

Board of Directors, Audit & Supervisory Board Members (As of June 23, 2021)



Chairman of the Board
and Representative
Director

**Teiji
Koge**

Number of Shares of the Company Owned: 130,641 shares

Apr. 1976: Joined the Company
Jun. 2005: Director of the Company
President of NAGOYA SEKISUI HEIM CO., LTD.
Oct. 2005: Director of the Company
Head of President's Office of Housing Company
Apr. 2006: Director of the Company
Head of Planning & Control Department of Housing Company
Apr. 2007: Director of the Company
Head of Housing Division and Planning & Control
Department of Housing Company
Jul. 2007: Director of the Company
Responsible for Sales Department, Head of Housing
Division of Housing Company
Feb. 2008: Director of the Company
President of Housing Company
Responsible for Sales Department, Head of Housing Division
Apr. 2008: Director of the Company
Managing Executive Officer of the Company
President of Housing Company
Apr. 2009: Director of the Company
Senior Managing Executive Officer of the Company
President of Housing Company
Mar. 2014: Director of the Company
Senior Managing Executive Officer of the Company
Head of CSR Department
Head of Corporate Communication Department
Mar. 2015: President and Representative Director
Chief Executive Officer of the Company
Mar. 2020: Chairman of the Board and Representative Director of
the Company [incumbent]

Reasons for Election of the Director

Since Mr. Teiji Koge was appointed as President and Representative Director in 2015, he has served as the driving force of the Group by implementing his strong leadership in demonstrating the new long-term vision which aims for ESG management and doubling of the business scale, with the aim of maintaining SEKISUI CHEMICAL Group's strong corporate presence for 100 years premised on the Group's management principles. Furthermore, since June 2018, he has presided over Board of Directors meetings, encouraged constructive discussions on management strategies by increasing the involvement of Outside Directors, executed governance reform, and endeavored to ensure the effectiveness of the Board of Directors. Since he was appointed as Chairman of the Board and Representative Director in March 2020, he has been properly supervising the Company's management as an Inside Director who is not concurrently responsible for business execution. Therefore, the Company has judged that he is expected to further contribute to the establishment of the basic management policy and the proper supervision of management by the Board of Directors of the Company and thus re-elected him as a Director.

Attendance rate at the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)

Attendance rate at the Nomination and Remuneration Advisory Committee Meetings of the Company in FY2020: 100% (6 out of 6)

Chairperson of the Board of Directors



President and
Representative Director
Chief Executive Officer

**Keita
Kato**

Number of Shares of the Company Owned: 86,993 shares

Apr. 1980: Joined the Company
Apr. 2008: Executive Officer of the Company
Head of Interlayer Film Division of High Performance
Plastics Company
Jul. 2011: Executive Officer of the Company
Head of New Business Promotion Division of High
Performance Plastics Company
Mar. 2013: Executive Officer of the Company
Head of New Business Promotion Division and Head of Research
& Development Institute of High Performance Plastics Company
Oct. 2013: Executive Officer of the Company
Head of Research & Development Institute of High
Performance Plastics Company
Mar. 2014: Managing Executive Officer of the Company
President of High Performance Plastics Company
Jun. 2014: Director of the Company
Managing Executive Officer of the Company
President of High Performance Plastics Company
Apr. 2015: Director of the Company
Senior Managing Executive Officer of the Company
President of High Performance Plastics Company
Jan. 2019: Representative Director of the Company
Senior Managing Executive Officer of the Company
Head of Business Strategy Department
Apr. 2019: Representative Director of the Company
Senior Managing Executive Officer of the Company
Responsible for ESG Management Department
Head of Business Strategy Department
Jul. 2019: Representative Director of the Company
Senior Managing Executive Officer of the Company
Responsible for ESG Management Department
Head of Business Strategy Department
Head of New Business Development Department
Jan. 2020: Representative Director of the Company
Senior Managing Executive Officer of the Company
Responsible for ESG Management Department
Head of Business Strategy Department
Mar. 2020: President and Representative Director of the Company
Chief Executive Officer of the Company [incumbent]

Reasons for Election of the Director

Since Mr. Keita Kato was appointed as Director in 2014, he has implemented his leadership and made significant achievements as President of High Performance Plastics Company. In addition, as Head of Business Strategy Department since January 2019, he has overseen SEKISUI CHEMICAL Group's management in general as well as administrative supervision functions of overseas businesses and properly supervising business execution from a global perspective. Since he was appointed as President and Representative Director in March 2020, he has been engaged in formulation/deliberation and supervision of management strategies, etc. in the Board of Directors while also promoting the long-term vision, which aims for ESG management and doubling of the business scale. Therefore, the Company has re-elected him as a Director.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)

Attendance rate of the Nomination and Remuneration Advisory Committee Meetings of the Company in FY2020: 100% (6 out of 6)



Director
Senior Managing
Executive Officer

**Yoshiyuki
Hirai**

Number of Shares of the Company Owned: 44,568 shares

Apr. 1985: Joined the Company
Apr. 2014: Executive Officer of the Company
Head of Foam Division of High Performance Plastics
Company
Apr. 2015: Executive Officer of the Company
Responsible for CSR Promotion Department
Head of Business Strategy Department
Jun. 2015: Director of the Company
Executive Officer of the Company
Responsible for CSR Promotion Department
Head of Business Strategy Department
Apr. 2017: Director of the Company
Managing Executive Officer of the Company
Responsible for Corporate Finance & Accounting
Department
Head of Business Strategy Department
Apr. 2018: Director of the Company
Managing Executive Officer of the Company
Head of Business Strategy Department
Jan. 2019: Director of the Company
Managing Executive Officer of the Company
President of Urban Infrastructure & Environmental
Products Company
Apr. 2020: Director of the Company
Senior Managing Executive Officer of the Company
President of Urban Infrastructure & Environmental
Products Company [incumbent]

Reasons for Election of the Director

Since Mr. Yoshiyuki Hirai was appointed as Director in 2015, he has made such achievements as strengthening the foundation of global management structure and promoting constructive engagement with shareholders as Head of Business Strategy Department by leveraging the knowledge fostered through his abundant experience so far. As President of the Urban Infrastructure & Environmental Products Company since January 2019, he has been performing his duties by applying his deep insight. He is also highly knowledgeable of the stakeholders' expectations and issues surrounding SEKISUI CHEMICAL Group and has been performing his duties by applying his advanced management capabilities. Therefore, the Company has judged that he would be able to contribute to further enhancing the corporate value of SEKISUI CHEMICAL Group and thus re-elected him as a Director.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)



Director
Senior Managing
Executive Officer

**Toshiyuki
Kamiyoshi**

Number of Shares of the Company Owned: 62,926 shares

Apr. 1983: Joined the Company
Apr. 2013: Executive Officer of the Company
President of SEKISUI HEIM TOHOKU CO., LTD.
Jan. 2014: Executive Officer of the Company
Head of Sales Management Division of Housing
Company
Jan. 2015: Executive Officer of the Company
President of TOKYO SEKISUIHEIM CO., LTD.
Jan. 2018: Executive Officer of the Company
Head of Housing Sales Management Division, Head of
Housing Renovation Sales Management Division
Head of Administrative Management & Control
Department of Housing Company
Mar. 2018: Executive Officer of the Company
Head of Housing Sales Management Division of
Housing Company
Apr. 2018: Managing Executive Officer of the Company
Head of Housing Sales Management Division of
Housing Company
Jan. 2019: Managing Executive Officer of the Company
President of Housing Company
Head of Housing Sales Management Division
Head of Town and Community Development
Department of Housing Company
Jun. 2019: Director of the Company
Managing Executive Officer of the Company
President of Housing Company
Head of Housing Sales Management Division
Head of Town and Community Development
Department of Housing Company
Jan. 2020: Director of the Company
Managing Executive Officer of the Company
President of Housing Company
Apr. 2020: Director of the Company
Senior Managing Executive Officer of the Company
President of Housing Company [incumbent]

Reasons for Election of the Director

Mr. Toshiyuki Kamiyoshi has been engaged in the operations of the Housing Company for many years and has extensive management experience, including serving as President of SEKISUI HEIM TOHOKU CO., LTD., President of TOKYO SEKISUIHEIM CO., LTD., and Head of Housing Sales Management Division of the Housing Company. Since he was appointed as President of the Housing Company in January 2019, he has been performing his duties at Board of Directors meetings by applying his deep insight and advanced management capabilities by leveraging the broad experience he has gained to date. Following his appointment to the Board of Directors in 2019, he has used these experiences to deliberate and oversee the Board's business strategy. Therefore, the Company has judged that he has the high capabilities necessary for further enhancing the corporate value of SEKISUI CHEMICAL Group and thus re-elected him as a Director.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)



Director
Senior Managing
Executive Officer

**Futoshi
Kamiwaki**

Number of Shares of the Company Owned: 79,916 shares

Apr. 1983: Joined the Company
Apr. 2011: Executive Officer of the Company
Head of Planning & Control Department of Housing Company
Oct. 2012: Executive Officer of the Company
Responsible for Public Relations & External Relations Department
Head of Planning & Control Department of Housing Company
Jan. 2013: Executive Officer of the Company
Head of Housing Product Research & Development
Department of Housing Company
Jan. 2014: Executive Officer of the Company
Head of Product Research & Development Department
of Housing Company
Apr. 2017: Managing Executive Officer of the Company
Head of Product Research & Development Department
of Housing Company
Mar. 2018: Managing Executive Officer of the Company
Head of Housing Renovation Sales Management Division
Head of Administrative Management & Control
Department of Housing Company
Mar. 2019: Managing Executive Officer of the Company
Head of Administrative Management & Control
Department of Housing Company
Jan. 2020: Managing Executive Officer of the Company
Head of New Business Development Department
Mar. 2020: Managing Executive Officer of the Company
Responsible for ESG Management Department and
New Business Development Department
Head of Business Strategy Department
Apr. 2020: Senior Managing Executive Officer of the Company
Responsible for ESG Management Department,
Digital Transformation Department, and New Business
Development Department
Head of Business Strategy Department
Jun. 2020: Director, Senior Managing Executive Officer of the
Company
Responsible for ESG Management Department,
Digital Transformation Department, and New Business
Development Department
Head of Business Strategy Department [incumbent]

Reasons for Election of the Director

Mr. Futoshi Kamiwaki has been engaged in the operations of product development, sales management, and administrative management and control as Head of Product Research & Development Department, Head of Housing Renovation Sales Management Division, and Head of Administrative Management & Control Department of the Housing Company, and has abundant experience in strategy planning and management. Leveraging the aforementioned experience, since he was appointed as Head of New Business Development Department within the Company's headquarters in January 2020 and Head of Business Strategy Department in March 2020, he has been performing his duties by applying his deep insight and advanced management capabilities. Therefore, the Company has judged that he has the high capabilities necessary for enhancing the corporate value of SEKISUI CHEMICAL Group especially in the area of ESG management promotion and digital transformation and thus re-elected him as a Director.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (13 out of 13)

Corporate Governance

Board of Directors, Audit & Supervisory Board Members (As of June 23, 2021)

Director
Senior Managing
Executive Officer**Ikusuke
Shimizu**

Number of Shares of the Company Owned: 49,986 shares

Apr. 1987: Joined the Company
Apr. 2015: Executive Officer of the Company
Head of Foam Division of High Performance Plastics Company
Apr. 2016: Executive Officer of the Company
Responsible for Automobiles & Transportation field
Head of Foam Division of High Performance Plastics Company
Apr. 2018: Executive Officer of the Company
Responsible for Electronic Device Materials field
Head of Foam Division of High Performance Plastics Company
Jan. 2019: Managing Executive Officer of the Company
President of High Performance Plastics Company
Responsible for Electronic Device Materials field of
High Performance Plastics Company
Director of Sekisui Fuller Company, Ltd. [incumbent]
Apr. 2019: Managing Officer of the Company
President of High Performance Plastics Company
Jun. 2019: Director of the Company
Managing Executive Officer of the Company
President of High Performance Plastics Company
Apr. 2021: Director of the Company
Senior Managing Executive Officer of the Company
President of High Performance Plastics Company
[incumbent]

Reasons for Election of the Director

Mr. Ikusuke Shimizu is highly knowledgeable of the High Performance Plastics Company's strategic fields including the overseas segment, having served as Head of Foam Division, Responsible for Automobiles & Transportation field, Responsible for Electronic Device Materials field of High Performance Plastics Company as well as President of SEKISUI TA INDUSTRIES, LLC, etc. Since he was appointed as President of High Performance Plastics Company in January 2019, he has been performing his duties by applying his deep insight and advanced management capabilities by leveraging the broad experience he has gained to date. Therefore, the Company has judged that he has the high capabilities necessary for enhancing the corporate value of SEKISUI CHEMICAL Group and thus re-elected him as a Director.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)

Director
Executive Officer**Kazuya
Murakami**

Number of Shares of the Company Owned: 11,405 shares

Apr. 1989: Joined the Company
Mar. 2014: Head of Human Resources Development Division of
High Performance Plastics Company
Apr. 2020: Executive Officer of the Company
Head of Human Resources Development Division of
High Performance Plastics Company
Oct. 2020: Executive Officer of the Company
Head of Human Resources Department
Jun. 2021: Director of the Company
Executive Officer of the Company
Head of Human Resources Department [incumbent]

Reasons for Election of the Director

Mr. Kazuya Murakami has been engaged in back-office operations mainly at the human resources department, including serving as Head of Human Resources Development Division of High Performance Plastics Company, and has abundant experience in global policy enforcement and management. Leveraging the aforementioned experience, since his appointment as Head of Human Resources Department in October 2020, he has exercised his strong leadership in the personnel system reform and in the promotion of diversity management, as well as working to create the Company's organizational culture and to improve employees' engagement. Mr. Murakami has performed his duties by applying his deep insight and advanced management capabilities. Therefore, the Company has judged that he has the high capabilities necessary for enhancing the corporate value of SEKISUI CHEMICAL Group and thus elected him as a Director.



Independent officer

Outside Director

**Yutaka
Kase**

Number of Shares of the Company Owned: —

May 1970: Joined Nissho Iwai Corporation
Jun. 2001: Executive Officer of Nissho Iwai Corporation
Apr. 2003: Director and Managing Executive Officer of Nissho Iwai Corporation
Apr. 2004: Representative Director and Senior Managing Executive Officer of former Sojitz Corporation
Aug. 2004: Representative Director and Executive Vice President of former Sojitz Corporation
Oct. 2005: Representative Director and Executive Vice President of Sojitz Corporation
Apr. 2007: President & CEO of Sojitz Corporation
Apr. 2012: Representative Director and Chairman of Sojitz Corporation
Jun. 2013: Outside Director of Astellas Pharma Inc. [resigned in 2017]
Mar. 2016: Outside Director of JAC Recruitment Co., Ltd. [incumbent]
Jun. 2016: Outside Director of the Company [incumbent]
Jun. 2017: Senior Advisor of Sojitz Corporation
Jun. 2018: Advisor of Sojitz Corporation [incumbent]

Reasons for Election of the Director

Since Mr. Yutaka Kase was appointed as Outside Director in June 2016, he has provided advice with respect to the business management of the Company at Board of Directors meetings and supervised business execution appropriately by leveraging his abundant experience and past achievements regarding global corporate management and business strategy fostered through his position as a corporate manager of a general trading company. Therefore, the Company has judged that he would be able to contribute to further enhancing the corporate value of SEKISUI CHEMICAL Group and thus re-elected him as an Outside Director.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)
Attendance rate of the Nomination and Remuneration Advisory Committee Meetings of the Company in FY2020: 100% (6 out of 6)

**Chairman of the Nomination and
Remuneration Advisory Committee**

Independent officer

Outside Director

**Hiroshi
Oeda**

Number of Shares of the Company Owned: 7,000 shares

Apr. 1980: Joined Nisshin Flour Milling Inc.
(currently Nisshin Seifun Group Inc.)
Jun. 2008: Executive Officer of Nisshin Seifun Group Inc.
Jun. 2009: Director of Nisshin Seifun Group Inc.
Apr. 2011: Director and President of Nisshin Seifun Group Inc.
Apr. 2017: Director and Executive Advisor of Nisshin Seifun Group Inc.
Jun. 2017: Special Advisor of Nisshin Seifun Group Inc. [incumbent]
President of Seifun Kaikan Inc. [incumbent]
Mar. 2018: Outside Director of EBARA CORPORATION [incumbent]
Jun. 2018: Outside Director of the Company [incumbent]
Jun. 2019: President of Hitotsubashi University Koenkai [incumbent]

Reasons for Election of the Director

Since Mr. Hiroshi Oeda was appointed as Outside Director in June 2018, he has been providing advice with respect to the business management of the Company at Board of Directors meetings and supervising business execution appropriately by leveraging his abundant experience and skill regarding global corporate management, business strategies, execution of overseas M&A, etc., gained from serving as a management executive of the largest milling company in Japan. Therefore, the Company has judged that he would be able to contribute to enhancing the corporate value of SEKISUI CHEMICAL Group and thus re-elected him as an Outside Director.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)
Attendance rate of the Nomination and Remuneration Advisory Committee Meetings of the Company in FY2020: 100% (6 out of 6)



Independent officer

Outside Director

**Yoko
Ishikura**

Number of Shares of the Company Owned: —

Jul. 1985: Manager of Japanese branch of McKinsey & Company, Inc. [retired in 1992]
Apr. 1992: Professor of School of International Politics, Economics & Communication of Aoyama Gakuin University [resigned in 2000]
Apr. 2000: Professor of School of International Corporate Strategy of Hitotsubashi University Business School [resigned in 2011]
Apr. 2004: Outside Director of Japan Post (part-time) [resigned in 2007]
Oct. 2005: Vice President of Science Council of Japan [resigned in 2006]
Jun. 2006: Outside Director of Mitsui O.S.K. Lines, Ltd. [resigned in 2010]
Jun. 2010: Outside Director of NISSIN FOODS HOLDINGS CO., LTD. [resigned in 2019]
Outside Director of FUJITSU LIMITED [resigned in 2013]
Apr. 2011: Professor of Keio University Graduate School of Media Design [resigned in 2014]
Apr. 2012: Professor Emeritus of Hitotsubashi University [incumbent]
Jun. 2012: Outside Director of LIFENET INSURANCE COMPANY [resigned in 2016]
Jun. 2014: Outside Director of Sojitz Corporation [resigned in 2018]
Jun. 2015: Outside Director of Shiseido Company, Limited [incumbent]
Jun. 2019: Outside Director of the Company [incumbent]
May 2020: Outside Director of TSI HOLDINGS CO., LTD. [resigned in May 2021]

Reasons for Election of the Director

Since Ms. Yoko Ishikura was appointed as Outside Director in June 2019, she has advanced academic expertise in international politics/economics and international corporate strategy, and is well versed in corporate management through her experience as an outside director at multiple global enterprises. Furthermore, she has been actively involved in diversity management and promotion of greater participation of women, which are areas being addressed by SEKISUI CHEMICAL Group. Therefore, the Company has judged that she would be able to contribute to enhancing the corporate value of SEKISUI CHEMICAL Group and thus re-elected her as an Outside Director.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)
Attendance rate of the Nomination and Remuneration Advisory Committee Meetings of the Company in FY2020: 100% (6 out of 6)

* Independent officers: defined by the Tokyo Stock Exchange.

Corporate Governance

Board of Directors, Audit & Supervisory Board Members (As of June 23, 2021)

Full-time Audit &
Supervisory Board
Member**Hiroyuki
Taketomo**

Number of Shares of the Company Owned: 28,986 shares

Apr. 1985: Joined the Company
Apr. 2015: Executive Officer of the Company
Head of Human Resources Department
Apr. 2016: Executive Officer of the Company
Responsible for Legal Department
Head of Human Resources Department
Jun. 2016: Director of the Company
Executive Officer of the Company
Responsible for Legal Department
Head of Human Resources Department
Apr. 2017: Director of the Company
Managing Executive Officer of the Company
Responsible for Legal Department
Head of Human Resources Department
Oct. 2020: Director of the Company
Managing Executive Officer of the Company
Head of Legal Department
Apr. 2021: Director of the Company
Responsible for CEO's special mission
Jun. 2021: Audit & Supervisory Board Member of the Company
[incumbent]

Reasons for Election of the Audit & Supervisory Board Member

Since his appointment as Director in 2016, Mr. Hiroyuki Taketomo has performed his duties, including carrying out measures in accordance with corporate governance, as Head of Human Resources Department and Head of Legal Department by applying his deep insight and advanced management capabilities. He has also made sufficient achievements in supervising business execution status as Director, such as enhancing compliance from a global perspective as the executive in charge of company-wide compliance. Since he is expected to contribute to the improvement of the supervisory functions of the Audit & Supervisory Board and the Board of Directors by leveraging his abundant experience described above, SEKISUI CHEMICAL Group has elected him as an Audit & Supervisory Board Member.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)

Chair of the Audit & Supervisory BoardFull-time Audit &
Supervisory Board
Member**Toshitaka
Fukunaga**

Number of Shares of the Company Owned: 80,322 shares

Apr. 1979: Joined the Company
Apr. 2011: Executive Officer of the Company
Head of Shiga Minakuchi Plant of High Performance Plastics Company
Mar. 2014: Executive Officer of the Company
Head of Technology & CS Promotion Department of High Performance Plastics Company
Apr. 2016: Executive Officer of the Company
Responsible for Electronic Device Materials field
Head of Technology & CS Promotion Department of High Performance Plastics Company
Apr. 2017: Managing Executive Officer of the Company
Responsible for Electronic Device Materials field
Head of Technology & CS Promotion Department of High Performance Plastics Company
Apr. 2018: Managing Executive Officer of the Company
Head of Technology & CS Promotion Department of High Performance Plastics Company
Apr. 2020: Advisor of the Company
Jun. 2020: Audit & Supervisory Board Member of the Company
[incumbent]

Activities since assuming office in June 2020

Mr. Toshitaka Fukunaga undertakes daily auditing activities and provides useful opinions and suggestions during deliberations on agenda items as appropriate as a Full-time Audit & Supervisory Board Member by leveraging his abundant management experience with the Company and his knowledge of the manufacturing field, including capital investment, production technology, digitalization, and quality management.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (13 out of 13)
Attendance rate of the Audit & Supervisory Board Meetings of the Company in FY2020: 100% (13 out of 13)



Independent officer

Outside Audit & Supervisory
Board Member**Tetsuo
Ozawa**

Number of Shares of the Company Owned: —

Apr. 1973: Admitted to the bar
Joined Tokyo Fuji Law Office
Apr. 1978: Partner of Tokyo Fuji Law Office
Jun. 2014: Audit & Supervisory Board Member of the Company
[incumbent]
Jan. 2016: Representative Partner of Tokyo Fuji Law Office
[incumbent]

Activities since assuming office in June 2014

Leveraging his legal perspective and broad insight as a lawyer, and his extensive business experience in legal and risk management, focusing on the field of corporate legal affairs, Mr. Tetsuo Ozawa provides valuable opinions and recommendations regarding the establishment and maintenance of the Group's compliance system. In addition, as a member of the Nomination and Remuneration Advisory Committee, he makes useful opinions and recommendations as appropriate.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)
Attendance rate of the Nomination and Remuneration Advisory Committee Meetings of the Company in FY2019: 100% (19 out of 19)
Attendance rate of the Nomination and Remuneration Advisory Committee Meetings of the Company in FY2020: 100% (6 out of 6)



Independent officer

Outside Audit & Supervisory
Board Member**Kazuyuki
Suzuki**

Number of Shares of the Company Owned: —

Apr. 2000: Professor of Graduate School of Information Systems of the University of Electro-Communications (currently Graduate School of Informatics and Engineering)
[resigned in 2016]
Oct. 2009: President of Japanese Society for Quality Control, Incorporated Association (Currently General Incorporated Association) [resigned in Oct. 2011]
Apr. 2010: Professor of Graduate School of Informatics and Engineering of the University of Electro-Communications [resigned in 2016]
Jun. 2012: President of Reliability Engineering Association of Japan [resigned in 2014]
Jun. 2015: Audit & Supervisory Board Member of the Company [incumbent]
Apr. 2016: Emeritus professor of the University of Electro Communications [incumbent]
Specially-appointed professor of Graduate School of Informatics and Engineering of the University of Electro-Communications [incumbent]
Jul. 2020: Visiting Professor of The Institute of Statistical Mathematics, Research Organization for Information and Systems [incumbent]

Activities since assuming office in June 2015

Mr. Kazuyuki Suzuki has deep insight and abundant experience in quality control and reliability engineering. He continues to give useful opinions and suggestions, especially on the Group's safety and quality initiatives.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)
Attendance rate of the Audit & Supervisory Board Meetings of the Company in FY2020: 100% (19 out of 19)



Independent officer

Outside Audit & Supervisory
Board Member**Ryoko
Shimizu**

Number of Shares of the Company Owned: —

Apr. 1982: Joined Tokyo branch of Citibank, N.A. [retired in 1985]
Apr. 1989: Joined Chuo Shinko Audit Corporation [resigned in 2007]
Aug. 1992: Registered as Certified Public Accountant
Jan. 2004: Japanese representative member of International Public Sector Accounting Standards Board of International Federation of Accountants [resigned in 2005]
Apr. 2007: Full-time Professor, School of Accountancy, Graduate School, Kansai University
Jun. 2019: Audit & Supervisory Board Member of the Company [incumbent]
Apr. 2020: Full-time Professor, School of Accountancy, Graduate School, Faculty of Business and Commerce, Kansai University [incumbent]
Jun. 2020: Outside Director of Sumitomo Densetsu Co., Ltd. [incumbent]

Activities since assuming office in June 2019

Making the most of her specialized knowledge as a certified public accountant mainly in the fields of finance and accounting, Ms. Ryoko Shimizu provides useful opinions and suggestions, especially with regard to improving the reliability of the Group's financial reporting and establishing and maintaining internal controls.

Attendance rate of the Board of Directors Meetings of the Company in FY2020: 100% (17 out of 17)
Attendance rate of the Audit & Supervisory Board Meetings of the Company in FY2020: 100% (19 out of 19)

Executive Officers (As of June 23, 2021)

Keita Kato

Chief Executive Officer

Housing Company

Toshiyuki Kamiyoshi

Senior Managing Executive Officer
President of Housing Company

Kenji Yagi

Managing Executive Officer
President of SEKISUI HEIM KINKI CO., LTD.
President of SEKISUI HEIM CHUBU CO., LTD.

Shinichiro Koga

Executive Officer
Head of Technology & CS Division

Masahide Yoshida

Executive Officer
Head of Housing Business Management Division
President of TOKYO SEKISUIHEIM CO., LTD.

Hirokazu Hisamune

Executive Officer
President of SEKISUI HEIM KYUSHU CO., LTD.

Akinori Kawase

Executive Officer
Head of Development Division

Shinichi Jose

Executive Officer
Head of Manufacturing & Materials Division
President of SEKISUI HEIM INDUSTRY CO., LTD.

Satoru Maruyama

Executive Officer
President of SEKISUI HEIM CHUBU CO., LTD.

Urban Infrastructure & Environmental Products Company

Yoshiyuki Hirai

Senior Managing Executive Officer
President of Urban Infrastructure & Environmental Products Company

Takeo Kishitani

Executive Officer
Head of Sheet Division and New Business Development Division

Hiroki Okubo

Executive Officer
Head of Management Planning Department

Yoshiki Deguchi

Executive Officer
Head of Industrial Piping System Division

Toru Kurita

Executive Officer
Head of Technology & CS Promotion Department

High Performance Plastics Company

Ikusuke Shimizu

Senior Managing Executive Officer
President of High Performance Plastics Company

Toshio Konno

Executive Officer
Head of Corporate Planning Department

Takatsugu Arai

Executive Officer
President of SEKISUI MATERIAL SOLUTIONS CO., LTD.

Akira Asano

Executive Officer
Chairman of the Board of SEKISUI AEROSPACE CORPORATION

Masayuki Inoue

Executive Officer
Responsible for Building & Infrastructure Materials field
Head of Building & Infrastructure Materials Business Strategy Department

Takashi Muramatsu

Executive Officer
Responsible for Electronics field
Head of Electronic Business Strategy Department
Head of New Business Promotion Division

Hiroyuki Yamashita

Executive Officer
Responsible for Mobility field
Head of Mobility Business Strategy Department

Headquarters

Futoshi Kamiwaki

Senior Managing Executive Officer
Responsible for ESG Management Department,
Digital Transformation Department and
New Business Development Department
Head of Business Strategy Department

Katsunori Mukai

Executive Officer
Head of R&D Center and Intellectual Property Group

Hitoshi Kobayashi

Executive Officer
Head of Manufacturing Infrastructure Enhancement Center

Tatsuya Nishida

Executive Officer
Head of Corporate Finance & Accounting Department

Meiko Koga

Executive Officer
Head of Public Relations Department

Kazuya Murakami

Executive Officer
Head of Human Resources Department

Naoko Fukutomi

Executive Officer
Head of Legal Department

Corporate Governance Initiatives

Basic policy

SEKISUI CHEMICAL Group has put in place a basic philosophy regarding corporate governance that lays out efforts for securing sustainable growth and increasing corporate value over the medium and long terms. To help achieve these goals, we are increasing the transparency and fairness of our management and pursuing swift decision-making and will do so while continuing to meet—through the creation of value for society that is part of our Corporate Philosophy—the needs of the five types of stakeholders the Group emphasizes: customers, shareholders, employees, business partners, and local communities and the environment.

Corporate Governance System

Board of Directors

The Board of Directors is positioned as the body responsible for decision-making concerning the Company's fundamental policies, handling upper-level management judgments and supervising the execution of business. The Board of Directors has in place a highly effective supervisory system for Directors by appointing sufficiently independent Outside Directors to ensure transparency in management and fairness in business decisions and operations.

In addition to Directors, Audit & Supervisory Board Members, including outside Audit & Supervisory Board members, shall attend the meetings of the Board of Directors. The Board of Directors is chaired by the Representative Director and Chairman, a non-executive director.

The Group ensures diversity among board members and keeps the number of Directors at an optimal level for appropriate decision-making that is commensurate with the business domain and size.

The Board of Directors maintains a balance between diversity, optimal size, and capabilities while effectively fulfilling its role and responsibilities. This includes the appointment of presidents of the divisional companies, who are the top management of each business, as inside Directors, and senior corporate officers with significant experience and strong expertise, as well as independent Outside Directors, who have broad knowledge and experience, and Audit & Supervisory Board Members with strong expertise.

Outside Directors

The Company appoints to the Board three Outside Directors with verified independence from the Company who contribute to the enhancement of corporate value by providing oversight and advice based on their extensive administrative experience and specialized knowledge gained in backgrounds different to those of the Company. Based on their diverse and objective perspectives, the Outside Directors provide counsel especially on priority management issues, such as global development strategy, business model revisions, and the strengthening of ESG management.

The ratio of Independent Outside Directors to total Board of Directors members will be reviewed as appropriate, taking into account any expansion in the scale or scope of SEKISUI CHEMICAL Group's business, as well as the overall environment in which it operates.

Organizational Structure

As an organizational structure under the Companies Act, the Company has chosen to be a company with an Audit & Supervisory Board. Under the Divisional Company Organization System, the Company has adopted the Executive Officer System to clearly distinguish the business execution function (executive officers) from the supervisory function (directors) in order to respond quickly to changes in the business environment of each divisional company.

Organizational Structure	A company with an Audit & Supervisory Board
Total number of directors	10 (In-house: 7; Outside: 3) including 1 female director
Ratio of outside (independent) directors	30.0%
Ratio of female directors	10.0%
Director's term of office	1 year
Executive officer system introduced	Yes
Organization to assist the president in making decision	Policy Committee
Voluntary advisory board to the Board of Directors	Nomination and Remuneration Advisory Committee established

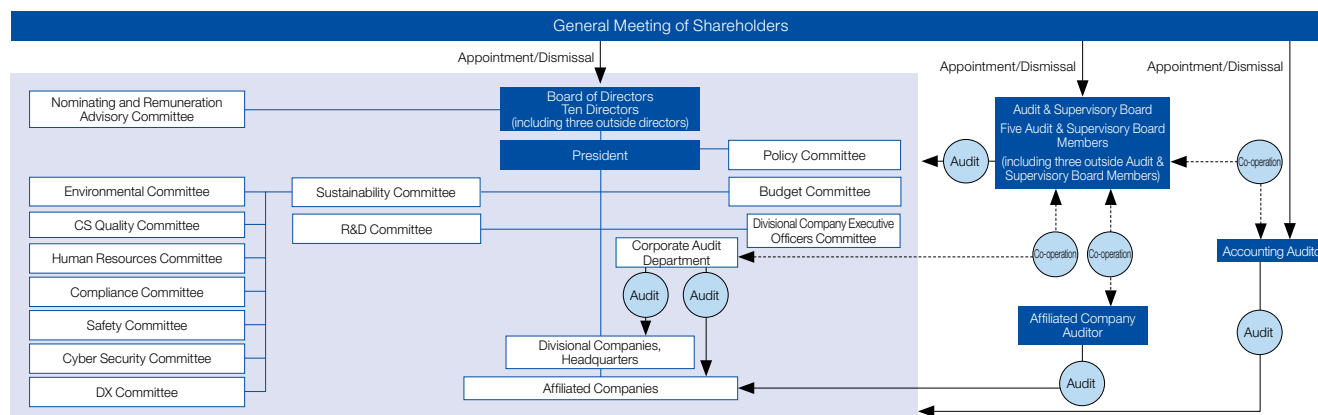
Initiatives Taken to Enhance Corporate Governance

2001	Divisional Company Organization System introduced
2003	Quality specialist selected as an Outside Audit & Supervisory Board Member
2007	The term of office of Directors shortened from 2 years to 1 year
2007	Legal, accounting, and quality specialist system implemented for Outside Audit & Supervisory Board Members
2008	Executive officer system introduced
2008	2 independent Outside Directors appointed
2015	Sekisui Corporate Governance Principles established
2016	Nomination and Remuneration Advisory Committee established
2018	Number of independent Outside Directors increased to 3

Group Principles

1959	Corporate Philosophy and 3S Principles established
1999	Corporate Principles established
2009	Group Vision established
2014	Corporate Principles incorporated into the Corporate Philosophy and the Group Vision

Corporate Governance System Chart (As of June 23, 2021)



Corporate Governance Initiatives

Composition of the Board of Directors (As of June 23, 2021)

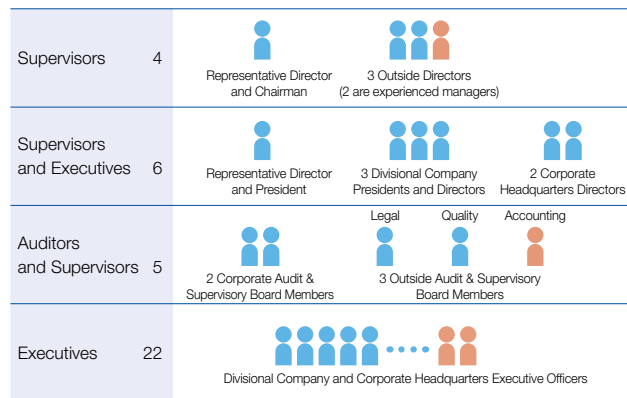
Name	Position in the Company	Number of Years	Board of Directors	Audit & Supervisory Board	Nomination and Remuneration Advisory Committee	Policy Committee	Sustainability Committee R&D Committee	Directors' and Audit & Supervisory Board Members' Outstanding Expertise, Experience and Capabilities							
								Corporate Management/ Management Strategy	Financial Affairs/ Accounting	Legal Affairs	Quality Control	Human and Labor Administration Human Resources Development	International Mindset	Research & Development	DX (Digital Transformation)
Teiji Koge	Chairman of the Board and Representative Director	16	●*1	–	○	○	–	✓				✓			
Keita Kato	President and Representative Director Chief Executive Officer	7	○	–	○	●*1	●*1	✓	✓		✓		✓	✓	
Yoshiyuki Hirai	Director Senior Managing Executive Officer	6	○	–	–	○	○	✓	✓				✓		
Toshiyuki Kamiyoshi	Director Senior Managing Executive Officer	2	○	–	–	○	○	✓							
Futoshi Kamiwaki	Director Senior Managing Executive Officer	1	○	–	–	○	○	✓	✓					✓	✓
Ikusuke Shimizu	Director Senior Managing Executive Officer	2	○	–	–	○	○	✓			✓		✓	✓	
Kazuya Murakami	Director Executive Officer	–	○	–	–	○	–	✓				✓	✓		
Yutaka Kase	Independent Outside Director	5	○	–	●*1	–	–	✓					✓		
Hiroshi Oeda	Independent Outside Director	3	○	–	○	–	–	✓					✓		
Yoko Ishikura	Independent Outside Director	2	○	–	○	–	–	✓					✓		
Hiroyuki Taketomo	Full-time Audit & Supervisory Board Member	–	○	●*1	–	○	–	✓		✓		✓			
Toshitaka Fukunaga	Full-time Audit & Supervisory Board Member	1	○	○	–	○	–				✓			✓	✓
Tetsuo Ozawa	Independent Outside Audit & Supervisory Board Member	7	○	○	○	–	–			✓					
Kazuyuki Suzuki	Independent Outside Audit & Supervisory Board Member	6	○	○	–	–	–				✓		✓	✓	✓
Ryoko Shimizu	Independent Outside Audit & Supervisory Board Member	2	○	○	–	–	–		✓				✓		

*1 The solid blue circle indicates the chairman or committee chairman.

Note: The list above does not reflect the full range of expertise possessed by the Directors and Audit & Supervisory Board Members

Corporate Governance Initiatives

Management System (As of June 23, 2021)



Note: All Audit & Supervisory Board Members also attend meetings of the Board of Directors.

Reference: Number of Directors by Age

Under 30	30-39	40-49	50-59	60 or older
0	0	0	3	7

The number of Directors shall not exceed 15, and the Board of Directors shall consist of human resources who have an excellent character, insight, and a high moral standard in addition to knowledge, experience, and skills. The Company is continuously seeking to ensure diversity of the Board of Directors.

Other Major Corporate Meetings and Committees

Name	Overview
Policy Committee	This committee meets once a month in order to deliberate on important management policies, strategic items, and proposals to be presented to the Board of Directors.
Executive Committee	This Committee is the top decision-making body in each divisional company and the Corporate Headquarters. It meets at least once per month. The Board of Directors delegates a broad degree of authority to this Committee to enable a rapid response to changes in the business environment among divisional companies. Executive Committee members, whose term of office is deemed to be for one year, are appointed by resolution of the Board of Directors.
Sustainability Committee	This committee deliberates on basic policies and important matters for the purpose of advancing policies designed to increase the sustainability of society and the Group; deliberates, determines, and manages the progress of activity plans; and evaluates, identifies, and deliberates on Group-wide risk. This committee meets at least twice per year. ▶P.57
R&D Committee	This committee meets at least once per year for the purpose of deliberating and determining Group-wide R&D basic policies regarding next-generation business creation, important matters, themes, and action plans.

Assessment Relating to the Board's Effectiveness

The Company evaluates the effectiveness of the Board of Directors every year. Having set an appropriate agenda, the Board of Directors engages in sufficient discussion with opinions and recommendations actively provided by Directors (including Outside Directors) and Audit & Supervisory Board Members. The Company has therefore determined that the current Board of Directors is contributing to enhancing the corporate value of the Group and functioning properly. In addition, the Company evaluates and improves the Board's function by discussing the effectiveness of the Board and points to improve at the Nomination and Remuneration Advisory Committee, holding regular meetings to exchange views between Outside Directors and the senior executive of the Company, and between Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members) and accounting auditor, as well as Board of Directors Meeting agenda-setting and the status of active participation of each Directors and Audit & Supervisory Board Members.

The Board of Directors met 17 times in fiscal 2020. In addition, discussions of important matters related to our management policies and strategies were carried out at meetings of the Policy Committee, which is made up of inside Director members. Policy decisions were made by the Board of Directors following these discussions.

Questionnaires for Evaluating Effectiveness

In fiscal 2020, we implemented questionnaires for Directors and Audit & Supervisory Board Members to evaluate the effectiveness of the Board of Directors. Based on the results, we confirmed that sufficient time for discussions was secured for the Board of Directors and that both Outside and Inside Directors, as well as Audit & Supervisory Board Members, actively exchanged their opinions with one another. With the goal of further improving the effectiveness of the Board of Directors, we are planning to add important management concerns identified in the questionnaire responses to the agenda for future meetings.

The important management issues taken up and deliberated by the Board of Directors in fiscal 2020

were its Long-term Vision, new Medium-term Management Plan, growth strategies (including R&D, large new businesses, and capital investment), and fundamental strategies (Sustainability Committee reports, digital transformation, safety and CS & quality), etc.

Support for and Collaboration with Outside Directors

To enable the Outside Directors to enhance deliberations at Board of Directors' meetings, the Company continuously provides opportunities for

them to deepen their understanding of the Group's widerange of businesses. This is done, for example, by the prior distribution of materials for Board of Directors' meetings and explanations given beforehand by the executive officer in charge of the secretariat, orientation visits at the time Outside Directors are appointed, and inspections of business sites. In April 2021, we conducted an online inspection of the Shiga-Ritto Plant and the General Institute of the Urban Infrastructure & Environmental Products Company.

To further enhance the effectiveness of management supervision by Outside Directors, the Company is making improvements to the deliberations that take place at the Nomination and Remuneration Advisory Committee, where the majority of the members are Outside Directors, and facilitating their dialogue with Audit & Supervisory Board Members and corporate auditors. From the point of view of succession planning, the Company is strengthening contacts between current management and next-generation management candidates, for example, by having Outside Directors give lectures at Executive Officers Liaison Meetings that are held on a quarterly basis and providing opportunities for Directors, Audit & Supervisory Board Members, and Executive Officers to meet when the new management system is inaugurated following the Annual General Meeting of Shareholders.

Audit System

At least one of the Audit & Supervisory Board Member candidates shall be nominated as an individual who has knowledge and expertise in corporate finance and accounting, and at least one other candidate shall be nominated as an individual who has knowledge and expertise in legal systems. Audit & Supervisory Board Members attend not only the Board of Directors meetings but also other important meetings, carrying out confirmation of the maintenance and operating conditions of the internal control system through operations such as investigation of related departments, including at Group companies, and confirmation of approval documents for major projects.

The Audit & Supervisory Board met 19 times in fiscal 2020, during which the members sufficiently shared information and exchanged opinions with each other, including outside Audit & Supervisory Board Members.

The Audit & Supervisory Board regularly holds meetings for exchange of opinions with the Internal Audit Department to understand the current internal issues, while the members personally visit various sites for audits as necessary. The results of the internal audit conducted by the Corporate Audit Department and the improvement status of audit findings are reported to the Audit & Supervisory Board Members on a timely basis. With the assistance of the dedicated support staff, Audit & Supervisory Board also collects information from internal departments and conducts any necessary interviews. Moreover, Audit & Supervisory Board Members confirm the audit plan with accounting

Corporate Governance Initiatives

auditor Ernst & Young Shin-Nihon LLC and exchange information and opinions periodically with the accounting auditor including receiving audit reports, with the aim of increasing the effectiveness and efficiency of audits through close collaboration. Liaison meetings were held with related corporate auditors to improve coordination with auditors and enhance the quality of auditing.

In addition, Audit & Supervisory Board Members hold a regular meeting with the Representative Directors, Directors, and executive officers to exchange opinions on the issues that the Company should resolve, the status of the improvement of the environment for audit by Audit & Supervisory Board Members, and important audit issues and to make necessary requests to enhance mutual understanding.

Nomination and Remuneration Advisory Committee

The Company has established an optional advisory committee concerning nomination and remuneration to complement the functions of the Board of Directors and to further enhance the fairness and transparency of management. This Committee comprises six members, the majority of whom are independent outside directors. The Chairperson is elected from the independent outside directors. When nominating directors, deliberations are held by the Nomination and Remuneration Advisory Committee, with opinions then reported to the Board of Directors, where the decision on candidates will be made.

Roles of the Nomination and Remuneration Advisory Committee

- Appoints and dismisses Representative Directors, Directors, and other senior executives; appoints and dismisses Audit & Supervisory Board Member candidates; and appoints and dismisses advisors and executive advisors, including former Representative Directors and Presidents
- Deliberates on the adequacy of the Director remuneration system and remuneration levels, etc.
- Deliberates and makes recommendations to the Board of Directors on important management issues as necessary

Fiscal 2020 Activities

The Nomination and Remuneration Advisory Committee met six times and deliberated matters regarding the composition and effectiveness of the Board of Directors, initiatives to strengthen corporate governance, director remuneration, and policy regarding the determination of remuneration levels, etc.

Succession Planning for SEKISUI CHEMICAL Group's President

Supervision and planning for SEKISUI CHEMICAL Group President's successor is conducted in appropriate consideration of its management principles and strategies. To enhance the objectivity, timeliness, and transparency of the procedures, the Nomination and Remuneration Advisory Committee deliberates on the eligibility of a candidate for the office of President

over an appropriate period of time, and makes recommendations to the Board of Directors, which then makes a final decision regarding succession.

Internal Control System

In May 2006, the Board of Directors resolved to adopt a fundamental policy regarding the establishment of an internal control system for ensuring the appropriateness of the Group's business activities. Based on the Corporate Activity Guidelines set forth in accordance with the Group corporate philosophy, the Company seeks to realize collaborative interaction concerning the supervision, direction, and communication with Group companies, while providing guidance, advice, and evaluations to Group companies to ensure the appropriateness of business operations for the Group as a whole.

In regard to the business management of Group companies, monitoring is conducted by Audit & Supervisory Board Members, the Corporate Audit Department, etc., and enhancements are made to the system for Group companies to seek approval from and make reports to the Company based on the "Rules for handling affiliated companies" and "Guidelines for final decisions at affiliated companies." In addition, if a misconduct arises at the Company or a Group company, thoroughgoing efforts will be made to prevent it from occurring again by requiring that a report on the details of the incident be made to the divisional company in charge or the Compliance Promotion Subcommittee at the corporate headquarters without fail and that the Compliance Subcommittee be contacted by the Compliance Promotion Subcommittee so that all information will be collected and brought to the Director or executive officer appointed as the chairperson of the Compliance Subcommittee.

Compliance [▶ P.71](#)

The Sustainability Committee, chaired by the President, deliberates on Fundamental Compliance Policies that require the approval of the Board of Director and has established a designated Compliance Subcommittee to plan, consider, and decide on important compliance-related matters, with the aim of establishing and implementing a compliance system for the Company and its Group companies. The Company has also prepared the "SEKISUI CHEMICAL GROUP Compliance Manual," presenting the guidelines for acting in accordance with laws, regulations, the Articles of Incorporation, and corporate ethics. The Company also conducts training in regards to various laws and regulations and corporate ethics. As part of the whistleblower system, the Company has set up a reporting contact at an external law firm that is independent from the Company in addition to the internal reporting contact in Japan. In addition, the Company has set up points of contact for the employees of foreign affiliates in the United States, China, ASEAN, Europe, and South Korea. The protection of the whistleblower is

prescribed by the Corporate Whistleblower Rules to put in place an environment in which whistleblowers do not suffer any disadvantage. For example, the identity of the whistleblower is kept secret from anybody other than the reporting contact.

Risk Management [▶ P.68](#)

The Group has implemented a Group-wide risk management structure for integrated management of measures to prevent risk events from occurring (risk management) and to respond when risk events occur (crisis management). Through this unification of concepts, we are creating a system that can be brought to bear on ever-changing risks and crises. Ultimate responsibility has resided with the Managing Director of the ESG Management Department, who also acts as the Head of the Business Strategy Department, since April 2020. The ESG Management Department Risk Management Group serves as a dedicated office that publicizes and thoroughly instills the "SEKISUI CHEMICAL Group Risk Management Guidelines," which were established based on the "Basic Philosophy on Internal Corporate Governance Systems," and strives to identify significant risks and to prevent them from manifesting by centrally and comprehensively collecting and evaluating information about risks. In fiscal 2021, the Group implemented these risk management activities at 171 organizations, including affiliated subsidiaries in Japan and overseas, and continuously runs PDCA cycles in line with the ISO 31000 international standard for risk management. A dedicated office classifies and organizes any risks identified by these organizations, and reports to each subcommittee under the Sustainability Committee and deliberates on Group-wide countermeasures as necessary. Moreover, in the Medium-term Plan launched in fiscal 2020, we are deploying an enterprise risk management (ERM) system in a way that integrates our existing organization-specific risk management activities with our Group-wide risk management activities.

In the event that a significant risk does become manifest, the Crisis-management System establishes an Emergency Response Headquarters based on the "SEKISUI CHEMICAL Group Crisis Management Guidelines" and creates a framework capable of swiftly and appropriately handling the situation. The Group also periodically revises this system and holds drills, and has established a framework for appropriately reporting to the Board of Directors when a serious incident, or the risk thereof, occurs. Since fiscal 2021, the Group has been developing and revising an emergency response plan (ERP) that places the protection of human life as the highest priority at all organizations as a new Group-wide initiative. In addition, the Group focuses on establishing BCM in line with the individual characteristics of each business in our diverse lineup of domestic and overseas operations.

Given that our overseas locations have increased in number and importance with each passing year, we established Regional Headquarters in each of the four main regions and appointed the person responsible for the Regional Headquarters as the Regional Head. The Global Crisis Management Office cooperates with the Regional Headquarters and leads the response to any crises that occur overseas.

Corporate Governance Initiatives

Sustainability Initiatives

In order to achieve the Long-term Vision, "Vision 2030," the Group promotes "ESG management" in aims of realizing both a sustainable society and the sustainable growth of the Group itself. To this end, we are working together with stakeholders on the three steps described below.

- Development of "three prominences" (Environment, CS & quality, Human Resources) and "internal control"
- Accelerate the solution of social issues through three approaches (increasing quantity, improving quality, and providing sustainably)
- Create and expanding the value of "peace of mind for the future" in four business domains

Chaired by the President and served by the Director responsible for the ESG Management Department as deputy chairperson, when implementing these initiatives the Sustainability Committee deliberates on extracting risks and opportunities that the Group might face in the future, Group-wide policies, and strategies. Major items and Group-wide risks determined by the Committee are reported to and deliberated by the Policy Committee and the Board of Directors. These initiatives are then deployed Group-wide following discussions at each of the seven subcommittees and incorporated into the action plans of each organization.

Under the Medium-term Management Plan Drive 2022, which commenced in fiscal 2020, the Group has established the following key issues and advanced specific initiatives in order to build a corporate structure that is capable of practicing ESG management and sustainably enhancing corporate value. [▶ P.57](#)

Key issues	
Products to Enhance Sustainability and Premium Framework	
Internal Control (Reducing major incidents)	Prevent or minimize impact of major incidents on our corporate value
Internal Control (Business Continuity Plan (BCP))	Mitigate the impact of earthquakes, pandemics, and other incidents
DX	Become the Driver that Transforms Work Processes and Business Models
Environment	Addressing climate change
Human Resources	Aim to be an excellent and vibrant company where employees thrive on challenges
Fusion	Promote Technology and Business Opportunities through Internal and External Fusion

Promotion of Diversity [▶ P.64](#)

In addition to differences in outward appearance such as gender, age, and race, the Group focuses on differences based on careers, values, and personality in terms of diversity. In 2015, we formulated the Diversity Management Policy based on the concept of understanding, recognizing, and interpreting the differences between each and every employee as strengths. We have been advancing initiatives to empower women since 2007 in two stages: "established practice and active participation" and "creating managerial positions." In order to accelerate Diversity Management, we commenced work-style reforms in 2018 and health management activities in 2019. In addition to these, since fiscal 2020 we have worked to expand opportunities to undertake challenges, which enable a diverse range of human resources to play an active role, with the aim of transforming into a "Vibrant Company."

Addressing Climate Change Issues by Leveraging TCFD Scenario Analyses [▶ P.60](#)

In regard to climate change and other external environmental issues that pose a risk to management, the Group investigates and executes appropriate action policies upon identifying the degree of risk under the Board of Directors' supervisory system. In order to accelerate our problem-solving and understanding of risks, as well as related coping measures, in 2018 we adopted 2°C and 4°C warming scenarios and conducted risk assessments based on these analyses. Since this time, we have revised these risk assessments each year to reconfirm our position. Based on the results of these revisions, we have also investigated initiatives for businesses in which risks can be converted to opportunities since fiscal 2020 and have managed the progress of these initiatives based on the Medium-term Management Plan and the Environmental Medium-term Plan we formulated.

Basic Policy on Cross-Shareholdings and Criteria for the Exercise of Voting Rights

Basic policy on cross-shareholdings

SEKISUI CHEMICAL Group strategically holds shares of other companies, to a limited extent, that are important business partners provided that it made the judgment on such holdings to be beneficial for the purpose of maximizing its medium-to long-term enhancement of corporate value as well as that of business partners. Strategic rationale shall be reviewed in an appropriate and timely manner and SEKISUI CHEMICAL Group reduces those holdings without sufficient strategic benefits or that are inconsistent with its capital policies as necessary.

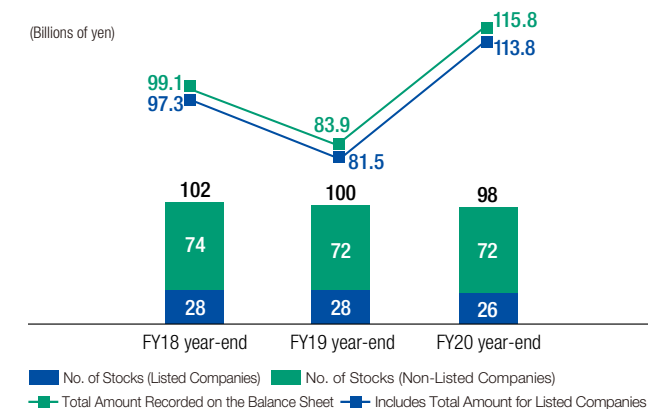
Verification of the necessity of cross-shareholdings

SEKISUI CHEMICAL conducted an assessment of the individual holdings in accordance with the basic policy to examine specific benefits by such shareholdings (listed companies) and consistency with the risk-benefit evaluation of such individual holdings over the cost-of-capital and other factors, and made a judgment for appropriateness of holding them at the Board meeting held on June 10, 2020. The total number of shareholdings of listed companies was 26 as of the end of March 2021, compared with 28 holdings as of the end of March 2020 as a result of the disposition of two holdings during fiscal 2020.

Criteria for the exercise of voting rights concerning cross-shareholdings

SEKISUI CHEMICAL performs its monitoring function as a shareholder by exercising voting rights at shareholder meetings of the shareholding companies in accordance with the specific standards with respect to its established voting rights to reflect perspectives of connecting the medium-to long-term enhancement of its corporate value with the corporate value enhancement of the above companies based on the strategic position of such holding and dialogue and so forth with them. As to the exercise of voting rights, SEKISUI CHEMICAL Group applies a judgment standard, considering significance of agendas proposed by companies (including special resolution items, etc.), business performance (equity ratio, profit/loss condition, etc.) in their current fiscal year, and their business sustainability. SEKISUI CHEMICAL then makes the final comprehensive decision on proposals based in part on dialogue with those companies.

Number of cross-held stocks, Total Amount of Cross-held Stocks Recorded in the Balance Sheet



Corporate Governance Initiatives

Remuneration and Other Compensation for Officers

Policy regarding determination of remuneration and other compensation

<Basic policy>

The remuneration system policy for officers of the Company is defined as follows in keeping with the corporate philosophy of the Group.

- The policy should contribute to continuous growth and medium- to long-term improvement of corporate value for the Group
- Officers of the Company should share value with shareholders and increase their awareness of shareholder-focused management
- The remuneration policy should be highly connected to business performance, providing motivation for officers of the Company to achieve management plan goals
- The policy should provide a framework and baseline which enables the Company to acquire and keep on staff a diverse variety of management talent in order to increase the competitiveness of the Group

<Remuneration mindset>

Remuneration and other compensation for executive directors of the Company is made up of basic remuneration, bonuses, and share-based compensation. For Outside Directors and Audit & Supervisory Board Members, remuneration is made up of basic remuneration only.

<Basic Remuneration>

Basic remuneration within the framework of officer remuneration is a fixed payment determined by the roles and responsibilities of each Director. For executive directors, a portion of the basic remuneration is required to be used for the purpose of the Company's stock through the Officers Stock Ownership Plan, increasing the emphasis on and awareness of stock prices in management.

<Bonuses>

The bonus represents the performance-based remuneration, the amount of which is determined based on the payment standards linked to the business performance of the Company and each divisional company, ROE (return on equity), and dividend policy.

<Share-based compensation>

The share-based compensation is an incentive plan aimed at further raising motivation to contribute to the improvement of medium- and long-term business performance and improve the Group's corporate value, under which the number of shares to be granted is determined in accordance with the position of Directors (excluding Outside Directors). Said plan has a structure enabling Directors to receive a benefit at the time of retirement for the results for which they contributed to enhancing the Company's medium- and long-term corporate value in the form of the Company's shares reflecting such enhancement in share value, thereby enhancing the link with medium- and long-term shareholders' value.

Officer Remuneration in Fiscal 2020

(Millions of yen)

Classification	Basic remuneration		Bonus		Share-based compensation		Total	
	Number of eligible officers (persons)	Amount	Number of eligible officers (persons)	Amount	Number of eligible officers (persons)	Amount	Number of eligible officers (persons)	Amount
Directors	10	327	6	115	7	74	10	517
(Of which Outside Directors)	3	43	-	-	-	-	3	43
Audit & Supervisory Board Members	6	81	-	-	-	-	6	81
(Of which Outside Audit & Supervisory Board Members)	3	36	-	-	-	-	3	36

Note: The amount paid to officers does not include the portion of employee's salary (including bonus) amounting to ¥82 million for directors who concurrently serve as employees.

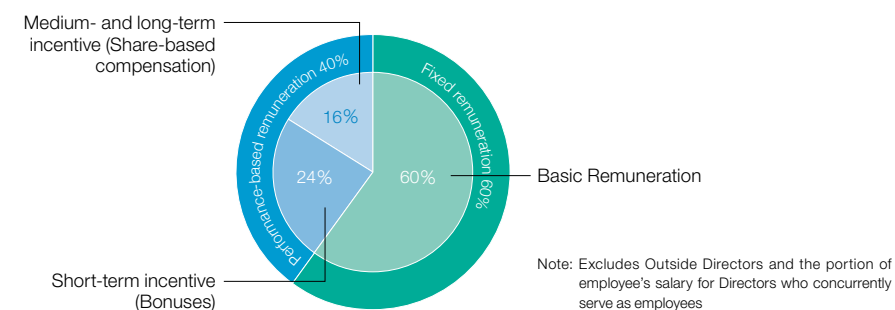
Process of determining officers' remuneration

In determining the amount of remunerations, etc., to the Company's Directors and the policy on determining calculation methods, the matter is deliberated by the Nomination and Remuneration Advisory Committee in advance and the results of the deliberation are recommended to the Board of Directors. The Board of Directors determines the policy based on the recommendation of the said advisory committee. The following is a summary of the procedures taken by the Nomination and Remuneration Advisory Committee.

<Method for Determining Remuneration Used by the Nomination and Remuneration Advisory Committee>

The chairman (Outside Director) convenes the committee, and the agenda items are proposed by each committee member and deliberated by the committee. The results of deliberation by the committee are recommended to the Board of Directors by the chairman. The members of the committee are required to determine these matters from the perspective of whether it contributes to the Company's corporate value and ultimately to the common interests of the shareholders, and are prohibited from making decisions that would solely benefit the personal interests of oneself or that of third parties, including the management team of the Company. In determining the amount of remuneration, the Nomination and Remuneration Advisory Committee deliberated the Directors' remuneration levels and other matters including the personnel evaluations and remuneration of each Director and the Board of Directors made a final decision. The specific amount, payment date, payment method, and other matters are left to the discretion of President and Representative Director.

Ratio of performance-based and fixed remuneration for directors* (fiscal 2020)

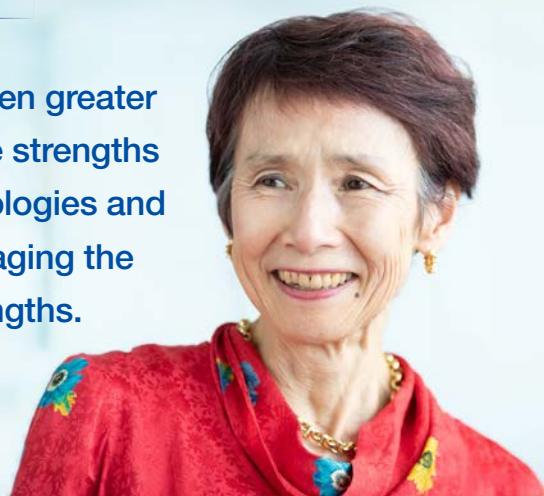


The amount of the officers' remuneration of the Company is determined based on the roles and responsibilities of the officer. The system has been designed so that the higher the rank of the officer the higher the ratio of the performance-based remuneration component. The responsibilities of each officer also reflect the business performance of the divisional company for which he or she is responsible. Since fiscal 2021, Director bonuses are determined on a performance basis. In addition to the Group's overall performance, the payment of bonuses reflects such non-financial indicators as the sales ratio of products to enhance sustainability as well as equity to total assets (ROE) trends. Moreover, we have introduced a share-based compensation plan. This incentive plan is designed to further raise the motivation of Directors and is linked closely to shareholders' value over the medium to long term.

Corporate Governance Initiatives

Message from an Outside Director

We expect to create even greater value by integrating the strengths of our individual technologies and businesses while leveraging the Group's collective strengths.



Outside Director

Yoko Ishikura

Ms. Ishikura has advanced academic expertise in international politics/economics and international corporate strategy, and has served as an outside director of several global companies. Since her appointment as an outside director of the Company in 2019 she has been actively involved in diversity management and the promotion of greater participation of women.

Q Ms. Ishikura, you were appointed to the post of outside director in June 2019. As an outside director, what do you recognize as the role that stakeholders expect of you?

Inside directors are thinking through their company's initiatives, the industries to which individual businesses belong, and the markets to develop. Under such circumstances, I recognize that confirming the areas where opinions and views are likely to be biased when solely from an internal perspective and, from the various perspectives of each outside director, verifying a company's strategy and the status of progress will contribute to improving management transparency and objectivity. For example, faced by the COVID-19 pandemic, the Company's Directors are still taking things seriously from the perspective of how to overcome this crisis. At the same time, from several perspectives—including how the world will have changed when the COVID-19 pandemic is over, what kind of transformations can occur in each of the industries to which SEKISUI CHEMICAL Group's businesses belong, and how we will respond as a company when the world looks completely different from what it did before—I am trying to find signs that could offer hints so that these points will be raised. People have said to me, "What you're saying is formidable," but I think that is exactly what my role is.

Q How do you evaluate the effectiveness of the Board of Directors?

Recently, institutional investors have become more interested in the effectiveness of boards of directors, and I have also had the opportunity to answer questions in surveys and during interviews as well as by talking directly to investors. I rate the effectiveness of SEKISUI CHEMICAL Group's Board of Directors as quite satisfactory. The Board of Directors' meetings have been held online due to the pandemic, but they are being managed in an appropriate manner, with the chairman giving each person an opportunity to speak by taking advantage of the merits of online communications. For example, although investment projects are generally discussed in detail prior to making the investment, it is said that there have been instances in which the post-investment reviews were neglected, but in SEKISUI CHEMICAL Group's case post-investment reviews of progress are rigorously followed up on the basis of KPIs, such as ROI and ROIC. Not limited to the content of the project, lively discussions are always held, and there is an atmosphere in which a range of questions can be freely raised. Prior to a Board of Directors' meeting, the secretariat explains each agenda item, including the backgrounds to them, and there is an opportunity to ask questions at that time as well. At Board of Directors' meetings, regardless of whether they are held on a face-to-face basis or online, there are opportunities to firmly ask questions and express opinions on matters that have arisen during the discussion. Although there are some companies where the superficial function of their boards of directors' meetings is presenting problems, in the case of SEKISUI CHEMICAL Group the chairman himself remains highly aware of the fact that he is being urged to invigorate discussion at the Board of Directors' meetings and is being highly assessed on that aspect.

Q For SEKISUI CHEMICAL Group to further promote the global expansion of its business, what should be done in particular to reinforce its global governance?

The Company's businesses are diverse and its global areas of development are extensive, too, so conducting global governance with a firm grip that works is definitely very difficult to begin with. Under those circumstances, I think that governance is conducted relatively well at the moment. Occasionally, overseas work-related accidents and negative information are reported, but the very fact that these are being reported is proof that even a little can be seen. To my mind, facing any issues that arise head on, which when a problem does arise will lead to the prompt prevention of a reoccurrence, will also lead to the reinforcing of global governance.

Q How do you evaluate the Long-term Vision, Vision 2030, and the Medium-term Management Plan Drive 2022, which were announced in fiscal 2020?

With regard to their content, after a series of discussions on a number of occasions at Board of Directors' meetings, I think we were able to put in both verbal and visual forms the direction we want to aim for as SEKISUI CHEMICAL Group in an easy-to-understand manner. The Long-term Vision is important, but because we do not know what will happen in the future, it is also necessary to review the Long-term Vision as appropriate by making use of the awareness and learning gained during the course of advancing Drive 2022. The most important thing is that each person working in SEKISUI CHEMICAL Group considers the Long-term Vision and Medium-term Management Plan as their own. Each person resolutely thinks about where the tasks in front of them will lead in terms of Drive 2022 and how those

Corporate Governance Initiatives

Message from an Outside Director

tasks will contribute to Vision 2030. In the case of the Long-term Vision and Medium-term Management Plan, I think it would be good if we could create the fertile ground in which awareness that they are playing a part in these plans firmly takes hold in everyone.

Q What are your thoughts on the HR policies?

As a matter of fact, even among HR policies, when it comes to performance evaluations, the impression that they are achievement-oriented remains strong, and there is a slight sense of incongruity. Achievements are of course important, but from a long-term perspective, I think that more recognition of the human resources who support the parts that are difficult to see in terms of achievements and the value of such work will lead to us demonstrating the real capabilities of the Company as a whole. Not only should the Company develop human resources in each business division and produce many specialists in those businesses, it should also introduce HR development training programs for their ability to create value and direction for the Company as a whole. In this regard, I hope that more appropriate evaluations will be made. Looking back on SEKISUI CHEMICAL Group's history, I feel a sense of pride at the Company having achieved results, even when confronted with various challenges, of having overcome them without becoming discouraged. In itself, that is all very well and good, but young people, such as the next generation who will be joining the Company from now on, attach more importance to purpose, the "For what am I working for at this company?" I think it would be even better if we were to consider adding HR programs and evaluation items that could be compatible with that.

Q The promotion of digital transformation (DX) is also an important issue.

What do you think will be the key to achieving results?

The key will be to give human resources from the younger generation more and more opportunities to play active roles. The other day, I had the opportunity to talk with Taiwan's Minister without Portfolio for Digital Affairs Ms. Audrey Tang. Rather than having such a young and talented person like her work as an assistant under a manager, I think that having one individual assume ultimate responsibility has brought about a further blossoming of her potential. In Taiwan, they elicit ideas from many people, and if this approach cannot be done or even if they have tried to do that, they will proceed with an iteration (repetition) method that approaches the optimum solution while turning over ideas. When that turns out to have been wrong, it is said to be important to apologize immediately and change the method, and I strongly empathized with that. With regard to the world that we would like to solve with DX, I hear that it is important not to pursue specifics from the beginning, but to first think of something that could be solved by a program from an abstract idea. The Company's businesses encompass a wide range. Even in DX promotion, rather than aiming to unify the whole from the specific objects of each business, it is possible to take a bird's-eye view from a higher level and I think it is important to solve it digitally from an abstract concept to promote digitalization in which humans cannot intervene.

Q In conclusion, could you please briefly sum up what you expect of the Company and what you consider as issues?

SEKISUI CHEMICAL Group is a company that has been steadily refining and accumulating its businesses and technologies. In contrast, because of that solidity, the Company does not convey the feeling that, for example, a big social contribution vision has been adopted, that unbelievable ideas will be born from it, and surprising products are being created. In each and every product or business there is innovation, and SEKISUI CHEMICAL Group provides wonderful products that make society better and show that consideration has been paid to the global environment. And the advanced technologies that led to the creation of each of those products is the Company's greatest strength. Even if you make them attractive individually, however, that does not convey the capabilities of SEKISUI CHEMICAL Group as a whole. What kind of new world can SEKISUI CHEMICAL Group as a whole create for society by bundling and combining into one the individual capabilities at its disposal? Would it not be better if we could adopt a bigger, broader vision for social contribution and showcase the dreams and aspirations that can be realized by concentrating SEKISUI CHEMICAL Group's capabilities?

