and responsibility in the Company and other important concurrently-held positions

Apr. 1973	Legal Apprentice (27th class)
Apr. 1975	Registered as attorney-at-law with Yamanashi Prefecture Bar Association
Mar. 1978	Registered as attorney-at-law with Tokyo Bar Association
Dec. 1991	Member of Education Board of Suginami, Tokyo
Apr. 1994	Instructor of Civil Lawyering, Legal Training and Research Institute of Japan
Apr. 1997	Member of Board of Review, Pharmaceuticals PL Center
Jan. 1998	Judicial Commissioner, Tokyo Summary Court and Conciliation Commissioner, Tokyo Family Court
Jun. 1999	Deputy Chair, Japan Women's Bar Association
Apr. 2001	Director, BOT Lease Servicer Co., Ltd.
Jan. 2004	Member of Central Minimum Wages Council (Ministry of Health, Labor and Welfare)
Jul. 2004	Auditor-secretary, National Federation of Agricultural Cooperative Associations
Sep. 2007	Member of Quality of Life Council, Cabinet Office
Dec. 2007	Member of Personnel Council, Chair of Fair Personnel Subcommittee, Ministry of Defense
Feb. 2008	Member of Labor Insurance Appeal Committee (Ministry of Health, Labor and Welfare)
Feb. 2013	Justice of the Supreme Court (until February 2019)
Jun. 2019	Director (Outside Director) and Member of Nomination Committee of the Company
Oct. 2019	Director (Outside Director), Member of Nomination Committee and Member of Governance Committee (incumbent)
Apr. 2020	Received Grand Cordon of the Order of the Rising Sun
May 2020	Registered as attorney-at-law (Tokyo Bar Association) (incumbent)

Reason for nominating the candidate as a candidate for Outside Director

In addition to a long career as an attorney-at-law and as a legal specialist, Ms. Onimaru has been involved in important matters as a judge of the Supreme Court. Since assuming the position of Director of the Company in June 2019, utilizing her expertise as a legal specialist from a fair position at all times, she has not only supervised overall management but also contributed to the improvement of the supervisory functions and governance functions of the Board of Directors and the committees, by organizing various regulations and rules, etc. such as the regulations of the Nomination Committee. As Outside Director of LIXIL Group Corporation, she is expected to further contribute to the improvement of the effectiveness of the Board of Directors.

Reason for judging independence

Ms. Onimaru was a Justice of the Supreme Court, and she retired from the position in February 2019. She is determined to have a high level of independence from the Company, as the Supreme Court has no business relationship with the Company for the last fiscal year and she meets both the requirements for an independent officer prescribed by the stock exchange and the Independence Criteria for Outside Directors prescribed by the Company (page 37).

Message from the candidate for Outsider Director

I have served as Outside Director of LIXIL Group Corporation for one year, but the Company, at least this past year, has continued to progress steadily on the transparency, fairness and justness of the company, which is the purpose of corporate governance. In order to further firmly establish the Company's governance, I will supervise the corporate execution from a legal standpoint, so as to sufficiently monitor and supervise the Company from the position of Independent Outside Director. I plan on reconsidering the Company's regulations and guidelines that serve as the basis of such supervision.

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Candidate Number 6	Teruo Suzuki (October 21, 1949) Male Reappointment/Outside/Independent/Non-executive [Year of service as Director of the Company at the end of the AGM: One year]	Important concurrently held positions: None Number of shares of the Company owned: 0 Number of other listed companies with concurrent positions: None Attendance at Board meetings: 11/11 (100.0%) Attendance at committee meetings: Audit Committee: 10/10 (100.0%)

Brief personal profile, position and responsibility in the Company and other important concurrently-held positions

Apr. 1973	Joined Tokyo Office, Arthur Andersen & Co. (currently KPMG AZSA LLC)
Apr. 1989	Representative Member, Eiwa Audit Corporation (currently KPMG AZSA LLC)
Feb. 1997	Manager of Business Accounting Council, Ministry of Finance (until August 1998)
Jun. 2003	Headquarters Director, Asahi Audit Corporation (currently KPMG AZSA LLC)
Feb. 2005	Temporary Member of Internal Control Department of Business Accounting Council, Financial Services Agency (until March 2016)
Jun. 2005	Headquarters Director and General Manager of Management Reform Support Department, AZSA Audit Corporation (currently KPMG AZSA LLC)
Jun. 2006	Senior Director and General Manager of RA, KPMG AZSA LLC
Jun. 2010	Deputy Director, KPMG AZSA LLC (until August 2011)
Jun. 2012	Retired from KPMG AZSA LLC
Jun. 2012	Outside Auditor, Kao Corporation (until March 2016)
Jul. 2013	Advisor, Seven-Eleven Japan Co., Ltd. (incumbent)
Jun. 2015	Outside Auditor, KUBOTA Corporation (until March 2019)
Jun. 2019	Director (Outside Director) and Member of Audit Committee of the Company
Aug. 2019	Company Auditor, LIXIL Corporation (incumbent)
Oct. 2019	Director (Outside Director), Chairperson of Governance Committee and Member of Audit Committee (incumbent) of the Company

Reason for nominating the candidate as a candidate for Outside Director

Mr. Suzuki has a high level of expertise in financial accounting, having been engaged in working on the audits of listed companies for many years at major auditing firms. Since assuming the position of Director of the Company in June 2019, as Director and member of the Audit Committee, he has contributed to the improvement of the effectiveness of the Board of Directors, etc. with advice, etc. utilizing his experience and knowledge in financial accounting. In addition, as the Chairperson of the Governance Committee newly established as a standing committee, he has led the Company's governance reform and has worked on collaboration with stakeholders. As an Outside Director of the Company, he is expected to further contribute to the improvement of the effectiveness of the Board of Directors.

Reason for judging independence

Mr. Suzuki was Deputy Director of AZSA & Co, and left the firm in June 2012. AZSA & Co has the business relationship with the Company involving consulting services, however, such transactions accounted for 0.002% of AZSA & Co,'s sales for the last disclosed fiscal year (July 1, 2018 – June 30, 2019), and therefore, it does not amount to a major business partner. Furthermore, as he meets both the requirements for an independent officer prescribed by the stock exchange and the Independence Criteria for Outside Directors prescribed by the Company (page 37) as well, he is determined to have a high level of independence from the Company.

Message from the candidate for outsider director

I believe that one of the LIXIL Behaviors, "Do the Right Thing", is extremely important as a corporate vision and the ideal attitude to be taken as a company. LIXIL is about to greatly change from the various management structures and workstyles of the past, and under a management team with strong leadership, it is promoting a new approach based on the employee-focused initiatives "*Kawaranaito LIXIL*." Under such situation, I hope to fulfill my role, as Outside Director, of appropriately providing advice upon objectively and fairly judging whether or not the current management team is executing the Company's strategies towards the correct direction, and whereby guiding the Company on the right path.

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Candidate Number 7	Yuji Nishiura (January 3, 1953) Male Reappointment/Outside/Independent/Non-executive [Year of service as Director of the Company at the end of the AGM: One year]	Important concurrently held positions: None Number of shares of the Company owned: 0 Number of other listed companies with concurrent positions: None Attendance at Board meetings: 11/11 (100.0%) Attendance at committee meetings: Nomination Committee: 12/12 (100.0%), Compensation Committee: 12/12 (100.0%)

Brief personal profile, position and responsibility in the Company and other important concurrently-held positions

Feb. 2000	Representative Director and President, Booz Allen Hamilton Inc.
Jan. 2006	Representative in Japan, AlixPartners LLP
Jan. 2011	Vice Chair, US Headquarters, AlixPartners, LLP
Dec. 2012	Director and Chair, AXA Life Insurance, Co., Ltd.
Jun. 2014	Outside Director, SQUARE ENIX HOLDINGS CO., LTD. (incumbent)
Dec. 2015	Chair and CEO, Sumitomo Mitsui Trust Club Co., Ltd. (until Dec. 2018)
Dec. 2015	Advisor, Sumitomo Mitsui Trust Bank, Limited (until Mar. 2019)
Jun. 2019	Director (Outside Director), Chairperson of Nomination Committee and Member of Compensation Committee of the Company
Oct. 2019	Director (Outside Director), Chairperson of Nomination Committee, Member of Compensation Committee and Member of Governance Committee (incumbent) of the Company

Reason for nominating the candidate as a candidate for Outside Director

Mr. Nishiura is a management professional who has engaged in the management of several corporations and been involved in a number of corporate restructuring matters. He has a wealth of knowledge and experience related to corporate governance reform at companies facing challenging situations. Since assuming the position of Director of the Company in June 2019, as Director, he has contributed to the improvement of the effectiveness of the Board of Directors, and as Chairperson of the Nomination Committee, he has actively conducted meetings with the executive management team including the Executive Officers in order to realize an open Nomination Committee and has led in the clarification of the authorities of the Nomination Committee and the planning and promotion of a highly transparent process for determining director and executive officer candidates. As Outside Director of the Company, he is expected to further contribute to the improvement of the effectiveness of the Board of Directors.

Reason for judging independence

Mr. Nishiura was a Director and the Chairperson of AXA Life Insurance, Co., Ltd., and he left the office in June 2015. AXA Life Insurance, Co., Ltd. has business relationship with the Company involving collective insurance, however, such transactions accounted for 0.000002% of AXA Life Insurance, Co., Ltd.'s premium and other income for the last disclosed fiscal year (April 1, 2018 – March 31, 2019), and it does not amount to a major business partner. He was a Director and the Chairperson of AXA General Insurance Co., Ltd., and he left the company in June 2015. AXA General Insurance Co., Ltd. has business relationship with the Company involving product repair, however, such transactions accounted for 0.00002% of the Company's sales for the last fiscal year, and it does not amount to a major business partner. He was the Chairperson and the Representative Director of Sumitomo Mitsui Trust Club Co., Ltd., and he left the company in December 2018. Sumitomo Mitsui Trust Club Co., Ltd., has business relationship with the Company involving credit fee, however, such transactions accounted for 0.028% of the Sumitomo Mitsui Trust Club Co., Ltd.,'s annual sales, and it does not amount to a major business partner. Therefore, as he meets both the requirements for an independent officer prescribed by the stock exchange and the Independence Criteria for Outside Directors prescribed by the Company (page 37), he is determined to have a high level of independence from the Company. He served in position of Advisor for five years at Sumitomo Mitsui Trust Bank, Limited, and he left the company in March 2020, however he was not involved in business execution. Therefore, it is determined that there would be no effect on his independence. In addition, it is determined that the career at Sumitomo Mitsui Trust Bank, Limited does not constitute common concerns that the person from the main financing bank group has no independence, as his appointment was based on his long-term experience and abundant knowledge in other industries but not the bank.

Message from the candidate for Outsider Director

Boldly but prudently.　I reflect, once again, on these words.　We must work on creating new values and changing management, boldly, without adhering to fixed ideas. On the other hand, I believe that it will become all the more important to thoroughly converse with various stakeholders while paying close attention to governance. I kindly ask shareholders to warmly as well as strictly watch over LIXIL's new challenges.

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Candidate Number 8	Daisuke Hamaguchi (June 5 , 1953) Male Reappointment/Outside/Independent / Non-executive [Year of service as Director of the Company at the end of the AGM: One year]	Important concurrently held positions: None Number of shares of the Company owned: 0 Number of other listed companies with concurrent positions: None Attendance at Board meetings: 11/11 (100.0%) Attendance at committee meetings: Compensation Committee: 12/12 (100.0%), Audit Committee: 10/10 (100.0%)

Brief personal profile, position and responsibility in the Company and other important concurrently-held positions

Apr. 1976	Non-ferrous Metal Division, Mitsubishi Corporation
Apr. 1996	Finance and Capital Market Division, Mitsubishi Corporation, and President, Subsidiary of Mitsubishi Corporation in England
Jul. 1999	Managing Director and Management Execution Director, Corporate Pension Fund of Mitsubishi Corporation
Aug. 2005	Operations Manager, Pension Fund Association
Apr. 2009	Management Execution Director and Chief Investment Officer, Pension Fund Association (until April 2, 2019)
Aug. 2013	Director, Securities Analysts Association of Japan (incumbent)
Apr. 2019	Director, Institutional Investors Collective Engagement Forum (incumbent)
Jun. 2019	Director (Outside Director, Chair of Compensation Committee and Member of Audit Committee, the Company (incumbent)
Apr. 2020	Company Auditor, LIXIL Corporation (incumbent)

Reason for nominating the candidate as a candidate for Outside Director

Mr. Hamaguchi is an expert of corporate governance, having served as Management Execution Director of the Pension Fund Association for several years, as well as a member of, among others, "The Companies Act Subcommittee, Legislative Council" and "The Corporate Governance System Study Group." Since assuming the position of Director of the Company in June 2019, he has contributed to the improvement of the effectiveness of the Board of Directors, such as by utilizing his own experience and reflecting the perspectives of stakeholders such as shareholders, etc. at the Board of Directors Meetings and as Chairperson of the Compensation Committee, has led in the reformation of the Company's Directors compensation system, through exchange of opinions, etc. with the Executive Officers. As Outside Director of the Company, he is expected to further contribute to the improvement of the effectiveness of the Board of Directors.

Reason for judging independence

Mr. Hamaguchi was the Management Execution Director of the Pension Fund Association, and he left the association in April 2020. The Pension Fund Association have transactions involving membership fee; however, such transactions accounted for 0.000002% of the Pension Fund Association's current account for the last disclosed fiscal year (April 1, 2018 – March 31, 2019), and therefore, it does not amount to a major business partner. Furthermore, as he meets both the requirements for an independent officer prescribed by the stock exchange and the Independence Criteria for Outside Directors prescribed by the Company as well, he is determined to have a high level of independence from the Company.

Message from the candidate for Outsider Director

I believe that as a result of all directors sincerely working this past year under the new management system, there was a great advance in the improvement of governance, which has been the Company's issue. As a result, a smooth start has been made once again towards the realization of the management strategy of accelerating selection and concentration. In order to further strengthen profitability, I plan on steadily fulfilling my roles of supervisor and surveillant as Outside Director, in order for the CEO and executive team to make appropriate management decisions and to boldly execute necessary measures.

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Candidate Number 9	Masatoshi Matsuzaki (July 21 , 1950) Male Renomination/Outside/Independent/Non-executive [Year of service as Director of the Company at the end of the AGM: One year]	Important concurrently held positions: None Number of shares of the Company owned: 0 Number of other listed companies with concurrent positions: None Attendance at Board meetings: 11/11 (100.0%) Attendance at committee meetings: Nomination Committee: 12/12 (100.0%)

Brief personal profile, position and responsibility in the Company and other important concurrently-held positions

Apr. 1976	Joined Konishiroku Photo Industry, Inc. (currently Konica Minolta, Inc.)
Oct. 2003	Director, Konica Minolta Business Technologies Inc.
Apr. 2005	Executive Officer, Konica Minolta, Inc., and Representative Director and President, Konica Minolta Technology Center, Inc. (until Mar. 2009)
Apr. 2006	Senior Executive Officer, Konica Minolta, Inc.
Jun. 2006	Director and Senior Executive Officer, Konica Minolta, Inc.
Apr. 2009	Director, President, Chief Executive Officer and Representative Executive Officer, Konica Minolta, Inc.
Apr. 2014	Director and Chair of the Board of Directors, Konica Minolta, Inc. (incumbent)
May 2016	Outside Director, Ichigo, Inc. (incumbent)
Jun. 2016	Outside Director, Nomura Research Institute Ltd. (incumbent)
Jun. 2016	Outside Director, Nippon Sheet Glass Co., Ltd.
Jun. 2019	Director (Outside Director), Chairperson of Board of Directors and Member of Nomination Committee of the Company
Oct. 2019	Director (Outside Director), Chairperson of Board of Directors, Member of Nomination Committee and Member of Governance Committee (incumbent) of the Company

Reason for nominating the candidate as a candidate for Outside Director

At Konica Minolta, Inc., Mr. Matsuzaki has been engaged in the development of global business and management of a listed company for many years, serving in roles such as Director, Chief Executive Officer and President, and Chairperson of the Board of Directors. In addition, he has deep knowledge concerning corporate governance, serving as Chairperson of the "Committee on the state of boards of directors," etc. Since assuming the position of Director of the Company in June 2019, leading the Board of Directors as Chairperson, he improved the effectiveness of the Board of Directors and has been contributing to the improvement of the Company's corporate governance utilizing his experience and knowledge. As Outside Director of the Company, he is expected to further contribute to the improvement of the effectiveness of the Board of Directors.

Reason for judging independence

Mr. Matsuzaki is Director and Chairperson of the Board of Directors of Konica Minolta, Inc. The Company group has transactions involving purchase of products and repairs etc.; however, such transactions accounted for 0.003% of the Konica Minolta group's sales for the last fiscal year, and for 0.00001% of the Company group's sales for the last fiscal year, and therefore, neither amounts to a major business partner for the other. Furthermore, as he meets both the requirements for an independent officer prescribed by the stock exchange and the Independence Criteria for Outside Directors prescribed by the Company as well, he is determined to have a high level of independence from the Company.

Message from the candidate for outsider director

I apologize for having caused our shareholders concern at the Annual Shareholders' Meeting last year. Stability of governance has advanced this year, and we are in the process of constructing our own form of governance aimed at the prevention of recurrences of confusion and effective operations. The management execution team is working on management reform for mid- and long-term

growth.　I would like to fulfill my role of supervisor in order to improve the Company's corporate value, while keeping an eye on the changes of the economic situation and the minds of people after the corona pandemic. I would appreciate your continued support.

(Note)

1. The respective candidates and the Company do not share any special interests.

2. The Company has set forth in Article 30, Paragraph 2 of its current Articles of Incorporation that the Company may enter into an agreement with each Outside Director which limits the liability for damages of each outside director to the Company. Based on this, the Company has executed liability limitation agreements with each of Tamio Uchibori, Kaoru Onimaru, Teruo Suzuki, Yuji Nishiura, Daisuke Hamaguchi and Masatoshi Matsuzaki. If the election of Tamio Uchibori, Kaoru Onimaru, Teruo Suzuki, Yuji Nishiura, Daisuke Hamaguchi and Masatoshi Matsuzaki is approved at this AGM, the Company plans to continue liability limitation agreements with each of those candidates. The content of such agreements can be summarized as follows:

   - If any liability for damages to the Company arises as a result of an Outside Director's negligence in performing his or her duties, such Outside Director shall be liable to the Company up to the higher of 10 million yen or any amount prescribed by applicable laws and regulations.
   - The aforementioned limitation of liability is applicable only if such Outside Director has acted in good faith and has not been grossly negligent in performing his or her duties which have caused the liability.

3. The Company has notified each domestic stock exchange on which the Company is listed of Tamio Uchibori, Kaoru Onimaru, Teruo Suzuki, Yuji Nishiura, Daisuke Hamaguchi and Masatoshi Matsuzaki as Independent Directors. If the election of them is approved at this AGM, the Company plans to continue the notification of them as Independent Officers.

   Tamio Uchibori, Kaoru Onimaru, Teruo Suzuki, Yuji Nishiura, Daisuke Hamaguchi and Masatoshi Matsuzaki satisfy the Independence Criteria for Outside Directors prescribed by the Company (page 37).

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[Reference] Independence Criteria for Outside Directors of the Company

The Company prescribes the below criteria for the purpose of securing the independence of Outside Directors.

1. The Company considers an Outside Director to be independent unless he or she is:

(1) a shareholder, or an executive officer of such shareholder (an executive officer means an "Executive Officer" provided in Article 2, Paragraph 3, Item 6 of the Regulation for Enforcement of the Companies Act; the same shall apply hereafter), who holds 10% or more of the voting rights of the Company;

(2) an Executive Officer of a company of which the Company holds 10% or more of the voting rights;

(3) a business partner whose transactions with the Company group exceed an amount of 2% or more of the consolidated gross revenue of either the Company group or such business partner in a fiscal year, or an executive officer of such business partner;

(4) a financial institution or other major creditor which is essential for the financing of the Company group and on which such financing is irreplaceably dependent, or an executive officer thereof;

(5) a member, partner or employee of the audit firm or tax accountant firm which is an accounting auditor or accounting advisor of the Company group;

(6) a person receiving a donation or subsidy of 10 million yen or more from the Company group in a fiscal year, or if the person receiving the donation or subsidy is a corporation, partnership or other organization (the "Juridical Persons, etc."), an executive officer of the Juridical Persons, etc. receiving a donation or subsidy of more than 2% of the consolidated gross revenues of such Juridical Persons, etc. from the Company group in a fiscal year;

(7) a person receiving monetary payments or other financial assets of 10 million yen or more from the Company group as a lawyer, accountant, tax accountant, consultant or other professional advisor, besides the director compensation, or if a person receiving such financial assets is a juridical person, partnership or other organization such as a legal professional corporation, law firm, audit corporation, tax accountant corporation or consulting firm (the "Law Firm, etc."), a person belonging to the Law Firm, etc. receiving monetary payments or other financial assets of more than 2% of the Law Firm, etc.'s annual gross revenues from the Company group;

(8) a person whose spouse, a relative within the second degree of kinship or a relative who lives with such person corresponds to any of subsections (1) through (7) of this paragraph;

(9) a person who corresponded to any of subsections (1) through (8) of this paragraph in the past five years; or

(10) an Executive Officer of a company to which an Executive Officer (meaning an Executive Director, Executive Officer, Corporate Officer, Manager or other employees, notwithstanding subsection (1) in this paragraph) of the Company group serves as an officer of such company.

2. The Board shall monitor on an ongoing basis whether persons serving as outside directors continue to satisfy the criteria set forth in the preceding paragraph.

[End]

[Back cover]

In consideration of the situation of the COVID-19, placing top priority on the safety of our shareholders, we strongly ask shareholders to exercise voting rights in advance and refrain from coming to the venue on the day of the Shareholders' Meeting.
The Shareholders' Meeting may be viewed by live broadcast. We kindly ask for your understanding and cooperation.