

[Translation: Please note that the following purports to be an accurate translation of excerpt contents of the original Japanese document, prepared for foreign shareholders solely as a reference material. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain explanations for the domestic voting procedures are omitted or modified in this translation.]

SEKISUI CHEMICAL CO., LTD.

Stock Exchange Code: 4204

May 30, 2019

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 97TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 97th Annual General Meeting of Shareholders of SEKISUI CHEMICAL CO., LTD. (the “Company”), which will be held as described below.

If you are unable to attend the aforesaid meeting, you may exercise your voting rights in mailing or through the Internet. In such case, please kindly see the attached Reference Documents Concerning the General Meeting of Shareholders and exercise your voting rights before 5:30 p.m. on June 19, 2019 (Wednesday, JST).

Yours very truly,

By: **TEIJI KOGE**
President and Representative Director
SEKISUI CHEMICAL CO., LTD.
4-4 Nishitemma 2-Chome,
Kita-ku, Osaka 530-8565

PARTICULARS

1. Date and Time of the Meeting: 10:00 a.m. on June 20, 2019 (Thursday, JST)

2. Place of the Meeting: Manyo no Ma Room
3rd Floor
ANA Crowne Plaza Osaka Hotel
1-3-1 Dojimahama, Kita-ku, Osaka

3. Agenda of the Meeting:

Matters for Reporting:

Report on the Business Report, the Consolidated Accounting Documents, the Non-Consolidated Accounting Documents and the report on the Results of the Audits of Consolidated Accounting Documents by the Accounting Auditor and the Audit & Supervisory Board for the 97th Business Term (from April 1, 2018 to March 31, 2019).

Matters for Resolution:

First Item of Business:	Appropriation of Surplus
Second Item of Business:	Partial Amendments to the Articles of Incorporation
Third Item of Business:	Election of Nine (9) Directors
Forth Item of Business:	Election of Two (2) Audit & Supervisory Board Members

- End -

For those attending, please present Voting Rights Exercise Form (not enclosed in this translation) at the reception desk on arrival at the Meeting. For saving natural resources, please take this notice of convocation with you to the Meeting.

(For Reference Only)

REGISTERED SHAREHOLDERS IN JAPAN may exercise voting rights by means of either of the following:

[In case of exercising voting rights via mail]

Please indicate on the Voting Right Exercise Form enclosed herewith your approval or disapproval of each of the items listed thereon and return the form to the Company before 5:30 p.m. on June 19, 2019 (Wednesday, JST).

[In case of exercising voting rights via the Internet, etc.]

Please access the website for exercising voting rights designated by the Company (<https://evote.tr.mufg.jp/>), indicate your approval or disapproval of each of the items by following the guidance on the display after entering the “log-in ID” and “password” shown on the enclosed Voting Right Exercise Form.

The Company cordially requests the shareholders who exercise voting rights via the Internet, etc. to understand the Guidance for the Exercise of Voting Rights via the Internet, etc. below. (omitted)

Reference Documents Concerning the General Meeting of Shareholders (Items and Matters for Reference)

First Item of Business

Appropriation of Surplus

One of the Company's primary policies in the management is to increase corporate value, with an emphasis on returning the Company's profits to the shareholders proactively. In connection with returning the Company's profits to the shareholders, the Company has a basic policy of ensuring a Dividend-On-Equity ratio of approximately 3% and implementing a stable dividend policy depending upon business results, with a target of a consolidated payout ratio of 30% of the consolidated net income.

Based on its capital policy and the basic policy regarding dividends from surplus as described above, the Company proposes that the year-end dividend for the business term under review be ¥23 per share.

The annual dividend for the business term under review is ¥44 per share, together with the interim dividend of ¥21 per share that was paid in December 2018, and a ¥4 increase per share from the previous business term.

Matters Concerning the Year-End Dividend

1. Type of Dividend Assets:

Cash

2. Matters Concerning Distribution of Dividend Assets and the Aggregate Amount:

¥23 per share of common stock of the Company

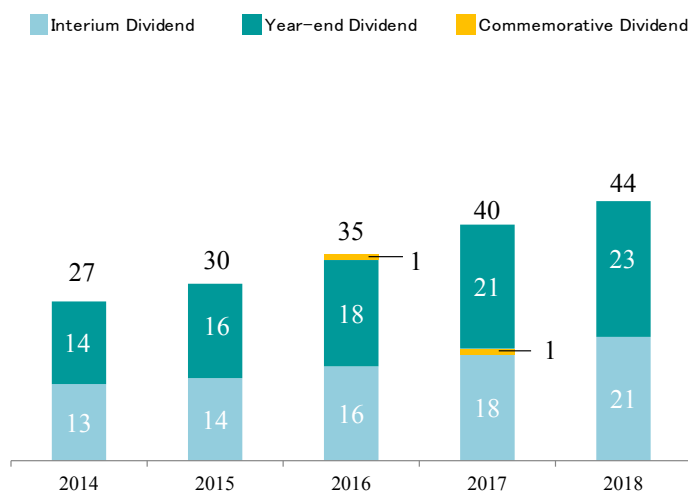
Aggregate amount of dividends: ¥10,697,557,209

3. The Date When Dividend of Retained Earnings Takes Effect:

June 21, 2019

Changes in the Dividends Per Share

(Unit: ¥)



The Company proposes to make partial amendments to the Articles of Incorporation as follows:

1. Reason for amendments:

In November 2019, fixed-price purchasing of renewable energy under the Feed-In Tariff (FIT) system will start being phased out in order. To prepare against this, the Company has decided to launch a service named SMARTHEIM DENKI, in which the Company will purchase excess electricity generated through photovoltaic (PV) cells from customers living in SEKISUI HEIM houses, supply the electricity to customers living in SEKISUI HEIM houses that are not equipped with power-generating facilities, and also make the electricity available for utilization at domestic plants and offices in the Sekisui Chemical Group. We would thus like to partially amend the Company’s Articles of Incorporation to add a business purpose.

Through such initiatives, the Sekisui Chemical Group will promote the widespread adoption of renewable energy, endeavor to reduce greenhouse gases that are deemed to cause global warming, and contribute toward building a sustainable society.

2. Contents of amendments

The specific contents of the amendments are as follows.

(The underlines indicate the amended parts.)

Current Articles of Incorporation	Proposed Amendments
<p>(Purposes) Article 2 The business purposes of the Company are as follows: 1. - 29. (Omitted) (New provision) <u>30.</u> (Omitted)</p>	<p>(Purposes) Article 2 The business purposes of the Company are as follows: 1. - 29. (No change) <u>30. To supply, generate and purchase/sell electricity, and control energy equipment</u> <u>31.</u> (No change)</p>

The terms of offices of all the ten (10) Directors will expire at the closing of this Annual General Meeting of Shareholders. Therefore the Company proposes that the following nine (9) Directors be newly elected. The following candidates for Directors have been determined by the Board of Directors based on the recommendations of the Nomination and Remuneration Advisory Committee, which consists of a majority of Independent Outside Officers and is chaired by an Independent Outside Officer

Three (3) candidates out of nine (9) are candidates for Outside Directors. All of the three (3) candidates have expertise in each domain and international mindset, including abundant experience and past achievements as management executives. Therefore the Company has judged that they would be able to appropriately fulfill their duties as Outside Directors including provision of advice with respect to the business management of the Company and supervision of business execution, etc. The three (3) candidates for Outside Directors meet the conditions of the Company's "Standards for the Independence of Outside Officers" (refer to Page 15) and the conditions of Independent Directors stipulated by Tokyo Stock Exchange, Inc.

The candidates are as follows.

Candidate Number	Name	Position and Duty		Number of Years (At the closing of this Annual General Meeting of Shareholders)
1	Teiji Koge	President and Representative Director Chief Executive Officer	Renominated	14 years
2	Keita Kato	Representative Director Senior Managing Executive Officer	Renominated	5 years
3	Yoshiyuki Hirai	Director Managing Executive Officer	Renominated	4 years
4	Hiroyuki Taketomo	Director Managing Executive Officer	Renominated	3 years
5	Toshiyuki Kamiyoshi	Managing Executive Officer	Newly Nominated	-
6	Ikusuke Shimizu	Managing Executive Officer	Newly Nominated	-
7	Yutaka Kase	Outside Director Candidate for Independent Outside Director	Renominated	3 years
8	Hiroshi Oeda	Outside Director Candidate for Independent Outside Director	Renominated	1 year
9	Yoko Ishikura	Candidate for Independent Outside Director	Female Newly Nominated	-



■ **Number of Shares of the Company Owned**
125,950 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**
17 out of 17 Board of Directors meetings
(Attendance rate: 100%)

(The business term under review)

Career Summary, Position and Duty

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 [incumbent]

Reasons for Nomination of the Candidate for Director

Since Mr. Teiji Koge was appointed as President and Representative Director in 2015, he has served as the driving force in taking on the "Challenge towards new phase of growth" by implementing his strong leadership, 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, executed governance reform to increase the involvement of Outside Directors, and endeavored to ensure the effectiveness of the Board of Directors. Therefore, the Company has judged that he would be qualified as Chief Executive Officer of the Company and thus renominated him as a candidate for Director.



■ **Number of Shares of the Company Owned**
79,969 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**
17 out of 17 Board of Directors meetings
(Attendance rate: 100%)

(The business term under review)

Career Summary, Position and Duty

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 [incumbent]

Reasons for Nomination of the Candidate for 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. Also, as Head of Business Strategy Department since January 2019, he has been overseeing 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. The Company has judged that he would be able to contribute to further enhancing the corporate value of the Sekisui Chemical Group by applying such abundant experience and deep insight to the formulation/deliberation and supervision of management strategies, etc. in the Board of Directors, and thus renominated him as a candidate for Director.



■ **Number of Shares of the Company Owned**
41,700 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**
17 out of 17 Board of Directors meetings
(Attendance rate: 100%)

(The business term under review)

Career Summary, Position and Duty

- 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 [incumbent]

Reasons for Nomination of the Candidate for 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 mainly as the Head of the Business Strategy Department by leveraging the knowledge fostered through his abundant experience so far. As President of 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 the Sekisui Chemical Group. Therefore, the Company has judged that he would be able to contribute to further enhancing the corporate value of the Sekisui Chemical Group and thus renominated him as a candidate for Director.



■ **Number of Shares of the Company Owned**
25,901 shares

■ **Number of Attendance of the Board of Directors Meetings of the Company**

17 out of 17 Board of Directors meetings
(Attendance rate: 100%)

(The business term under review)

Career Summary, Position and Duty

Apr. 1985: Joined the Company
 Jul. 2011: Director of SEKISUI MEDICAL CO., LTD.
 Sep. 2014: Head of Human Resources Group of CSR Department
 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 [incumbent]

Important Position of Other Organizations Concurrently Assumed

Director of Sekisui America Corporation

Reasons for Nomination of the Candidate for Director

Since Mr. Hiroyuki Taketomo was appointed as Director in 2016, he has implemented his strong leadership in developing an officers' remuneration scheme adapted to corporate governance, promoting diversity management and carrying out work style reform, by leveraging the broad experience he has gained through back-office business execution centering on the human resources department. He has also made sufficient achievements in supervising business execution status such as enhancing compliance from a global perspective as the executive in charge of compliance. Therefore, the Company has judged that he would be able to contribute to further enhancing the corporate value of the Sekisui Chemical Group and thus renominated him as a candidate for Director.



■ Number of Shares of the Company Owned
52,100 shares

Career Summary, Position and Duty

- 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 and Head of Town and Community Development Department of Housing Company [incumbent]

Reasons for Nomination of the Candidate for 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 Housing Company. Since he was appointed as President of Housing 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 high capabilities necessary for enhancing the corporate value of the Sekisui Chemical Group and thus nominated him as a candidate for Director.



■ Number of Shares of the Company Owned
46,901 shares

Career Summary, Position and Duty

- Apr. 1987: Joined the Company
- Jul. 2006: President of SEKISUI TA INDUSTRIES, LLC
- Jul. 2011: Head of Interlayer Film Division of High Performance Plastics 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 Executive Officer of the Company
President of High Performance Plastics Company [incumbent]

Important Position of Other Organizations Concurrently Assumed

Director of Sekisui Fuller Company Ltd.

Reasons for Nomination of the Candidate for 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 high capabilities necessary for enhancing the corporate value of the Sekisui Chemical Group and thus nominated him as a candidate for Director.



Career Summary, Position and Duty

Candidate for Independent Outside Director

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 Director of Astellas Pharma Inc. [resigned in 2017]
 Mar. 2016: Outside Director of JAC Recruitment Co., Ltd. [incumbent]
 Jun. 2016: Director of the Company [incumbent]
 Jun. 2017: Senior Advisor of Sojitz Corporation
 Jun. 2018: Advisor of Sojitz Corporation [incumbent]

■ **Number of Shares of the Company Owned**

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■ **Number of Years in Office of the Company**

3 years (At the closing of this Annual General Meeting of Shareholders)

■ **Number of Attendance of the Board of Directors Meetings of the Company**

17 out of 17 Board of Directors meetings
 (Attendance rate: 100%)

(The business term under review)

Important Position of Other Organizations Concurrently Assumed

Advisor of Sojitz Corporation
 Outside Director of JAC Recruitment Co., Ltd.

Reasons for Nomination of the Candidate for Outside Director

Since Mr. Yutaka Kase was appointed as 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 the Sekisui Chemical Group and thus renominated him as a candidate for Outside Director.

Independence of the Candidate for Outside Director

The Company has business transactions with Sojitz Corporation and JAC Recruitment Co., Ltd., where Mr. Yutaka Kase concurrently holds a position. However, the ratio of the transaction value to the net sales of Sojitz Corporation and the Company for the business year last closed was less than 1% for each of both parties; likewise, said ratio of JAC Recruitment Co., Ltd. and the Company for the business year last closed was less than 1% for each of both parties. As the "Criteria for Independence of Outside Board Members" of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, his independence as Outside Director is deemed to be sufficiently secured.

Limiting Liability Agreement

In the light of enabling Mr. Yutaka Kase to discharge his duties in full as expected, the Company has entered into an agreement with Mr. Kase limiting his liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liabilities for compensations is limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that Mr. Kase is approved, the Company will continue the limiting liability agreement with him.



Career Summary, Position and Duty

Candidate for Independent Outside Director

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]

■ **Number of Shares of the Company Owned**
7,000 shares

■ **Number of Years in Office of the Company**

1 year (At the closing of this Annual General Meeting of Shareholders)

■ **Number of Attendance of the Board of Directors Meetings of the Company**

13 out of 13 Board of Directors meetings
(Attendance rate: 100%)

(The business term under review)

Important Position of Other Organizations Concurrently Assumed

Special Advisor of Nisshin Seifun Group Inc.
 Outsider Director of EBARA CORPORATION
 President of Seifun Kaikan Inc.

Reasons for Nomination of the Candidate for Outside Director

Since Mr. Hiroshi Oeda was appointed as 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 the Sekisui Chemical Group and thus renominated him as a candidate for Outside Director.

Independence of the Candidate for Outside Director

The Company has no business relationship with Nisshin Seifun Group Inc. and Seifun Kaikan Inc., where Mr. Hiroshi Oeda concurrently holds a position. While the Company has business transactions with EBARA CORPORATION, where he concurrently holds a position, the ratio of the transaction value to the net sales of EBARA CORPORATION and the Company for the business year last closed was less than 1% for each of both parties. As the "Criteria for Independence of Outside Board Members" of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, his independence as Outside Director is deemed to be sufficiently secured.

Limiting Liability Agreement

In the light of enabling Mr. Hiroshi Oeda to discharge his duties in full as expected, the Company has entered into an agreement with Mr. Oeda limiting his liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liabilities for compensations is limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that Mr. Oeda is approved, the Company will continue the limiting liability agreement with him.



■ Number of Shares of the Company Owned

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Career Summary, Position and Duty

Candidate for Independent Outside Director

- 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. [incumbent]
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]

Important Position of Other Organizations Concurrently Assumed

- Outside Director of Shiseido Company, Limited
- Outside Director of NISSIN FOODS HOLDINGS CO., LTD.

Reasons for Nomination of the Candidate for Outside Director

Ms. Yoko Ishikura has advanced academic expertise in international politics/economics and international corporate strategy, and is well-versed in corporate management through her experience as 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 the Sekisui Chemical Group. Therefore, the Company has judged that she would be able to contribute to enhancing the corporate value of the Sekisui Chemical Group and thus newly nominated her as a candidate for Outside Director. Based on the aforementioned reasons, the Company has determined that she would be able to properly perform her duties as Outside Director, even though she has never been involved in corporate management directly.

Independence of the Candidate for Outside Director

The Company has no business relationship with Ms. Yoko Ishikura or any of the organizations in which Ms. Yoko Ishikura concurrently holds a position. As the "Criteria for Independence of Outside Board Members" of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, her independence as Outside Director is deemed to be sufficiently secured.

Limiting Liability Agreement

In the light of enabling Ms. Yoko Ishikura to discharge her duties in full as expected, the Company has entered into an agreement with Ms. Ishikura limiting her liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which her liabilities for compensations is limited to the minimum limited liability amount provided in the laws and ordinances.

(Note) Each of the candidates has no interest with the Company.

<Criteria for Independence of Outside Board Members>

The Company has established the following “Criteria for Independence of Outside Board Members” and the Company has nominated a candidate satisfying all of the criteria.

Criteria for Independence of Outside Board Members

- 1) The candidate has never been an executive director or any other employee of the Company or any of the companies within the Group.
- 2) The candidate is not receiving compensation more than 10 million yen per year from the Group other than the compensation as an officer.
- 3) The candidate and the main company of the candidate¹ is not a major shareholder² of the Company.
- 4) The business of the main company of the candidate does not compete with the main business(es) of the Company³.
- 5) The main company of the candidate is not a major business partner⁴ of the Company.
- 6) The main company of the candidate is not a major lender of the Company.
- 7) The candidate has never worked for an accounting auditor of the Company for the period of five years immediately preceding the scheduled date of assumption of office.
- 8) None of the executive directors of the Company is concurrently serving as a director of the main company of the candidate.
- 9) The candidate is not a relative⁵ of any of the officers or employees of the Company who has not fallen under any of 1 through 8 above.

¹ Main company of the candidate shall mean the company, if any, at which the candidate for an outside board member is an executive director, executive officer, or manager or other employee.

² Major shareholder shall mean top 10 shareholders of the Company.

³ Main business(es) of the Company shall mean business(es) disclosed as main business(es) of Company on the business report of the Company (omitted).

⁴ Major business partner shall mean the business partner whose transaction with the Company is not less than 2% of such business partner’s consolidated gross sales.

⁵ Relative shall mean the person’s spouse, partner, relative within the second degree of kinship or relative who lives with the person.

At the closing of this Annual General Meeting of Shareholders, the terms of Mr. Yasuhiro Nishi and Mr. Kazuyuki Suzuki, Audit & Supervisory Board Members, will expire. Therefore, the Company proposed that two (2) Audit & Supervisory Board Members be elected.

The following candidates for Audit & Supervisory Board Members have been determined by the Board of Directors based on the recommendations of the Nomination and Remuneration Advisory Committee, which consists of a majority of Independent Outside Officers and is chaired by an Independent Outside Officer.

Mr. Kazuyuki Suzuki and Ms. Ryoko Shimizu, candidates for Outside Audit & Supervisory Board Members, meets the conditions of the Company's "Standards for the Independence of Outside Board Members" (refer to Page 15) and the conditions of Independent Officers stipulated by Tokyo Stock Exchange, Inc. The Audit & Supervisory Board has given prior consent to the submission of this Item.

1 Kazuyuki Suzuki (Date of birth: August 12, 1950)

Renominated



Career Summary, Position and Duty

Candidate for Independent Outside Audit & Supervisory Board Member

- 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 The Japanese Society for Quality Control [resigned in 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: Professor Emeritus of The University of Electro-Communications [incumbent]
Specially-appointed Professor of Graduate School of Informatics and Engineering of The University of Electro-Communication [incumbent]

■ Number of Shares of the Company Owned

-

■ Number of Years in Office of the Company

4 years (At the closing of this Annual General Meeting of Shareholders)

■ Number of Attendance of the Board of Directors Meetings of the Company

17 out of 17 Board of Directors meetings
(Attendance rate 100%)

■ Number of Attendance of the Audit & Supervisory Board Meetings of the Company

18 out of 18 Audit & Supervisory Board meetings
(Attendance rate 100%)

(The business term under review)

Important Position of Other Organizations Concurrently Assumed

Specially-appointed Professor of Graduate School of Informatics and Engineering of The University of Electro-Communication

Reasons for Nomination of the Candidate for Outside Audit & Supervisory Board Member

Mr. Kazuyuki Suzuki has deep insight and abundant experience in quality control and reliability engineering. Since he was appointed to Audit & Supervisory Board Member in June 2015, he has given useful opinions and suggestions from an expert's point of view on quality control, etc. at Board of Directors meetings and Audit & Supervisory Board meetings, and has contributed to improving the supervisory functions of the Audit & Supervisory Board and the Board of Directors. Therefore, the Company has renominated him as a candidate for Audit & Supervisory Board Member. The Company has determined that he would be able to properly perform his duties as Outside Audit & Supervisory Board Member, given his contribution to corporate management such as providing guidance to domestic and overseas companies entering the screening process for the Deming Prize as a member of the Deming Prize Committee for many years, even though he has never been involved in corporate management directly.

Independence of the Candidate for Outside Audit & Supervisory Board Member

The Company has no business relationship with Mr. Kazuyuki Suzuki or any of the organizations in which Mr. Kazuyuki Suzuki concurrently holds a position. As the "Criteria for Independence of Outside Board Members" of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, his independence as Outside Audit & Supervisory is deemed to be sufficiently secured.

Limiting Liability Agreement

In light of enabling Audit & Supervisory Board Member to discharge his duties in full as expected, the Company has entered into an agreement with the Audit & Supervisory Board Member limiting his liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liability for compensations is limited to the minimum limited liability amount provided in the laws and ordinances. Furthermore, in the event that this Mr. Suzuki is approved, the Company is scheduled to continue into the above Limiting Liability Agreement with him.



Career Summary, Position and Duty

Candidate for Independent Outside Audit & Supervisory Board Member

- 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: Fulltime Professor of School of Accountancy of Kansai University [incumbent]

■ Number of Shares of the Company Owned

-

Important Position of Other Organizations Concurrently Assumed

Fulltime Professor of School of Accountancy of Kansai University

Reasons for Nomination of the Candidate for Outside Audit & Supervisory Board Member

Ms. Ryoko Shimizu has specialized knowledge of accounting in Japan and overseas as well as abundant auditing experience as a Certified Public Accountant. The Company has judged that she is well-qualified for the Sekisui Chemical Group in seeking expansion of its global businesses and sustained enhancement of its corporate value, and thus newly nominated her as a candidate for Outside Audit & Supervisory Board Member. Based on the aforementioned reasons, the Company has determined that she would be able to properly perform her duties as Outside Audit & Supervisory Board Member, even though she has never been involved in corporate management directly.

Independence of the Candidate for Outside Audit & Supervisory Board Member

The Company has no business relationship with Ms. Ryoko Shimizu or any of the organizations in which Ms. Ryoko Shimizu concurrently holds a position. As the "Criteria for Independence of Outside Board Members" of the Company and the criteria for independent directors/auditors prescribed by the Tokyo Stock Exchange have been met, her independence as Outside Audit & Supervisory is deemed to be sufficiently secured.

Limiting Liability Agreement

In light of enabling Audit & Supervisory Board Member to discharge her duties in full as expected, the Company has entered into an agreement with the Audit & Supervisory Board Member limiting her liabilities to compensate, under Paragraph 1 of Article 423 of the Companies Act, under which his liability for compensations is limited to the minimum limited liability amount provided in the laws and ordinances.

(Notes) 1. Each of the candidates has no interest with the Company.

2. In the event that this Item of Business is approved as proposed, the composition of the Audit & Supervisory Board is as follows.

Name	Position and Duty	Number of Years (At the closing of this Annual General Meeting of Shareholders)
Moritoshi Naganuma (Date of birth: March 18, 1959)	Fulltime Audit & Supervisory Board Member	2 years
Yuichi Hamabe (Date of birth: October 18, 1958)	Fulltime Audit & Supervisory Board Member	3 years
Tetsuo Ozawa (Date of birth: June 28, 1947)	Audit & Supervisory Board Member Independent Outside Audit&Supervisory	5 years
Kazuyuki Suzuki (Date of birth: August 12, 1950)	Audit & Supervisory Board Member Independent Outside Audit&Supervisory	4 years
Ryoko Shimizu (Date of birth: September 7, 1958)	Audit & Supervisory Board Member Independent Outside Audit&Supervisory Female	-

(Reference) List of Officers [subject to approval of this Annual General Meeting of Shareholders]

Name	Position in the Company	Number of Years (At the closing of this Annual General Meeting of Shareholders)	Number of Attendance of the Board of Directors Meetings of the Company (The business term under review)	Number of Attendance of the Audit & Supervisory Board Meetings of the Company (The business term under review)	Nomination and Remuneration Advisory Committee
Teiji Koge	President and Representative Director Chief Executive Officer	14 years	100% (17 out of 17)	—	●
Keita Kato	Representative Director Senior Managing Executive Officer	5 years	100% (17 out of 17)	—	
Yoshiyuki Hirai	Director Managing Executive Officer	4 years	100% (17 out of 17)	—	
Hiroyuki Taketomo	Director Managing Executive Officer	3 years	100% (17 out of 17)	—	
Toshiyuki Kamiyoshi	Director Managing Executive Officer	—	—	—	
Ikusuke Shimizu	Director Managing Executive Officer	—	—	—	
Yutaka Kase	Independent Outside Director	3 years	100% (17 out of 17)	—	●
Hiroshi Oeda	Independent Outside Director	1 year	100% (13 out of 13)	—	●
Yoko Ishikura	Independent Outside Director	—	—	—	●
Moritoshi Naganuma	Fulltime Audit & Supervisory Board Member	2 years	100% (17 out of 17)	100% (18 out of 18)	
Yuichi Hamabe	Fulltime Audit & Supervisory Board Member	3 years	100% (17 out of 17)	100% (18 out of 18)	
Tetsuo Ozawa	Independent Outside Audit & Supervisory Board Member	5 years	100% (17 out of 17)	100% (18 out of 18)	●
Kazuyuki Suzuki	Independent Outside Audit & Supervisory Board Member	4 years	100% (17 out of 17)	100% (18 out of 18)	
Ryoko Shimizu	Independent Outside Audit & Supervisory Board Member	—	—	—	

(Note) The above list does not present all knowledge held by the candidates.

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
●				●		
●			●		●	●
●	●				●	
●		●		●		
●						
●			●		●	●
●					●	
●					●	
●	●					
				●		
		●				
			●			
	●				●	

-End-