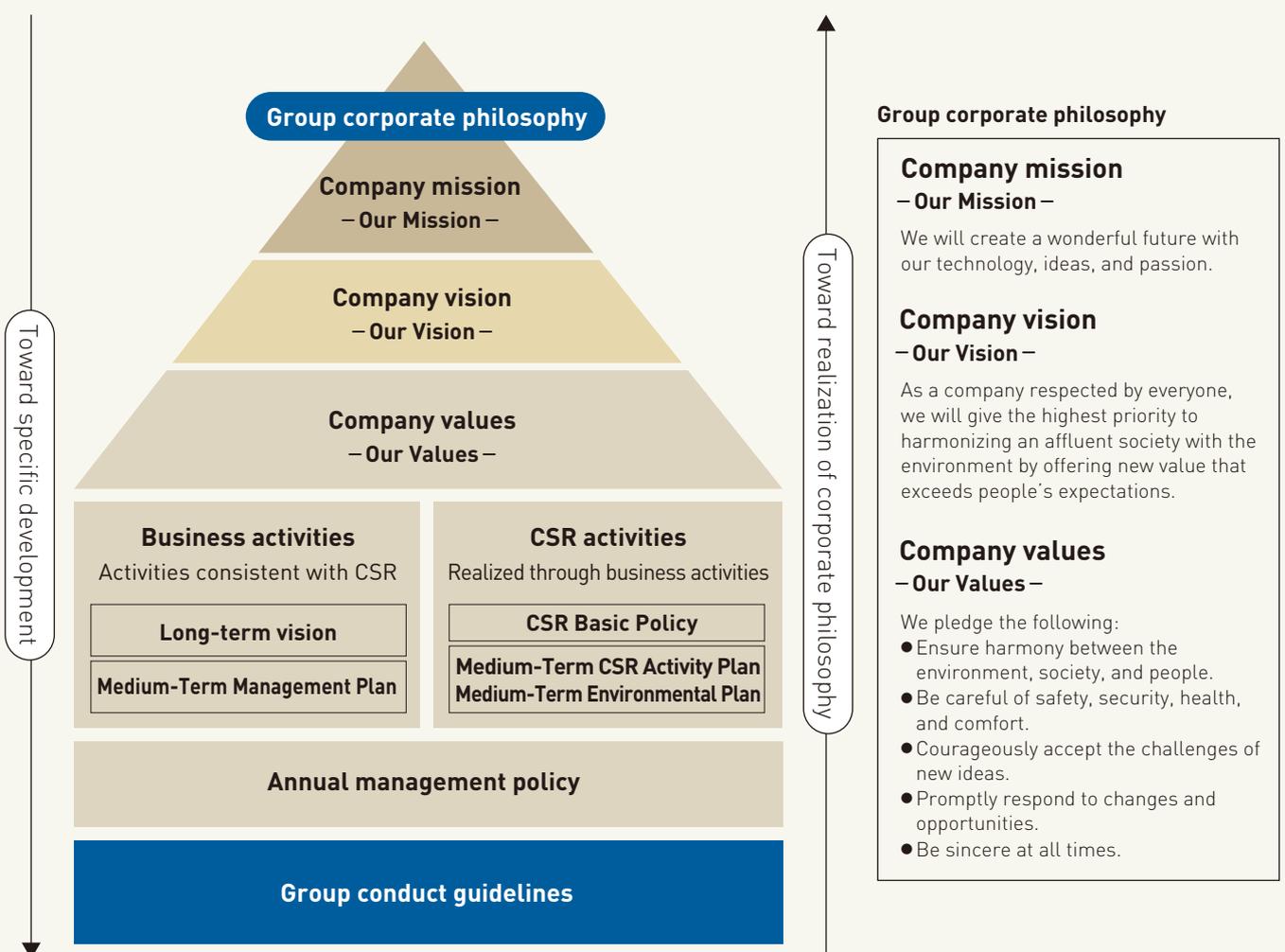


Management Policy

Aiming to make the new group corporate philosophy a reality, the Daiken Group will promote CSR management from a long-term point of view.

Since the long-term vision GP25 was established in 2015, the Daiken Group has been promoting a growth strategy aimed at becoming an all-embracing company for building materials according to the GP25 1st Stage in its Medium-Term Management Plan from 2016. In April 2017, the new Group Corporate Philosophy was formulated to address stronger management toward sustainable improvements in our corporate value and philosophy.

The system of practicing the group corporate philosophy



Key points of the long-term vision, GP25 (GROW/GLOW PLAN25)

The Daiken Group celebrated the 70th anniversary of its founding in 2015. In that milestone year, the Group formulated GP25 (GROW/GLOW PLAN25 (GP25), the long-term vision for its business in 2015 to be achieved by 2025. The plan GP25 sets the Group's vision for the future (corporate vision) of transforming from a housing materials manufacturer to an all-embracing company for building materials. For us to grow and glow, The

Daiken Group not only the pursuit of profit, but must also be committed to improving society. We seek to be an enterprise that people value highly for an attractive working environment and as a place where employees can work confidently and enthusiastically. We will work together to achieve our objectives by anticipating changes in the business environment and continuing to accept the challenge of offering new value to customers.

The Group will work to transform into an enterprise that meets the expectations of customers and markets while contributing to a better society.

GROW

GLOW

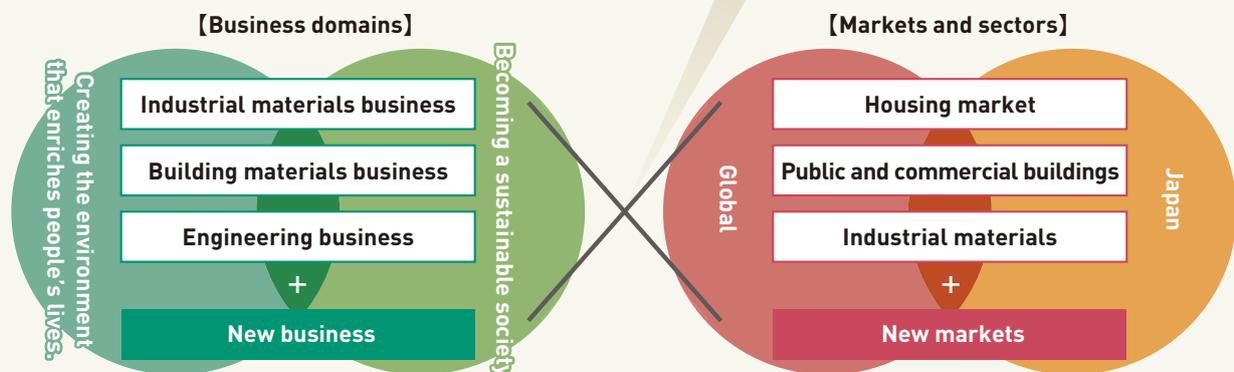
The Group will work to become an enterprise that people rate highly for its attractive working environment and as a place where employees can work positively and enthusiastically.

Key points of the Medium-Term Management Plan, GP25 1st Stage (for fiscal 2017-2019)

The Daiken Group began the GP25 1st Stage in April 2016, in its Medium-Term Management Plan, which we regard as a first step in achieving a long-term vision GP25. Under this plan, the Group has set the management target an ordinary income of ¥7.0 billion on net sales of ¥180.0 billion, operating profits of ¥7.0 billion, ¥4.3 billion for profit attributable to owners of parent and 8% or higher of ROE by fiscal 2019, the final year in the first stage of the plan.

The largest mission in the GP25 1st Stage is to lay the foundation for transforming into a housing material manufacturer to an all-embracing company for building materials. To make these a reality, the Group has completely reviewed its policies and activities, laid out a strategy that includes both a business and a market point of view, and identify major issues and determine resolutions. We have been carrying out these approaches steadily.

The first step toward an all-embracing company for building materials



Key business: Engineering business

Prioritized markets: Public and commercial buildings, global markets