

Summary of New Board Structure

We hereby announce again that at our Board meeting held on December 7, 2017, the Board resolved that beginning January 1, 2018, we would shift into a new management structure which facilitates further separation of the strategic decision-making and supervisory functions of management, from the day-to-day executive functions of business management, with a view towards further strengthening our supervisory and executive functions.

As a result of the changes implemented on 1 January 2018 (see following announcement), the total number of directors on our board is now 8, namely 5 Committee directors and 3 normal directors. Since 3 of the Committee directors are also independent directors, 3 out of 8 (i.e. more than one-third) of the directors on our board are independent directors.

(Translation)



December 7, 2017

To whom it may concern

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Announcement of Our New Board Structure

We hereby announce that at our Board meeting held on December 7, 2017 the Board resolved that beginning January 1, 2018, we will shift into a new management structure which facilitates further separation of the strategic decision-making and supervisory functions of management, from the day-to-day executive functions of business management, with a view towards further strengthening our supervisory and executive functions.

1. Our Historical Efforts Related to Corporate Governance

1) Introduction of “Executive Officer System” (June 2003)

We introduced the “executive officer system” in June 2003 with a view to separate, in accordance with our circumstances, strategic decision-making and supervisory functions of management from the day-to-day executive functions of business management. As such, we further clarified the responsibilities and authorities of each officer and director, and thereby strengthened our overall efforts to address the highest priority issue of business, i.e. strategic business development and expansion.

2) Start of Appointment of Independent Directors (June 2013)

We started the appointment of independent director(s) since June 2013.

3) Adoption of Company with an Audit & Supervisory Committee Model (June 2015)

In June 2015, we adopted the Company with an Audit & Supervisory Committee model with a view to further strengthen our Board's supervisory functions as well as to realize quicker decision-making via a separation of supervisory and executive functions.

Under the Company with an Audit & Supervisory Committee model, we have an Audit & Supervisory Committee more than half of which consists of outside directors. Under the model, directors may be entrusted with a considerable portion of the Board's executive authority.

Based on the above, since June 2015, our Board has consisted of the following 12 members:

7 directors who are not part of the Audit & Supervisory Committee (the "Normal Directors") (including 2 representative directors)

5 directors who are part of the Audit & Supervisory Committee (including 3 outside directors)

Please note that all 3 outside directors are also registered as "independent director" with the Tokyo Stock Exchange.

2. Shift into the New Board Structure (January 2018)

As described above, we have believed that one of the highest priority issues of business is to ensure soundness and legality of business management and to increase efficiency. Accordingly we have continuously tried to improve and enhance our corporate governance system. With a view to further strengthen supervisory and executive functions, we have decided to promote further separation of the strategic decision-making and supervisory functions of management from the day-to-day executive functions of business management. Starting from January 1, 2018, we shall reduce the number of normal directors from 2 representative directors and 5 directors (concurrently serving as managing executive officers) to 2 representative directors and 1 director (concurrently serving as senior managing executive officer).

We have decided to shift the current composition of our normal directors into the new one i.e., 2 representative directors and 1 director (concurrently serving as senior managing executive officer) (the "New Structure") based on the following reasons:

- As the supervisory functions of our Audit & Supervisory Committee have improved as a result of the accumulation of knowledge and experience by the Audit & Supervisory Committee Members, 4 of our existing 5 normal directors who are concurrently executive officers will devote themselves to execute the business as executive officers. We believe that this change will strengthen the day-to-day executive functions of business management; and
- Under the New Structure, we will have 1 normal director who is concurrently an senior managing executive officer will support the representative directors with his specialized knowledge and experience based on the practical business. With this New Structure, we believe that the strategic decision-making and supervisory functions of management and the day-to-day executive functions of business management will both be strengthened and our board structure can be more preferable.

Please note that we have also changed the detailed responsibilities and authority delegated to executive officers and have implemented other necessary procedures, in line with the said shift into the New Structure.

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