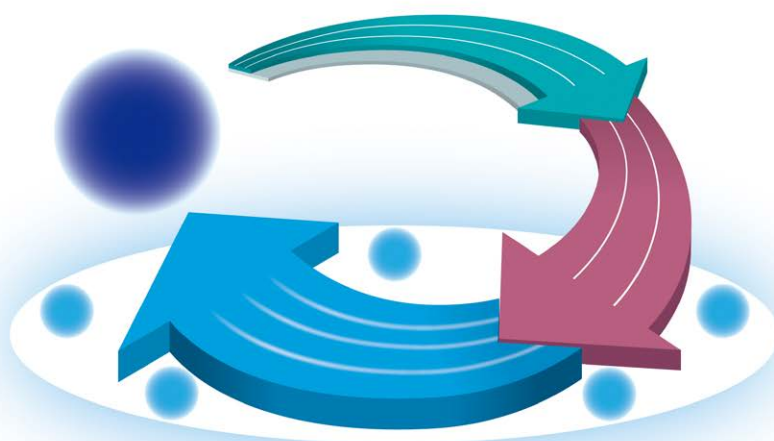


SUSTAINABILITY REPORT 2022



Innovation for the Earth

In order to realize sustainable society,
we support the basis of LIFE and will continue to create
"peace of mind for the future".

SEKISUI CHEMICAL CO., LTD.

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Material Topics

Editorial Policy

Editorial Policy

- SEKISUI CHEMICAL Group (the Group) has changed the name of its CSR Report to the Sustainability Report from this issue. Issues to be addressed and the role required by society have shifted from responding solely to environmental matters to CSR and from CSR to sustainability. While working to address this trend, the Group is also responding to the demand for the disclosure of information from a longer-term perspective. In this Sustainability Report, the Group is looking to inform stakeholders of its various related initiatives with the aim of deepening their understanding of the activities in which it engages to realize both a sustainable society and sustainable growth of the Group itself.
- The Group's Long-term Vision, Vision 2030, is to support the basis of LIFE and to continue to create peace of mind for the future in order to realize a sustainable society. Guided by this vision, we have continued to place particular importance on strengthening ESG management. We have also identified and structured this report around the key ESG management issues of governance (internal control), digital transformation (DX), the environment, human resources, and fusion.
- The information published in this report has been decided upon in reference to various report-drafting guidelines, based on internal and external surveys and third-party reviews, and in consideration of what is important for both society and the Group.
- The Sustainability Report 2022 has been edited with an anticipated readership of all stakeholders involved with the Group, particularly institutions that evaluate ESG and long-term investors.
- In order to ensure that information is both comprehensive and easy to read, this Sustainability Report 2022, which contains all information relating to the sustainability activities of the Group, has been centrally consolidated and posted to the Company's website. The Report is provided in both PDF and HTML formats. The Sustainability Report 2022 PDF Edition, which has the same content as the website, can be downloaded from the "PDF download" page.
- The standards used for calculating the major reported performance indicators are compiled together and listed after each set of performance data.
- The environmental and social information in Japanese version of the Sustainability Report 2022 PDF Edition has been assured by a third-party organization to ensure reliability.

Guidelines Used for Reference, etc.

- GRI Standards
- The Ministry of the Environment's Environmental Reporting Guidelines (2012 and 2018 editions)
- ISO26000 (Guidance On Social Responsibility)
- The Ten Principles of the United Nations Global Compact

Scope of the Sustainability Report 2022

Scope of This Report

Scope of This Report	: The basic function of this Report is to comment on the activities of SEKISUI CHEMICAL Group, focusing chiefly on the business facilities that play key roles in those activities.
Timeframe Encompassed by This Report	: April 2021-March 2022 (Includes some activities that occurred outside this timeframe.)
Date of Issue	: July 2022 (Previous report published July 2021 / Next report scheduled to be published in July 2023)

Scope of Independent Practitioner's Assurance

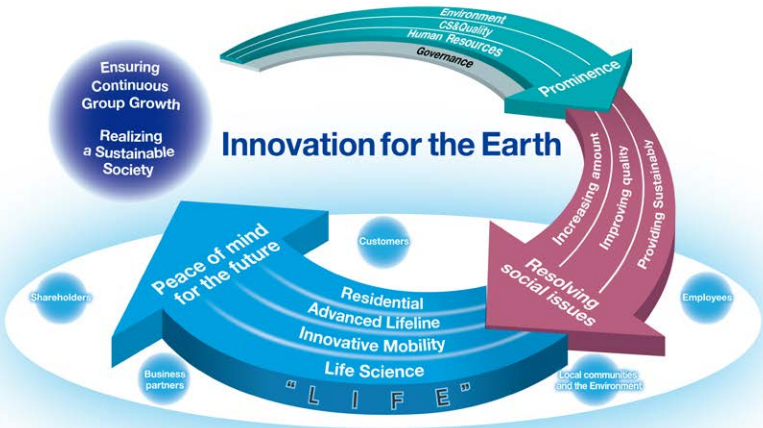
The environmental and social information the Sustainability Report 2022 PDF Edition has been assured by a third-party organization. Information that falls within the scope of independent practitioner's assurance is identified by a check mark. Please refer to the Independent Practitioner's Assurance Report on the applicable page for details.

Disclaimer

Readers are requested to note the following: The information in the Sustainability Report 2022 includes not only past and present facts concerning SEKISUI CHEMICAL CO., LTD. and its affiliates but also future forecasts based on current plans and projections and management plans and management policies as of the time of publication. Changes in various factors could cause the results and outcomes of business activities in the future to differ from these forecasts. Also, since the figures in the tables and graphs contained in this report have been adjusted through rounding and other means, in some cases total figures may not be equal to the sums of their parts. In addition, for some items data for past fiscal years has been revised in line with expansion in the scope of summation, revision of calculation methods, and changes to environmental impact coefficients.

About the cover diagram

SEKISUI CHEMICAL Group is aiming to realize both a sustainable society and the sustainable growth of the Group itself. To this end, we are steadily practicing the three steps of securing prominence, solving social issues, and creating peace of mind for the future together with stakeholders.



Conceptual Diagram of ESG Management

Top Message



SEKISUI CHEMICAL Group celebrates its 75th anniversary in 2022. On behalf of the Group, I would like to express my sincere gratitude for the support we have received from so many of you.

With the aim of realizing both a sustainable society and the sustainable growth of the Group itself, SEKISUI CHEMICAL Group is taking a more strategic approach to social issues while continuously promoting innovation and proactively pursuing solutions. Solving social issues through products and technological innovation is in the Group's DNA. Typical products that embody this DNA include automotive interlayer films that contribute to automobile safety while curtailing CO₂ emissions through reduced weight and improved air conditioner efficiency; Sekisui Heim homes that help cutback CO₂ emissions through energy creation, conservation, and storage while also offering high earthquake resistance; piping and infrastructure materials that deliver essential resources including water and gas even in the event of serious disaster; and diagnostic reagents that contribute to human health and longevity. Drawing on this DNA, we have continued to expand on our history of business growth by developing products and services that help solve social issues.

In 2020, SEKISUI CHEMICAL Group rolled out its Long-term Vision, looking ahead to 2030, in a bid to further clarify its DNA. At the same time, we decided to associate this Long-term Vision with the Vision Statement: Innovation for the Earth: In order to realize a sustainable society, we support the basis of LIFE and will continue to create peace of mind for the future. This Statement is the unifying theme behind our strong, Group-wide commitment to help realize a sustainable society through innovation.

Building on this commitment, we have also taken steps to change the name of our CSR Report to further emphasize the Group's focus on Sustainability. This initiative reflects our desire to communicate our strategy, approach, and current endeavors regarding ESG Management to stakeholders from a more medium- to long-term perspective, and to showcase our efforts to realize both the two sustainability goals of improving social sustainability while at the same time achieving profitable growth.

Recently, many companies have been made painfully aware of the devastation caused by infectious diseases and geopolitical conflict. It has become increasingly evident that the survival and development of a company is inextricably linked to a stable society from both the historical and common-sense perspectives. With this in mind, I am convinced that social issues will play an increasingly important role in the future of companies going forward.

Against the backdrop of this operating environment, both offensive and defensive ESG management are critical to realizing sustainable growth of SEKISUI CHEMICAL Group itself. In addition to human resources who are prominent in their ability to create innovation, offensive ESG management includes the technological skills to solve such social issues as climate change, digital transformation, and a corporate culture that embraces challenge. Defensive ESG management, on the other hand, focuses on a variety of facets including the reduction of serious incidents, strengthening the supply chain, and formulating BCPs. Key to accelerating both aspects of ESG management is our partnership with stakeholders. I strongly believe that engagement is the first step in reinforcing this partnership. We hope this report will provide a better understand of our approach and initiatives as well as the impetus for further comments and feedback.

Looking ahead, SEKISUI CHEMICAL Group will support the basis of LIFE and continue to create peace of mind for the future in order to realize both a sustainable society and the sustainable growth of the Group itself. As we work toward achieving our goals, we ask for your continued support and understanding.

Realizing Vision 2030

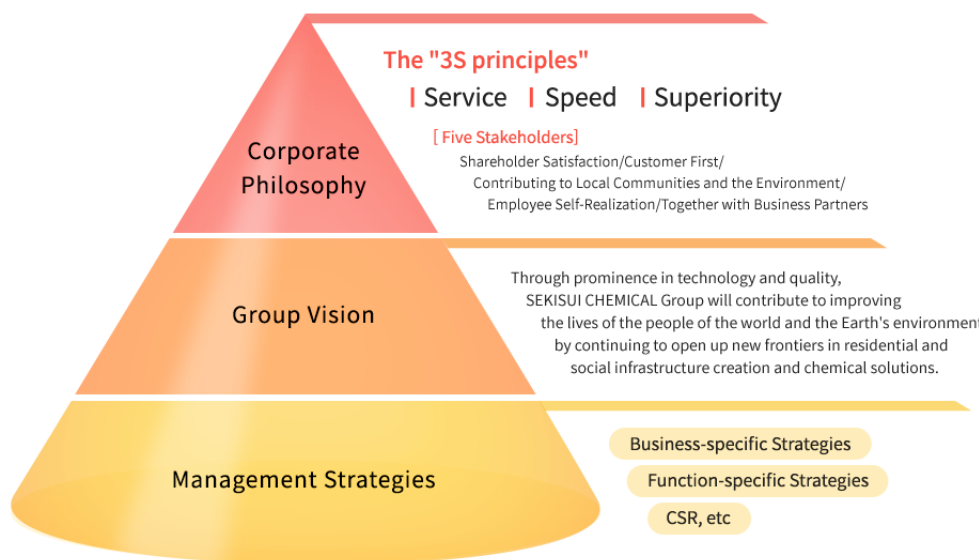


Realizing Vision 2030

SEKISUI CHEMICAL Group is working to support the basis of LIFE and to create peace of mind for the future in order to realize a sustainable society, the core concept of its Long-term Vision, Vision 2030 Innovation for the Earth.

SEKISUI CHEMICAL Group’s Corporate Philosophy System

SEKISUI CHEMICAL Group’s system of management principles comprises the Group’s Corporate Philosophy, which outlines the approach and policies that underpin corporate activities; the Group Vision, which expresses the form to which we aspire under our Corporate Philosophy over the medium to long term; and Management Strategies to realize the Group Vision.



<Corporate Philosophy-The 3S Principles>

Service: At SEKISUI, we serve our stakeholders by creating social, environmental, and economic* value through responsible business practices.

Speed: At SEKISUI, we accelerate innovation by eagerly taking on new challenges, adapting to change, and staying ahead of the times.

Superiority: At SEKISUI, we contribute to society by helping to solve social issues with our prominence in technology and quality.

* Five social, environmental, and economic stakeholders: Customers, Shareholders, Employees, Business Partners, Local Communities and the Environment.

<Group Vision>

Through prominence in technology and quality, SEKISUI CHEMICAL Group will contribute to improving the lives of the people of the world and the Earth’s environment, by continuing to open up new frontiers in residential and social infrastructure creation, and chemical solutions.

See the following website for details of such elements as the Corporate Philosophy and Group Vision within Our Principles.

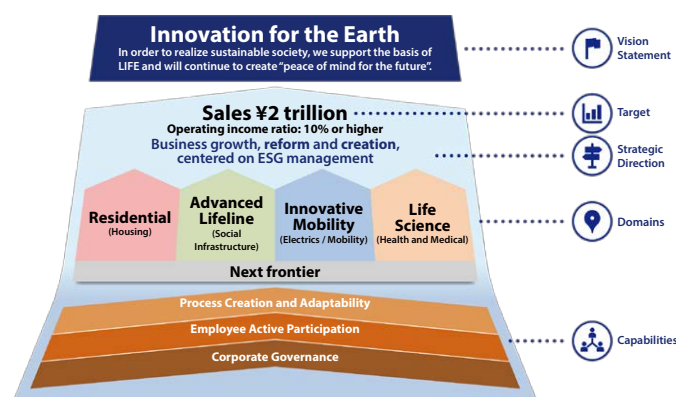
<https://www.sekisuicheical.com/about/outline/vision/principles/>

Long-term Vision, Vision 2030

Guided by SEKISUI CHEMICAL Group’s Corporate Philosophy and Group Vision, the Long-term Vision, Vision 2030, serves as a bridge for SEKISUI CHEMICAL Group’s management strategy. Under Vision 2030, SEKISUI CHEMICAL Group has identified its vision statement, which incorporates the Group’s resolute will to drive continuous innovation as a means of supporting the basis of LIFE and continuing to create peace of mind for the future in order to realize a sustainable society.

With business growth and reform and creating new business centered on ESG management at the center of its strategy, SEKISUI CHEMICAL Group aims to contribute more than ever before to resolving social issues by driving innovation through two distinct means: expanding existing businesses* through product and business reform and creating new businesses through the development and acquisition of new business bases. Drawing on this cycle, we envisage doubling our sales volume by 2030 (to sales of ¥2 trillion and an operating income ratio of 10% or higher).

* Four business domains: Residential (Housing), Advanced Lifeline (Social Infrastructure), Innovative Mobility (Electric/Mobility), and Life Science (Health and Medical).



Overview of the Long-term Vision

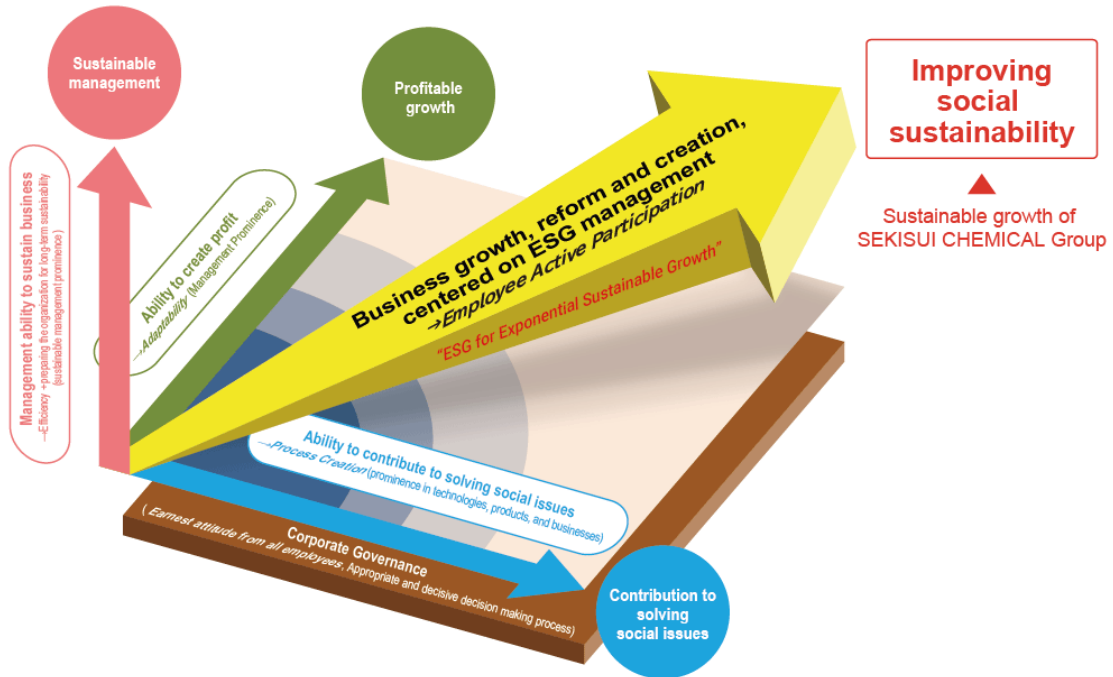
See the following materials for more details on the Long-term Vision, Vision 2030.

- Long-term Vision and Medium-term Management Plan Presentation (May 22, 2020)

https://www.sekisuichemical.com/ir/presentations/vision/_icsFiles/afieldfile/2021/04/15/20200522kge_2.pdf

ESG Management

Through business growth and reform and creating new business centered on ESG management, SEKISUI CHEMICAL Group aims to realize both a sustainable society and sustainable growth of the Group itself by strengthening three driving forces: the ability to contribute to solving social issues; the ability to create profit; and the Group’s management ability to sustain business.



The Group's management ability to sustain business

Adopted ROIC as a KPI to strengthen the Group's management ability to sustain business.

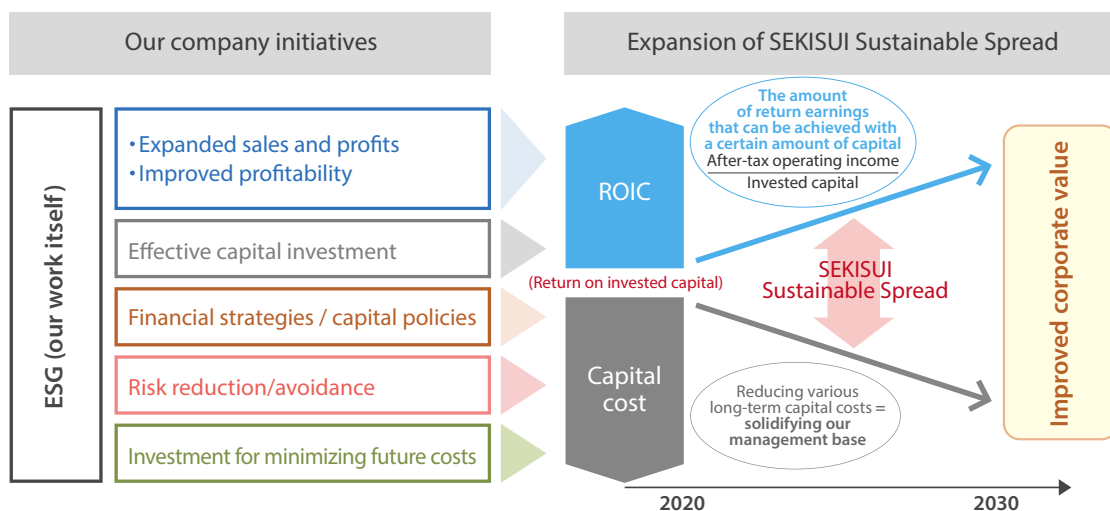
SEKISUI CHEMICAL Group adopted ROIC as an indicator of efficiency and is targeting an improvement of approximately 1% in real terms. To this end, we will improve our profit margin by such measures as expanding marginal profit and improving productivity and increase invested capital turnover through various efforts including effective capital investment, optimal plant utilization, and inventory adjustments.

Improve the Group's corporate value by increasing capital efficiency and lowering the cost of capital in a broad sense over the long term.

SEKISUI CHEMICAL Group defines the difference between ROIC and long-term capital cost as the SEKISUI Sustainable Spread (ROIC spread). By expanding the SEKISUI Sustainable Spread, the Group aims to improve its management ability to sustain business and thereby increase its corporate value.

Control the cost of capital in the broad sense and improve the Group's management ability to sustain business by controlling major incidents and investing in the management base

SEKISUI CHEMICAL Group will increase investments in such areas as governance (internal controls on safety, quality, accounting, legal /ethical matters, information management and risk management), digital transformation (DX), the environment and human resources to mitigate risks that could lead to major incidents by establishing an ESG investment limit. We will also work to control medium- to long-term capital costs and improve our management ability to sustain business.



Medium-term Management Plan Drive 2022

As it works toward its Long-term Vision, Vision 2030, the basic strategy of SEKISUI CHEMICAL Group's Medium-term Management Plan Drive 2022 is to practice ESG management. This entails engaging in business growth and reform, creating and acquiring new businesses for long-term growth, and strengthening the ESG management base while accelerating initiatives through fusion measures and digital transformation. In fiscal 2022, the final year of the Medium-term Management Plan, we are looking to achieve net sales of 1,220 billion yen, operating income of 110 billion yen, and a return on invested capital (ROIC) of 8.6%.

Meanwhile, net sales, operating income, and ROIC came to 1,157.9 billion yen, 88.8 billion yen, and 7.3%, respectively, in fiscal 2021.

Business Growth and Reform (Drive Existing Business)

SEKISUI CHEMICAL Group is looking to achieve an incremental growth in net sales of more than 90 billion yen over a period of three years through products and businesses in each business domain that help resolve social issues.

Create and Acquire New Businesses for Long-term Growth (Drive New Business)

Leveraging its prominence in technology, SEKISUI CHEMICAL Group is creating and securing new opportunities in each of the four business domains of Residential (Housing), Advanced Lifeline (Social Infrastructure), Innovative Mobility (Electric/Mobility), and Life Science (Health and Medical).

Strengthening the ESG Management Base (Drive the Management Base)

Setting an ESG investment limit of 40 billion yen (FY2020-FY2022), SEKISUI CHEMICAL Group is actively engaging in medium- to long-term measures including activities to mitigate risks that lead to major incidents, investments in such areas as DX, human resources, and the environment while also promoting fusion measures.

See the following materials for more details on the Medium-term Management Plan Drive 2022.

- SEKISUI CHEMICAL Group's Medium-term Management Plan Drive 2022
https://www.sekisuichemical.com/news/2020/1364077_38530.html
- Long-term Vision and Medium-term Management Plan presentation(May 22, 2020)
https://www.sekisuichemical.com/ir/presentations/vision/___icsFiles/afieldfile/2021/04/15/20200522kge_2.pdf



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■ Basic Concept

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■ Foundation Underpinning ESG Management

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- Stakeholder Engagement p29
- Respect for Human Rights p37

■ Identifying Key ESG Issues p43

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■ Promotion System p48

Basic Concept

In Realizing Vision 2030, SEKISUI CHEMICAL Group Is Promoting Measures Toward Sustainability That Are in Tune with Business Activities

ESG Management for Realizing Sustainability

By means of its ESG management, SEKISUI CHEMICAL Group is aiming to realize 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: securing prominence, solving social issues, and creating peace of mind for the future.

< Three Steps >

Securing prominence

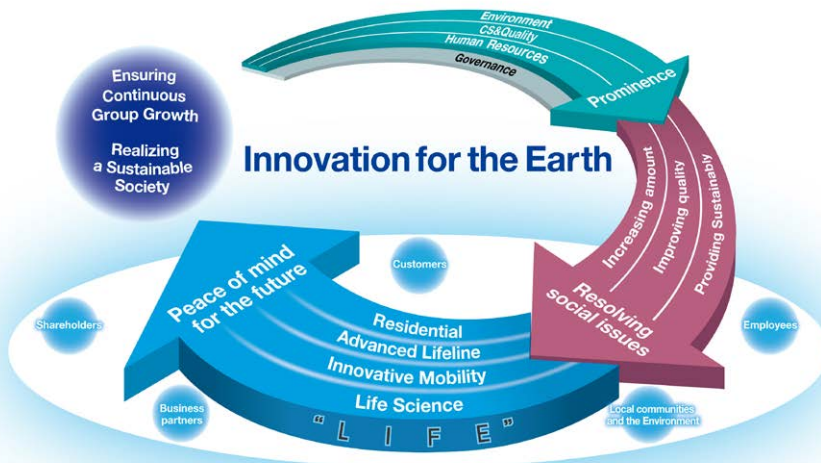
Putting in place a corporate structure that is trusted by society through Governance (Internal Control) and driven by the challenge of its prominence in human resources to create products and services that are overwhelmingly different in terms of the environment as well as CS & Quality.

Solving social issues

Based on its prominence, accelerating the solving of social issues by means of three approaches (increasing the quantity of contributions, improving the quality of contributions, and providing both quantity and quality in a sustainable manner).

Creating peace of mind for the future

Creating and expanding the value that delivers peace of mind for the future to all generations, including those of the future, through four domains (Residential, Advanced Lifeline, Innovative Mobility, and Life Science).



Conceptual Diagram of ESG Management

Foundation Underpinning ESG Management

Basic Philosophy and Framework for Corporate Governance

SEKISUI CHEMICAL Group (the 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.

SEKISUI Corporate Governance Principles

The Company has established and disclosed the SEKISUI Corporate Governance Principles for the purpose of further evolving its corporate governance initiatives and communicating its corporate governance approach and initiatives to stakeholders.

In addition to the above Principles, the status of the Company's initiatives and its approach with respect to the Corporate Governance Code, consisting of the General Principles, Principles, and Supplementary Principles, are summarized and disclosed in the form of the Initiatives to Each of Principles of the Corporate Governance Code.

Details of SEKISUI CHEMICAL Group's Corporate Governance Report, SEKISUI Corporate Governance Principles, and Initiatives to each of the Principles of the Corporate Governance Code are available at the following address.

<https://www.sekisuichemical.com/about/outline/governance/>

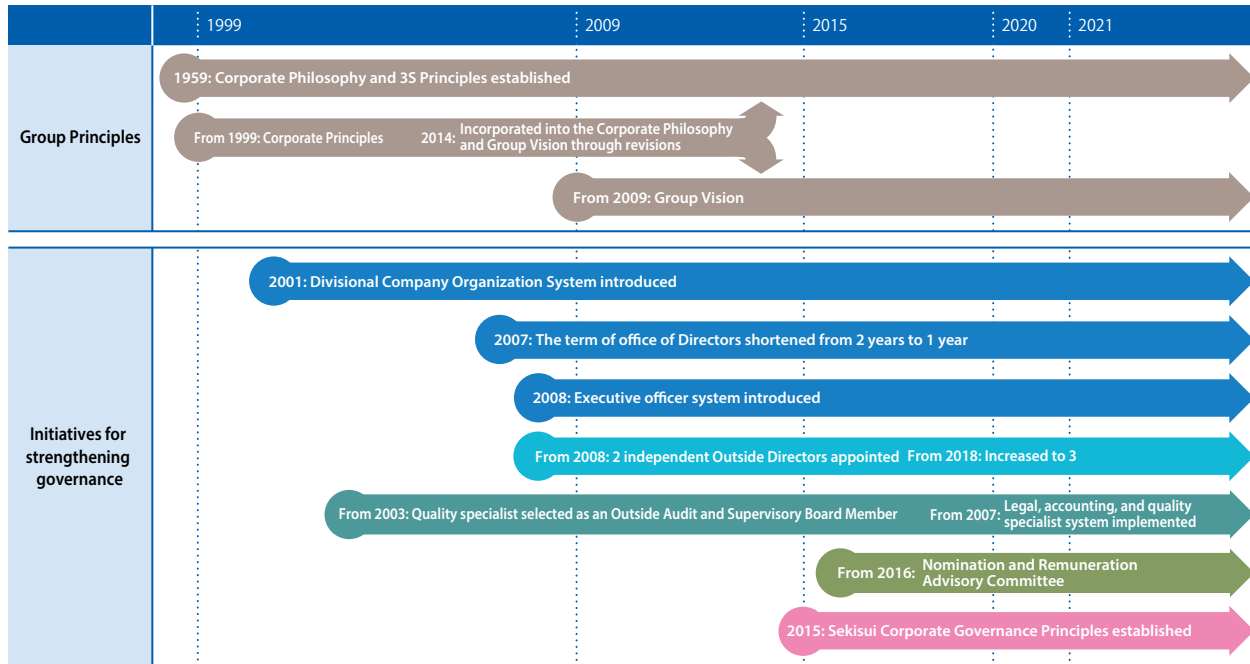
● Corporate Governance

| Organizational Structure

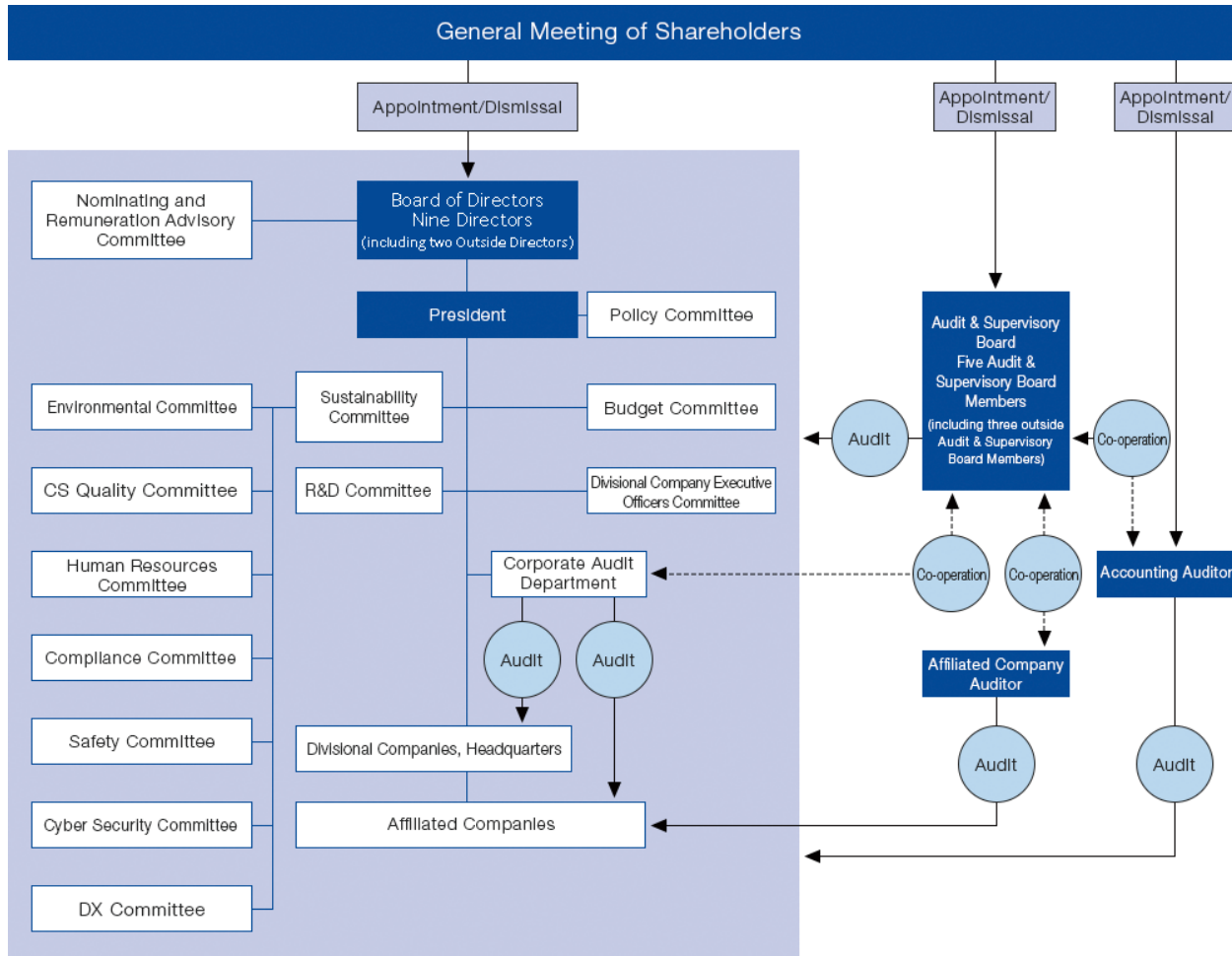
As an organizational structure under the Companies Act, the Company has chosen to be a company with Audit and Supervisory Board. Under the Divisional Company Organization System, the Company has adopted the Executive Officer System in order to clearly distinguish the business execution function from the decision-making function in management.

Organizational structure	A company with an Audit and Supervisory Board
Total number of Directors	9 (In-house: 7; Outside: 2) * No female Directors
Ratio of Outside (independent) Directors	22.2%
Ratio of female Directors	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



Corporate Governance System Chart (As of March 31, 2022)



Board of Directors

Roles and Responsibilities of the Board of Directors

The Board of Directors is positioned as the body responsible for decision-making concerning the Company's fundamental policies and upper-level management issues as well as for supervising the execution of business.

In addition to the Company's Chairman, who is a non-executive director and serves as its chair, the Board of Directors has in place a highly effective supervisory system for Directors by appointing sufficiently experienced Outside Directors to ensure transparency in management and fairness in business decisions and operations.

Composition of the Board of Directors

The number of Directors shall not exceed 15, and two or more of them shall be Outside Directors.

The Board of Directors of the Company shall consist of Directors who are of excellent character, have insight, and high moral standards in addition to knowledge, experience, and competence.

In addition, Audit and Supervisory Board members, including outside Audit and Supervisory Board members, shall attend the meetings of the Board of Directors. With regard to the Audit and Supervisory Board, one or more members will have knowledge and expertise in corporate finance and accounting, and one or more will have knowledge and expertise in legal systems.

The Company 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 presidents of the divisional companies, who are the top management of each business and senior corporate officers with significant experience and strong expertise, are appointed as inside Directors. Together with the independent Outside Directors, who have broad knowledge and experience, and Audit and Supervisory Board members with strong expertise, the presidents of the divisional companies effectively perform the roles and responsibilities of the Board of Directors and maintain a balance with respect to diversity, optimal size, and capabilities.

Meanwhile, two male and one female Outside Directors for a total of three were appointed to the Company's Board of Directors at the Annual General Meeting of Shareholders held in June 2021. Despite her appointment, the female Outside Director resigned as of the end of August 2021 to take up a position at Japan's Digital Agency established on September 1, 2021. As of the end of March 2022, the number of Outside Directors stood at two.

Taking into consideration its Outside Director ratio and the need to secure diversity based on such wide-ranging criteria as gender, SEKISUI CHEMICAL Group has considered increasing the number of Outside Directors. As a result, the Company decided to submit an agenda item regarding the election of Directors including a proposal to increase the number of Outside Directors at its Annual General Meeting of Shareholders held in June 2022.

Name	Position in the Company	Number of Years As of the closing of the Annual General Meeting of Shareholders held in June 2022	Attendance of Board of Directors Meetings of the Company (Fiscal 2021)	Attendance of Audit and Supervisory Board Meetings of the Company (Fiscal 2021)	Attendance of Nomination and Remuneration Advisory Committee Meetings of the Company (Fiscal 2021)
Teiji Koge	Chairman of the Board and Representative Director	17 years	100% (17 out of 17)	—	100% (6 out of 6)
Keita Kato	President and Representative Director Chief Executive Officer	8 years	100% (17 out of 17)	—	100% (6 out of 6)
Yoshiyuki Hirai	Director Senior Managing Executive Officer	7 years	100% (17 out of 17)	—	—
Toshiyuki Kamiyoshi	Director Senior Managing Executive Officer	3 years	100% (17 out of 17)	—	—
Futoshi Kamiwaki	Director Senior Managing Executive Officer	2 years	100% (17 out of 17)	—	—
Ikusuke Shimizu	Director Senior Managing Executive Officer	3 years	100% (17 out of 17)	—	—
Kazuya Murakami	Director Executive Officer	1 years	100% (13 out of 13)	—	—
Yutaka Kase	Independent Outside Director	6 years	100% (17 out of 17)	—	100% (6 out of 6)
Hiroshi Oeda	Independent Outside Director	4 years	100% (17 out of 17)	—	100% (6 out of 6)
Hiroyuki Taketomo	Corporate Audit and Supervisory Board Member	1 years	100% (17 out of 17)	100% (13 out of 13)	—
Toshitaka Fukunaga	Corporate Audit and Supervisory Board Member	2 years	100% (17 out of 17)	100% (19 out of 19)	—
Tetsuo Ozawa	Independent Outside Audit and Supervisory Board Member	8 years	100% (17 out of 17)	100% (19 out of 19)	100% (6 out of 6)
Kazuyuki Suzuki	Independent Outside Audit and Supervisory Board Member	7 years	94% (16 out of 17)	95% (18 out of 19)	—
Ryoko Shimizu	Independent Outside Audit and Supervisory Board	3 years	100% (17 out of 17)	100% (19 out of 19)	—

About the Age-group Composition of Officers

		Under 30	30~39	40~49	50~59	60 or older
Number of Directors by Age	Male	0	0	0	3	6
	Female	0	0	0	0	0

Note: As of March 31, 2022

Outside Directors

The Company appoints to the Board 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.

Yutaka Kase, Outside Director

Mr. Kase serves as Advisor at Sojitz Corporation. Mr. Kase has provided advice with respect to the business management of the Company 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 appointed him as a Director.

Hiroshi Oeda, Outside Director

Mr. Oeda serves as Corporate Special Advisor at Nisshin Seifun Group Inc. As Mr. Oeda has been a management executive of the largest milling company in Japan, the Company expects him to provide advice with respect to the business management of the Company and supervise business execution appropriately by leveraging his abundant experience and skill regarding global corporate management, business strategies, and M&A activities fostered through his positions. Therefore, the Company has judged that he would be able to contribute to enhancing the corporate value of SEKISUI CHEMICAL Group and thus appointed him as a Director.

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 and 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 fiscal 2021, the Board of Directors engaged in thoroughgoing discussions of important management issues. Items of deliberation included both growth strategies (including R&D and large new businesses) and fundamental strategies (Sustainability Committee reports, digital transformation, safety, compliance, as well as CS & Quality).

In addition, steps were taken to conduct questionnaires for Directors and Audit and Supervisory Board members to assess the effectiveness of Board of Directors meetings. While identifying important management issues that require further deliberation, energies were directed toward reviewing the setting of agendas to ensure that sufficient time is allocated for the deliberation of important issues. Once again to confirm that the Board of Directors has sufficient time to discuss and comments on important issues, measures were implemented to ascertain whether Directors including Outside Directors and Audit and Supervisory Board members were actively expressing their opinions and proposals.

The selection of candidates for the positions of Director and Audit and Supervisory Board member, individual evaluation, and such matters as compensation paid are deliberated by the Nomination and Remuneration Advisory Committee. The results of these deliberations are reported to the Board of Directors where decision are made. In fiscal 2021, the Nomination and Remuneration Advisory Committee met six times, deliberating on a wide range of matters including the composition and effectiveness of the Board of Directors as well as efforts to strengthen governance.

Support for and Collaboration with Directors and Audit and Supervisory Board Members

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 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 several times a year. 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 dialog with Audit and 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 and Supervisory Board members and Executive Officers to meet when the new management system is inaugurated following the Annual General Meeting of Shareholders.

Opportunities to deepen understanding of the Company's business

To deepen understanding of the Company and the characteristics of the Group's wide-ranging businesses, Outside Directors and Outside Audit and Supervisory Board members undertake business site visits every year. Business briefings are also conducted for Outside Directors and Outside Audit and Supervisory Board members.

In light of the need to prevent further spread of COVID-19 infections, the following initiatives were implemented using a Web conference system in fiscal 2021.

(1) Online business site visits

Online inspection of the Shiga-Ritto Plant and the General Institute of the UIEP Company.

(2) R&D briefings

Briefings on the various R&D themes in progress at the Company's R&D Center.

(3) Business briefings on the Life Science field

Briefings on overall market conditions and R&D themes in progress in the Life Science field.

Consultations with Stakeholders on Economic, Environmental, and Social Topics

At the quarterly Executive Officers Liaison meetings, the sharing of earnings announcements is combined with invited speakers from outside the Company, so that executive officers obtain the latest information on economic and social trends that are directly linked to management issues.

【Fiscal 2021 Executive Officers Liaison Meeting Lecture Topics】

Jitsuro Terashima

Topic: Overcoming COVID-19

—The Course for Japan's Economy and Industry in 2022—

| Nomination and Remuneration Advisory Committee

The Company has established an optional advisory committee concerning nomination and remuneration to further enhance the fairness and transparency of management.

The Nomination and Remuneration Advisory Committee deliberates on matters related to enhancing the effectiveness of the Board of Directors, including the nomination and non-reappointment of senior executives, including representative directors, the nomination of candidates for Director, and the system of remuneration and levels of remuneration for Directors. The Committee also deliberates on the appointment of former representative directors and presidents to the positions of advisors or executive advisors as well as other relevant factors as their treatment, and submits recommendations and advice to the Board of Directors.

The Nomination and Remuneration Advisory Committee comprises five members, the majority of whom are independent outside directors. The Chairperson is elected from the independent outside directors.

Remuneration and Other Compensation for Officers

(1) Policy regarding determination of remuneration and other compensation

(1) 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 with a diverse variety of management talent in order to increase the competitiveness of the Group

(2) Remuneration mindset

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

<Basic Remuneration>

- Regular monthly remuneration
- Remuneration within the framework of officer remuneration is a fixed payment determined by the roles and responsibilities of each Director.

Note: For executive directors, a portion of the basic remuneration is required to be used for the purpose of SEKISUI CHEMICAL Group's stock through the Officers Stock Ownership Plan.

<Bonuses>

- In the event certain ROE and dividend payment amount criteria are met, the amount of bonuses paid determined within the scope of payment rates (0% to 100%) linked to the level of target achievement for such parameters as operating income and business performance of each divisional company.

<Share-based compensation>

- Aimed at further raising motivation to help improve medium- and long-term business performance and SEKISUI CHEMICAL Group's corporate value.
- Points awarded annually according to position, and shares equivalent to the accumulated points during the term of office are issued upon retirement.

(2) Determination Process for Officer Remuneration and Other Compensation

In order to achieve the goals of the officer remuneration system, the Company has established a Nomination and Remuneration Advisory Committee as an advisory organization to the Board of Directors. This committee deliberates on the structure and levels of Director remuneration and verifies the validity of remuneration for individuals, carrying out these processes with objectivity and transparency. Based on the above processes, the Board of Directors determines certain details including remuneration for each individual Director for the subject fiscal year in line with the policy regarding the determination of remuneration levels.

<Overview of the Nomination and Remuneration Advisory Committee and the Policy Regarding the Determination of Remuneration Levels>

- This committee is convened by the chairperson (an Outside Director).
- The agenda items of this committee are introduced by the committee members, and the secretariat compiles them and presents them to the chairperson.
- The deliberation results of this committee are reported to the Board of Directors by the chairperson.
- The Board of Directors carries out final determination of the policy regarding the determination of Director remuneration levels, respecting the report of this committee. In addition, the Directors and members of this committee must carry out these decisions from the perspective of whether or not they contribute to the corporate value of the Company and providing benefit to shareholders. Decisions must never have the goal of providing individual benefit to the Directors or committee members themselves, management ranks, or any other third party.
- The specific remuneration amount, payment date, payment method, and other matters are left to the discretion of the President and Representative Director. The reason for delegating this authority to the President and Representative Director is because this individual is best suited to evaluate each Director's responsibilities while overseeing the Company's overall performance. The Board of Directors receives reports from the Nomination and Remuneration Advisory Committee, as described above, to ensure that such authority is properly exercised.

Officer Remuneration in Fiscal 2021

(Amount: Millions of yen)

	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	11	340	7	161	7	76	11	578
Of which Outside Directors	3	34	—	—	—	—	3	34
Audit and Supervisory Board members	6	76	—	—	—	—	6	76
Of which outside Audit and Supervisory Board members	3	36	—	—	—	—	3	36

Note 1: The aforementioned includes one Director and one Audit & Supervisory Board member who retired at the conclusion of the 99th General Meeting of Shareholders held on June 23, 2021 as well as one Director who retired effective August 31, 2021.

Note 2: The amount paid to officers does not include the portion of employee's salary (including bonus) amounting to 86 million yen for Directors who concurrently serve as employees.

Notice of Convocation of the Annual General Meeting of Shareholders

https://www.sekisuichemical.com/ir/library/notice_of_convocation/index.html

Director Company Stock Ownership Guidelines

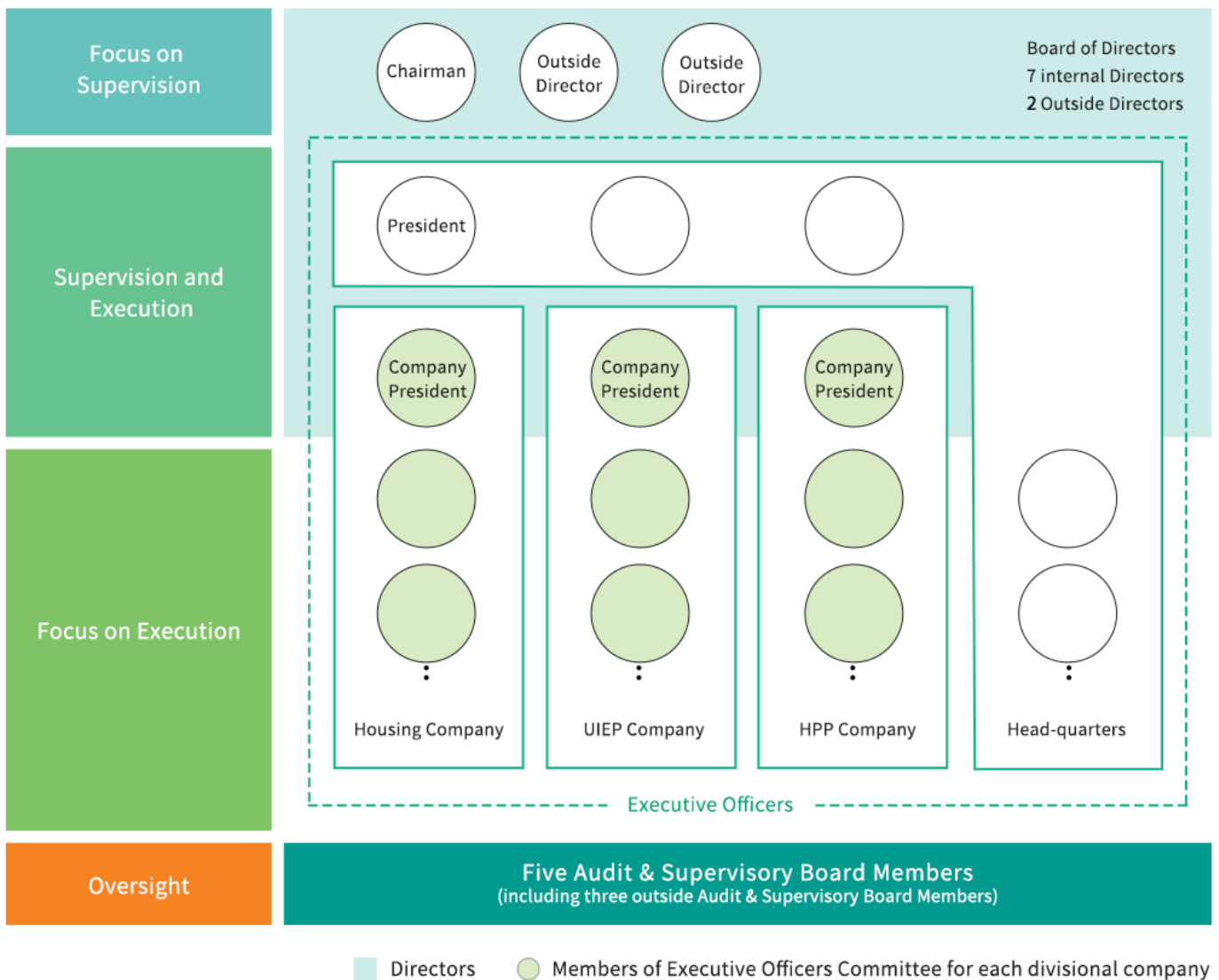
In addition to having introduced, for Directors (excluding Outside Directors) and divisional company Executive Officers, a share-based compensation plan to further raise motivation to contribute to the improvement of mid- and long-term business performance and improve the Group's corporate value, the Company has established "Company Stock Ownership Guidelines" for those who are holding more than a certain number of shares.

Executive Officer System and Executive Committee

To maximize corporate value, the Company has built its management structure based on the Divisional Company Organization System. Together with assigning to each divisional company Executive Officers specializing in business execution, an Executive Committee has been established to serve as the top decision-making body in each divisional company. Executive Committee members, whose term of office is deemed to be for one year, are appointed by resolution of the Board of Directors.

By transferring authority to the divisional companies, the Board of Directors strives to achieve continual improvements in corporate value as an organization responsible for decisions on basic policies of SEKISUI CHEMICAL Group’s management as well as high-level management decision-making and supervision of business execution.

Management System



Auditing System

Approach to Appointment of Audit and Supervisory Board Members

SEKISUI CHEMICAL Group maintains an Audit and Supervisory Board structure consisting of two full-time Corporate Audit and Supervisory Board members and three part-time Outside Audit and Supervisory Board members for a total of five Audit and Supervisory Board members. As far as the composition of the Audit and Supervisory Board is concerned, one or more members will have knowledge and expertise in corporate finance and accounting, one or more will have knowledge and expertise in legal systems, and one or more will have knowledge and expertise in manufacturing and CS & Quality, which are extremely important for manufacturers.

Officers with experience as Head of Technology & CS Promotion Department and Head of Legal Department have been appointed as full-time Corporate Audit and Supervisory Board Members in fiscal 2022.

A certified public accountant with experience working for an auditing firm, a lawyer with extensive experience in corporate law, and a university professor specializing in quality control have been appointed as Outside Audit and Supervisory Board members.

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, directives, and communications of SEKISUI CHEMICAL Group (the Company and its subsidiaries), and SEKISUI CHEMICAL's duties include providing guidance and counsel, and undertaking evaluations of all SEKISUI CHEMICAL Group members to ensure that their business activities are being conducted in an appropriate manner.

Internal Control System Overview

In order to ensure the internal control system for the Company and Group companies is properly maintained and operated, our Corporate Audit Department carried out operation and accounting audits of the Company and Group companies based on a yearly auditing plan, investigating whether execution of operations is being performed appropriately and efficiently.

Compliance

We hold meetings of the Sustainability Committee chaired by the president and carry out deliberations on fundamental policies and other issues related to compliance. Also, as the operational arm of the Sustainability Committee, we operate a Compliance Sub-committee, which is chaired by the Executive Officer in charge of the Legal Department, which in turn serves as the secretariat. In addition to the heads of divisional company and headquarters departments, the Head of the Corporate Audit Department also serve as members on this sub-committee. This organization reports compliance activity results and matters for Compliance Advisory Board deliberation, as well as discusses future activity policy.

In similar fashion to the previous fiscal year, expansion of the applicable scope of our internal reporting system overseas and adjustment of SEKISUI CHEMICAL Group regulation were once again important working items in fiscal 2021. With cooperation from regional headquarters in the United States, China, Europe, and Thailand, we were able to carry out these activities.

October 2021 was named Compliance Reinforcement Month, and as part of the related activities we requested all top executives to issue compliance messages and submit reports related to their content. In addition, compliance training and other activities were carried out not only in Japan but also for local employees at overseas locations such as the United States, China, Europe, ASEAN, and India.

Execution of Duties by Directors

In order to ensure that Directors carry out their duties efficiently, the Board of Directors met 17 times in fiscal 2021. 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.

Execution of Duties by Audit and Supervisory Board Members

Audit and Supervisory Board members attended 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. In addition to personally visiting various sites for audits, they also receive reports from the Internal Auditing Department and each headquarters department that has jurisdiction over internal control. The Audit and Supervisory Board met 19 times in fiscal 2021 for the purpose of sharing the information from these reports. Audit and Supervisory Board Members regularly exchanged opinions with corporate auditors, cooperating closely to improve the effectiveness of auditing efforts. Liaison meetings were held with related corporate auditors to improve coordination with auditors and enhance the quality of auditing. In addition, regular meetings were held with the Representative Director, and Audit and Supervisory Board Members also exchanged opinions with Outside Directors.

Risk Management

SEKISUI CHEMICAL Group maintains a risk management structure for the integrated management of measures to prevent risk events from occurring (risk management) and to respond when risk events occur (crisis management). In fiscal 2021, we identified 17 categories of risk that could lead to serious Company-wide incidents in the five areas of safety, quality, accounting, law, ethics, and information management as significant Company-wide risks. By incorporating this into our existing organization-specific risk management activities, positive steps have been taken to realize Company-wide enterprise risk management (ERM). Specific Company-wide risks and specific risks identified for each organization based on the SEKISUI CHEMICAL Group Risk Management Guidelines are analyzed and evaluated. We then determine countermeasures for these risks and carry out repeated periodic review and revisions, which will be run through the PDCA management cycle every year.

In the event of a major incident, crisis management activities are carried out based on the SEKISUI CHEMICAL Group Crisis Management Guidelines. Crisis Management Liaison Meetings are held regularly with each specialized department of headquarters and divisional company representatives in attendance to ensure appropriate handling measures are implemented rapidly, and we also carry out education and training sessions using case studies.

In addition, efforts were made to revise and formulate an initial response plan (ERP) that places the protection of human life as the highest priority for 143 organizations as a Groupwide initiative from fiscal 2021. Moreover, we are working to put in place a resource-based business continuity plan (BCP) as an all-hazard BCP that encompasses all types of crisis events at our major business organizations. During the current medium-term, we will work to establish a BCM system that can be periodically reviewed through training and other means within our own organization.

Group Company Business Management

Through rules such as our domestic and overseas affiliate company handling regulations and decision-making authority standard requirements, we have constructed a framework for receiving decision-making and reports from Group companies to the Company. In addition, our Corporate Audit Department implements internal auditing and results of audits by Audit and Supervisory Board members of our Group companies are collected at Audit and Supervisory Board meetings.

● Stakeholder Engagement

We are promoting stakeholder engagement using a variety of methods.

■ Promoting Constructive Dialogue with Stakeholders

To build relationships of trust with its five stakeholders—customers, shareholders, employees, business partners as well as local communities and the environment—SEKISUI CHEMICAL Group considers that it is important to improve corporate value through constructive dialogue.

Positioning its stakeholders as partners in improving corporate value, having constructive dialogue with them, assessing their expectations and requests as well as solving social issues together with them, leads to great opportunities for SEKISUI CHEMICAL Group.

We will create a relationship of mutual prosperity with our stakeholders while continuing to promote sustainable growth.

In fiscal 2021, the ESG Management Department, which falls under the purview of the Director and Senior Managing Executive Officer (Head of the ESG Management Department), took on the role of promoting constructive dialogue with all stakeholders. The various assessments and opinions of all stakeholders are reported to the Sustainability Committee, which is chaired by the Company president and made up of directors, and the Company strives to adequately reflect these views in its activities.

There were no major concerns voiced by stakeholders through any of the engagements in fiscal 2021. In addition, in order to steadily practice the active disclosure of information in a timely and appropriate manner throughout the Group as a whole, we formulated the Corporate Information Disclosure Regulations, which specify the content and system of disclosure, guided by the Principle of Corporate Information Disclosure and are disclosing information in line with our IR (disclosure) policy.

Responsibility of SEKISUI CHEMICAL Group to Each Stakeholder

Stakeholders	Responsibility of SEKISUI CHEMICAL Group
Customers	We take the voices of our customers seriously, offer prominent products and services and strive to build a long-term relationship of trust with our customers.
Shareholders	To meet the expectations of all our valued shareholders, we strive for highly efficient use of capital, fair ethical disclosure of information, adequate returns from profit, and increasing corporate value through sustainable growth.
Employees	We foster among our employees a spirit of taking on new challenges and are actively creating workplaces where every employee can stand out and diverse human resources can both excel and feel that their work is worthwhile.
Business partners	When procuring materials, we follow the fundamentals of being open, fair, compliant with the law, engaged in relationships of mutual trust, and environmentally conscious. We aim to achieve coexistence and shared prosperity by building more robust partnerships with our business partners and engaging in fair trade. We are also engaged in promoting CSR based on cooperation with our business partners.
Local communities	We emphasize a perspective that encompasses contributions to the development of communities through our business, coexistence with communities, and environmental conservation. We think about how to make measures that are tailored to the needs of each community and practice business in ways that engender trust.
Global environment	We are engaged in expanding and creating the market for products to enhance sustainability, reducing our environmental impacts, and conserving the natural environment—all with the aim of realizing “earth with maintained biodiversity.”

Major Initiatives

Engagement with Stakeholders

SEKISUI CHEMICAL Group works diligently to promote communication with stakeholders through a variety of methods.

Main Responsibilities, Communication Channels, and Communication Methods

Stakeholders	SEKISUI CHEMICAL Group's Commitment	Contact	Communication Methods	Frequency
Customers	We take the voices of our customers seriously, offer prominent products and services and strive to build a long-term relationship of trust with our customers.	<ul style="list-style-type: none"> ● Departments in Charge of ESG ● Departments in Charge of Quality Control ● Sales Department 	<ul style="list-style-type: none"> • Customer Consultation Office(handles inquiries) • CS surveys (customer satisfaction surveys) • Sales activities • Website, social media • exhibition spaces, expos / events 	<ul style="list-style-type: none"> • Day-to-day • As necessary (carried out whenever needed at each divisional company, business site, or sales office) • Day-to-day • Day-to-day • As necessary(implemented through questionnaires and conversations at venues)
Shareholders	To meet the expectations of all our valued shareholders, we strive for highly efficient use of capital, fair ethical disclosure of information, adequate returns from profit, and increasing corporate value through sustainable growth.	<ul style="list-style-type: none"> ● Departments in Charge of General Affairs ● Departments in Charge of IR ● Departments in Charge of Public Relations ● Departments in Charge of ESG 	<ul style="list-style-type: none"> • General Meeting of Shareholders • Management briefings • Integrated reports • Responding to surveys from institutions that evaluate ESG 	<ul style="list-style-type: none"> • Once per year • Twice per year • Issued once per year • As necessary (handled in order of inquiry)
Employees	We foster among our employees a spirit of taking on new challenges and are actively creating workplaces where every employee can stand out and diverse human resources can both excel and feel that their work is worthwhile.	<ul style="list-style-type: none"> ● Departments in Charge of Human Resources ● Departments in Charge of Safety ● Departments in Charge of Legal Affairs ● Departments in Charge of ESG ● Departments in Charge of Public Relations 	<ul style="list-style-type: none"> • Individual boss and subordinate interviews • Counseling • Labor-management meetings • Central Occupational Safety Committee • Internal whistle-blowing system • Employee satisfaction surveys • Various employee questionnaires • Dialogues with management • Intranet and internal newsletter 	<ul style="list-style-type: none"> • Regularly • As needed(counseling available upon request through an inhouse occupational counselor or external clinical psychologist) • Regularly • Once per year • As needed (handling for consultations and reports) • Once every three years • As needed(questionnaires implemented for internal publications, various types of training sessions, etc.) • Regularly • As needed(information updated when necessary), four times per year

Stakeholders	SEKISUI CHEMICAL Group's Commitment	Contact	Communication Methods	Frequency
Business partners	<p>When procuring materials, we follow the fundamentals of being open, fair, compliant with the law, engaged in relationships of mutual trust, and environmentally conscious.</p> <p>We aim to achieve coexistence and shared prosperity by building more robust partnerships with our business partners and engaging in fair trade.</p> <p>We are also engaged in promoting CSR based on cooperation with our business partners.</p>	<ul style="list-style-type: none"> ● Departments in Charge of Purchasing ● Departments in Charge of Legal Affairs ● Departments in Charge of ESG 	<ul style="list-style-type: none"> • Purchasing activities • Explanatory meetings with suppliers • CSR procurement questionnaires • Points of contact for consultations from, and whistleblowing by, business partners • Website 	<ul style="list-style-type: none"> • Day-to-day • Regularly • Once per business partner every three year • As needed (handling for consultations and reports) • As needed (information updated when necessary)
Local communities	<p>We emphasize a perspective that encompasses contributions to the development of communities through our business, coexistence with communities, and environmental conservation.</p> <p>We think about how to make measures that are tailored to the needs of each community and practice business in ways that engender trust.</p>	<ul style="list-style-type: none"> ● Departments in Charge of ESG ● Factories and Offices ● Departments in Charge of Public Relations 	<ul style="list-style-type: none"> • Volunteering by employees • Dialogues with NPOs and NGOs • Support for learning(dispatching of instructors, factory tours, etc.) • News releases 	<ul style="list-style-type: none"> • Regularly • As needed(implemented as necessary before and after activities) • Regularly • As needed (latest information posted as necessary)
Global environment	<p>We are engaged in expanding and creating the market for Sustainability contributing Products, reducing our environmental impacts, and conserving the natural environment— all with the aim of realizing “earth with maintained biodiversity.”</p>	<ul style="list-style-type: none"> ● Departments in Charge of ESG ● Factories and Offices ● Departments in Charge of Sales ● Departments in Charge of Purchasing 	<ul style="list-style-type: none"> • Volunteering by employees • Dialogues with NPOs and NGOs • Sales operations • Purchasing activities 	<ul style="list-style-type: none"> • Regularly • As needed(implemented as necessary before and after activities) • Day-to-day • Day-to-day

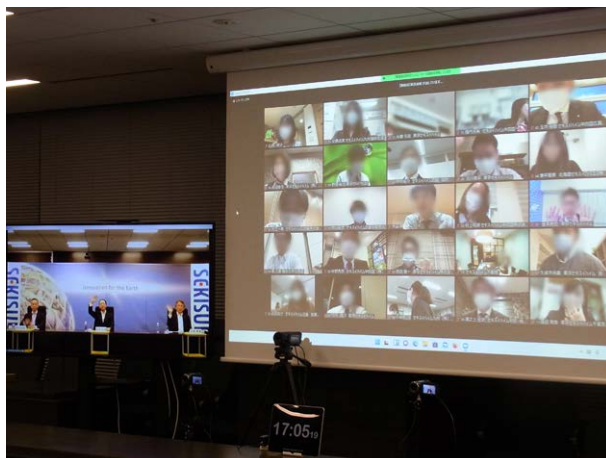
Vision Caravan 2021, an Opportunity for Direct Dialogue between Top Management and Employees

In fiscal 2021, we worked to promote awareness our Long-term Vision, Vision 2030, and ESG management, the key to realizing this Long-term Vision. To this end, the president and senior managing executive officer held Vision Caravan 2021 and a Live Panel Discussion: Power of SEKISUI, where the president and senior managing executive officer spoke with all Group employees in Japan and overseas.

In the past, management identified opportunities to engage in direct dialogue with employees. In similar fashion to fiscal 2020, however, these opportunities were postponed in fiscal 2021 due to the impact of COVID-19. Instead, 10 online Vision Caravan meetings were held in Japan and two online panel discussion meetings overseas (North America, Europe, East Asia, ASEAN, India, and Australia).

During these events for employees, the president and senior managing executive officer directly outlined their personal thoughts on how to realize Vision 2030 while also explaining the Group's ESG management. In response, employees discussed among themselves and deepened their understanding toward how they should approach each business activity in order to realize Vision 2030. Taking into consideration a variety of factors, employees also looked into how they can link individual operations to the Group's ESG management.

In response to questions and presentations that arise from deliberations among employees, the president and senior managing executive officer provide comments and feedback, while promoting lively interactive dialogue.



Vision Caravan 2020 event implemented online

Direct Dialogue with Investors to Promote Mutual Understanding


SEKISUI CHEMICAL Group believes it is extremely important to engage in constructive dialogue with shareholders and investors in order to achieve sustainable growth and enhance corporate value over the medium to long term.

We therefore have put in place Active Engagement Between Investors and Management as one of our key issues, while the president and director in charge of the Business Strategy Department are taking the lead in proactively holding quarterly financial results briefings and direct dialogues with shareholders and institutional investors to leverage our management strategy to enhance corporate value. During fiscal 2021, we held 82 engagements.

We are strengthening information dissemination on our website with an awareness of fair disclosure while striving to reflect as much as possible the opinions and questions received through dialogue with shareholders and investors in the Integrated Report and other IR materials. In December 2021, we held an ESG Management Briefing for institutional investors and analysts to promote understanding of our ESG management initiatives aimed at ensuring SEKISUI CHEMICAL Group’s sustainable growth. In addition, we made this briefing available on our website.

In recent years, interest in ESG investment has been growing globally, and ratings agencies are proactively undertaking surveys. SEKISUI CHEMICAL Group compiles and publishes its Sustainability Report based on rating agency questionnaires and third-party reviews, as well as referencing various report-drafting guidelines including GRI standards and considering the importance of the report to society and SEKISUI CHEMICAL Group.

Active Engagement Between Investors and Management

	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results 
Number of engagements*	88	87	67	54	82

* The number of engagements represents the number of times the Company president and executives in charge of specific areas had dialogues with investors.

Promoting Awareness and Understanding of ESG Management Concepts

We are promoting a variety of initiatives to deepen the understanding and penetration of various issues including SEKISUI CHEMICAL Group's approach to ESG management.

In order to deepen awareness and understanding toward the Long-term Vision, Vision 2030, and ESG management among employees, SEKISUI CHEMICAL Group in fiscal 2021 has created a website dedicated to this vision and conducts My Vision employee interviews, in which employees in Japan and overseas talk about their commitment to the Long-term Vision. In addition, we created an ESG Management Conceptual Diagram and are promoting awareness and education of the overall picture of ESG management and how it is connected to individual operations and initiatives on our intranet.

Furthermore, SEKISUI CHEMICAL Group implements CSR training for new employees, newly appointed managers, and all subsidiary company employees based on their position.

Using a top-down approach, we also carried out training sessions for line leaders at all Group companies in fiscal 2021 to ensure that the Long-term Vision was thoroughly understood and incorporated into each business and their operations. Work site workshops were held at which each of these line leaders expressed their own vision for their workplaces 10 years from now and employees considered the kind of workers they want to become based on these visions.

Over and above the aforementioned, the following communication tools help promote increased awareness of the Group's ESG management among employees.

- In-house magazine (including a series of special features on ESG management)
- SEKISUI CHEMICAL Group ESG Management Reader's Guide (introduction to ESG management), a tool to promote understanding of ESG management among all employees

These communication tools and ESG-related materials are freely available for employees to download from the intranet, and are also distributed to all employees, regardless of whether they are regular or non-regular staff, on an as needed basis, for example when employees join the Company or when implementing ESG-related educational programs.

In the US and Europe, regional headquarters distribute ESG-related information to employees of each Group company. In Europe, information is posted on the intranet once a month, while information in the US is distributed via the News Wave booklet. In addition, we regularly hold Lunch & Learn, an online event to showcase various initiatives of each company and exchange opinions.

SEKISUI CHEMICAL Group's ESG Management Readers' Guide (ESG Management Introduction)



Japanese



English

Distributing Value to Stakeholders based on GRI Standards

SEKISUI CHEMICAL Group calculates distribution status based on financial statements by stakeholder, using GRI and other standards as a reference.

(Unit: Millions of yen)

Stakeholders	Method of Calculating Amounts	FY2018	FY2019	FY2020	FY2021
Shareholders	Dividends	20,615	22,401	22,193	23,177
Business partners	Cost of Sales, Selling Costs / General Administrative Costs (Excluding Personnel Costs)	840,514	829,809	778,554	858,944
Employees	Labor costs, Salaries and allowances as part of sales costs and general administrative costs, Provisions for bonuses, Provisions for retirement pay	206,511	211,675	210,705	210,122
Local communities	Donations	165	158	218	198
Global environment	Environmental conservation costs	21,882	17,850	16,207	27,522
Government and administrative bodies	Corporate taxes, local taxes, business taxes	22,261	22,619	19,902	31,099
Creditors	Interest paid as part of costs apart from sales	480	695	861	774

● Respect for Human Rights

■ Respect the Human Rights of All Individuals Affected by Business Activities

At SEKISUI CHEMICAL Group, we consider it our duty to advocate for the human rights of all people affected by our business activities.

Nowadays, the enactment of rules and laws related to human rights continues to progress both inside and outside of Japan, and human rights issues are getting increasing attention in society. In these conditions, we consider human rights initiatives for not only employees of the Group, but also our business partners and other stakeholders to be essential for solidifying our sustainable management platform. When conducting human rights due diligence, including the identification of human rights issues, we will apply expert human rights knowledge from independent third parties and engage in earnest dialogue and consultation with our stakeholders.

■ Understanding and Acceptance of the SEKISUI CHEMICAL Group Human Rights Policy

SEKISUI CHEMICAL Group formulated the SEKISUI CHEMICAL Group Human Rights Policy in May 2019. This policy is consistent with the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council and is distinguished by its commitment to firmly respecting human rights across the board, including the value chain beyond the Group.

The scope of human rights due diligence and education initiatives stipulated in the policy was expanded in fiscal 2021. Going forward, we will continue to work toward achieving an understanding of and instill this Human Rights Policy among all employees of the Group, as well as our suppliers and business partners.

See the following for details of the SEKISUI CHEMICAL Group Human Rights Policy.

For details see the SEKISUI CHEMICAL Group Human Rights Policy on P324.

■ Actions in regard to the UK Modern Slavery Act

SEKISUI CHEMICAL Group discloses a statement, adopted by its Board of Directors, regarding its efforts to prevent any form of modern slavery or human trafficking in any part of the Group's business or within its supply chains, in accordance with section 54 (1) of the UK Modern Slavery Act, which came into force in the UK in 2015.

SEKISUI CHEMICAL Group will also take appropriate measures to comply with human rights laws and regulations in countries and regions other than the UK that are relevant to its operations.

UK Modern Slavery Statement (PDF download)

https://www.sekisuichemical.com/csr/pdf/English_Modern_Slavery_Statement_for_FY2020.pdf

SEKISUI CHEMICAL Group Endorses the My Declaration of Human Rights Project

In endorsing the My Declaration of Human Rights Project put forward by Japan's Ministry of Justice, SEKISUI CHEMICAL Group announced details of its declaration in September 2021.

This project is an initiative that encourages companies, organization, and individuals to declare their intention to behave in a manner that promotes mutual respect thereby ensuring the human rights of every member of society.

SEKISUI CHEMICAL Group's human rights declaration is as follows.

SEKISUI CHEMICAL Group's long-term vision is to support the basis of LIFE (existence, life, lifelines) and create peace of mind for the future. In order to contribute to the realization of a sustainable society, we will respect the human rights of all people affected by the Group and establish a framework to prevent and mitigate human rights violations on a global basis.



The Company's president promoting the SEKISUI CHEMICAL Group human rights declaration.

Major Initiatives

Initiatives to Build a Human Rights Due Diligence*¹ Framework

SEKISUI CHEMICAL Group launched initiatives aimed at building a human rights due diligence framework in November 2018. Initiatives implemented up to fiscal 2020 are as follows.

- From fiscal 2018 to fiscal 2019: Employed a specialized agency (Verisk Maplecroft*²) to analyze potential human rights risks in major businesses and conducted internal hearings based on the results of analysis.
- Fiscal 2020: Implemented human rights interviews at domestic production sites. Conducted a new survey-based human rights risk assessment for management in all areas where the Group is located and for general as well as indirect employees at selected business locations in fiscal 2021.

*¹ Human rights due diligence is the ongoing management process of identifying and assessing any potential negative impact on human rights (human rights risks) from a company's business activities, and if there are human rights risks, the process of creating mechanisms to prevent or mitigate the impact from such risks.

*² A risk analysis and research corporation with a global perspective and knowledge of human rights, economic, and environmental risks.

Human rights interviews implemented at domestic production sites

In light of frequent comments from Japan and overseas regarding the high level of human rights risk in Japan related to the general labor environment for foreign nationality employees, employee interviews were conducted to confirm the working environment at the following domestic production sites, which have a relatively large number of foreign nationality employees, in December 2020.

- Targets

- 1) Foreign nationality employees working at Higashi Nihon Sekisui Industry Co., Ltd. a UIEP Company (including contract and dispatch employees)
- 2) Personnel and labor management supervisors for the aforementioned foreign nationality employees

- Implementation method

Although we initially planned to hold the interviews in person, business trips to the site were canceled due to the COVID-19 pandemic and they were conducted remotely instead. Caux Round Table Japan* interviewed the employees in groups of 1 – 4 for about one hour each.

- Results

Although no serious human rights risks were identified, a feedback reporting session was implemented with Higashi Nihon Sekisui Industry Co., Ltd. to share extracted issues for improvement such as the need for multilingual support for plant internal guidance and notices.

In addition to follow-up evaluations related to the handling of these issues, plans are in place to conduct interviews at sites where latent human rights risks were identified through risk assessments conducted in fiscal 2021. We will work to identify and mitigate human rights risks by continuously confirming onsite feedback firsthand.

- * A non-profit organization with a network of various CSR initiative organizations both inside and outside of Japan and extensive experience with support programs for initiatives to reduce human rights risks within corporate supply chains.

Conducted comprehensive global human rights risk assessments

In fiscal 2021, SEKISUI CHEMICAL Group conducted human rights risk assessments of Group companies, including joint ventures, on a global basis.

- Implementation method: Survey format (two types: one for management and one for general employees)
- Targets:
 - Management in all areas where the Group is located (North and Central America, Europe, Asia, Australia)
 - General employees in Thailand, China, and India and foreign nationality employees in Japan who were identified as high risk as a result of the latent human rights risk analyses and dialogue with experts conducted in 2018 (Both general employees and foreign nationality employees include indirect employees).
- Objective: Select priority human rights topics by conducting an exhaustive survey and gathering the opinions of both management and general employees

Although the results of the assessment did not reveal any human rights issues requiring a critical or immediate response within the scope of the survey, priority human rights issues that were identified as requiring further review included working conditions for foreign nationality employees, fair wages, respect for religious practices, and inequalities in hiring and promotion.

For each site where the above issues were identified, we will confirm the status of each situation on an individual basis and take corrective actions as necessary.

In addition, the following were identified as issues that require stronger Group-wide management in order to prevent the emergence of human rights risks

- Promote awareness toward human rights policies on a thoroughgoing basis and provide human rights education and awareness training
- Supplier outreach, call on suppliers for social and environmental initiatives and support
- Grievance mechanisms

To address these Group-wide issues in a cross-organizational manner, we established the Human Rights Subcommittee, which is chaired by the Director and General Manager of the Human Resources Department and comprises the heads of each specialized headquarters department.

Assessing the Human Rights Situation at Our Suppliers

Caring About Human Rights Issues Across the Entire Supply Chain

In order for our suppliers to understand the Group's procurement policy, including respect for human rights, we have produced English and Chinese translated versions as well as the Japanese version and are promoting the process of making procurement policies available in a variety of languages, such as by posting them in Japanese and English on our websites.

Until now, we have conducted CSR procurement surveys of our direct suppliers. To ensure that the Group's policies are understood throughout the entire supply chain, including secondary and tertiary suppliers, we formulated the SEKISUI CHEMICAL Group Sustainable Procurement Guidelines (Supplier Code of Conduct) in fiscal 2021. Taking into account opinions of outside experts, our procurement guidelines are also in line with the United Nations Global Compact 10 Principles, the Guiding Principles on Business and Human Rights, and the SEKISUI CHEMICAL Group Human Rights Policy. In addition to asking suppliers to extend this Code of Conduct to their secondary and tertiary suppliers, we have requested that suppliers sign on to acknowledge compliance with the guidelines. In this regard, we have obtained the agreement of approximately 61% of our key suppliers in Japan and overseas to work with us to achieve the Code of Conduct.

Conducting CSR Procurement Surveys for Business Partners

Guided by its procurement policy, SEKISUI CHEMICAL Group looks to ascertain the status of our suppliers' human rights considerations as well as environmental conservation and social responsibility initiatives through surveys.

Although we have conducted surveys at SEKISUI CHEMICAL and Group companies as well as in each overseas region up until now, we changed to a general global survey from fiscal 2021 in order to more rapidly address common global initiatives.

We formulated sustainable procurement guidelines that cover the UN Global Compact 10 Principles in order to enhance sustainable procurement in fiscal 2021. Surveys conducted were significantly revised to allow suppliers to evaluate and confirm their own compliance and achievement of the guidelines. In substantially increasing the number of questions and making it more difficult to reply, 336 of the 499 domestic and overseas companies surveyed responded in fiscal 2021.

Engagement with External Stakeholders

SEKISUI CHEMICAL Group engaged in individual dialogue* with overseas experts in October 2021, speaking with specialists in human rights from the Institute for Human Rights and Business (IHRB) and the United Nations Development Programme (UNDP) about the Group's human rights initiatives. Discussions included advice on how the Company could best develop its related activities moving forward.

While commenting favorably on the human rights risk assessments conducted for foreign nationality employees in Japan this fiscal year as an effective initiative, experts pointed out the importance of conducting surveys targeting overseas Group immigrant workers and the need to ascertain whether human rights have been violated.

Looking ahead, we will continue to promote human rights initiatives on a systemic basis in accordance with the Guiding Principles on Business and Human Rights while drawing on the opinions of these stakeholders.

* Individual dialogue: Organized by Caux Round Table Japan.

Human Rights Training and Education for Employees

SEKISUI CHEMICAL Group conducts training and educational programs focusing on the theme of human rights for its employees. In this manner, the Group is endeavoring to engage in management that takes into consideration concerns regarding human rights. Training, especially at such milestones as when an employee enters the Company or is promoted, is designed to raise awareness of human rights issues including forced labor, child labor, and harassment. In order to prevent power, sexual, maternity, and other forms of harassment, SEKISUI CHEMICAL Group continues to address harassment-related topics during employee rank-based training, including new employee and newly appointed manager training. In this way, we provide knowledge for preventing harassment tailored to each rank and position. In addition to periodically providing harassment training as part of field-based educational programs, we also implement such initiatives as e-learning. In fiscal 2021, 1,383 employees participated in harassment training.

Moreover, as part of our human rights education for employees in Japan and overseas, we began our Business and Human Rights e-Learning course in Japanese and English, which is available on the Company intranet, from fiscal 2020. In fiscal 2021, the decision was made to expand this initiative to all areas (North America, Europe, and Asia) in which the Group operates.

Currently, we are promoting efforts to provide education in German, Spanish, Dutch, Chinese, Thai, and Indonesian. Through these training and education means, we are advancing awareness toward the importance of and need to respect human rights as well as our human rights policy.

Over and above the aforementioned, the compliance manual for domestic Group companies and the global compliance manual for overseas Group companies, which are provided to all Group employees, contain information on a wide range of topics including respecting human rights, prohibiting discrimination, preventing harassment, and protecting personal information. In this manner, we work diligently to promote understanding of a broad spectrum of human rights and compliance issues.

Shifting from the Issue of Conflict Minerals to Responsible Mineral Procurement

SEKISUI CHEMICAL has been concerned about the issue of conflict minerals in the Democratic Republic of Congo and neighboring countries and has conducted surveys on the use of conflict minerals throughout the supply chain from a CSR perspective.

However, in light of recent events, we reviewed our Conflict Minerals Survey Guidelines that have been in effect since April 2017 and began applying new Responsible Mineral Procurement Survey Guidelines. From fiscal 2021, we have conducted surveys that include cobalt and mica in Japan. In addition to conventional sources for the funding of armed forces, we will identify smelters and respond in accordance with risk levels in order to eliminate the procurement of minerals related to such risks as child labor and other human rights abuses.

Through a tin, tantalum, tungsten or gold (3TG) survey, SEKISUI CHEMICAL Group identified that 98% of smelters and refineries in Japan and 99% overseas were Conformant (have passed or are undergoing Responsible Minerals Initiative (RMI) audits). While identifying 83% of domestic cobalt smelters, we are yet to identify any mica processors. We will strengthen our activities from the next fiscal year both in Japan and overseas.

Identifying Key ESG Issues

SEKISUI CHEMICAL Group Has Identified the Key Issues to be Addressed in Its ESG Management Efforts

Extracting and Identifying Key Issues

To strengthen still further ESG management, which is the key to realizing the Long-term Vision, Vision 2030, SEKISUI CHEMICAL Group has taken a revised look at important ESG issues and is promoting measures centered on Governance (Internal Control), DX, the environment, human resources, and fusion.

Identification Process for Key ESG Issues

Key ESG issues were identified based on the following processes.

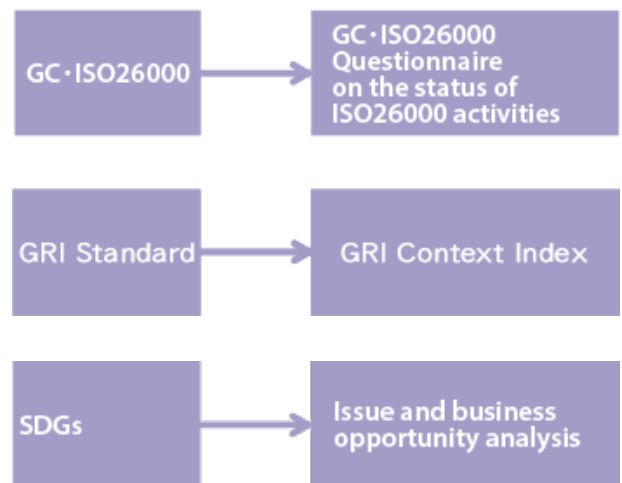
Step 1. Consider issues from the global guidelines, etc.

- (1) Identify candidate issues from the UN global compact (GC) and ISO26000

While adhering to the 10 principles in the GC, we examine the status of involvement within the Group for relevant activities and aspirations concerning each of the seven main core issues in ISO26000, and identify the points where involvement was insufficient.

- (2) Identify candidate issues by considering the boundaries both inside and outside the Group while considering the relationship between SEKISUI CHEMICAL Group and business regarding the economics, environmental, and social items described in the GRI standard.

- (3) Analyze the social issues described in SDGs, and select the issues that provide business opportunities for SEKISUI CHEMICAL Group. In contributing to these solutions, we identify initiatives required for their success.



Step 2. Identify issues from ESG/CSR surveys and other companies' trends

(1) Identify candidate issues from ESG/CSR surveys

We analyze issues based on the details of replies and evaluation results to each ESG and CSR survey, and identify candidate key ESG issues where future involvement can be considered important.



(2) Analyze other companies' ESG/CSR involvement and information disclosure trends

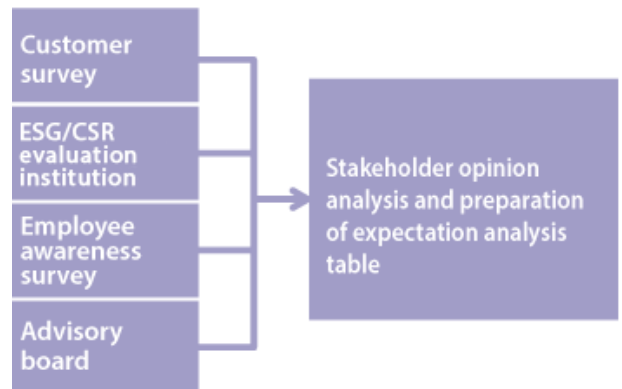
We examine involvement by other advanced ESG/CSR companies and trends in their disclosure using ESG/CSR reports, etc., and identify issues where improvements to SEKISUI CHEMICAL Group's future involvement and information disclosure are to be desired.



Step 3. Analyze stakeholder opinions and expectations

(1) Sort major stakeholder opinions

We collect and sort the main opinions regarding ESG/CSR from the results of talking to various stakeholders such as customers, shareholders, investors, employees, trading partners, and local communities, etc.



(2) Analyze major expectations by stakeholder

We factor in the main opinions from the various stakeholders described in (1) above, and analyze the main stakeholder expectations from their relationship to SEKISUI CHEMICAL Group business and ESG/CSR involvement.

Step 4. Identify key ESG issues

(1) Sort key ESG candidate issues

We add the CSR issues in which we have previously been strategically involved to the candidate ESG issues identified in steps 1 to 3 above to organize the candidates for key issues in ESG management.

(2) Evaluate the importance of key ESG candidate issues

We evaluate the key ESG candidate issues sorted in (1) along two axes: A. Importance to stakeholders and B. Importance to SEKISUI CHEMICAL Group management, and identify the key ESG issues.

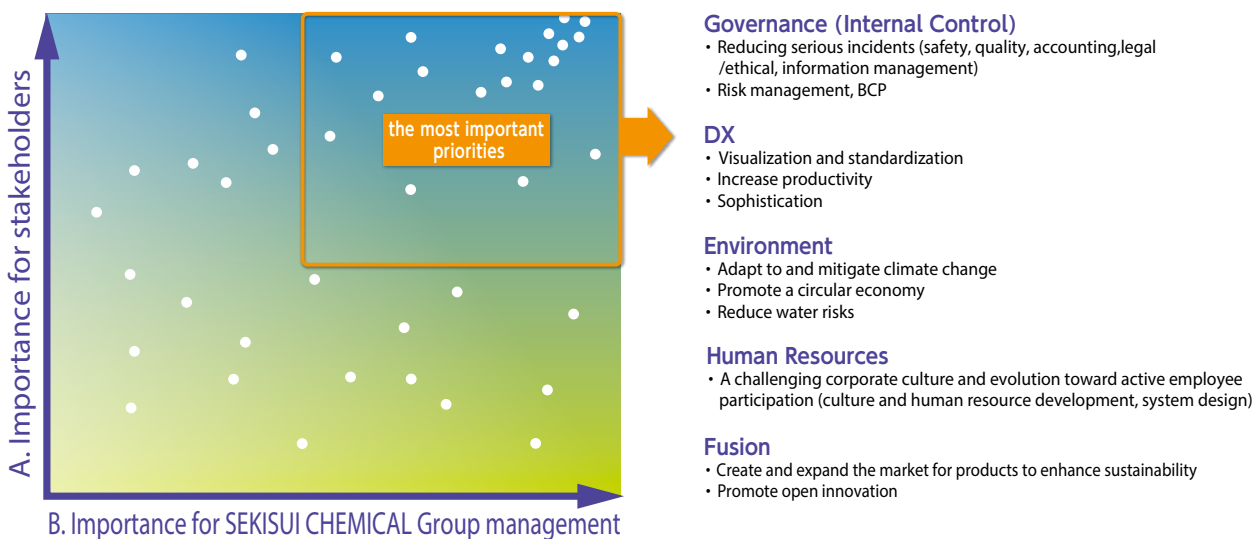
We then rank the key ESG issues that had been identified by priority. A. Importance to stakeholders is evaluated based on the viewpoints of stakeholder expectations, global trends, and positive and negative impact on the planet and society, and B. Importance to SEKISUI CHEMICAL Group management is based on the viewpoints of Conformance to management policy and management strategy, extent of compliance with ESG issues, risk and reputation, and priority considered on the time axis. Based on the Long-term Vision, Vision 2030, we evaluate A. Importance to stakeholders with the new application of the Sekisui Environment Sustainability Index*1 and B. Importance to SEKISUI CHEMICAL Group management with the added approach of using the SEKISUI Sustainable Spread*2 (taking ROIC and capital cost into consideration).

*1 Please refer to Integrated Index on P162

*2 Please refer to Realizing Vision 2030 on P7

(3) Identify key ESG issues

The key ESG issues are discussed at Company management meetings, with items for implementation and management targets reviewed by the main departments before final internal approval is granted. Key management targets and items for implementation that have been approved are given suitable management through the PDCA cycle. As a rule, the key ESG issues will be reviewed and items for implementation and management targets will be set every three years when the medium-term management plan is created, though revisions will be discussed each year based on business conditions as well as social expectations and requirements.



Key ESG issues (2020-2022)**Issues where the importance for stakeholders is extremely high,
and is also extremely high for management of SEKISUI CHEMICAL Group****Governance (Internal Control)**

- Reducing serious incidents (safety, quality, accounting, legal/ethical, information management)
- Risk management (BCP)

DX

- Visualization and standardization (standardize operations, introduce ERP, renew infrastructure and network)
- Increase productivity (automation / unmanned shifts, improve operational efficiency through the use of digital technology, ICT and AI)
- Sophistication (increase the sophistication of operational control, Governance (Internal Control) and the supply chain)

Environment

- Adapt to and mitigate climate change
- Promote a circular economy
- Reduce water-related risks

Human Resources

- Evolve toward a challenging corporate culture and active employee participation (culture and human resource development, system design)

Fusion

- Create and expand the market for products to enhance sustainability
- Promote open innovation

**Issues where the importance for stakeholders is high,
and is also high for management of SEKISUI CHEMICAL Group**

- Strengthen intellectual property strategies
- Promote activities that contribute to the solving of issues through cooperation with local communities
- Implement human rights due diligence
- Reduce environmental degradation
- Promote globalization
- Promote diversity management
- Promote health management
- Strengthen the equipment maintenance system
- Reduce supply chain risk

Key ESG Management Issues and KPIs

Scope of coverage is on a consolidated basis.

		Objective	KPI	Fiscal 2021 Targets	Fiscal 2021 Results	Medium-term (FY2020-FY2022)Targets	Reference Page(s)		
Outputs	Products to enhance sustainability and the premium framework	Drive the ability to create profit, contribute to solving social issues, and achieve sustainable management	Net sales of products to enhance sustainability	¥750 billion	¥772.4billion <input checked="" type="checkbox"/>	¥800 billion	P.64		
			Net sales of products to enhance sustainability that are categorized as Premium	— *2	¥381.2billion	— *2	P.55-56		
Key Issues (Materiality)	Risk mitigation/avoidance	Prevention of serious incidents in the 5 fields Prevent or minimize the impact of serious incidents on our corporate value	Number of serious incidents						
			•Workplace accidents resulting in a fatality	0	0 <input checked="" type="checkbox"/>	0	P.111		
			•Major quality issues	0	1*1 <input checked="" type="checkbox"/>	0	P.115,120		
			•Serious non-compliance and negligence	0	0 <input checked="" type="checkbox"/>	0	P.122		
			•Cybersecurity incidents	0	0 <input checked="" type="checkbox"/>	0	P.132		
		Risk management (BCP)	Mitigate the impact of earthquakes, pandemics, and other incidents	BCP establishment and operating rate	BCP (Initial action) establishment rate 100%	100%	BCP operating rate 100% (establishment of PDCA)	P.135	
	Investment for minimizing future costs (Improving sustainability KPI)	DX	Become the driver that transforms work processes and business models	Net sales per direct employee	— *2	— *2	Fiscal 2030: Direct productivity 15% increase (vs. fiscal 2019)	P.146	
				Net sales per indirect employee			Fiscal 2030: Indirect productivity 40% increase (vs. fiscal 2019)		
		Environment	Address climate change	Renewable energy as a percentage of purchased power	10%	19.7% <input checked="" type="checkbox"/>	20%	P.192	
		Human Resources	Aim to be an excellent and vibrant company where employees thrive on challenges	Degree of challenging behavior expression	15%	13% <input checked="" type="checkbox"/>	17%	P.249	
	Fusion	Promote internal and external fusion of technologies and business opportunities	Increase in net sales from fusion	— *2	Up ¥29.9 billion (vs. fiscal 2019)	Up ¥50 billion (vs. fiscal 2019)	P.294		

*1 Based on individual standards of divisional company *2 Undisclosed *3 Virus infection, information leakage, backbone system outage, or other incident resulting from cyber attacks that have a significant impact.

Promotion System

SEKISUI CHEMICAL Group is promoting ESG management on a Group-wide basis in a bid to realize both a sustainable society and sustainable growth for the Group.

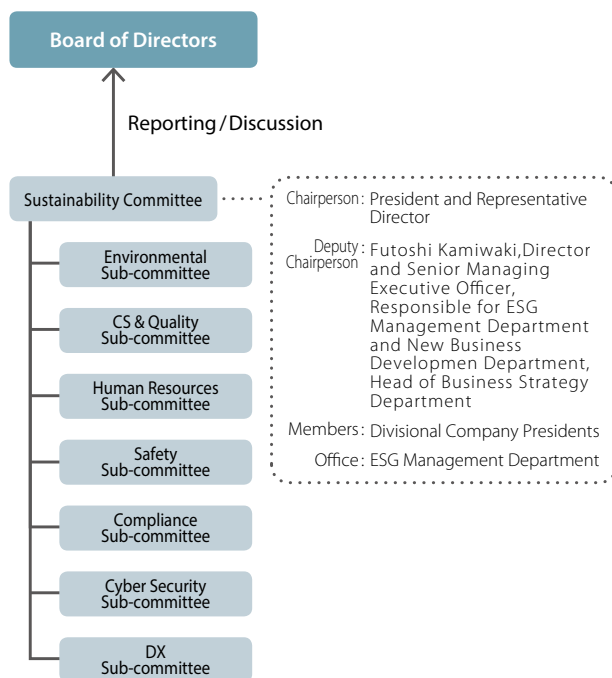
Sustainability Committee and Sub-committees

In its efforts to promote ESG management on a Group-wide basis, SEKISUI CHEMICAL Group has established the Sustainability Committee. Under the umbrella of this Committee, we have also put in place seven subcommittees related to the Group’s materialities covering the environment, CS & Quality, human resources, safety, compliance, cyber security, and DX.

Chaired by the President, the Sustainability Committee’s membership also includes the Senior Managing Executive Officer Responsible for the ESG Management Department serving as deputy chairperson, as well as the presidents of the Housing Company, the UIEP Company, and the HPP Company. Meeting two times each year, the Sustainability Committee identifies risks and opportunities that the Group may face in the future, and reviews materiality as appropriate. At the same time, the committee determines Group-wide policies and KPIs, formulates Group-wide action plans, and monitors the status initiatives. Discussions by the committee, major items determined, and Group-wide risks are reported to and deliberated by the Board of Directors.

Meeting two times each year, each subcommittee is chaired by the executive in charge of Corporate Headquarters and includes the executives of each divisional company as well as general managers of divisional companies, Corporate Headquarters, and the Medical Business, which falls under the umbrella of Corporate Headquarters. Each subcommittee drafts specific measures for each divisional company based on details determined by the Sustainability Committee. These measures are incorporated into action plans and the status of progress monitored. The chairperson of each subcommittee participates in meetings of the Sustainability Committee to report on and discuss results.

Sustainability Committee / Sub-committee Structure (from fiscal 2021)

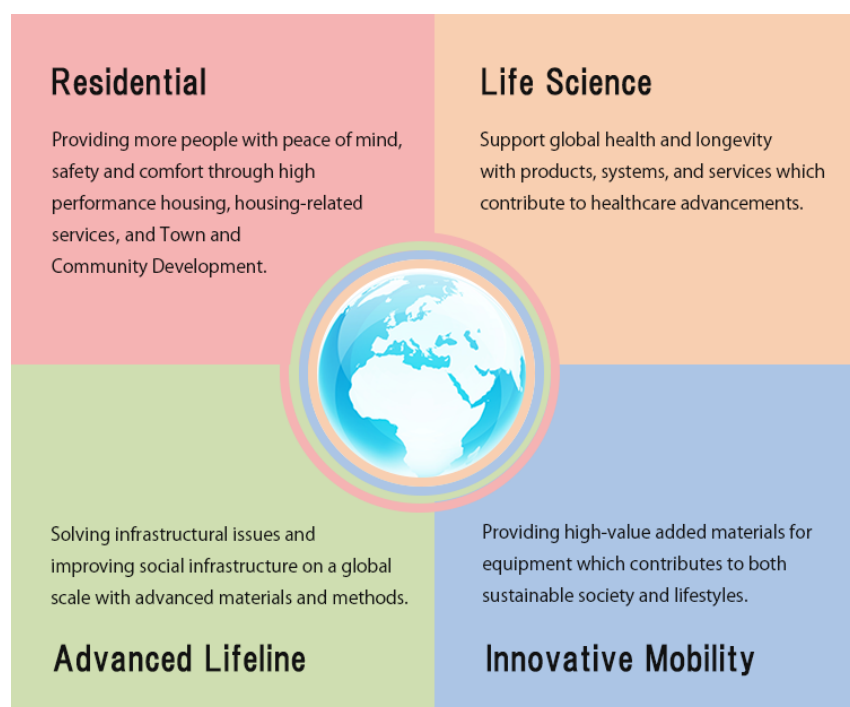


**Overview of SEKISUI
CHEMICAL Group**



Overview of SEKISUI CHEMICAL Group

Under its Long-term Vision, Vision 2030, SEKISUI CHEMICAL Group has set Innovation for the Earth as its vision statement. Focusing mainly on the following four business domains, we will work to create peace of mind for the future toward the realization of a sustainable society by creating innovation.



Residential: Housing Company

Main businesses	Main products and services
Housing, Stock, Town and Community Development, Residential Services, and Overseas Businesses	Manufacturing, construction, and sales of steel frames and wood unit housing; as well as sales of building lots, renovations, real estate, homes for the elderly with services, interior goods, exterior sales and construction, power trading, and town and community development

Advanced Lifeline: Urban Infrastructure & Environmental Products Company

Main businesses	Main products and services
Pipes and Infrastructure (for housing, buildings, industrial and chemical plant use, and public infrastructure), Buildings and Living Environment, and Performance Materials	Manufacturing, sales, and installation of a wide range of products such as PVC pipes and fittings, polyethylene pipes and fittings, plastic valves, pipe renewal materials and technologies, reinforced plastic composite pipes, water tanks, construction materials (rain gutters, materials for building interiors), nursing instruments, bathtub units, decorative plastic sheets, synthetic wood, soundproof vibration-suppressing materials, blow-molded containers, construction materials, and functional tatami mats

Innovative Mobility: High Performance Plastics Company

Main businesses	Main products and services
The fields of Electronics, Mobility, Housing Infrastructure, and Industrial applications	Manufacturing and sales of products such as micro-particles for liquid crystal displays, film used to protect photosensitive film and optical film during manufacturing, components of semiconductor chips, industrial tape, interlayer film for laminated glass, foamed polyolefins, plastic and rubber molded products, heat dissipation materials (grease and sheets), carbon fiber reinforced plastic (CFRP) composite mold materials, functional plastic resin for infrastructure materials, fire protection materials, non-flammable polyurethane, polyurethane, livestock panels, adhesives, packaging tape, plastic containers, polyvinyl alcohol resin, and hygiene materials

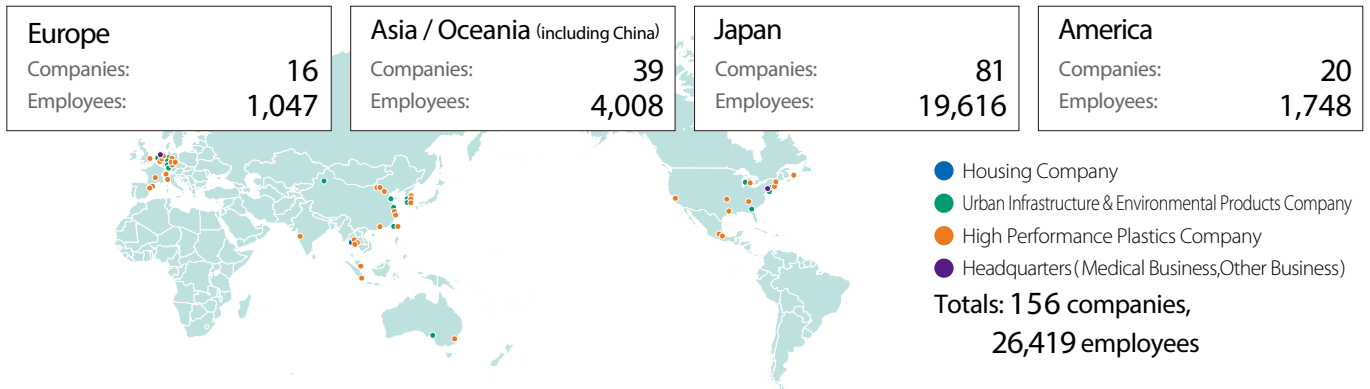
Life Science: Medical Business

Main businesses	Main products and services
Diagnostics, Pharmaceuticals & Fine Chemicals, and Drug Development Solutions	Manufacturing and sales of products such as in-vitro diagnostics reagents, analyzers, active pharmaceutical ingredients (APIs) and pharmaceutical intermediates, drug development solutions, and enzymes

Other businesses

Main products and services
Manufacturing, sales, and servicing for film-type lithium-ion batteries and other products outside of our four main businesses (Housing Company, UIEP Company, HPP Company, and Medical Business)

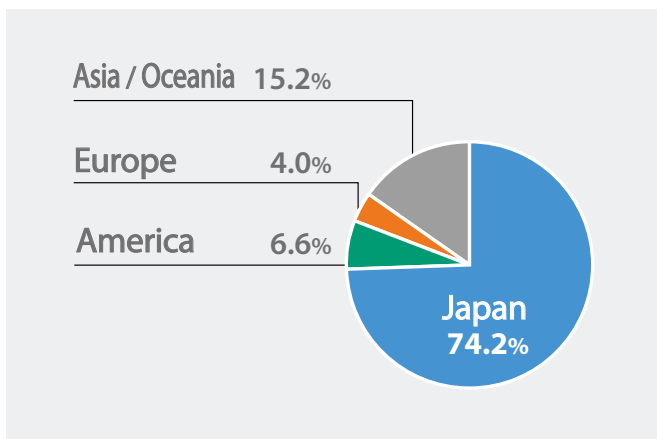
SEKISUI CHEMICAL Group Worldwide



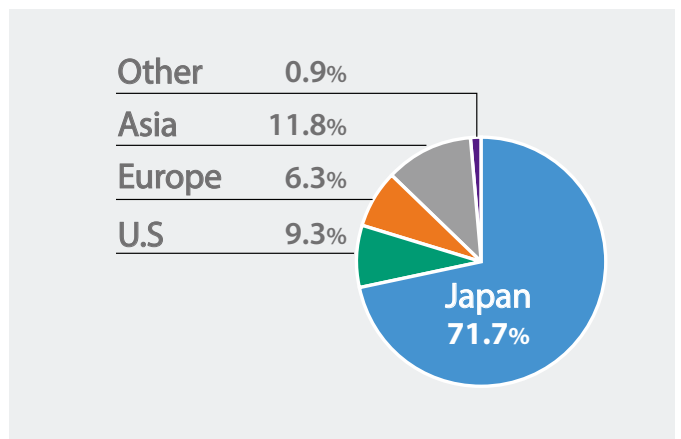
Note: Figures current as of the end of March 31, 2022 (on a consolidated basis)

Business Data

Number of employees by region



Sales by region



See the Fact Book for details of management indicators.

Fact Book

<https://www.sekisuichemical.com/ir/financial/factbook/>

Products to Enhance Sustainability

Contributing to the resolution of social issues through products and services



TOPICS

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Products to Enhance Sustainability

SEKISUI CHEMICAL Group will accelerate efforts to create and expand markets for products to enhance sustainability that contribute significantly to solving social issues. In order to realize a sustainable society, we support the basis of LIFE and will continue to create peace of mind for the future through these means.

Positioning of Products to Enhance Sustainability

SEKISUI CHEMICAL Group has positioned products to enhance sustainability as the most appropriate conduit through which to realize both a sustainable society and the sustainable growth of the Group itself. Through the creation and expansion of products to enhance sustainability, the Group aims to help achieve the SDGs while improving its contributions and ability to solve social issues as well as grow as a company. Under the current Medium-term Management Plan, SEKISUI CHEMICAL Group is evolving the products to enhance sustainability system and redefining issues as they relate to the natural and social environments. At the same time, we are strengthening technology platforms in a bid to generate innovation, developing human resources, and creating opportunities that transcend organizational boundaries.

Our Philosophy

SEKISUI CHEMICAL Group will contribute to solving various social issues, including the SDGs, through its core business products. More than just contribute to the realization of a sustainable society, we will grow as a company essential to society. To this end, we will accelerate efforts to create and expand markets for products to enhance sustainability that increasingly contribute to solving social issues while working to enhance global and social sustainability. At the same time, we will utilize the products to enhance sustainability system to improve the sustainability of companies and products.

Implementation System

Products to enhance sustainability are products that make a significant contribution to solving issues in the natural and social environments. SEKISUI CHEMICAL Group evaluates and certifies these products' degree of contribution based on certain internal criteria.

Vision 2030 positions products to enhance sustainability as the outcomes of efforts to resolve materialities with important impact on management and society. By creating and expanding such product lines, SEKISUI CHEMICAL Group aims to solve social issues while growing its business.

We position our target* for the creation and expansion of products to enhance sustainability as a key performance indicator (KPI), devising strategies and carrying out measures to achieve it.

* This target is a milestone back-cast from SEKISUI Environment Sustainability Vision 2050, an environmental vision that sets goals for solving natural and social environmental issues that require a long-term approach.

As such, it is positioned as a management target in the Group's Environmental Medium-term Plan, Sekisui Environment Sustainability Plan: Accelerate II. Progress on this target is managed based on the environmental management promotion system.

Please refer to Environmental Management Promotion System.

Enhancing the Ability to Contribute to Solving Social Issues through Education

SEKISUI CHEMICAL Group has continued to focus on training to enhance its ability to contribute to solving social issues, which is key to realizing Vision 2030, from fiscal 2020.

As a company, we provide education and training in an effort to encourage employees to take the initiative in understanding and solving social issues, while putting into practice their own thoughts, depending on their responsibilities and working environment.

Social and SDG Contribution Activities to Improve the Ability to Contribute to Solving Social Issues

Beginning in fiscal 2020, SEKISUI CHEMICAL Group is recommending activities that contribute to the SDGs and strengthening efforts to cultivate its people and spiritual climate. Our aim is to improve employees' ability to contribute to solving social issues.

Advanced Product Evaluation System That Promotes the Resolution of Social Issues

SEKISUI CHEMICAL Group has continued to promote a product evaluation system in order to accelerate the solving of issues related to the natural and social environments since fiscal 2006. Certification registration is based on the determination criteria established through discussions among internal committee members. We have received opinions and advice from outside advisors on the criteria and approach, as well as the validity of results, to ensure high standards and transparency.

- **Fiscal 2006: Launched the Environment-Contributing Products system**

Based on internal criteria, SEKISUI CHEMICAL Group launched a product system to certify and register products that contribute significantly to the solving of issues in a bid to promote the creation and expansion of products that contribute to the solving of issues in the natural environment.

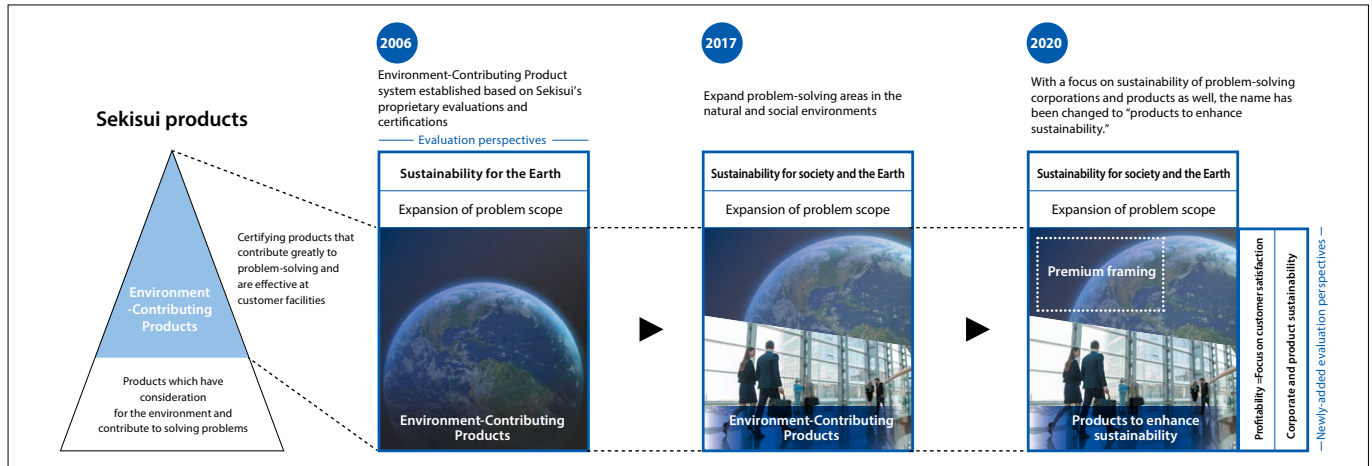
- **Fiscal 2017: Expanded the scope of the system to include not only products that contribute to solving natural environment issues, but also those that focus on the social environment**

SEKISUI CHEMICAL Group is working diligently to further create and supply problem-solving products. We have also reaffirmed that the SDGs and our goals are one in the same.

- **Fiscal 2020: Evolution as products to enhance sustainability**

Introduced a strategic framework referred to as Premium Framing and sustainability assessment as confirmation assessments

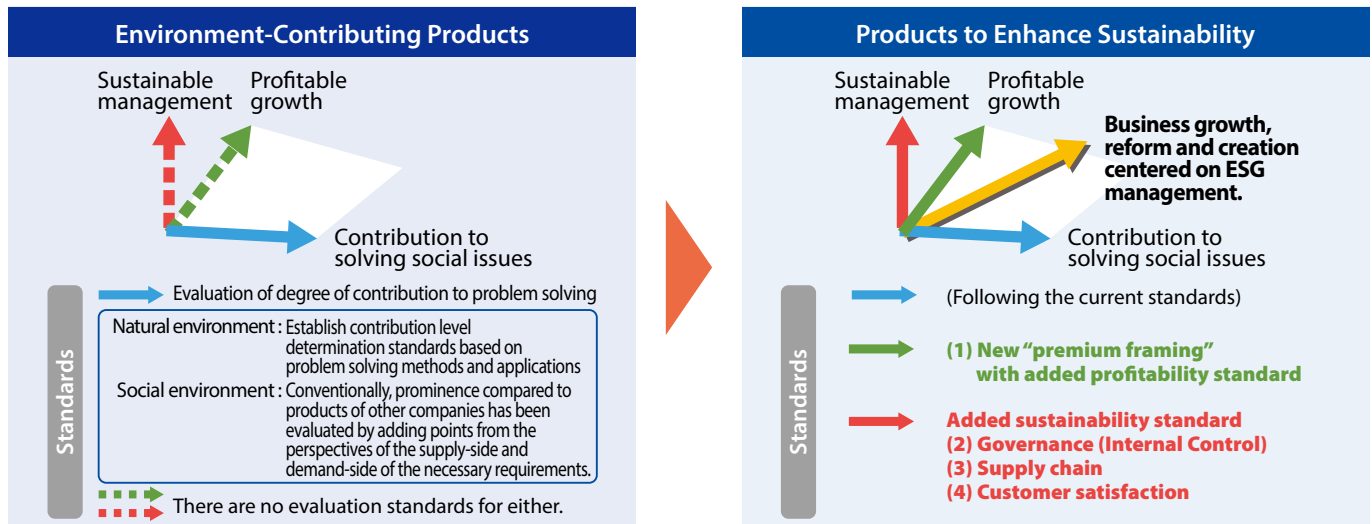
Evolution of the Product System at SEKISUI CHEMICAL Group



In Vision 2030, ESG management is described as a strategy for achieving a sustainable society and sustainable corporate growth. To drive its achievement of the target state of Vision 2030, SEKISUI CHEMICAL Group is continuing its existing systems for improving its ability to contribute to solving social issues while launching two key changes starting in fiscal 2020. First, to bolster profitability, the Group is establishing a strategic framework called Premium Framing to match its business portfolio with the above systems and strategically expand them. Second, to boost its capabilities in sustainable management, the Group is implementing Sustainability Assessment, a program to confirm and evaluate items necessary to improve the sustainability of its products and businesses.

Ensuring the sustainability of the Group and Group products themselves is vital to continue making products that contribute significantly to solving social issues and expanding that contribution. For this reason, we adopted a new perspective on evaluating corporate and product sustainability in addition to the conventional process of certifying products that contribute significantly to the solving of issues based on internal criteria from fiscal 2020. Using confirmation assessments based on such factors as profitability, process evaluations, and Governance (Internal Control) across the supply chain, we are building and operating an evaluation system that confirms sustainability and promotes the implementation of activities to enhance sustainability.

In addition, SEKISUI CHEMICAL Group has established Premium Framing as a strategic framework for strategically expanding products that contribute to solving social issues and is committed to expanding this framework with medium-term targets. Our goal is to accelerate contributions to solving social issues by implementing strategies that balance the solving of social issues and profitability.



Strengthen the Group's management ability to sustain business to continue contributing to the natural environment and society



Discussion with External Advisors

In fiscal 2012, SEKISUI CHEMICAL Group established an External Advisory Board. This board assembles experts from outside the Group who offer advice on standards and registration of products to enhance sustainability, as well as future perspectives.

The External Advisory Board meetings are organized by the supervising director of the organization in charge of environmental issues and sustainability. Members of the internal certification screening committee for Environment-Contributing Products, including staff such as executive officer representatives from each divisional company who oversee the technical side, organization heads carrying out management project work with a grasp for business conditions as a whole, participate in External Advisory Board meetings. We also ask others from outside the Company coming from various backgrounds in industry, government, and academia who are currently engaged in environmental and other sustainability-related work to take part as external experts.

In addition to the existing five external members who will continue to serve, one other individual from outside the Company with knowledge and experience in ESG issues in both the financial and corporate sectors was added to the committee in fiscal 2021. By further expanding the committee, we hope to obtain opinions and advice from a variety of perspectives to address increasingly complex social issues while responding to diverse corporate requirements (Table A). The External Advisory Board held two online meetings in March. Through these meetings, SEKISUI CHEMICAL Group received opinions on the significance of contributions made to the natural and social environments by newly registered products and how best to convey that significance. Advice was also received on the evolution and direction of the product system based on various inputs including confirmation of the need to consider multiple issues, which is also required by the EU Taxonomy.

Name	Affiliated Institution and Position	Specialist Areas	Anticipated Role(s)
Masatsugu Taniguchi	Representative of the Resource and Environment Strategic Planning Office	<ul style="list-style-type: none"> • Experience as a company manager • Well versed in resource-centered environmental strategies, a leading figure who advocated natural capital management from an early stage 	The giving of opinions/advice on management including natural capital and the product portfolio
Juichi Shibusawa	President of the specified non-profit corporation Network for Coexistence with Nature	<ul style="list-style-type: none"> • Experience in business as a Doctor of Agriculture • As president of an NPO, implements activities for forest, community, and human resource development with environmental NPOs in Japan and other countries 	<p>The giving of opinions/advice on business related to the solving of social issues based on the spirit of three-way benefits (the buyer, seller, and society as a whole)</p> <p>The giving of opinions from a nature-positive perspective</p>
Takehisa Kabeya	Sustainable Management Promotion Organization (SuMPO), Senior Managing Director	<ul style="list-style-type: none"> • Experience as a government official at Japan's Ministry of Economy, Trade and Industry • Promotes social change activities through environmental values, such as LCAs and support for regional revitalization 	The giving of opinions from a life cycle perspective, the giving of opinions/advice based on regulations regarding environmental value and global trends

Name	Affiliated Institution and Position	Specialist Areas	Anticipated Role(s)
Minako Oishi	Nippon Association of Consumer Specialists (public corporation), Representative Director, Deputy Chairperson	<ul style="list-style-type: none"> • Knowledge and experience concerning consumers and their demands • Promotes activities that connect consumers, businesses, and government 	From the standpoint of using products, the giving of opinions/advice based on requests, expectations, and matters of concern
Shoichi Saito	Nikkei Business Publications, Inc., Executive Director, ESG Management Forum	<ul style="list-style-type: none"> • Media experience • Ascertains and disseminates global trends in all areas of sustainability 	From a comprehensive perspective, the giving of opinions on future trends with regard to risks and opportunities in ESG management
Mari Yoshitaka	Mitsubishi UFJ Research and Consulting Co., Ltd., Principal Sustainability Strategist, Management Planning Department Virtue Design Representative Director	<ul style="list-style-type: none"> • Experience with regard to ESG investment in financial institutions • Leading figure in SDGs, green business, and climate change finance 	Seen from a financial standpoint, the giving of opinions/advice on risks and opportunities in terms of corporate value and ESG management/green business

Note: Internal certification screening committee

The committee is chaired by the supervisor of the ESG Management Department and comprised of supervisors in charge of technology and business at the Company's headquarters and divisional companies. The committee meets to deliberate on issues related to the certification of products to enhance sustainability. Meetings are held regularly twice per year.

Strengthening the registration of products that contribute to resource recycling

While products to enhance sustainability fall under the Company's registration system owing to their high degree of contribution to solving social issues based on internal criteria, steps are being taken to strengthen and review the system's operations and criteria to ensure that the product portfolio continues to evolve in line with business strategies that account for social needs and business conditions.

Against this backdrop, we announced details of our fiscal 2021 resource recycling strategy and roadmap in response to the issue of resource recycling, which is one key aspect of the natural environment. Recognizing the need to accelerate the creation and market expansion of products that contribute to resource recycling and resource conservation based on this strategy and roadmap, we revised and clarified the following three resource recycling criteria for the registration of products to enhance sustainability.

- Greenhouse gas reduction and non-fossil resource-derived plastics use
- Raw materials use reduction and horizontal recycling of materials collected internally
- Biodiversity preservation and biodegradable materials use

Of the 28 products newly registered in fiscal 2021, including the aforementioned criteria, six products contribute to resource recycling.

Products that employ biomass plastics and other candidates including resins that are derived from the horizontal recycling of materials collected internally in collaboration with raw material manufacturers were registered after newly confirming their high degree of contribution to solving issues.

Visualization of the Degree of Contribution to Solving Social Issues

To clarify the amount of return to natural capital up to fiscal 2019, SEKISUI CHEMICAL Group worked to visualize the degree to which each Environment-Contributing Product contributed to solving social issues. We calculated and quantified into a single indicator (damage costs) the various contribution vectors in the life cycle of Environment-Contributing Products. We multiplied the market impact, based on sales, by the environment contribution of each product to arrive at a quantifiable contribution by product, reflected in the Sekisui Environment Sustainability Index.

In calculating the impact on the environment for each Environment-Contributing Product until fiscal 2016, we broadly classified environmental issues into three areas that should be resolved in our aim to help realize an earth with maintained biodiversity. However, since broadening the scope of Environment-Contributing Products from fiscal 2017, we have since taken steps to integrate contributions across four areas adding the area of human health/social assets.

We began conducting environmental impact assessments based on the contribution to solving issues in the natural and social environments of products to enhance sustainability throughout their respective life cycles from fiscal 2020. These contributions to natural and social capital are reflected in the Sekisui Environment Sustainability Index. In particular, we have started to explore the possibility of evaluating the social value of our products based on impact-weighted accounting.

How to Visualize the Degree of Contribution to Solving Social Issues

Computation of the degree of contribution to environmental issues is based on the following calculations

- (1) Determine technologies and products to be compared.
- (2) Gather quantifiable data related to environmental impact of each stage of a product's life cycle (from raw materials to production, transport, use and disposal).
- (3) Apply a coefficient* to calculate environmental impact for each factor affecting the environmental impact data obtained and consolidate the results.
- (4) Environmental contribution is the difference between the coefficient-derived value in (3) above and the original value.

* Coefficient: Calculated using a customized version of MilCA, a system developed by Japan Environmental Management Association for Industry using LIME2, an environmental impact assessment method created by Professor Norihiro Itsubo at Tokyo City University.

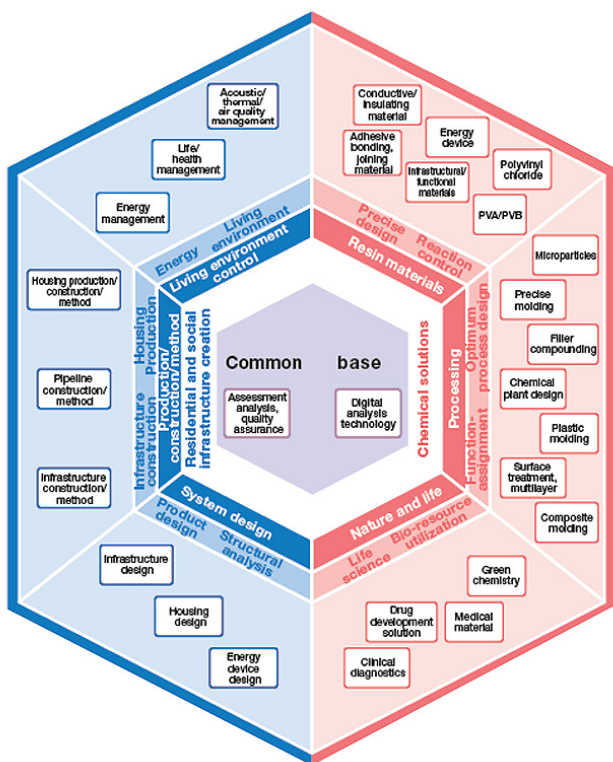
Major Initiatives

Creating Products to Enhance Sustainability through Internal Fusion by the ESG Task Force

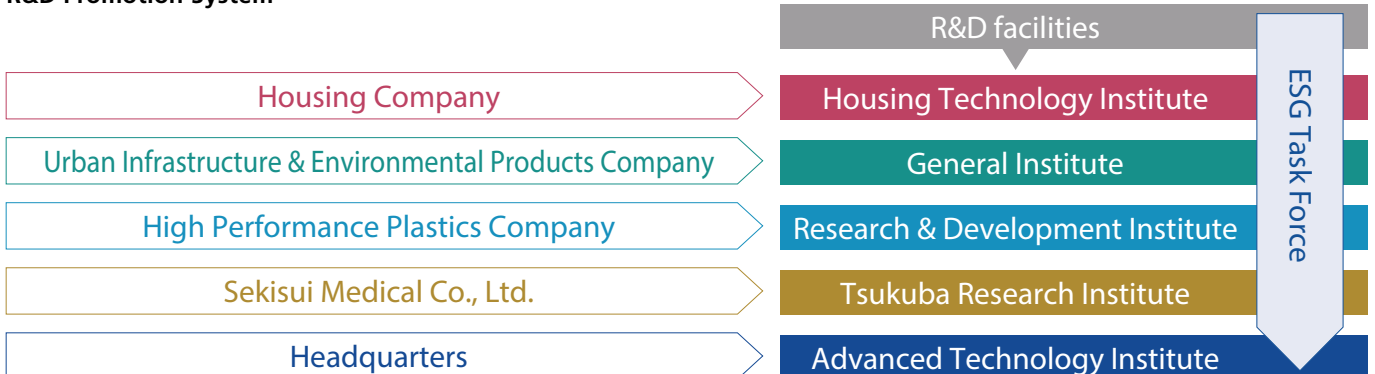
Today's companies are hearing growing demands to offer solutions in a timely manner to address issues such as the COVID-19 pandemic. In such times, innovations must be considered quickly and turned rapidly into action. However, we believe it is also important to accelerate the proposal and consideration of innovations aimed at solving social issues with a long-term view and to implement those innovations in a timely manner. By taking such quick and prompt action, SEKISUI CHEMICAL Group was able to fuse its 28 technological platforms for promoting the creation of products to enhance sustainability. The result was the launch of the ESG Task Force, a forum for considering social issues in ways that transcend organizational boundaries.

In the future, we will take steps to normalize internal cross-sectional systems that enable development and business proposals aimed at addressing social issues, while at the same time putting in place a system that can accelerate innovation in case of emergencies such as the COVID-19 pandemic.

SEKISUI 28 Technological Platforms



R&D Promotion System



Encouraging Development through the Use of ESG Investment and Measures to Support Expansion of Products to Enhance Sustainability

SEKISUI CHEMICAL Group has identified a subset, measures to support the expansion of products to enhance sustainability, within its established limit for ESG investment. This investment subset is designed to encourage planning and proposal of measures to create products and services and expand markets. To propose solutions to social issues through fusion, this investment subset serves as a financial incentive in support of themes at the planning and testing stages to achieve internal fusion and contribute to the solving of social issues whose solutions are urgently needed or that require long-term measures to solve.

After submitting a theme or plan for assessment, a decision on whether or not to invest is made. In addition to evaluating the importance attached to solving a particular issue and the degree of contribution to enhancing sustainable corporate value, deliberations encompass how the promotion of a theme can be accelerated, the effects of each proposal, and whether investment will help increase corporate value.

In fiscal 2021, support measures were approved and implemented for eight new creation or market expansion themes.

Steps have been initiated to verify new recycling technologies that accelerate the recycling of waste into materials, an area which we are committed to strengthening as a part of our resource recycling strategy. Among a host of measures, we have also commenced efforts to identify new technologies that will trigger innovation and help promote improvements in the durability of products that support social infrastructure. Work to check progress on an interim and fiscal year-end basis are underway.

Environment-Contributing Products PR

As a company that supports the basis of LIFE and solves social issues by delivering value to society including peace of mind for the future through its products and businesses, we introduced products at the following venues, provided education on the means to solve issues, and promoted the importance of finding solutions.

[Promoting efforts to mitigate climate change through products]

- September Sponsored by the Sustainable Management Promotion Organization: SEKISUI CHEMICAL Group's Carbon Neutral Strategy presented at a carbon neutral seminar
- September Sponsored by the Japan Association of New Economy: Case Studies on ICP Use for Decarbonization Strategies at a Japan Association of New Economy seminar
- December Sponsored by the Kansai Chemical Industry Association: ESG Management for the Realization of a Decarbonized Society in 2050 at a fiscal 2021 safety management seminar
- February Sponsored by SB Forum Japan: Strengthen the Foundation of ESG Management in light of Climate Change and ESG Themes/Mega-trends at SB Yokohama

[Promoting effort to adapt to climate change through products]

- March Sponsored by Japan's Ministry of the Environment: Turning Adaptation Initiatives into Opportunities at a climate change adaptation guide utilization seminar for the corporate sector
- March Sponsored by the Asia-Pacific Water Forum: Panel discussion at the finance pre-session of the 4th APWS Water and Disaster/Climate Change seminar

Enhancing Product Environmental Value

Taking into consideration the needs of society and customers, the environmental value of products to enhance sustainability reflects a variety of factors. This includes efforts to stay one step of the curve by promoting the value of low-carbon, decarbonized products that help mitigate climate change.

In order for low-carbon, decarbonized products to deliver value to customers, steps are taken to calculate each product's carbon footprint carbon life cycle assessment (C-LCA).

While boundaries are set and calculations made according to the purpose and product, at this stage, calculations for raw materials are based on a database (IDEA) that applies publicly available average GHG emission coefficients. We believe that through the activities and collaboration of raw material manufacturers, positive steps can be taken to harness the low-carbon value and efforts of each company.

The volume of raw materials used and energy consumed at the time of production are calculated using actual measurement data at production plants.

In order to understand and better appreciate the significance of methods to undertake life cycle assessments (LCAs), which will become increasingly important in the future as an indicator of low carbon value, SEKISUI CHEMICAL Group is actively participating in a variety of endeavors including the LCA Utilization Promotion Forum, the LCA Forum, and the Institute of Life Cycle Assessment. In addition to brushing up on information on the handling of each method and solution, we are encouraging employees to take external training courses and conducting in-house LCA training.

Over and above online LCA training conducted in February, which attracted more than 100 participants, SEKISUI CHEMICAL Group provide archived courses. We are developing human resources that are capable of calculating and promoting the appeal of low-carbon values.

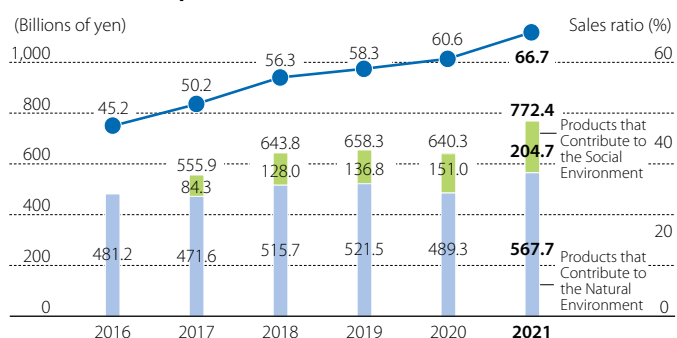
At the UIEP Company, which handles a large number of infrastructure products made from resin, we provide training for sales staff. Complementing this training, we prepare and distribute materials that help explain calculated value to customers, focusing on resin pipes and other products. As of March, the Company has trained more than 500 employees and launched sales activities to promote low-carbon value.

Recognizing that the growth of low-carbon values varies from industry to industry, we are first approaching business fields where value growth is slow. We believe this is helping to distinguish the Company's efforts in each business and transforming risks into opportunities. In order to proactively meet the low-carbon, decarbonization requirements of products while also working with the supply chain, we will accelerate reforms in raw material selection and production processes, energy conversion, and studies that contribute to resource recycling, with the aim of achieving carbon-neutral products.

Performance Data 

Note 1: From fiscal 2019, Medical Business results are collated and presented with Headquarters results following its separation from the High Performance Plastics Company as an independent entity.

Note 2: From fiscal 2020, the product system has evolved and renamed “products to enhance sustainability”.

Net Sales / Proportion of Products to Enhance Sustainability

Trends in Net Sales of Products to Enhance Sustainability

(Unit: Billions of yen)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Housing Company	290.9	317.6	364.3	374.0	352.9	393.8
Urban Infrastructure & Environmental Products Company	90.3	93.7	97.7	101.5	93.2	101.3
High Performance Plastics Company	99.4	142.2	178.9	110.0	121.9	186.9
Headquarters	0.6	2.4	2.8	72.7	72.2	90.4
Company-wide total	481.2	555.9	643.8	658.3	640.3	772.4

Index	Calculation Method
Net Sales of Products to Enhance Sustainability	Net sales of products to enhance sustainability = Consolidated SEKISUI CHEMICAL Group sales of products internally certified as products to enhance sustainability All businesses of the Group in and outside Japan are subject to assessment Note: See pages P54-57 of Sustainability Report 2022 for a definition of and approach toward products to enhance sustainability.
Proportion of Products to Enhance Sustainability to net sales	Proportion of products to enhance sustainability to net sales = Net sales of products to enhance sustainability / Consolidated sales All businesses of the Group in and outside Japan are subject to assessment Note: See pages P54-57 of Sustainability Report 2022 for a definition of and approach toward products to enhance sustainability.

Number of Products to Products to Enhance Sustainability Newly Registered

FY2017	FY2018	FY2019	FY2020	FY2021	Number of registrations as of the end of March 2022
24	18	5	12	28	184

Enhancing the Ability to Contribute to Solving Social Issues through Education

Fostering Human Resources Who Are Aware of Social Issues and Who Can Think and Act on Their Own to Create and Broaden Products to Enhance Sustainability

Promoting Education to Enhance the Ability to Solve Social Issues

In working to realize a sustainable society, SEKISUI CHEMICAL Group pursues growth in sales and operating profit through its contribution to solving social issues while advancing management that maintains an awareness of management’s ability to sustain business.

With a focus on fostering the ability of our employees to contribute to solving social issues, we provide education that enables them to think in ways that connect to management’s ability to sustain business and profit creation potential in a bid to create and expand markets for products to enhance sustainability.

Concept for Promoting Education over the Long Term

In addition to spurring the growth of our employees through experience in their current positions, we have continued to provide education that fosters an awareness of problem-solving and the ability to act from the current Medium-term Plan (2020-2022) that began in 2020.

On top of knowledge-based education, by having our employees spearhead activities premised on solving social issues (=SDGs), we will work to transform employee consciousness and also encourage a change in behavior through activities (=SDGs contribution activities) that improve the ability to contribute to solving social issues.

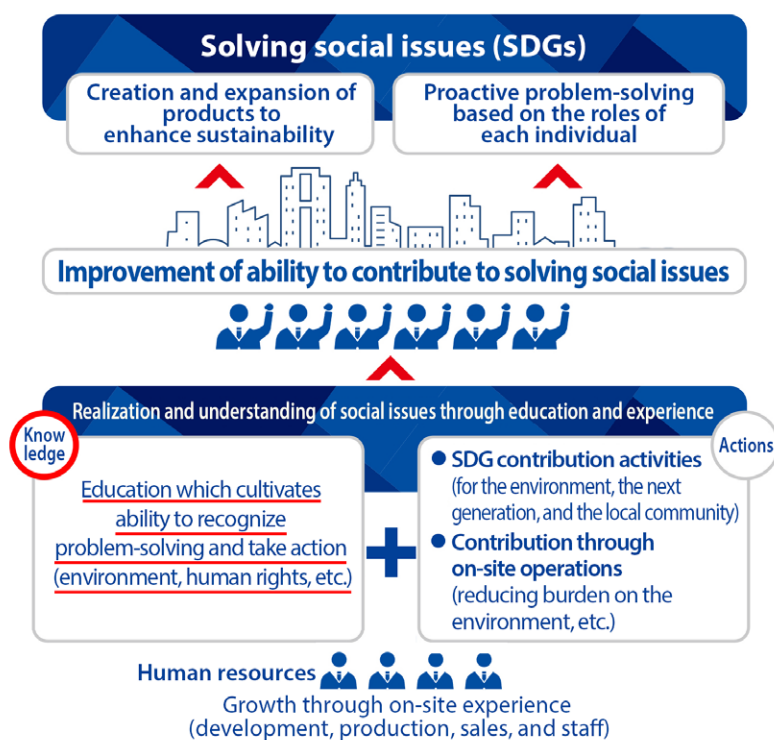


Figure 1: Schematic view of education to increase the ability to contribute to solving social issues.

To increase its ability to contribute to solving social issues, the Group believes it is important to improve its levels of knowledge and action, which are organized into eight categories (four knowledge and four action). We are promoting education and activities that reinforce the weak points and expand on the strong points, while confirming how these knowledge and action capabilities are improving through education, activities, and other programs.

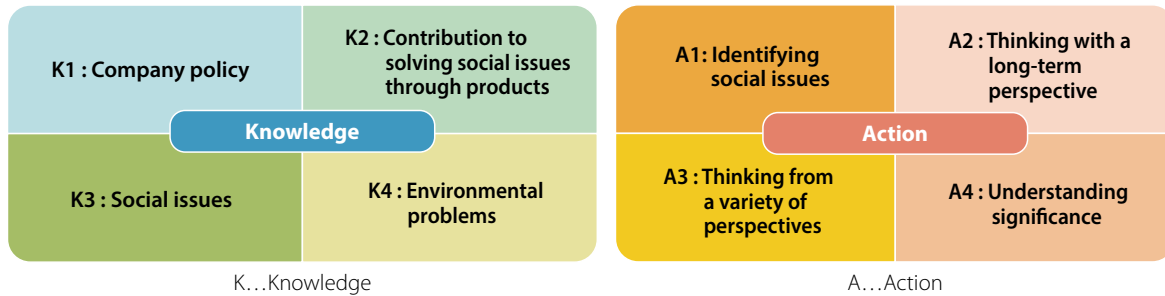


Figure 2: Knowledge and action items required of personnel who contribute to solving social issues

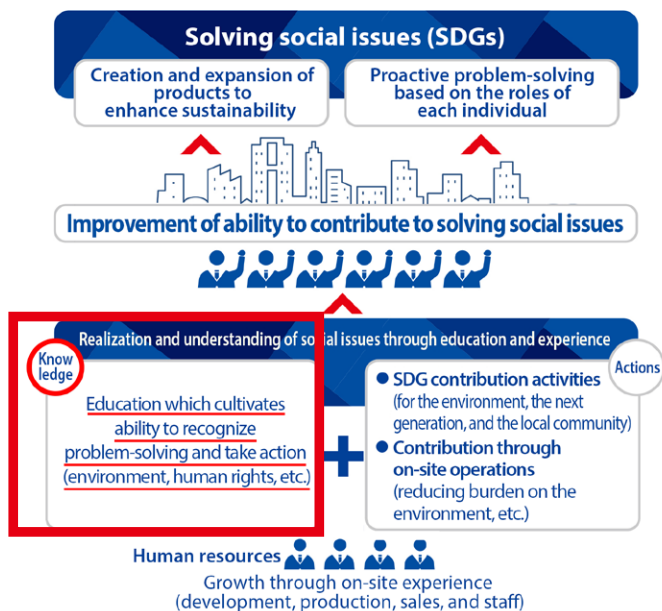
Concept of Education for Enhancing the Ability to Contribute to Solving Social Issues in the Environmental Medium-term Plan

A program to assist the transformation to hands-on action

The current Medium-term Plan (2020-2022) is positioned as the input stage for awareness, understanding, action and producing outcomes for each social issue. After confirming the effects of this input stage, steps will be taken to transition toward education and the development stage. This entails becoming aware, participating in planning, knowing, understanding, considering, taking action, and creating solutions to social and environmental issues. Through these stages, we will nurture the human resources that generate results and contribute to social and environmental solutions through our business and corporate activities.

The results of the previously mentioned human resources indicator are being used to confirm whether human resources have the knowledge and ability to take action necessary to contribute to solving social issues in efforts to promote human resources development. This indicator allows us to identify strengths and weaknesses in knowledge and actions related to social and environmental issues.

Effective human resource development is implemented by promoting educational programs that reinforce weaknesses and develop strengths according to the results.



Major Initiatives


| Application of the Ability to Contribute to Solving Social Issues Indicators for Personnel

We created a human resource awareness indicator to serve as a rough gauge of individual progress, so as to ascertain the status of the knowledge and actions that employees will require to solve social issues, and to encourage individuals to engage in self-study. We began applying this indicator starting in fiscal 2021.

During the first half of fiscal 2021, we reviewed the ability of employees to contribute to solving social issues that is required to create peace of mind for the future to support the basis of LIFE and realize a sustainable society (Vision 2030).

Although this review relied upon self-assessments, by periodically questioning our employees' own awareness of the extent to which they are familiar with knowledge and whether they take action that helps solve issues, this effort measures the degree to which self-awareness regarding contributions to solving social issues has increased. As self-awareness increases, employees become able to act with an awareness of their contribution to solving social issues as part of their work.

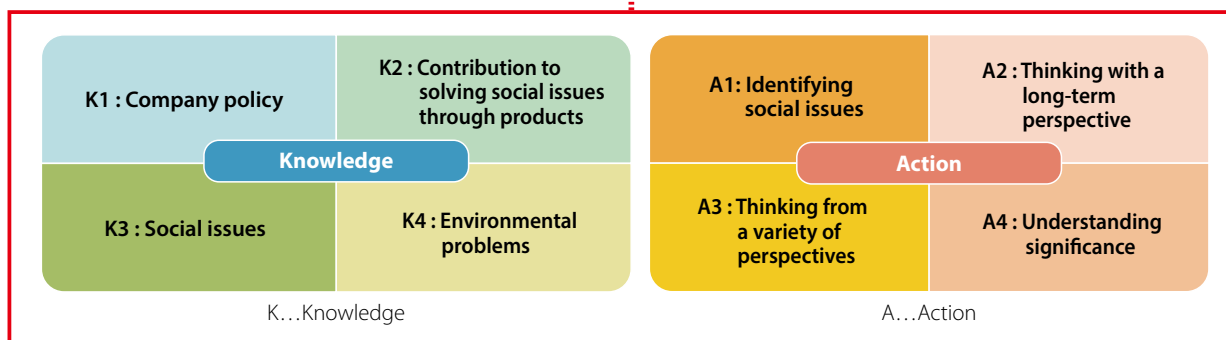
The results of the first Ability to Contribute to Solving Social Issues Review, which will serve as a benchmark for the future, are as follows:

- **Group-wide average: 41 points (benchmark for the current Medium-term Plan)** 
- **Strengths (high-scoring items)**
 - Knowledge: Consideration of social issues throughout product lifecycles
 - Action: Belief that individual work forms a part of the Group's efforts to solve social issues"
- **Weaknesses (low-scoring items)**
 - Knowledge: Product sustainability ratings (products to enhance sustainability)
Evolution of the product system (products to enhance sustainability)
 - Action: Conceive of ways to solve new social and environmental issues
Take action upon considering what is necessary after setting future goals

Based on the results of this review, we believe that it is fairly common for employees to consider social issues throughout product lifecycles, and to recognize the link between their own work and the solutions for social issues. Meanwhile, we determined that areas regarding knowledge that should be improved include instilling an awareness of the products to enhance sustainability system, while areas regarding action that should be improved include discovering social issues and thinking from a long-term perspective. Therefore, we will deliver educational programs to reinforce these areas going forward.

Enhancing the Ability to Contribute to Solving Social Issues through Education Programs (content implemented in 2021)

	Program Name	Education Category								Target		
		Knowledge				Actions				Japan	Overseas	Job responsibilities, types, etc.
		K1	K2	K3	K4	A1	A2	A3	A4			
1	CSR training-1	✓	✓			✓			✓	✓		New company employees
2	CSR training-2	✓	✓			✓			✓	✓		Newly appointed managers
3	Educational booklet on environmental issues and issue solving initiatives	✓	✓		✓		✓		✓		✓	All employees
4	e-learning program on environmental issues and issue solving initiatives	✓	✓		✓		✓		✓		✓	All employees
5	Instructional booklet covering social issues and efforts to grapple with them (Extending Healthy Lifespans)	✓	✓	✓		✓		✓	✓	✓		All employees
6	e-learning about social issues and efforts to grapple with them (Extending healthy Lifespans)	✓	✓	✓		✓		✓	✓	✓		All employees
7	e-learning about the basics of SDGs	✓	✓	✓	✓				✓	✓	✓	All employees
8	e-learning covering various types of thinking, including backcast thinking					✓	✓		✓	✓		All employees
9	LCA orientation training	✓	✓		✓	✓	✓	✓		✓		Employees (voluntary)



Instructional booklet and e-learning about social issues and the Group's efforts to grapple with them

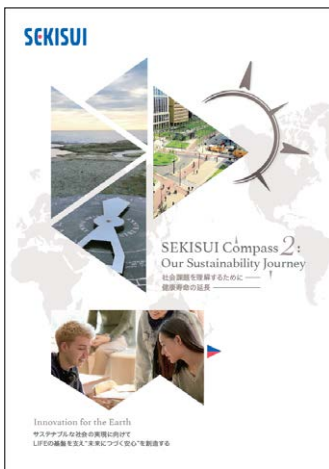
In 2021, we conducted programs to reinforce low-scoring areas (weaknesses) on the Ability to Contribute to Solving Social Issues Review that was undertaken for employees in Japan.

1) Published an instructional booklet covering social issues

The first step in thinking about social issues and taking action is knowing what social issues are present in today's world and what actions the Group is taking to resolve them. In 2020, we published an instructional booklet intended to help employees understand environmental issues, whereas in 2021 we published an instructional booklet covering Extending Healthy Lifespans, which received a low score on the Ability to Contribute to Solving Social Issues Review. In addition, to deepening understanding of the content of the instructional booklet, we implemented e-learning in parallel with the publication of the instructional booklet.

2) e-learning covering various types of thinking, including backcast thinking

As a result of the 2021 Ability to Contribute to Solving Social Issues Review, we discovered that employees were not taking action founded on backcast thinking, whereby individuals take action upon considering what is necessary after setting future goals. In order to reinforce this weakness, we also conducted an e-learning program using a role-playing format intended to provide employees with an awareness of trends in different ways of thinking, including backcast thinking, and to combine these and use these appropriately on an individual basis depending on the situation.



Instructional booklet covering social issues Extending Healthy Lifespans



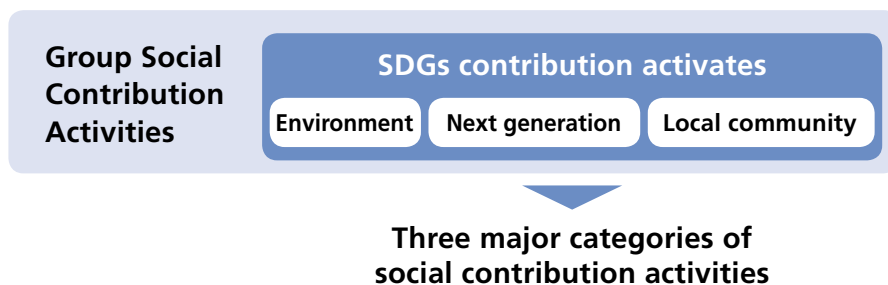
e-learning to educate employees on different types of thinking, including backcast thinking

Social and SDG Contribution Activities

Through its social contribution activities, SEKISUI CHEMICAL Group seeks to develop a climate and people that can contribute to solving social issues.

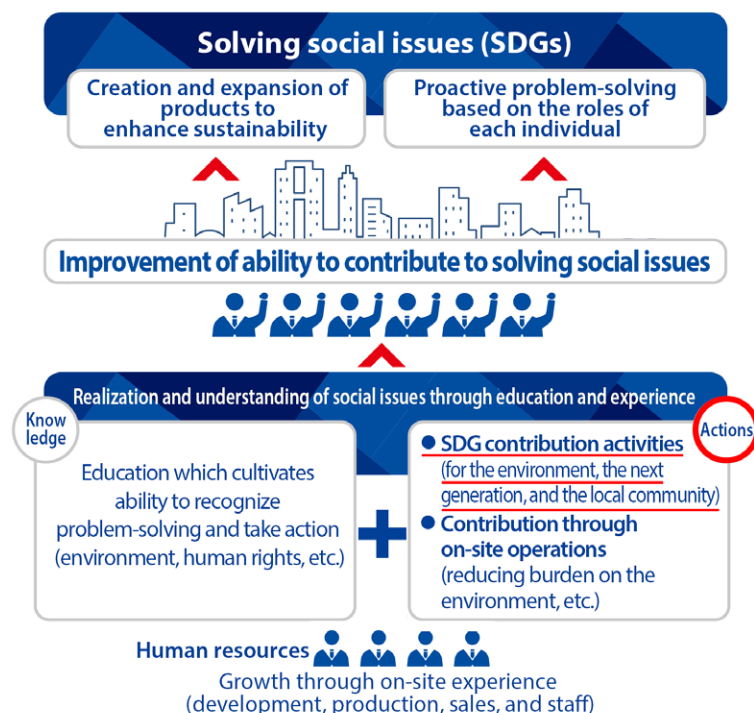
Promotion of social contribution activities from an SDG perspective

SEKISUI CHEMICAL Group contributes to solving social issues not only through its business activities but also through a variety of social contribution activities which we promote through interactions with society leveraging the strengths and resources of the Group. SEKISUI CHEMICAL Group defines and promotes activities to contribute to the SDGs as the subset of the Group’s social contribution activities that lead to the formation of a sustainable society as targeted by the SDGs, positioning the environment, the next generation and local communities as the three main fields of activities.



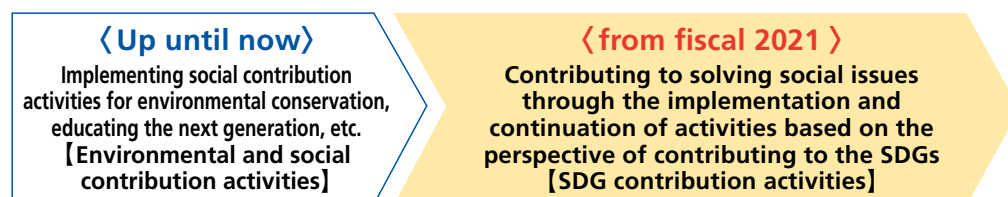
Actions that expand the ability to contribute to solving social issues

SEKISUI CHEMICAL Group believes that awareness of the SDGs is essential for contributing to solving social issues. By conducting social contribution activities from the viewpoint of the SDGs, the Group as a whole is looking to improve its ability to contribute to solving social issues. We will use the SDGs as a guidepost on what we can do to solve social issues as a member of society, and link this to our actions starting with those nearest to us.



Deploying activities to contribute to the SDGs Group-wide

Coordinating with the people in charge in each Group company, the Group spreads awareness of the SDGs while deploying autonomous activities to contribute to the SDGs by individual workplaces and employees, to foster a corporate climate that contributes to the SDGs. Essentially, the Group is shifting its awareness to goal-oriented activities to contribute to the SDGs, while continuing unchanged the actions to contribute to society conducted at each Group workplace. In so doing, the Group is transforming its activities into those that lead to the solving of social issues.



Promoting New Activities through the SDG Challenge

SEKISUI CHEMICAL Group is steadily working to increase understanding of the SDGs and interest in social issues by actively raising awareness that mainly involves disseminating information on each Group company's SDG contribution activities and sharing SDG-related information with those in charge.

As part of the SDG Challenge, the Group is also pursuing new activities, such as providing information on social contribution activity programs that show the relevance of SDGs in order to encourage people to take on the challenge of trying new, untried activities.

Fiscal 2021 Activities (Results)

As part of our SDG contribution activities, we implemented 75 initiatives at Group workplaces in Japan, of which 32 were new SDG Challenge activities. Due to the COVID-19 pandemic, many of these activities involved programs that could be implemented without gathering people (e.g., donating unused items and supporting food banks). Nevertheless, we believe that engaging in activities that differed from the past were very significant in terms of broadening our perspective on social contributions.

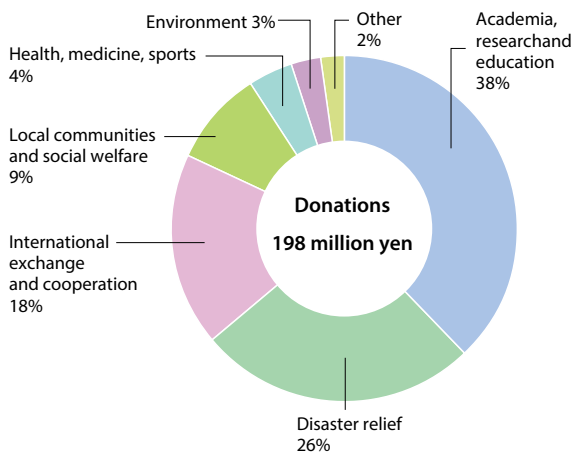
Performance Data

Details of donation activities in fiscal 2021 (SEKISUI CHEMICAL Group)

(Unit: Thousands of yen)

Type of Donation	Total Amount
Donations	198,038
Employee volunteers	27,772
Donations of goods	3,662
Administrative costs	448

Breakdown of Cash Donations in Fiscal 2021



● Environment

SEKISUI CHEMICAL Group is promoting efforts to protect the richness of life below water and on land, SDGs 14 and 15, in a bid to preserve the natural environment of local communities.

Basic Concept






Contributing to the Conservation of the Natural Environment that Forms the Foundation of Society

SEKISUI CHEMICAL Group is working to conserve the natural environment in order to realize an earth with maintained biodiversity as stipulated in the SEKISUI Environment Sustainability Vision 2050.

Working in coordination with NPOs, we develop social contribution activities related to the local environment such as nature conservation activities in each region. We believe that it is effective to develop environmental human resources and solve social issues by having employees take the initiative in carrying out activities.

Despite the spread of COVID-19, Group offices carried out various measures including clean-up activities, forest conservation, and environmental education, at times when the anti-infection restrictions had been eased in fiscal 2021.

Major social and SDG contribution activities undertaken or participated in during fiscal 2021 (Domestic/Environmental fields)

Business Site Involved in Activities	Details of Activities	Related SDGs	Coordination / Cooperation
Sekisui Heim Industry Co., Ltd. Kanto Site	Kasama Children's Nature Academy (Extracurricular classes: observation of organisms in waterfront areas)	 	Kasama Municipal Minami Gakuen Compulsory Education School
Sekisui Heim Industry Co., Ltd. Tokyo Site	Clean-up activities near the office	 	—
Chushikoku Sekisui Heim Industry Co., Ltd.	Forest maintenance activities in the city of Akaiwa	 	Akaiwa City (Forest creation agreement in coordination with businesses)
Kyushu Sekisui Industry Co., Ltd.	Kyusyu Sekisui Children's Nature Academy (Extracurricular classes: observation of biotope organisms)	 	Kanzaki Municipal Chiyoda Tobu Elementary School
Sekisui Seikei, Ltd. Izumo Plant SEKISUI SEIKEI IZUMO CO., LTD.	Nakaumi and Lake Shinji Clean-up Activities	 	Izumo City, others
East Japan Sekisui Industry Co., Ltd. Hanyu Site	Conservation activities for the endangered <i>aldrovanda vesiculosa</i>	 	Hanyu City Hall, Mujinamo Preservation Society
Sekisui Roof Tech Co., Ltd. Higashinihon Maintenance Center	Clean-up activities around Meguro River	 	—
Sekisui Chemical Co., Ltd. Taga Plant SEKISUI TAGA CHEMICAL INDUSTRY CO., LTD.	Conducted an independent study support course entitled Let's Become a Dragonfly Professor for local elementary school students.	 	TAGA TOWN MUSEUM Biodiversity Biwako Network
SEKISUI CHEMICAL CO., LTD. Kyoto R & D Laboratories	Higashiyama forest conservation activities	 	Council for Kyoto Traditional Forest Culture in the city of Kyoto

Major Initiatives

Woodland conservation and afforestation activities

Working with local communities to conduct activities that protect the natural environment

Supporting Children’s Forest Creation Team Activities

【Site】 Sekisui Heim Chubu Group Nagoya City, Aichi Prefecture
Sendai City, Miyagi Prefecture

【Collaborating partner】 Nagoya Higashiyama Forest Creation Association

【Purpose】 • Conserve the satoyama (semi-natural ecosystems) of the city
• Support children’s satoyama experiences

【Continuity】 Participation since 2017

【Effect】 Fiscal 2021: Held once with 19 children participating

【Related SDGs】



Coordinating with the NPO Nagoya Higashiyama Forest Creation Association, which engages in activities to preserve the precious satoyama environment that remains in the Higashiyama district of Nagoya City, we support the activities of the Children’s Forest Creation Team, in which local children participate.

Supporting Tohoku Coastal Forest Restoration Activities

【Site】 Sekisui Heim Tohoku Group/Sendai City, Miyagi Prefecture

【Collaborating partner】 Disaster Area Uncultivated Land Relief and Regional Seedling Production Network

【Purpose】 • Restore coastal forests lost during the Great East Japan Earthquake
• Support children’s hands-on environmental learning

【Continuity】 Participation since 2015

【Effect】 Fiscal 2021: 25 children participated in the tree-planting festival, planted 17 Konara oak (quercus serrata) saplings

【Related SDGs】



In cooperation with the Disaster Area Uncultivated Land Relief and Regional Seedling Production Network, which works to restore the coastal forests that died out due to the Great East Japan Earthquake, we have been supporting coastal forest restoration and tree-planting activities since 2015.

Waterside environmental conservation activities

We are engaging in activities to preserve the biodiversity of the flora and fauna that live in the area and at the water-side.

Eradication of Invasive Aquatic Grasses in the Shinmachi River

【Site】 Shikoku Sekisui Co., Ltd./ Saijo City, Ehime Prefecture

【Collaborating partner】 Saijo Nature School

【Purpose】 Conserve native aquatic plants

【Continuity】 Activity since 2015, activities will continue in collaboration with NPOs in the future

【Effect】 Fiscal 2021: Conducted three times, removed 1,590 kg of foreign aquatic plants during year

【Related SDGs】



In collaboration with Saijo Nature School, a local NPO, Shikoku Sekisui Co., Ltd. employees work regularly to eliminate foreign aquatic plants such as water speedwell (*Veronica anagallis-aquatica*), watercress (*Nasturtium officinale*), and Western waterweed. In this manner, efforts are being made to preserve indigenous species such as curly-leaf pondweed (*Potamogeton crispus*).

Participation in Yurikago Rice Paddy Project

【Site】 Nishinohon Sekisui Industry Co., Ltd./
SEKISUI CHEMICAL CO., LTD. Shiga-Ritto Plant/
Ritto City, Shiga Prefecture

【Collaborating partner】 Agricultural and Rural Development
Promotion Division, Department of
Agriculture and Fisheries, Shiga Pre-
fecture; Kurimidezaike-cho, Higashio-
mi, Shiga

【Purpose】 Conserve species native to Lake Biwa (round cru-
cian carp, etc.)

【Continuity】 Activity since 2014, plans to continue in the fu-
ture

【Effect】 Fiscal 2021: Conducted twice, 131 people from the
company and from outside participated

【Related SDGs】



Since 2014, we have been participating in the Yurikago Rice Paddy Project, an activity to restore the paddy field environment to enable fish native to Lake Biwa to spawn, and taken part in rice planting and flora and fauna observation events as part of environmental education. We are also working with administrative bodies (Shiga Prefecture) and government agencies by, for example, providing the synthetic wood (FFU) remnants generated at our factories as materials for fish ladders.

Note: In 2016, we received the grand prize in the Corporate/Group Leader category at the Nature Conservation Society of Japan Awards

Environmental beautification/clean-up activities

SEKISUI CHEMICAL Group will improve the living environment and cooperate in resource recycling.

Participated in “Operation Ariake Sea Clean-up”

【Site】 Kyushu Sekisui Industry Co., Ltd./
Kanzaki City, Saga Prefecture

【Collaborating partner】 Saga Prefecture/Saga TV

【Purpose】 Protect the environment of the Ariake Sea (beach clean-up)

【Continuity】 New activity commenced in fiscal 2021

【Effect】 Fiscal 2021: Removed a total of 120 kg of garbage

【Related SDGs】



The Ariake Sea is a natural treasure trove inhabited by a variety of living things. To protect this marine treasure, we participated in Operation Ariake Sea Clean-up, a beach clean-up activity carried out in cooperation with the four Ariake Sea coastal prefectures: Saga, Fukuoka, Nagasaki, and Kumamoto. We will continue these activities so that the beautiful Ariake Sea can be handed down to the next generation.

Natural environment field trips (learning and training)

SEKISUI CHEMICAL Group is making efforts to convey the importance of the natural environment to the next generation.

Held Moist Forest Natural Environment Field Trips (extracurricular classes)

【Site】 CHIBA SEKISUI INDUSTRY CO., LTD./ Ichihara City, Chiba Prefecture

【Collaborating partner】 Ichihara Municipal Urutsu Elementary School (first- and second-year pupils)

【Purpose】 Convey the importance of the local natural environment to the next generation

【Continuity】 Activity since 2015

【Effect】 Fiscal 2021: Held twice with approximately 190 children participating

【Related SDGs】



Using Moist Forest, a grove of miscellaneous trees on leased land near its plant, CHIBA SEKISUI INDUSTRY engages in a wide range of activities aimed at promoting biodiversity and regional coexistence. Each year the Company invites elementary school pupils and holds extracurricular classes for nature observation.

Overseas Group Environmental Conservation Activities

SEKISUI CHEMICAL Group is also making efforts to protect the environment at Group business sites overseas.



Sekisui Voltek, LLC. (Americas)

Together with ReLeaf Michigan, an NPO, employees planted 25 trees on the side of the road at Coldwater High School.



Sekisui Industrial Piping Co., Ltd. (Taiwan)

Employees and their families participated in environmental education and clean-up activities along the coast at Daan Seaside Park, near our Taichung Factory.



● Next Generation

SEKISUI CHEMICAL Group will provide quality education as outlined in SDG Goal 4 through programs that leverage its manufacturing, products, and other characteristics, and promote lifelong educational opportunities.

Basic Concept

Helping to Build Local Communities in Which Children Can Develop and Healthily Grow into Adulthood.

Targeting communities where the children who will form the next generation can develop and healthily grow into adulthood, we are implementing career educational programs for elementary, middle and high school as well as tertiary students that leverage the characteristics of our business activities. This initiative is being conducted for children to acquire the knowledge, skills, and approaches that will lead to them living independent lives as members of society. SEKISUI CHEMICAL Group is advancing a wide range of activities such as field trip lessons that include science classes given by Company employees as well as online classes to learn about the SDGs through the Company's products and manufacturing.



	Activity	Aim	Target	Cooperation	Division of roles	Continuity	Impact (Single-year fiscal 2021) (Numbers of people, etc.)	Impact (Cumulative number of people etc. including fiscal 2021 results)	Developability
1	SDGs education utilizing Edu Town SDGs electronic teaching materials	Next-generation children will learn about SDGs through manufacturing and develop the ability to think and act for themselves in solving social issues.	Elementary school upper grade years to junior high school students	Producer of teaching materials	<ul style="list-style-type: none"> Platform construction Provision of teaching materials Alliance participation 	2018~	30,116 page views* (* SEKISUI CHEMICAL-related pages only)	41,148 page views* (* SEKISUI CHEMICAL-related pages only)	<ul style="list-style-type: none"> Collaboration with multiple companies through corporate alliances. We will continue to increase the number of companies Part of Web content made into a booklet and continues to be distributed free of charge to elementary and junior high schools nationwide. Planning to further expand web content
2	Online lessons to learn about SDGs	Under the theme of the SDGs, for which there is an increasing need in schools, we will utilize our unique expertise to bring about improvements in the next generation of young people's knowledge and ability to take action needed to solve problems toward the creation of a sustainable society.	Junior high school students	Education support company	Organizer (Teaching material provision and lecturers)	2021~	230	230	<ul style="list-style-type: none"> Online lessons can be conducted even during the COVID-19 pandemic Establishment of an operating system

	Activity	Aim	Target	Cooperation	Division of roles	Continuity	Impact (Single-year fiscal 2021) (Numbers of people, etc.)	Impact (Cumulative number of people etc. including fiscal 2021 results)	Developability
3	Chemistry Classroom Project (High Performance Plastics Company Minase Site)	Raise the next generation of children's interest in and passion for chemistry.	Junior high school students	Local junior high schools and junior high schools from which requests were received	Organizer	2008~	980	32,035	<ul style="list-style-type: none"> • Collaboration with teachers • Development of programs in line with textbook revisions
4	Science classes (Shikoku Sekisui Co., Ltd.)	Raise the next generation of children's interest in and passion for science.	Junior high school students	Local junior high schools	Organizer	2009~	85	802 (Since 2010)	Implementation on a continuous basis
5	Science and Engineering Classroom (Sekisui Medical Co., Ltd.)	Conducting online lessons on the theme of career education and introducing will, role, and ability to students while associating them with the instructor's own work, will lead to raising awareness of students working and thinking about the future.	Junior high school students	Local junior high schools	Organizer	2016~	211* (*Participants at Company lectures)	2,706* (*Participants at Company lectures)	<ul style="list-style-type: none"> • Online lessons can be conducted even during the COVID-19 pandemic • Provided as content in lieu of junior high school work experience
6	SB Student Ambassador Block Meeting	Under the theme of the SDGs, we will utilize our unique knowledge to bring about improvements in the next generation of young people's knowledge and ability to take action needed to solve problems toward the creation of a sustainable society.	High school students	Initiatives Other companies	Teaching material provision and lecturers	2020~	87* (*Participants at Company lectures)	158* (*Participants at Company lectures)	Expand implementation area to rural areas (Company participates in east and west Japan meetings only)
7	Contribution to English teaching materials	Develop students' English proficiency by introducing corporate manufacturing through the products around them in English. This will lead to student job hunting and career education.	University students	Publishing companies	Contribution to teaching materials	2020~	Not disclosed	Not disclosed	<ul style="list-style-type: none"> • Use these teaching materials in university English classes • Expansion of schools that use teaching materials

Major Initiatives

| Conducting online classes to learn about the SDGs

SEKISUI CHEMICAL Group prepares educational materials to help junior high school students learn about the SDGs. Utilizing these materials, the Group conducts online classes that cover efforts to solve social issues through products that enhance sustainability.

Taking into consideration prevailing conditions including the government's statement clarifying the need to nurture pioneers who will help create a sustainable society, the new training course guidelines implemented in earnest from fiscal 2020 identified the goal of fostering SDG leaders from the field of education. As a result, content related to the SDGs is now included in various subjects in elementary and junior high schools, as well as high schools throughout Japan.

Meanwhile, SEKISUI CHEMICAL Group is working diligently to realize a sustainable society that achieves the SDGs through the creation and market expansion of products to enhance sustainability that provide a significant contribution to solving social issues. Taking advantage of our unique knowledge and experience, we have prepared SDG educational materials that can be used in school classes, with the aim of improving the next generation's knowledge and ability to take action to solve problems to create a sustainable society, under the theme of the SDGs, for which there is a growing need in schools. As a manufacturing company, the educational materials convey our contribution to solving social issues through sustainable products.

As a preparatory step in supporting school education that address concerns surrounding the COVID-19 pandemic, we conducted online classes at two schools on a test case basis during the current fiscal year. Looking ahead, we plan to develop this activity as a new Group program of social contribution activities.

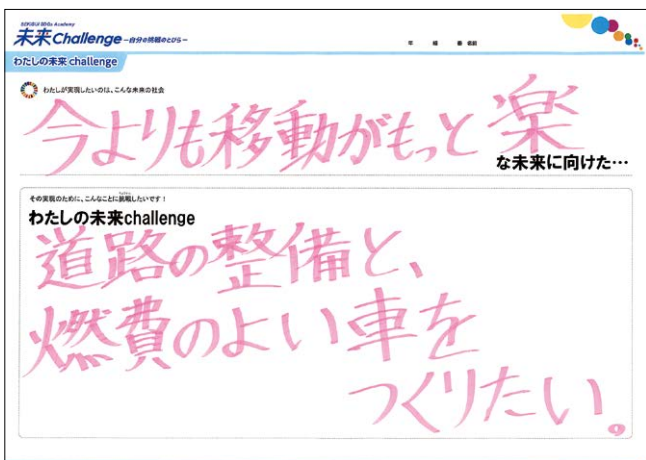
As identified under Vision 2030, we support the basis of LIFE and will continue to create peace of mind for the future, in order to realize a sustainable society. To this end, SEKISUI CHEMICAL Group is supporting education of the next generation who will build the future through the aforementioned and other activities.



Online class



A student presentation (facing a laptop camera)



An example of a student's hope for a future where no one is left behind.

Activities by Shikoku Sekisui Co., Ltd.**Science classes on various topics including distinguishing items, objects and substances, and the properties of substances**

Shikoku Sekisui Co., Ltd. held a science class for first-year students of Saijo Municipal Nishi Junior High School in Ehime Prefecture. An annual event since 2009, this initiative was suspended last year due to the pandemic. This year, 66 students and seven teachers visited Shikoku Sekisui for a 2.5-hour program that included company presentations, classes, and a factory tour.

On the topic of distinguishing items, one class called on participants to examine cups made from four different materials (glass, plastic, paper, and metal) and ask: "Where are these cups used?" and "What properties are applied?" An experiment to investigate the properties of plastic was also held. Four kinds of plastic pieces that looked the same were prepared. Students conducted two experiments: one to examine the density of plastic by floating it in water, and another to observe combustion by burning test plastic pieces. Results were then recorded on tablets.

In conclusion, students looked at how to make plastic products and then participated in a factory tour. Based on a comparison with how to make chocolate, students were provided with an explanation of injection molding, one of Shikoku Sekisui's main manufacturing methods. The tour encompassed every facet of the manufacturing process up to the final product.

Working with local residents, Shikoku Sekisui hopes to continue this activity in the future.



An experiment to investigate the properties of plastic

Supporting SDG learning events for high school students (SB Student Ambassador block competition)

Endorsing the concept of SDG learning events for senior high school students, SEKISUI CHEMICAL Group once again participated as a sponsor and lecturer while also providing learnings materials to the SB Student Ambassador block competition in similar fashion to 2020.

This event is hosted by the Japan Chapter of SB Forum, which operates one of the world's largest and most visited websites on sustainability.

In addition to deepening the knowledge of high school students, the future leaders of the next generation, on the latest sustainability initiatives, this event serves as a forum for students to share their values and what they want from society, and work toward the co-creation of a sustainable society.

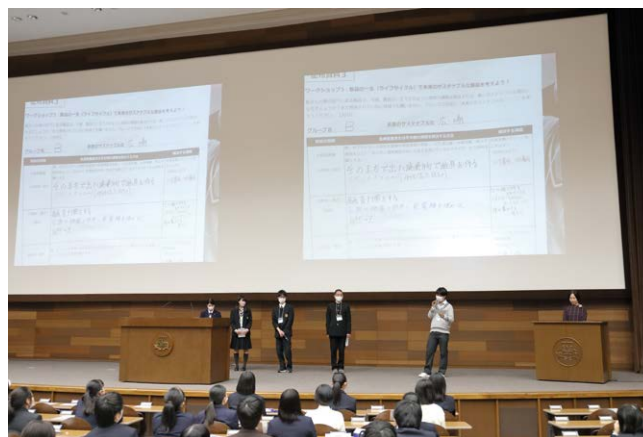
High school students participating in this event learn about the SDGs through keynote speeches by the Company and workshops.

SEKISUI CHEMICAL Group conducts lectures and workshops that encourage participants to think about solving social issues throughout the life cycle of its products. Each initiative was acknowledged favorably with participating high school students commenting: "I was particularly interested in the fact that the Company is backcasting toward 2030 and 2050, considering business goals and processes in detail, while working to achieve the SDGs not only in their products, but also in manufacturing process." Other comments included: "I was surprised at the safety and environmental friendliness of familiar items such as sewage pipes and sustainable home construction."

SEKISUI CHEMICAL Group will continue to support the education of the next generation who are responsible for building the future based on the knowledge and experience gained from solving social issues through its products.



Lecture for high school students



Workshop content presentation at the summary session

Overseas Group Next-generation Training Activities

SEKISUI CHEMICAL Group also engages in efforts to nurture the next generation at its overseas Group sites.

SEKISUI KYDEX (America)

Ten students from the Southern Columbia School District visited SEKISUI KYDEX for a video shoot on the theme “What’s So Cool About Manufacturing.”

Students were provided with an explanation about future careers in the manufacturing industry while participating in a tour of the plant. This initiative was an opportunity to educate students about monozukuri.



● Local Communities

SEKISUI CHEMICAL Group places considerable emphasis on partnerships as set forth in SDG Goal 17, and promotes activities in cooperation with regional local governments, NPOs, and other organizations.

Basic Concept

Contributing to the Creation of a Sustainable Society as a Corporate Citizen

As a member of the local communities in which it operates, SEKISUI CHEMICAL Group proactively deploys social contribution activities and thereby hopes to contribute to the creation of a sustainable society. The Group works to create safe and secure cities in collaboration with local communities, supports programs that assist developing countries, and engages in various other activities in order to deepen the understanding of and help solve issues faced by local communities.

Major social and SDG contribution activities undertaken or participated in during fiscal 2021 (Domestic /Local Community fields)

Business Site Involved in Activities	Details of Activities	Main Related SDGs	Coordination / Cooperation
Sekisui Heim Shinetsu Co., Ltd.	Food donations		NPO hotline-shinshu
Sekisui Heim Industry Co., Ltd. Chubu Site	Drinking water donation		NPO FoodBank YAMANASHI
Sekisui Chemical Co., Ltd. Gunma Plant East Japan Sekisui Industry Co., Ltd.	Food donations		Foodbank Maebashi
Chiba Sekisui Industry Co., Ltd.	Drinking water donations		Ichihara Seikatsusoudan Support Center
Nara Sekisui Co., Ltd. Sekisui Home Techno Co., Ltd. Nara Site	Food donations		Yamatokoriyama City Social Welfare Council NPO Seijun Tasukeai Kodomo Shokudo (Helping Hand Children's Cafeteria)
Toto Sekisui Co., Ltd., other	Old clothing donations furugidevaccine		JAPAN REUSE SYSTEM
Kyushu Sekisui Industry Co., Ltd.	Participation in vegi-up championships		Saga Prefecture Health Promotion Section
Tokuyama Sekisui Industry Co., Ltd.	Cooperation in purchasing raw milk		Ministry of Agriculture, Forestry and Fisheries
Sekisui Chemical Co., Ltd. Taga Plant	Local production for local consumption awareness-raising activities		AIM SERVICES CO., LTD., local stores, other
Sekisui Chemical Co., Ltd. Tokyo headquarters	Umbrella donations		NPO World Gift

Major Initiatives

Contributions to local communities through the use of factories

We cooperate with extracurricular classes at local elementary and other schools and conduct factory tours.

Exploring cities through factory tours (extracurricular class/Life science)

【Site】Sekisui Heim Industry Co., Ltd. Kinki Site/Nara City

【Collaborating partner】Nara Municipal Tatsuichi Elementary School

【Purpose】

- Deepen children's understanding of local communities
- Promote community interaction and collaboration

【Continuity】First held in fiscal 2021 (new activity)

【Effect】Fiscal 2021: Learning experience for six second year elementary school students

【Related SDGs】



In support of efforts to help children better understand the local community through contact with the businesses and workers in their school districts, SEKISUI CHEMICAL Group conducted factory tours for neighborhood elementary school students. Moving forward, we will continue to value our connection with the local community and pass on to the children of the next generation the importance of monozukuri, connections with the community, and the environment.

Activities to Improve Civic Order in Local Communities

Sekisui Heim sales companies and local police headquarters have signed an agreement to conduct educational activities on crime prevention and traffic safety.

Traffic Safety Campaign

【Site】 Ibaraki Sekisui Heim Group/ Mito City, Ibaraki Prefecture

【Collaborating partner】 Hitachi Police Department

【Purpose】 Contribute to the creation of a safe and secure society by educating the public to reduce traffic violations and traffic accidents in the community

【Continuity】 Activity since 2012

【Effect】 Fiscal 2021: Raised awareness among approximately 200 visitors to the venue

【Related SDGs】



Working with the local police department to promote traffic safety, we will contribute to the community by helping to reduce traffic violations and accidents and to build a community where people can live with peace of mind.

Cooperation with NPOs, etc. (Social Support)

SEKISUI CHEMICAL Group is helping solve local community issues.

Food Bank Support (Providing Emergency Food Sets)

【Site】 Shikoku Sekisui Co., Ltd./ Saijo City, Ehime Prefecture

【Collaborating partner】 eWork Ehime (Ehime food bank egao)

【Purpose】 ・ Support families in need and children’s cafeterias
・ Reduce food loss

【Continuity】 First held in fiscal 2021 (new activity)

【Effect】 Fiscal 2021: Donated 75 emergency food sets (equiv-
alent of three days)

【Related SDGs】



In an effort to support families in need and children’s cafeterias impacted by the ongoing pandemic, emergency supplies at business sites were quickly exchanged and donated to local food banks. In addition to providing the opportunity for interaction with local communities, this initiative also helped to reduce food loss. Moving forward, the Group will continue to promote this and similar initiatives.

Blood Drives

【Site】 Sekisui Heim Industry Co., Ltd. Chubu Site/Toyohashi City, Aichi Prefecture

【Collaborating partner】 Red Cross Blood Center, Aichi Prefecture

【Purpose】 Medical and life-saving support

【Continuity】 Activity since 2005 (conducted on 27 occasions (cumulative total))

【Effect】 Fiscal 2021: Blood donations from 21 employees

【Related SDGs】



Blood drives are held at business sites for use in the treatment of illnesses and in surgeries. In 2021, the company received the Golden Order of Merit from the Japanese Red Cross Society in recognition of its steady and continuous activities since 2005.

Cooperation with NPOs, etc. (International support)

By supporting the activities of NPOs and other organizations, SEKISUI CHEMICAL Group also helps solve international issues.

TABLE FOR TWO

As a social contribution activity that allows easy participation by individual employees, SEKISUI CHEMICAL Group has continued to implement the TABLE FOR TWO (TFT) initiative since 2008, a program in which 20 yen of each meal served in employee cafeterias donated to support the provision of lunches to children in developing countries.

[Fiscal 2021 Results]

Program	Number of implementing business sites	Total number of school lunches provided to developing countries
TABLE FOR TWO (Employee cafeterias)	10 business sites	20,218
TABLE FOR TWO Vending Machines	2 business sites	(Equivalent of) 3,242



[Implementing business sites]

SEKISUI CHEMICAL headquarters in Tokyo and Osaka, the Gunma Plant, the Musashi Plant, the Shiga-Minakuchi Plant, Kyoto Research and Development Laboratories, Research and Development Institute, Tsukuba Office, Ota Plant of Toto Sekisui Co., Ltd., Tokuyama Sekisui Co., Ltd., and Sekisui Heim Industry Co., Ltd. Kinki Site (11 sites)

[Collaborating partner] Specified nonprofit corporation, TABLE FOR TWO International

[Purpose]

- Feed hungry children in developing countries by providing them with school lunches
- Help prevent lifestyle diseases in developed countries

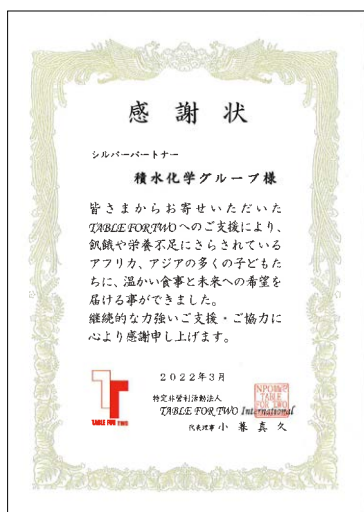
[Continuity] SEKISUI CHEMICAL Group activity since 2008 (ongoing)
(Vending machine-based donation activity since 2013)

[Effect] Fiscal 2021: School lunch support totaling 23,460 meals Group-wide

[Related SDGs]



In recognition of its support, TABLE FOR TWO certified SEKISUI CHEMICAL Group as a Silver Partner while awarding the Company a letter of appreciation. We will continue carrying out these activities in the future, supporting a stable food supply for children in developing countries.



Letter of thanks from TABLE FOR TWO International

BOOK MAGIC

As a social contribution activity that allows easy participation by individual employees, SEKISUI CHEMICAL Group has been implementing the BOOK MAGIC program, organized by JEN (NPO) since 2009. By donating the money collected from the sale of unneeded books and CDs under this program to help fund global School Support programs, SEKISUI CHEMICAL Group is working to provide educational support to children worldwide.

[Fiscal 2021 Results]

Program	Number of implementing business sites	Implementation frequency	Donation amount (Total)
BOOK MAGIC	20 business sites	15 times	100,930 yen

【Implementing business sites】

SEKISUI CHEMICAL headquarters in Tokyo and Osaka, Tsukuba Office, Gunma Plant, UIEP Company Chubu and Tohoku branches, Hokkaido Sekisui Heim Industry Co., Ltd., Hokkaido Sekisui Fami S Co., Ltd., Hoppou Jyubunka Institute Co., Ltd., Sekisui Board Co., Ltd. Gunma Plant, EnviroLife Research Institute CO., LTD., SEKISUI HEIM Real Estate Co., Ltd., Shikoku Sekisui Co., Ltd., Higashinohon Sekisui Industry Co., Ltd., Nara Sekisui Co., Ltd., Sekisui Home Techno Co., Ltd. Nara Site, Sekisui Seikei, Ltd. Hyogo-Takino Plant, Chubu Sekisui Shoji Co., Ltd., Tokuyama Sekisui Industry Co., Ltd., and Sekisui Medical Co., Ltd. Iwate Plant (20 sites)

【Collaborating partner】 JEN (NPO)

- 【Purpose】**
- Support education of children around the world
 - Reuse books and other materials that are no longer required (resource circulation)

【Continuity】 SEKISUI CHEMICAL Group activity since 2009 (ongoing)

【Effect】 Fiscal 2012: conducted on 15 occasions Group-wide)

【Related SDGs】



A growing number of sites took part in BOOK MAGIC, a new initiative in fiscal 2021, as a social contribution activity in which many employees can freely participate despite the impact of the pandemic. In addition to their reuse as resources, the donation of unused books and other materials can serve a variety of purposes including support for the education of children around the world. In helping achieve multiple SDGs, SEKISUI CHEMICAL Group will continue to promote this initiative going forward.

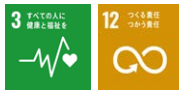
Overseas Group Local Community Support Activities

SEKISUI CHEMICAL Group also engages in efforts to support local communities at its overseas Group sites.



Sekisui Specialty Chemicals Thailand Co., Ltd.
(Thailand)

With the shortage of medical suits (PPE suits) in many hospitals due to COVID-19, employees helped collect plastic bottles to recycle into PPE gear for medical professionals.



Sekisui Polymatech (Shanghai) Co., Ltd.
(China)

To contribute to people’s health, SEKISUI CHEMICAL Group holds an annual free blood donation campaign for its employees. In fiscal 2021, 26 employees participated in the blood drive.





TOPICS

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Reducing Serious Incidents

There are three driving forces to promote ESG management: contribution to solving social issues, profitable growth, and management ability to sustain business. Of these, SEKISUI CHEMICAL Group is striving to improve management ability to sustain business by thoroughly improving safety, compliance, and CS & Quality. These efforts are aimed at reducing risk and avoiding serious incidents (in terms of safety, quality, accounting, legal and ethical issues, and information management).

Positioning of This Materiality

SEKISUI CHEMICAL Group positions Governance (Internal Control) as the foundation of its ability to remain a company that is trusted by its stakeholders. To ensure that we can continue to help solve social issues, we recognize the critical need to prevent incidents that undermine public trust and significantly damage our corporate value. With this in mind, we will work tirelessly to strengthen internal control on a Group-wide and global basis. Under the current Medium-term Management Plan, we have identified areas and items that could have a significant impact on the Group as a whole, and are working to improve our ability to prevent problems before they occur and to detect and respond to issues at the earliest possible stage.

Safety Issues

Targeting Zero Occupational Injuries Through Risk Reduction by All Personnel, from Top Management to the Plant-floor Frontlines

Basic Concept

Each and Every Employee Has the Ability to Identify Dangerous Situations

SEKISUI CHEMICAL Group has positioned the establishment of a workplace environment in which employees can carry out their duties with safety and security as a key corporate responsibility and one of management’s most important priorities. Accordingly, we are implementing total safety activities (i.e. zero occupational injuries, zero equipment-related accidents, zero commuting-related accidents, and zero extended sick leave) based on five themes ((1) through (5) listed below). Despite a company’s efforts to provide a safe and secure environment, however, employees must also take it upon themselves to prevent accidents from happening. Ultimately, safety is a byproduct of the actions undertaken and behavior of each individual. For this reason, we are making concerted efforts at safety education and raising sensitivity to risks, while following rules and creating a protective corporate culture.

- (1) Safety management using OHSMS
- (2) Intrinsic Equipment Safety*
- (3) Safety education of employees
- (4) Risk management and control, etc.
- (5) Safety audits and accident-prevention audits that assess the status of the above activities

* The term for machine safety activities implemented by SEKISUI CHEMICAL Group. These activities promote improvements to unsafe areas of production equipment through intrinsic safety design policies and safeguards.



Activity Policy and Promotion System

We formulated and shared the SEKISUI CHEMICAL Group Safety Policy among all Group employees as our basic philosophy on occupational safety.

In terms of our efforts related to occupational health and safety, policies and activity guidelines are formulated by the Safety Sub-committee established under the Sustainability Committee. Each site puts into practice and promotes these policies and activities under the guidance of the Safety & Environment Group of the Manufacturing Infrastructure Enhancement Center.

In addition to data generated from ongoing work at SEKISUI CHEMICAL Group production and implementation sites and from research activities, a wide range of Group occupational health and safety data including data from partner companies (contractors) outside the Group is also collated.

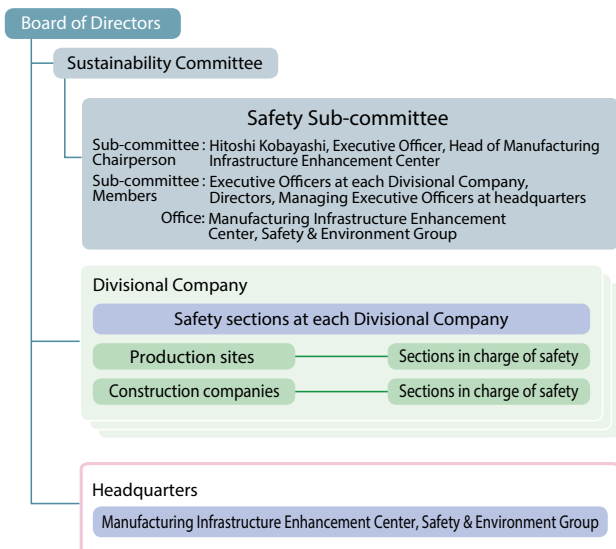
In fiscal 2021, two meetings of the Safety Sub-committee were held online in October and March.

In event of an actual occupational injury, information including the form of employment of the injured party is collected. Improvements as required are also sought when there is a problem with the management of a business site.

SEKISUI CHEMICAL Group determines the necessity of ISO 45001 certification for each business site, and promotes acquisition of and acquisition activities for this certification. Business sites that have not acquired this certification also build and apply safety and health management systems that reflect ISO and Occupational Health and Safety Assessment Series (OHSAS) requirements. Activity status is monitored through safety audits and disaster-preparedness audits in an effort to encourage the continuation and vitalization of safety management activities.

External certification (ISO 45001) Acquired
[No certified business sites as of the end of fiscal 2021]

Safety-promotion System (from fiscal 2021)



Occupational Safety Committee Meeting Held

Each business site within the Group convenes legally mandated Occupational Safety Committee meetings on an individual basis, during which labor and management work together to conduct disaster-related investigations and make strategic proposals related to occupational health and safety.

Meetings of the Central Occupational Safety Committee were held as a Group-wide forum for discussion between labor and management up to fiscal 2019. Since fiscal 2020, however, these committee meetings have not been held, due to the impact of the COVID-19 pandemic. In the interim, steps have been taken to review methods for how these meetings should be held.

Declaration of Commitments to Safe Business Practices by the Leadership of Each Division

Based on the recognition that it is of the utmost importance for the top managers at business sites to exercise leadership and take the initiative in safety activities, leaders from each division, including the president, declare their commitment to safe business practices each fiscal year, and their personally written declarations are posted on the intranet.



A safety declaration posted on the intranet

Implementation of Safety Audits

SEKISUI CHEMICAL Group has identified occupational health and safety management system evaluation categories, which are employed in the self-evaluations conducted at each business site as well as safety audit evaluations by Corporate Headquarters. We review evaluation categories each year, taking into account issues related to Group-wide safety management activities.

With a view to preventing the spread of COVID-19, certain business sites were audited remotely online in fiscal 2021. SEKISUI CHEMICAL Group succeeded in completing safety audits as initially planned at 17 business sites in Japan.

In the remote audits, document audits were executed with comparable efficacy to in-person audits. Site inspection tours, on the other hand, were more time-consuming than usual, as they required communication between auditors at remote sites and on-site staff touring the facilities with wearable cameras. In the future, the Group plans to make continuous improvements to its safety auditing procedures, to ensure that they are carried out appropriately in line with audit objectives and the circumstances in each case.

Implementation of Occupational Safety Assessments

Article 14 of the Group's Safety Management Rules stipulates that a comprehensive preliminary occupational safety assessment must be undertaken by the business general manager concerned when launching a new business. Based on this stipulation, the relevant divisional company that is looking to launch a new business implements an assessment.

Statutory and regulatory requirements differ by region, country, and state. With this in mind, overseas business sites are audited by external consultants (experts in local laws and ordinances) to confirm compliance.

Implementation of medical examinations

As far as medical examinations for employees are concerned, measures are applied based on the medical examination results of high-risk individuals under the work aptitude assessment guidelines for high-risk individuals (for health management officers). In addition, SEKISUI CHEMICAL Group confirms that the following legally mandated medical examinations are conducted at each business site through various means including safety audits.

- Special medical examinations
- Medical examination for specified work employees

Major Initiatives

| Development of Human Resources to Take the Initiative in Safety Activities

SEKISUI CHEMICAL Group established a Safety Leader (SL) certification system as a qualification for personnel who assist safety managers and promote safety management activities at each site. The Group has continued to promote this system since fiscal 2017 for the purpose of enhancing safety activities.

In fiscal 2021, 36 employees (122 in total since fiscal 2017) were certified under the SL qualification system. Safety leaders are tasked with identifying and mitigating risks at their respective workplaces, holding workshops with other safety leaders Group-wide, upgrading and expanding the content of safety training, and promoting the rollout of best practice examples.

In addition, we also encourage employees to obtain safety sub-assessor* (SSA) qualifications, holders of which promote machine safety activities. Since fiscal 2017, a total of 164 employees have been certified as SSAs. We have organized a cross-sectional SSA project that extends across business sites to promote improved safety in such areas as pinch rollers and sheet cutting machines. This initiative is being shared between sites. In addition, we also encourage employees to acquire the SA* qualification, which ranks above SSA. As of fiscal 2021, 22 employees have been certified.

* A Japan Certification Corporation safety qualification acquired to certify the knowledge and skills for machine safety. This certification is based on international safety standards.

| Review of Equipment Design Safety Standards

Along with formulating the Equipment Design Safety Standards, which summarize the safety specifications necessary for production equipment used by the Group, and promoting Intrinsic Equipment Safety* activities, we verify that workplaces actually comply with equipment design safety standards. Moreover, we have issued Equipment Design Safety Guidelines for manufacturers that supply production equipment to the Group, and require these manufacturers to submit the safety specification checklist attached to the Guidelines at the time they provide estimates. This effort ensures the safety of newly installed equipment.

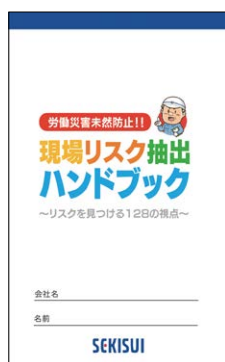
* Machine safety activities promoted by SEKISUI CHEMICAL Group. These activities promote improvements to unsafe areas of production equipment through intrinsic safety design policies and safeguards.

Increasing Risk Discovery Opportunities and Deploying Best Practices through Mutual On-site Inspections

Starting in fiscal 2021, the Technology & CS Promotion Department at each divisional company took the lead in initiating mutual on-site inspection activities through which employees from different manufacturing sites seek to uncover risks at each other's sites. Conventional safety, accident-prevention, and environmental audits are only conducted once every three years and cannot audit sites frequently, which has made it difficult to horizontally deploy the best practices of other business sites.

Mutual on-site inspections help participating employees to become more aware of and sensitive to risk, while leaders and others at the sites that host these inspections are able to learn from other business sites, thereby making it easier to horizontally deploy best practices.

In addition, we distribute a Site Risk Identification Handbook, which was prepared by the Safety & Environment Group, to safety officers at each business site as a guideline for uncovering risks on their own.



Measures to Prevent Fires and Explosions

To prevent fires and explosions that, once they occur, have a major impact on the surrounding environment and on business continuity, we invite outside disaster experts to perform emergency response audits when conducting safety audits.

We verify items such as the storage and handling status of hazardous materials as well as the recovery systems used following a disaster, including natural disasters, and promote the quick identification of disaster risks and the subsequent implementation of preventative measures. In fiscal 2021, these audits were performed at 10 business sites uncovering 273 items. Each business site has been making improvements in regard to these items.



Type of audit	Target / aim of audit
Safety audit	<ul style="list-style-type: none"> • Document review Checking of conditions relating to health and safety management activities • On-site inspections Confirmation of the safety of people’s work, their working environments, the surfaces on which they walk, etc. • Intrinsic equipment safety measure status Inclusion of accident-prevention measures at the facility design and installation stages • Process examinations of facility management departments Facility installation management, construction management, maintenance management <p>Note: For sites that implement safety audits only, the audit will proceed in much the same manner as before, including the disaster-preparedness audit outlined as follows.</p>
Disaster-preparedness audit	<p>Primarily consists of audits for accident-prevention measures relating to business continuity</p> <ul style="list-style-type: none"> • Checking of storage and handling conditions of hazardous as well as designated flammable materials • Checking of fire-fighting equipment maintenance status • Measures for responding to earthquakes and other natural disasters

Enhancement of Emergency Response Skills

SEKISUI CHEMICAL Group has identified getting caught or entangled in machinery at a production facility, falling off equipment or falling over at a business site, and a chemical process-related fire or explosion as high-risk scenarios on which particular emphasis should be placed on prevention.

The Company conducts Heads-up Training where chemical processes are integral to production.

At SEKISUI CHEMICAL Group, we conduct Heads-up Training to fortify the decision-making abilities of all our employees in the event that they encounter an emergency situation. More specifically, supervisors with years of experience will ask trainees what they would do if equipment designed to prevent danger fails. Trainees are then tasked with providing responses off the top of their heads. This training improves the skills needed to respond to unexpected situations in the event of a disaster by passing down to younger employees the on-site safety know-how accumulated over many years by senior employees.

Through this training, we were able to improve equipment countermeasures and revise operating procedures. In addition to teaching trainees how to handle potential problems, the training has been applied on various occasions, including evacuation drills and disaster prevention drills.

Deepening Understanding of the Basic Safety Principles

SEKISUI CHEMICAL Group is working to prevent occupational injuries caused by manufacturing machines and equipment through activities that make equipment itself intrinsically safer* while also preventing occupational accidents caused by worker operations. Based on the lessons learned from past occupational accidents that actually occurred on Group business sites, the Six Basic Safety Principles, which summarize compliance matters and matters prohibited during operations for each operational process, were established and are currently in use.

In order to promptly disseminate these principles within the Group, we created and distributed to each workplace a poster that displayed details in an easy to understand, illustrated format.

* Machine safety activities implemented by SEKISUI CHEMICAL Group. These activities promote improvements to unsafe areas of production equipment through intrinsic safety design policies and safeguards.



Six Basic Principles for Hot Work Poster (Thai version)

Overseas Business Site Safety Audits

At our overseas production sites, which operate within different legal, regulatory, and cultural environments, SEKISUI CHEMICAL Group has established and deployed safety global standards to raise the level of safety activities.

In fiscal 2021, we conducted remote site inspections at 13 business sites while checking images from the premises in real-time. Moreover, we conducted occupational health and safety management audits based on the Group's evaluation standards with a focus on business sites that newly joined the Group.

Safety Awards

The SEKISUI CHEMICAL Group Safety Conference is held each year.

In an effort to prevent the further spread of COVID-19, awards were bestowed by the president and case studies were presented by the business sites with the best safety records using an online format on May 21, in fiscal 2021.

Safety Management Along Supply Chains

In order to secure the safety of employees from partner companies (contractors) involved in the on-site construction of housing, the Housing Company organizes the Sekisui Heim Cooperation Association with its partner companies (contractors) and holds periodic meetings. During these meetings, the Housing Company shares SEKISUI CHEMICAL Group's safety policy, offers safety education sessions, and provides a variety of training opportunities related to occupational safety.

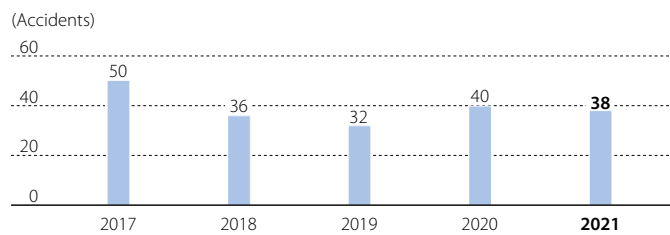
Performance Data 

Safety Performance

Japan

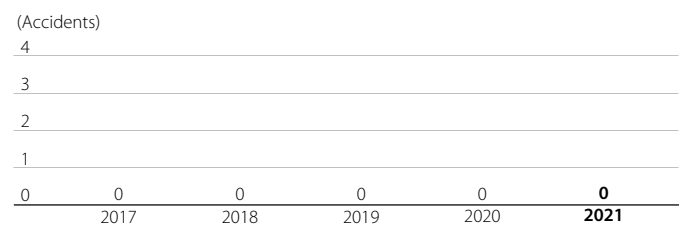
Aggregate scope: 45 production sites and 5 research institutes in Japan

Number of Occupational Accidents



Note: Certain data has been revised due to changes in aggregate scope for past fiscal years.

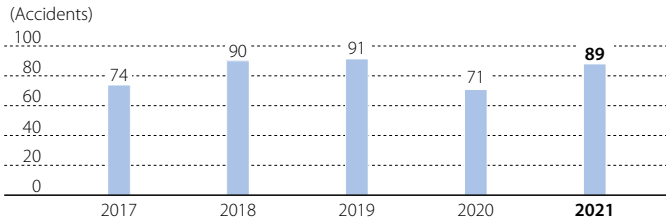
Number of Facility Accidents



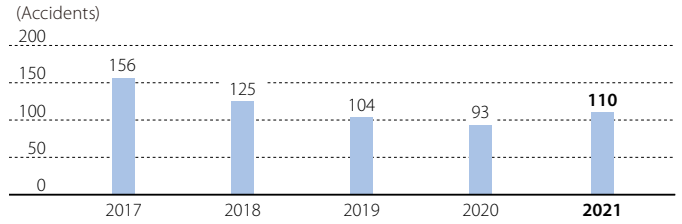
Indicator	Calculation Method
Number of Occupational Accidents	The number of occupational accidents (both those resulting in lost time and those not) occurring during a given fiscal year (April through the following March)

Indicator	Calculation Method
Number of Facility Accidents	The number of incidents where facilities malfunctioned (fires, leaks, etc.) that fulfill at least one of the following criteria (SEKISUI CHEMICAL Group criteria), from (1) to (3), occurring during a given fiscal year (April through the following March) (1) Human harm: An accident causing at least 30 days' lost work (2) Material harm: 10,000,000 yen or greater (3) Opportunity loss: 20,000,000 yen or greater

Number of Cases of Long-term Sick Leave



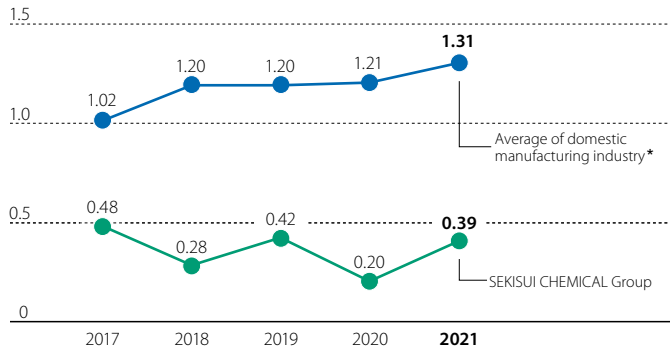
Number of Commuting Accidents



Indicator	Calculation Method
Number of Cases of Long-term Sick Leave	Describes leave of 30 days or more consecutively for sickness or injury occurring in a Japanese production site or research institute during the given fiscal year (April to the following March), and which is newly-occurring. Recurrences within 6 months of the start of work attendance are not counted. However, leave attributable to an occupational injury is counted as an occupational accident and not classified as long-term sick leave

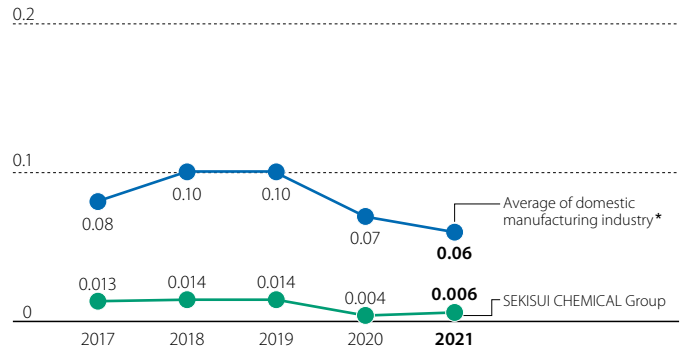
Indicator	Calculation Method
Number of Commuting Accidents	The number of accidents occurring during commutes to Japanese production sites and research institutes during a given fiscal year (April to the following March); counting assault, damage, self-inflicted injury, and accidents; includes accidents while walking

Frequency Rate Over Time



* Source of information for the Japanese manufacturing industry: Ministry of Health, Labour and Welfare, Survey on Occupational Accidents

Severity Rate Over Time

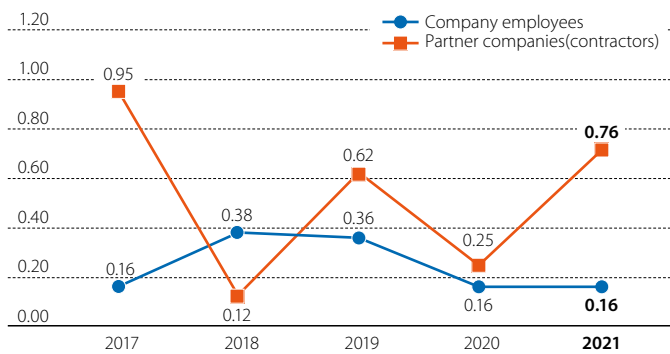


* Source of information for the Japanese manufacturing industry: Ministry of Health, Labour and Welfare, Survey on Occupational Accidents

Indicator	Calculation Method
Frequency Rate	The total number of injuries, illness and fatalities in occupational accidents with lost time per 1,000,000 hours of total time worked during a given fiscal year (April through the following March) Formula for calculation: (Number of injuries, illness and fatalities in occupational accidents with lost time / total number of man-hours worked) × 1,000,000

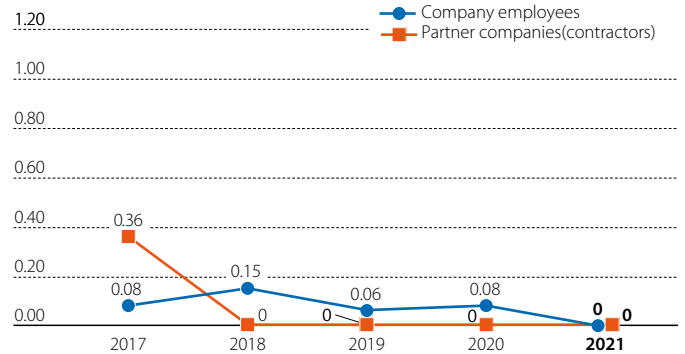
Indicator	Calculation Method
Severity Rate	The total number of days of work lost per 1,000 hours of total time worked during a given fiscal year (April through the following March) Formula for calculation: (Number of days of work lost / total number of man-hours worked) × 1,000

Lost Time Injury Frequency Rate (LTIFR)



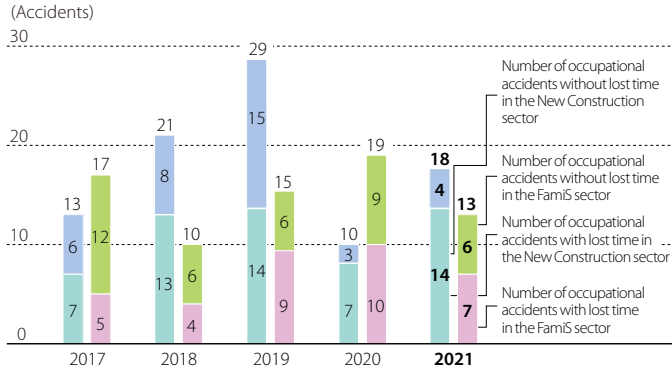
Indicator	Calculation Method
Lost Time Injury Frequency Rate	(Number of accidents causing sick leave / total number of man-hours worked) × 1,000,000

Occupational Illness Frequency Rate (OIFR)



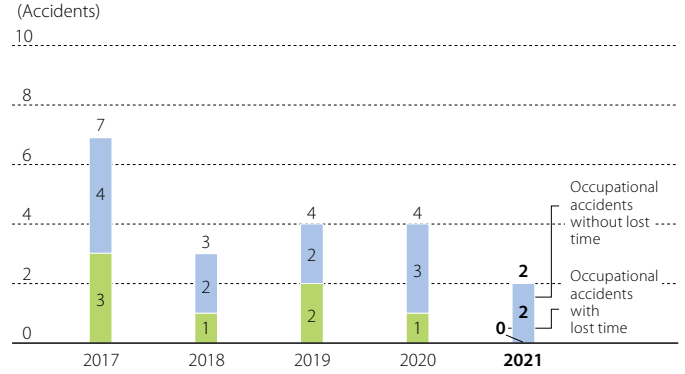
Indicator	Calculation Method
Occupational Illness Frequency Rate	(Occupational illnesses / total number of man-hours worked) × 1,000,000 Occupational illnesses as defined by the Ministry of Health, Labour and Welfare, including heat stroke, lower back pain, and intoxication by chemical substances

Safety Performance in the Housing Company's Construction Sites



Indicator	Calculation Method
Safety performance on the Housing Company's construction sites	The number of occupational accidents (both those resulting in lost time and those not) occurring on construction sites under the jurisdiction of the Housing Company during a given fiscal year (April through the following March)

Safety Performance with Respect to Construction Sites in the Urban Infrastructure & Environmental Products Company



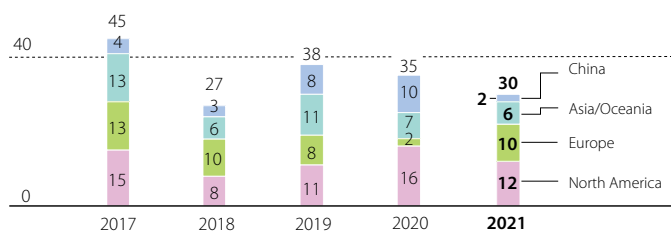
Indicator	Calculation Method
Safety Performance with Respect to Construction Sites in the UIEP Company	The number of occupational accidents (both those resulting in lost time and those not) occurring on construction sites under the jurisdiction of the UIEP Company during a given fiscal year (April through the following March)

Overseas

Aggregate scope: 46 overseas production sites

Number of Occupational Accidents

(Accidents)
80



Indicator	Calculation Method
Occurrence of occupational accidents at overseas production sites and research institutes	The number of occupational accidents (both those resulting in lost time and those not) occurring at overseas production sites and research institutes during a given fiscal year (April through the following March)

Japan and Overseas

Aggregate scope:

45 production sites, 5 research institutes, and 27 construction offices in Japan

46 production sites and 2 construction offices overseas

Occurrence of fatalities due to occupational accidents

(Number of people)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Employees	0	0	0	0	0
Japan	0	0	0	0	0
Overseas	0	0	0	0	0
Partner Companies (contractors)	0	0	0	1	0
Japan	0	0	0	1	0
Overseas	0	0	0	0	0
Total	0	0	0	1	0

Health and Safety / Accident Prevention Costs

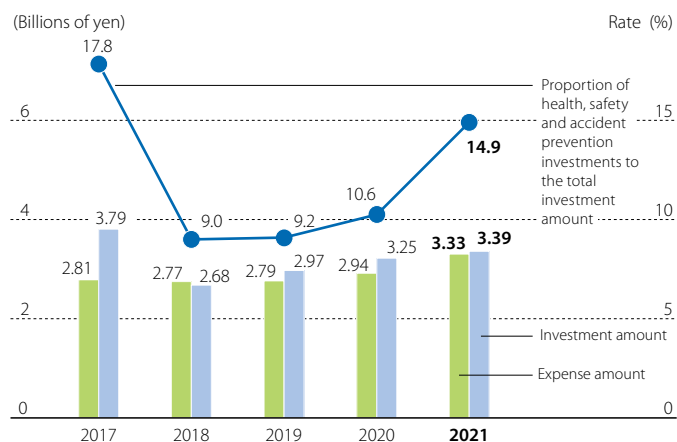
Aggregate Scope: 45 Production Sites, 5 Research Institutes, Corporate Headquarters

Departments, Back Offices of Divisional Companies in Japan

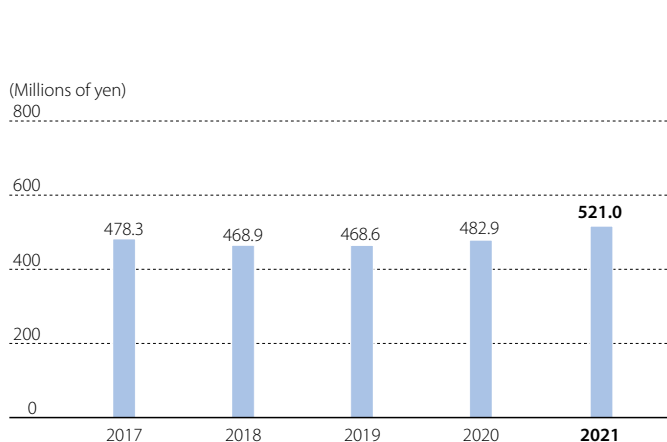
Accident Prevention Costs

Classification	Item	SEKISUI CHEMICAL Group	
		Expense amount	Investment amount
1) Costs within business site areas	Health and safety measures, rescue and protective equipment, measurement of work environment, health management, workers' accident compensation insurance, etc.	1,380	3,390
2) Administrative costs	Establishment and implementation of OHSMS, safety education, personnel costs, etc.	1,941	-
3) Other	Safety awards, etc.	5	-
Total		3,325	3,390

Costs and Investments Over Time



Loss Costs Over Time



Indicator	Calculation Method
Costs	Costs associated with health and safety as well as accident prevention activities during a given fiscal year (April through the following March)
Investment amounts	The amount invested in health and safety as well as accident prevention-related measures authorized during a given fiscal year (April through the following March)

Indicator	Calculation Method
Loss costs	The costs of responding to, and the labor costs incurred due to, occupational accidents, facility accidents, commuting accidents, and long-term sick leave due to illness occurring within a given fiscal year (April through the following March)

Quality Issues

SEKISUI CHEMICAL Group recognizes that it is the fields of manufacturing development that support quality and, in turn, emphasizes adhering to quality compliance.

Basic Concept

Adhering to Quality Compliance

SEKISUI CHEMICAL Group emphasizes quality compliance. Surmising that risks of quality irregularities and data falsification can occur as a result of insufficient investment in improving quality and various types of pressure from supply chains, the Group set about eradicating the root causes of such risks. To this end, beginning in 2020, we have been building a new quality management system (QMS) as well as digitalizing and reinforcing quality data.

Quality Management

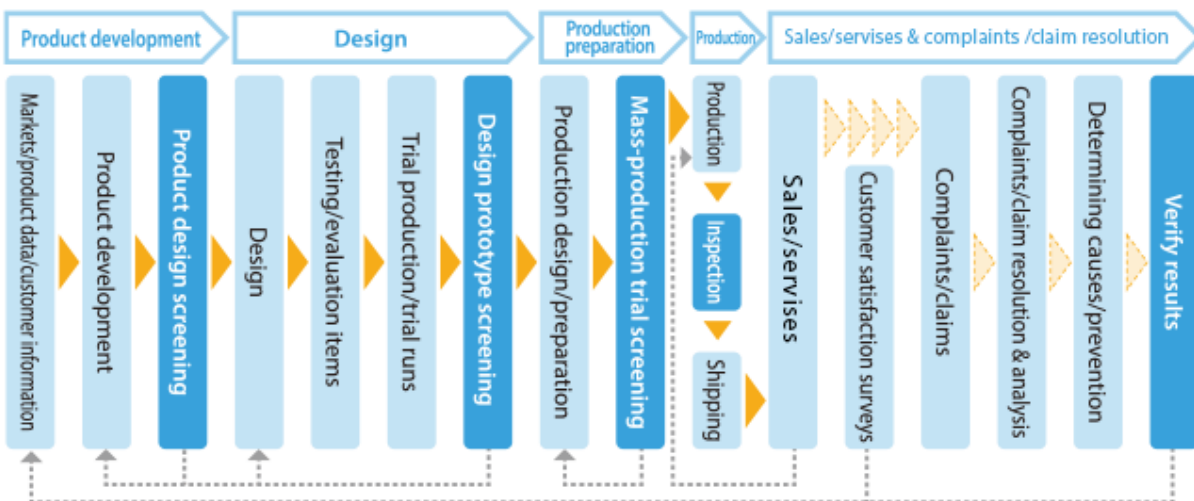
Building Quality Assurance Systems that Reflect Business Characteristics

SEKISUI CHEMICAL Group has built quality assurance systems that extend across all processes, from product development to design, production, and sales.

We have developed a quality assurance system for each process and promote standards-based controls on a daily basis. At the same time, we recognize that it is the fields of manufacturing development that support quality and focus our efforts on innovation in production activities. In developing products and making improvements to quality, we conduct strict design screening from a variety of perspectives, such as those of quality assurance and safety.

In addition, we have established a system that enables maintenance and management of after-sale services for customers.

Quality assurance system



Rebuilding Quality Management Systems

We developed an original management sheet, which we dubbed the SEKISUI Process Management Chart (SPMC), in order to strengthen our process approach when promoting certification under the 2015 ISO 9001 standard. The SPMC provides an overview of the management flows of those processes, making it an effective tool in monitoring daily management, promoting corrective action as well as internal audits, and other activities including quality education.

In addition to conducting hands-on training to improve the quality of internal audits on an ongoing basis, by producing a manual explaining how to use the SPMC together with a process indicator management format, example rules for SPMC operation, and a fill-in sample, we successfully raised the level of SPMC use in fiscal 2021. Every effort will continue to be made to promote the understanding and penetration of the SPMC and to pursue activities aimed at improving operating levels.



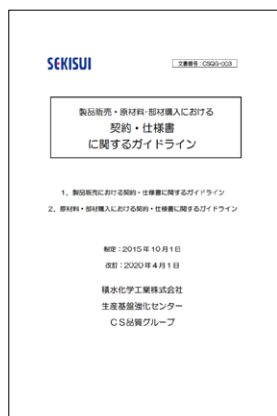
Formulating Quality Guidelines

Undertaking uniform quality control throughout the value chain—from product development to design, production, sales, and after-sales services—SEKISUI CHEMICAL Group is working to improve the level of its quality control in each process by formulating and issuing the following three guidelines.

The Development Guidelines for Strengthening Quality Assurance are aimed at preventing quality-related problems by predicting quality risks that can arise after commercialization. The Guidelines for Daily Management Activities are a collection of basic guides to routine management that must be followed in manufacturing.

The Contract / Specification Guidelines aim to reduce the risk of expanded compensation* related to product sales.

* Expanded compensation: Customers compensation in the case of product defects that extend beyond returns and exchanges to include compensation for processing / construction / items made with these products, and other related damage.



■ Fiscal 2021 Results

In fiscal 2021, one major quality issue (as defined by individual divisional company standards) occurred*¹. As a result, external failure costs*² increased 20% compared with fiscal 2016. Focusing on strengthening Group-wide quality assurance systems and on design/development processes, we will promote the application of development risk prevention methods (such as QFD and DRBFM) *³ to reduce external failure costs.

The rate of application of development risk prevention methods in fiscal 2021 was 100%.

*1 Major quality issues: Problems related to product, technology, and service quality that could cause significant damage to customers, society, or SEKISUI CHEMICAL Group if not thoroughly resolved on an urgent basis.

*2 External failure costs: Costs arising from responding to product-related complaints.

*3 QFD:Quality Function Deployment

DRBFM: Design Review Based on Failure Mode (a preventive approach in which problems in new designs are discovered and solved by focusing on points of modification and change)

Major Initiatives

■ Initiatives to Prevent Quality Data Irregularities and Falsification

SEKISUI CHEMICAL Group is putting into place a system and framework for the thorough prevention of data irregularities and falsification based on the new CS & Quality Medium-term Plan, which launched in fiscal 2020.

In fiscal 2021, SEKISUI CHEMICAL Group focused mainly on securing the reliability and transparency of data particularly regarding product inspections and drafting of reports in order to ensure that the specifications agreed upon with our customers are observed. In addition, we are developing systems and revamping daily management work to make data input errors and falsification impossible, while focusing our efforts on digitizing and using inspection data.

SEKISUI CHEMICAL Group will continue to implement efforts to strengthen internal quality control to ensure that the Group re-instill an awareness of compliance for the purpose of enhancing its quality assurance capability and extinguishing any potential for fraud.

■ Compliance with Laws and Internal Rules for Product Safety

When a legal violation related to product safety becomes known internally or is pointed out from external sources, SEKISUI CHEMICAL Group rapidly discloses information about the incident and moves quickly to discover the cause and prevent a reoccurrence. This is also true if internal rules and standards for product safety have not been followed.

In fiscal 2021, there were no cases where we violated laws or internal rules related to product safety.

Products Information Disclosure and Labeling**Compliance with Laws and Internal Rules Relating to Product Information Disclosure**

SEKISUI CHEMICAL Group complies strictly with laws and internal rules relating to the disclosure of product quality and safety. The Group sets checklist items in accordance with laws and product information disclosure at the development stage and confirms adherence.

In fiscal 2021, there were no cases where we violated laws or internal rules related to the disclosure of product quality and safety.

Design and Development Seminars**Conducting Training Focused on Preventing Quality-related Problems**

SEKISUI CHEMICAL Group holds a number of seminars on the theme of preventing quality problems. Development Risk Prevention Seminars aim to teach effective and efficient prevention methods. The DR Reviewer Training Seminars are held to improve the skills of employees who conduct DRs*, while the QFD Seminars are conducted to teach methods of organizing information on product development.

In fiscal 2021, we conducted each of the aforementioned training seminars on an online basis.

* DR: Design Review



Online DR Reviewer Training Seminar

Quality Assurance System in Collaboration with Suppliers

SEKISUI CHEMICAL Group engages in activities to ensure the quality of goods purchased from suppliers. For example, the Housing Company has established rules for 4M Change* management with suppliers and is building a product quality assurance system by ensuring implementation.

* 4M Change: A management method to prevent product defects and defective products from leaking to the market by controlling changes in four elements: Man, Machine, Method, and Material.

Creating a Design Screening Platform for New Businesses

SEKISUI CHEMICAL has created a Gate Review (GR)* platform to perform strict design screenings when new businesses are launched and in fiscal 2020 began operating it on a trial basis. GR clarifies discussion points during design screenings by introducing a design check sheet to highlight perspectives that should be considered during the design phase. In addition, we introduced the External Expert Review aimed at gaining insights from internal and external experts as a source of initial design input in such areas as new business fields and legal regulations.

* Gate Review (GR): A continuous activity to judge whether or not to proceed to the next step (checkpoint management feature).

Reenergizing Group KAIZEN Activities

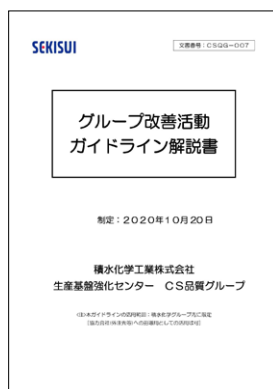
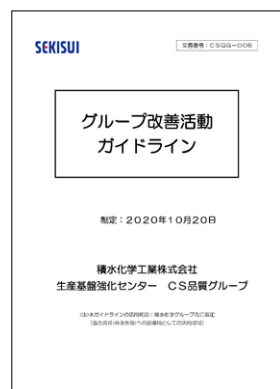
Group KAIZEN Presentations Held Online

SEKISUI CHEMICAL Group has positioned Group KAIZEN Activities at the heart of its improvement and innovation endeavors aimed at solving problems and achieving tasks. For more the 50 years, the Group has continued to advance these activities at each of its business sites in Japan and overseas.

We formulated the Group KAIZEN Activities Guidelines in 2020 based on the medium-term policy of creating a vibrant workplace in which each individual can grow and strive to further develop human resources through manufacturing.

In fiscal 2021, we worked on reforming the qualities and promoting the independence of activities.

In promoting the independence of activities, we took steps to develop supervisors so that each business site can naturally take the initiative to promote KAIZEN Activities as a part of their business operations.



The January 2022 Group KAIZEN Activities presentation (Group-wide competition) was held using an online format as a result of COVID-19.

While unable to hold the event as a group, successful steps were taken to share the same space and time through the use of video screens. This included presentations by four overseas teams using a program that took into account time differences between locations.

The fact that many people were able to view the presentation by taking advantage of the convenience of this communication tool was of considerable benefit from an information sharing perspective.

In addition, we were able to share ideas and methods for improvement through various tools, and without a doubt, were successful in reforming the quality of activities. We will continue to promote KAIZEN activities in line with changes in the social environment.



Fiscal 2021 KAIZEN presentation

Performance Data

Business Sites That Have Received Third-party Certification for Their Quality Management Systems**Housing Company (integrated certification)**

Housing Company (integrated certification)
Development Department
Residential Stock Business Management Division
FAMIS R&D Department
Technology & CS Division
Manufacturing & Materials Division
Sekisui Global Trading Co., Ltd.
Administrative Management & Control Division
Information Systems Department
Hokkaido Sekisui Heim Industry Co., Ltd.
Hoppou Jyubunka Institute Co., Ltd.
Tohoku Sekisui Heim Industry Co., Ltd.
Sekisui Heim Industry Co., Ltd.
Kanto Site
Tokyo Site
Chubu Site
Kinki Site
Chushikoku Sekisui Heim Industry Co., Ltd.
Kyushu Sekisui Heim Industry Co., Ltd.
Sekisui Heim Industry Co., Ltd. Head Office
Supply Division Technology Department
Sekisui Board Co., Ltd.

Corporate Headquarters

SEKISUI CHEMICAL Co., Ltd. New Business Development
Department LB Business Group
Sekisui Medical Co., Ltd. (Headquarters)
Sekisui Diagnostics, LLC.
Sekisui Diagnostics, LLC San Diego
Sekisui Diagnostics, LLC P.E.I. Inc.
Sekisui Diagnostics (UK) Ltd.
Veredus Laboratories Pte. Ltd.
Sekisui Medical Technology (China) Ltd.
Sekisui Medical Technology (Suzhou) Co., Ltd.

Urban Infrastructure & Housing Company Environmental Products Company

SEKISUI CHEMICAL Co., Ltd. Shiga-Ritto
Plant
Nishinohon Sekisui Industry Co., Ltd.
Okayama Plant
SEKISUI CHEMICAL Co., Ltd. Gunma
Plant
Shikoku Sekisui Industry Co., Ltd.
Kyushu Sekisui Industry Co., Ltd.
Sekisui Aqua Systems Co., Ltd.
Chiba Sekisui Industry Co., Ltd.
Sekisui Home Techno Co., Ltd.
Sekisui Chemical Hokkaido Co., Ltd.
Toto Sekisui Co., Ltd. Ota Plant
Yamanashi Sekisui Co., Ltd.

Sekisui Seikei, Ltd.
NIPPON INSIEK CO., LTD.
SEKISUI ESLON B.V.
Sekisui Chemical G.m.b.H.
Sekisui Rib Loc Australia Pty. Ltd.
Sekisui (Shanghai) Environmental
Technology Co., Ltd.
Sekisui (Wuxi) Plastics Technology Co.,
Ltd.
Sekisui (Qingdao) Plastic Co., Ltd.

Sekisui Industrial Piping Co., Ltd.
SEKISUI KYDEX, LLC. (Bloomsburg Plant)
SEKISUI KYDEX, LLC. (Holland Plant)

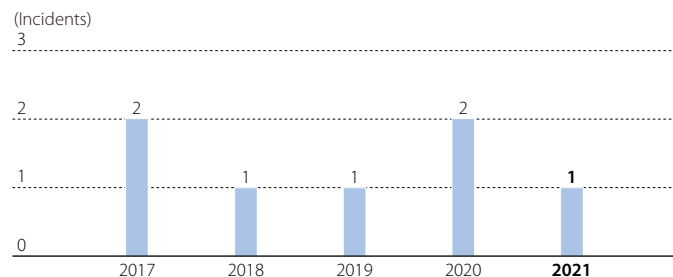
High Performance Plastics Company

SEKISUI CHEMICAL Co., Ltd. Shiga-Minakuchi
Plant
SEKISUI CHEMICAL Co., Ltd. Musashi
Plant
SEKISUI CHEMICAL Co., Ltd. Taga Plant
Sekisui Fuller Company, Ltd. (integrated
certification)
Shiga Plant
Hamamatsu Plant
Osaka Office
Tokyo Office
Sekisui Techno Molding Co., Ltd. Tochigi
Plant
Sekisui Techno Molding Co., Ltd. Aichi
Plant
Sekisui Techno Molding Co., Ltd. Mie
Plant
Sekisui Material Solutions Co., Ltd.
Sekisui Nano Coat Technology Co., Ltd.
Tokuyama Sekisui Co., Ltd.
Sekisui Chemical Co., Ltd. Tsukuba Site /
IM Project
Sekisui Polymatech Co., Ltd
Sekisui SoflanWiz Co., Ltd.
Sekisui S-Lec Mexico S.A. de C.V.
Sekisui S-Lec B.V.
Sekisui S-Lec Thailand Co., Ltd.
Sekisui S-Lec (Suzhou) Co., Ltd.
Sekisui S-Lec America, LLC.
Sekisui Alveo BS
Sekisui Alveo G.m.b.H
Sekisui Alveo S.r.L
Sekisui Alveo S.A.

Sekisui Alveo A.G.
Sekisui Alveo (Benelux) B.V.
Sekisui Alveo B.V.
Thai Sekisui Foam Co., Ltd.
Sekisui Voltek, LLC. Coldwater Plant
Sekisui Pilon Plastics Pty. Ltd.
Youngbo Chemical Co., Ltd.
Sekisui Youngbo HPP (Wuxi) Co., Ltd.
Sekisui Specialty Chemicals America,
LLC.
Calvert City Plant
Sekisui Specialty Chemicals America,
LLC.
Pasadena Plant
Sekisui Specialty Chemicals America,
LLC.
Dallas HQ
Sekisui Specialty Chemicals Europe, S.L.
Tarragona Plant
Sekisui Specialty Chemicals (Thailand)
Co., Ltd.
S and L Specialty Polymers Co., Ltd.
SEKISUI DLJM Molding Pvt. Ltd Chennai
SEKISUI DLJM Molding Chennai2
SEKISUI DLJM Molding Pvt. Ltd Gr. Noida
SEKISUI DLJM Molding Pvt. Ltd Tapukara
SEKISUI DLJM MOLDING PVT LTD
GUJARAT
Sekisui Polymatech (Thailand) Co., Ltd.
PT. Sekisui Polymatech Indonesia
Sekisui Polymatech (Shanghai) Co., Ltd.
SEKISUI POLYMATECH EUROPE B.V.
SEKISUI AEROSPACE CORPORATION

Data Concerning Major Quality Issues

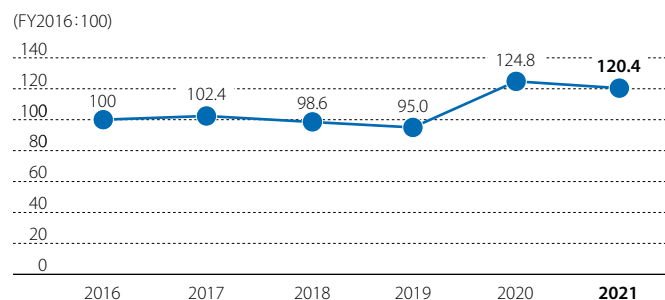
Number of Major Quality Issues



Indicator	Calculation Method
Major Quality Issues	<p>These refer to product and service quality issues determined by Corporate Headquarters or divisional company presidents, based on evaluations and judgments by the quality assurance manager, which could cause significant damage to customers, society, or SEKISUI CHEMICAL Group and lead to the loss of society's trust in the Group if not thoroughly resolved on an urgent basis including:</p> <ol style="list-style-type: none"> 1) Major incidents <ol style="list-style-type: none"> (1) Of the accidents that threatened user lives or lead to bodily harm, those in which the harm is serious. (2) Product loss or destruction incidents for which there is a risk of severe or fatal user injuries 2) Problems which have serious impacts (cause serious loss) to customers, users, or society 3) Compliance (such as complying with related laws and regulations) problems related to product or service quality 4) Product recall problems

Data Concerning External Failure Costs

External Failure Costs



Indicator	Calculation Method
External failure costs	Costs arising from responding to product-related complaints

Other Data

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Number of participants in the Development Risk Prevention Seminar (cumulative total)	302	418	502	555	604	657
Number of participants in the DR Reviewer Training Seminar (cumulative total)	166	259	283	296	349	363
Number of participants in the QFD Seminar (cumulative total)	—	—	31	90	188	251

Legal and Ethical Issues

Strengthening Compliance Management on a Global Scale

Basic Concept

Compliance Management

In SEKISUI CHEMICAL Group, we established our Compliance Declaration in 2003 based on principles such as contributing to society, being a trusted company, and adherence to the letter and spirit of the law. In keeping with the spirit of the Group Principles and our Corporate Code of Ethics, we defined our stance for the acquisition of high social trust through compliance. In October 2020, under the leadership of the President of SEKISUI CHEMICAL Group, the Group declared that it regards compliance as the foundation for growth, and that each and every director and employee must act with a high sense of ethics and responsibility and behave in ways that conform to community expectations.

In order to ensure SEKISUI CHEMICAL Group will be widely trusted by society, we will continue to carry out initiatives for improving compliance awareness.



Prevent Major Compliance Issues

In the Medium-term Plan (FY2020 to FY2022), we carried over zero incidents of major compliance issues as a target from the previous medium-term plan. In fiscal 2021 as well, no cases of major compliance issues arose. In fiscal 2022, we are continuing to strengthen compliance management and are working to prevent compliance issues before they occur.

Growing Awareness Toward Compliance

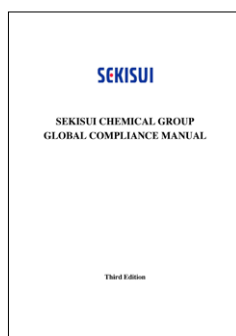
SEKISUI CHEMICAL Group has created and distributed the Compliance Manual, in which are described the matters with which each Group employee should comply, and also created a pocket version called the Compliance Card in order to instill awareness of compliance in each and every employee. The Compliance Manual includes information on topics such as the prohibitions on corruption and bribery, respect for human rights and the prohibition of discrimination, data management and protection, compliance with antitrust legislation, prohibitions on insider trading, conservation of the global environment and compliance with labor-related laws and regulations, and the internal whistleblowing system; it publicizes, and promotes thorough adherence with these requirements among all employees.

In addition to the existing Compliance Manual, we have created a Global Compliance Manual covering regulations around the world. To allow all overseas Group employees to understand this manual, we have created English, Chinese, Thai, Indonesian, German, Korean, and other editions, and are proceeding with translating the manual into more local languages.

In fiscal 2020, we translated the President's Compliance Declaration into various languages and included this declaration in the Global Compliance Manuals published in the languages listed above.



The Company's
Compliance Manual



The Company's Global Compliance
Manual (English edition)



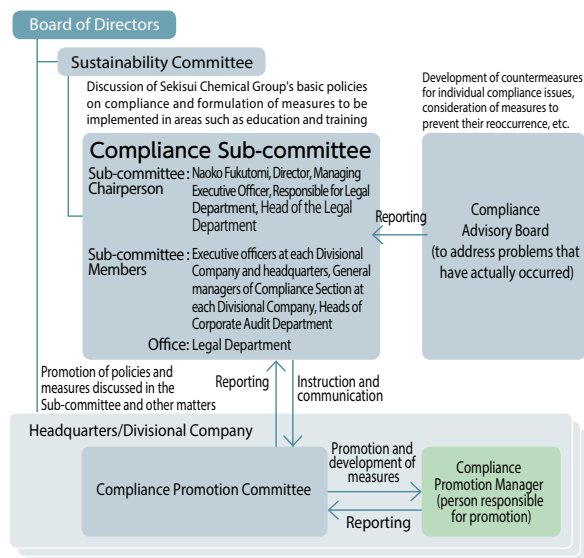
The conveniently sized Compliance Card

Putting Compliance Management Efforts into Practice

We are building a realistic and effective compliance promotion system to ensure that compliance management is fully put into practice. In addition to having established a Compliance Subcommittee-which reports to the Sustainability Committee and is chaired by the executive officer who heads the Legal Department-as an organization to oversee Group compliance and to put forward policies and implementation measures, we are also establishing compliance promotion committees at headquarters and at each divisional company, appointing persons responsible for putting compliance promotion into practice and implementing and deploying each measure. In the unlikely event that a major compliance issue arises, we will hold a Compliance Advisory Board meeting to address any problems that have actually occurred and examine measures to prevent a recurrence.

In fiscal 2021, the Compliance Subcommittee met once in November 2021.

Compliance Promotion System (from fiscal 2021)



Compliance Training

As part of our efforts associated with putting compliance management into practice, we also focus on employee compliance education. We continuously provide opportunities for all Group employees to learn about the importance of compliance, such as by conducting e-learning sessions specific to compliance quarterly. These e-learning programs include information about compliance as training for new employees and as rank-specific training.

Continuing on from fiscal 2020, we once again enabled employees to participate in paper-based learning programs at the request of Group companies and business sites in fiscal 2021 in order to provide the same learning opportunities for those employees without access to an environment from which they can individually view the intranet, such as those working on production plant floors.

■ Promotion and Operation of the S.C.A.N. Intra-company Whistle-blowing System

SEKISUI CHEMICAL Group established the Sekisui Compliance Assist Network (S.C.A.N.) intra-company whistle-blowing system. Operated under the supervision of the executive officer in charge of the Legal Department, the system serves as a mechanism for the early detection and revision as well as the prevention of any reoccurrence of compliance problems, including harassment, within the Group.

Group employees can use S.C.A.N. either anonymously or by giving their name. Enabling reports to be made not only to the Legal Department but also to an outside law firm, the system can also be used by business partners.

While strictly stipulating the protection of the whistleblower, such as keeping secret information on the person who provided the information from everyone other than at the point of contact and prohibiting any prejudicial treatment toward or retaliation against that person, under the whistleblower regulations employees are required to report compliance violations when they become aware of them.

When a report is received, interviews are conducted not only with informants but also with the accused, as well as other related parties as necessary. Based on a range of evidence, we confirm the veracity of the facts and, as a reporting point of contact strive to resolve organizational issues from an impartial standpoint.

Globally, we are proceeding with expanding the establishment of reporting points of contact to major overseas areas. So far, we have deployed the system in North America, China, the EU, ASEAN, South Korea, and Taiwan.

■ Responses to External Notifications

SEKISUI CHEMICAL Group put in place points of contact for consultations from and whistleblowing by suppliers.

This consultation / notification point of contact is intended for use by the executive officers and employees of business partners in Japan who are continuously conducting business transactions with SEKISUI CHEMICAL Group companies. We occasionally accept requests for consultations and receive reports via a form made available on Group company websites and, while conducting consultations with business partners, proceed to confirm the facts and take corrective action concerning any alleged "law-violating conduct." The content of consultations and reports is shared only among the minimum number of people necessary to resolve the law-violating conduct concerned, and all parties that need to be involved are obliged to keep that content confidential.

■ Prevention of Bribery and Corruption

A signatory to and an approver of the UN Global Compact, which stipulates anti-corruption efforts under its voluntary action principles, SEKISUI CHEMICAL Group is promoting efforts to prevent acts of bribery and corruption in that spirit.

As part of our internal regulations, we have put in place rules to prevent bribery and corruption. These rules have been introduced to all SEKISUI CHEMICAL Group companies. In addition, we have formulated anti-bribery guidelines, which summarize matters concerning bribery and corruption, that employees should observe when doing business in Japan, the United States and China. We have worked to make these regulations and guidelines known via the intranet, so that employees can check them at any time.

■ Main Measures Relating to the Prevention of Bribery and Corruption

In addition to identifying high-risk cases, SEKISUI CHEMICAL Group has established and implements rules to prevent bribery and corruption. For example, when a government official is to be entertained or presented with a gift, a specified form must be submitted in advance and approval obtained from management. In the event that we appoint an agent or consultant in connection with business transactions, including those involving overseas public officials, we stipulate that this can only be undertaken once we have confirmed that payments of remuneration to that agent or consultant could not be classed as bribes, that there are no reasonable grounds to suspect that payments could constitute bribes and only after a predetermined settlement procedure has been followed.

■ Identification of High-risk for bribery and corruption Divisions and Employee Training

In the sales and purchasing departments, which are especially at risk for bribery and corruption, we encourage them to learn about regulations and guidelines, such as by conducting training specific to countering graft and corruption, and to make full use of the relevant forms, among other measures.

We also disseminated our policies regarding bribery prevention in the Compliance Manual for domestic use and the Global Compliance Manual for overseas Group companies.

We translated the Global Compliance Manual into English, Chinese, Thai, Indonesian, German, and Korean, and have enabled Group employees to freely check these from the intranet.

In fiscal 2021, bribery-related issues were included in an e-learning program for employees of domestic subsidiary companies. In addition, video training programs on bribery prevention and in-house rules were distributed to domestic subsidiary companies as a part of the Compliance Reinforcement Month initiative.

■ Initiatives to Strengthen Accounting Compliance

SEKISUI CHEMICAL Group is working to improve accounting skills and financial expertise across the Group as a whole in order to reduce risks related to finance and accounting.

We hold accounting meetings for personnel responsible for accounting at consolidated Group companies in Japan and overseas, to explain and share the rules of accounting and compliance activities. In addition, we conduct accounting workshop meetings as well as e-learning sessions to provide training on accounting skills and financial knowledge, to prevent any incidence of accounting treatment error or accounting fraud, and to enhance the awareness of divisions and employees involved in accounting operations regarding compliance.

Taking into consideration the need to prevent further spread on COVID-19, accounting meetings were held online, with 267 people in Japan and overseas participating in fiscal 2021 in similar fashion to fiscal 2020. The accounting training sessions and workshop meetings were also conducted online, with a total of 75 people participating.

■ Tax Compliance Initiatives

SEKISUI CHEMICAL Group considers paying taxes as one of the fundamental and important social responsibilities of a company. We comply with the tax laws of each of the countries and regions in which our business activities are conducted and properly pay taxes.

We do not use tax havens for tax avoidance purposes, and pay taxes appropriately in accordance with the economic realities of the countries and regions where we operate. We will contribute to the economies of those countries and regions, aiming for mutual harmonious and stable development.

Transactions with tax risks are confirmed by external specialists as necessary to ensure their proper treatment and to reduce tax risks.

In regard to transfer pricing risks, our transactions are conducted in accordance with arm's length prices based on local laws and OECD (Organisation for Economic Co-operation and Development) guidelines. To eliminate unstable tax positions, we will use Advance Pricing Arrangements (APAs) only in accordance with the size of the transaction and level of tax risk. In addition to responding sincerely and appropriately to any inspections by tax authorities, the results of such inspections are reported to the Board of Directors and efforts made for improvement as appropriate. Through these efforts we endeavor to maintain good relationships with tax authorities.

Major Initiatives

■ Compliance Reinforcement Month

SEKISUI CHEMICAL Group has set aside October of each year as Compliance Reinforcement Month, to give all employees the opportunity to reflect on their compliance awareness and actions.

In fiscal 2021, we implemented training in Japan covering four broad themes: power harassment, quality compliance, bribery, and labeling regulations. This training was conducted remotely online to prevent the spread of COVID-19 and to provide learning opportunities for employees who could not attend. A web conference system was employed in the case of power harassment and quality compliance training and video streaming for the remaining two themes.

Initiatives Taken During Compliance Reinforcement Month in Japan (Fiscal 2021)

1. Thorough dissemination of the Top Message on Compliance (October 2021) to all Group employees
2. Implemented all types of compliance training / Held an open-style legal seminar in which employees participated of their own accord (Web conference system relay training 20 times in total), video streaming (2 themes)
3. Introduced the Compliance Reinforcement Month activities and provided class information on educational video programs in SWITCH Group web newsletters
4. Conducted e-learning using the Company intranet (setting themes centered on bribery and harassment, including discrimination)
5. Dissemination and reporting of compliance messages by frontier leaders to their own organizations
6. Initiatives in North America, China, Southeast Asia, and Europe (September to March)

Reinforcement of Global Legal Affairs Structure

SEKISUI CHEMICAL Group is reinforcing its legal affairs structure by developing and deploying legal personnel, strengthening collaboration among legal departments, and enhancing legal functions.

We are also expanding and rolling out horizontally those initiatives undertaken during Compliance Reinforcement Month in Japan on a global scale across a wide range of countries and regions including North America, China, Southeast Asia, and Europe. The themes taken up during Compliance Reinforcement Month are selected with a focus on those issues that are judged by each regional headquarters to be of high risk to the region.

Fiscal 2021 Compliance Reinforcement Month Initiative Themes by Region

North America: Offsite educational programs using various tools including learning management systems (LMS) and intra-company whistle-blowing system explanatory briefings

Note: LMS themes selected from the following options:

- Antitrust legislation
- Diversity and anti-bias training
- IT fraud prevention and controls
- Post-COVID-19 new normal

China: Group educational programs, compliance training using video teaching materials and tests to assess levels of understanding implemented on the following themes:

- Fundamentals of compliance
- Information management

Southeast Asia: Educational programs implemented on themes of bribery, antitrust legislation, defamation (harassment) and whistleblowing

Europe: Educational activities regarding the leakage of information, confirmation of personal information management and implementation of educational seminars from perspective of GDPR

Legal Compliance with Antitrust Laws as well as Statutory and Regulatory Requirements Relating to Advertising and Labeling

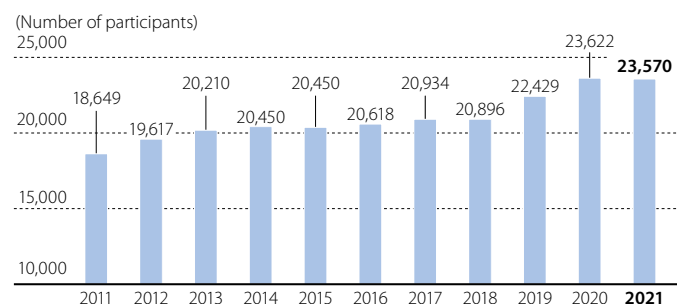
At SEKISUI CHEMICAL Group, we operate a business organization membership payment system, a pre-application and follow-up report system for competitor contact, and a price revision committee system as a compliance program for antitrust laws. The implementation status of these systems is audited yearly, and the program is revised as needed. This program has also been introduced at domestic business companies with high cartel risk.

In addition, SEKISUI CHEMICAL Group adheres strictly to laws and regulations including the Act against Unjustifiable Premiums and Misleading Presentations while engaging in good faith marketing related to advertising and product labeling when conducting its business activities.

Performance Data

Employees Using the e-learning System Over Time

Employees Using the e-learning System Over Time



Note 1: Average values for four sessions conducted in each year. However, the third and fourth sessions were underway during fiscal 2021 when this chart was created, so the average value for sessions one and two is provided for that year.

Note 2: With the exception of overseas local hires, all SEKISUI CHEMICAL and SEKISUI CHEMICAL Group employees are required to take part in e-learning programs.

List of Results Relating to Compliance Training

Fiscal 2021 List of Results Relating to Compliance Training

Training	Training content	Trainees			Attendance
		SEKISUI CHEMICAL Co., Ltd.	Group companies		
			Domestic	Overseas	
Regular training	Training for new employees	✓	✓		424
	Newly appointed senior management training	✓	✓		177
	Newly appointed executive officer training	✓	✓		3
	Training for those responsible for compliance	✓	✓		292
	Training for those responsible for promoting compliance	✓	✓		42
Area-specific training	Compliance training	✓	✓		3930
	Harassment preventing training	✓	✓		1020
	Export controls training	✓	✓		311
	Act against Delay in Payment of Subcontract Proceed, etc. to Subcontractors training			✓	232
	Anti-monopoly law training	✓	✓		1619

Training	Training content	Trainees			Attendance
		SEKISUI CHEMICAL Co., Ltd.	Group companies		
			Domestic	Overseas	
Area-specific training	Act against Unjustifiable Premiums and Misleading Representations training		✓		188
	Personal information protection training	✓	✓		53
	Information management training	✓	✓		290
	Accounting training		✓		23
	Contract fundamentals training	✓	✓		918
	Other statutory and regulatory training	✓	✓		425
	Global training	Training for prior to overseas transfers	✓	✓		18
Compliance Reinforcement Month	Domestic training	✓	✓		1365
	North America training			✓	1841
	China training			✓	776
	Southeast Asia training			✓	863

Number of Whistleblowing Cases and Consultations

Fiscal 2021 Number of Whistleblowing Cases and Consultations

Reports/consultations	Number of cases
Power harassment	26
Working conditions	35
Sexual harassment	3
Workplace environmental concerns	5
Misuse of expenses	0
Sales methods related	4
Misrepresentation of work performance	3
Collusive relationship with business partners	2
Others	13
Total number of complaints	91

Donations to Political Groups

SEKISUI CHEMICAL Group does not make illegal political contributions.

The amount of donations (made by SEKISUI CHEMICAL on a consolidated basis) to political groups that are intended to encourage the formulation of public policies that benefit society as a whole are as follows:

(Unit: thousands of yen)

Fiscal Year	Amount
FY 2017	13,232
FY 2018	14,429
FY 2019	16,936
FY 2020	8,705
FY 2021	10,690

Information Management Issues

Maintaining an Effective Management System to Address Various Information-related Risks

Management Approach

Formulation of Cyber Security Policy

To strengthen our cyber security efforts throughout SEKISUI CHEMICAL Group we formulate a Companywide information security policy and share it internally and externally.

Please refer to the SEKISUI CHEMICAL Group Cyber Security Policy

Cyber Management System Headed by an Executive Officer

To provide a cyber security response system, we established a CSIRT*¹, which reports to the Sustainability Committee chaired by the president.

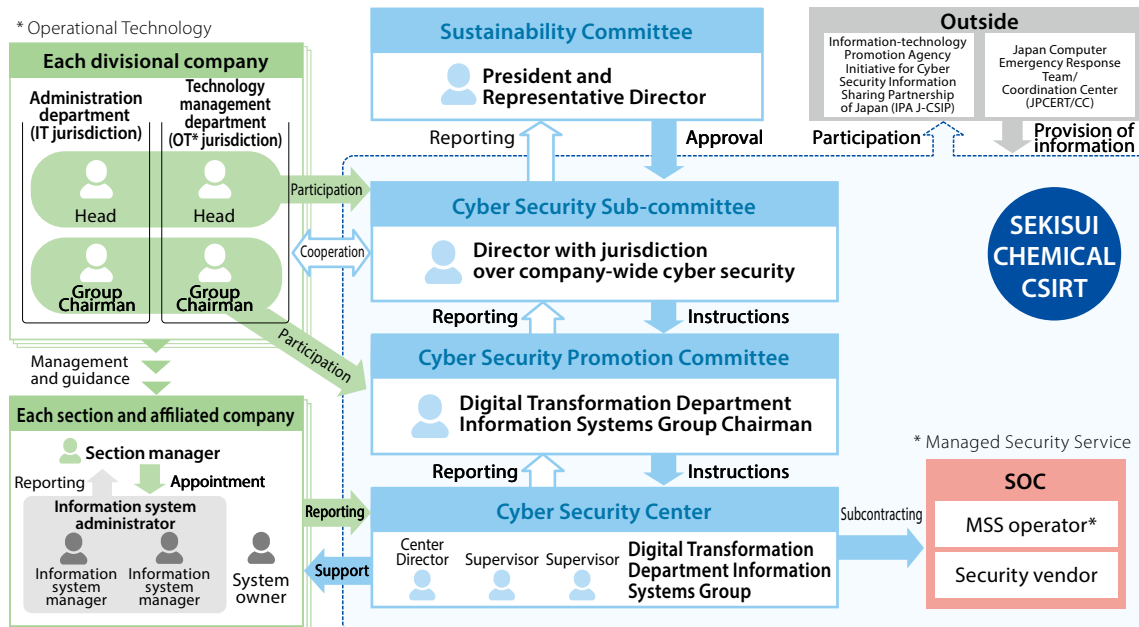
The policy-making body is the Cyber Security Subcommittee, led by the Chief Information Security Officer (CISO), which deliberates on Group-wide cyber security measures and significant security incidents. Cyber Security Promotion Committee advances measures based on subcommittee decisions, and we have also set up a Cyber Security Center as a working unit.

Acting in partnership with the SOC*², the Cyber Security Center monitors the security of networks and devices 24 hours a day, 365 days a year, and strives for the early detection of and recovery from incidents. Having posted at least one cyber system administrator on site at each business, we have established a comprehensive Group-wide cyber management system. Even in the case of organizational changes or cyber system administrator reassignments, the Company is constantly aware of the presence or absence of the cyber system administrators at each of its business sites through its registry management system. Together with making our operations in Japan more sophisticated, going forward we will advance the development of CSIRT at Group companies overseas.

*1 Computer Security Incident Response Team, or CSIRT, is the title given to specialized teams that receive reports, conduct surveys and enact response measures related to computer security incidents at companies and other organizations.

*2 The Security Operation Center, or SOC, is a specialized entity devoted to monitoring and analyzing threats to information systems. It works to detect threats as soon as possible, and plays a role in supporting CSIRT with its response and recovery efforts.

Diagram of Overall Management System



Measures Taken against Information Leaks and Risks from Both System and Human Aspects

The Company takes measures, from both system and human aspects, to maintain the security of customer (including personal) and internal (including confidential) information. To combat external threats, the Company has positioned its SOC as its primary entity to consistently identify new threats, such as newly reported cases of viral infections or targeted e-mail attacks, while SEKISUI CHEMICAL's CSIRT swiftly takes action to implement appropriate countermeasures. We are also working to prevent information leaks before they occur by, for example, employee education based on e-learning courses and by conducting audits.

CSIRT operations involve the holding of regular Cyber Security Subcommittee/Promotion Committee meetings, reporting the assessments of risk countermeasures at subcommittee meetings and the content of risk countermeasure activities at promotion committee meetings.

Key System-related Measures

- 1 Store important information on data center servers and fortify data centers
- 2 Establish firewalls to completely separate internal networks from external and control networks
- 3 Install cloud firewalls that are effective even for direct internet connections (including remote environments)
- 4 Install next-generation virus protection, on all servers and PCs.
- 5 Monitoring of the aforementioned three points 2-4 by SOC, 24 hours a day, 365 days a year
- 6 Install e-mail filters and web filters, ensure safe and secure utilization of employee e-mails and Internet
- 7 Upgrade authentication infrastructure for both convenience and security

Key Human-related Measures

- 1 Thorough information management by degree of importance
- 2 Thorough enforcement of duty of confidentiality for retiring employees and new hires
- 3 Conduct regular e-learning programs for all employees
 - Augment implementation of e-learning sessions for important technology development workers

Measures to Mitigate Risk from Natural Disasters by Dispersing of Systems, etc.

So that business operations can be continued even in the event that backbone systems are damaged in a natural disaster, we have established backbone systems within data centers that have measures in place to deal mainly with earthquake resistance and seismic isolation.

In addition, by dispersing data centers among multiple locations, we have established a system that will not cause work to be disrupted even if a particular data center becomes unavailable. By taking steps to completely duplicate mission-critical systems, the Company is working to shorten the lead-time needed up to the completion of repairs and recovery of business operations.

Protecting Personal Information

SEKISUI CHEMICAL Group handles the personal information of its customers based on its Privacy Policy, which is available on the Company's website. The Company complies with legal regulations and norms regarding personal information and, by voluntarily putting in place rules and systems based on internal confidential information management regulations, strives to appropriately protect such information.

We have also formulated Guidelines for Web Server Construction and Management, and endeavor to protect servers managed at relevant companies and each work sites.

At the same time, we ensure thorough management by limiting access rights and other management authority according to the importance of the information handled.

Furthermore, we are strengthening governance over the handling of personal (customer) information by raising employee awareness and providing training, especially during the Compliance Reinforcement Month held annually.

Preventing Leakage of Technical Information

In 2019, a then-employee leaked technical information about HPP Company's conductive fine particles to an external third party. After this incident was discovered, information management and employee training were enhanced. In order to prevent recurrence, we not only take measures to prevent data leakage through IT technology, but also implement a wide array of measures such as introducing risk management activities in departments that handle confidential technical information, providing moral education and training for engineers, and thoroughly educating employees on confidentiality obligations upon hiring.

As for the overall progress of these recurrence prevention measures, we monitor information leak risks while consolidating the activities of both the Cyber Security Subcommittee and Compliance Subcommittee.

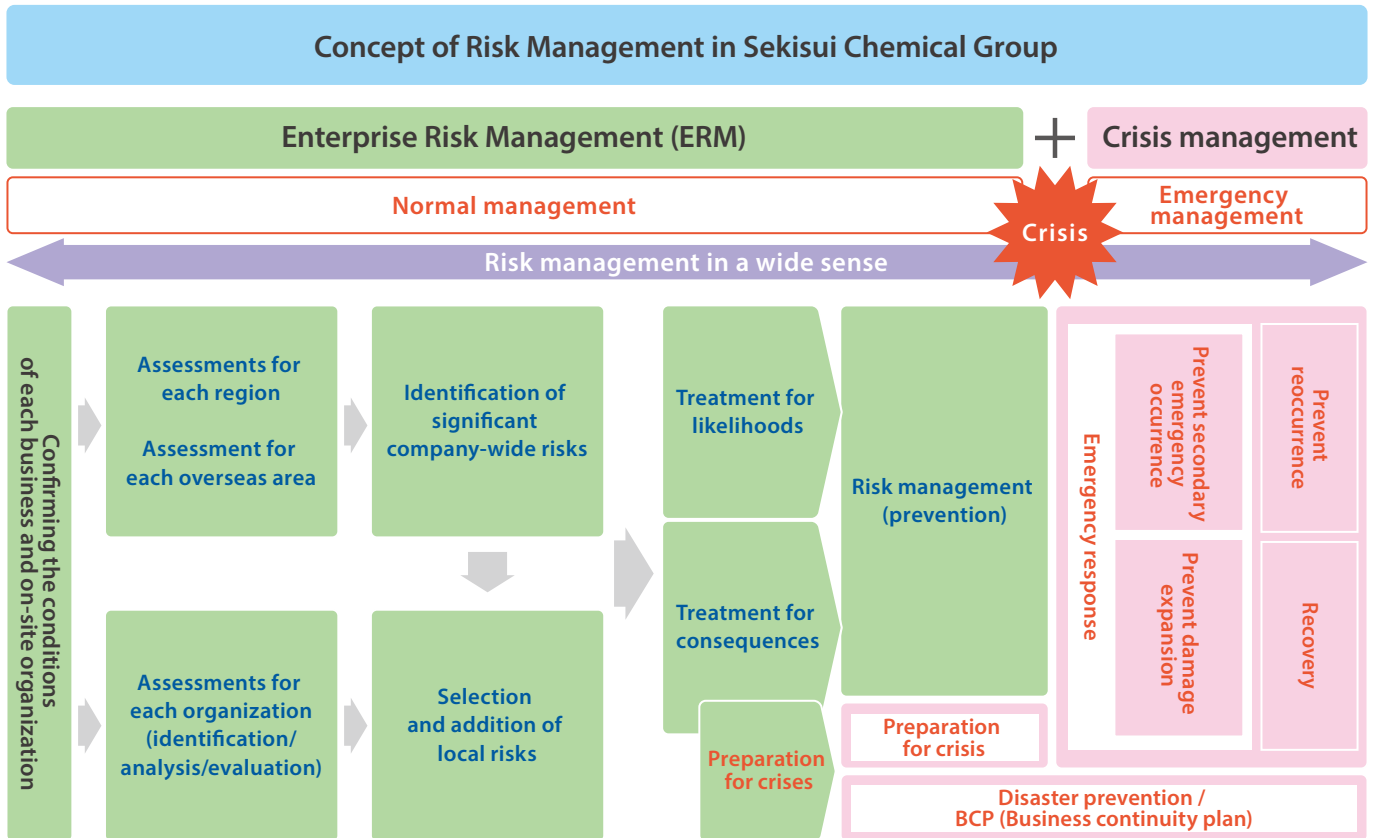
Risk Management

We Are Increasing Risk Sensitivity and Improving the Quality of Our Activities by Further Strengthening Our Risk-management Structures

Basic Philosophy

Building A System That Can be Brought to Bear on Ever-changing Risks and Crises

Here at SEKISUI CHEMICAL Group, we are building a risk management structure that unifies risk management in a bid to prevent risks from occurring in the first place, and crisis management that addresses serious risks that have manifested. Through this unification of concepts, we are creating a system that can be brought to bear on ever-changing risks and crises.



Management Structure**Group-wide Sharing of Risk Management Policies**

At SEKISUI CHEMICAL Group, the Managing Director of the ESG Management Department, whose Risk Management Group handles day-to-day risk management operations has assumed ultimate responsibility for risk management since April 2020. We have created a risk management structure that centrally manages activities aimed at preventing risks from occurring in the first place (risk management) and activities that address serious risks that have already manifested (crisis management).

Our risk management activities are based on the PDCA management cycle. Under this cycle, we analyze and evaluate Group-wide risks as well as risks identified by each organization in accordance with the SEKISUI CHEMICAL Group Risk Management Guidelines, implement countermeasures, and then conduct reviews as necessary while taking corrective action. Crisis management activities are conducted in accordance with the SEKISUI CHEMICAL Group Crisis Management Guidelines. A crisis management liaison committee consisting of each Corporate Headquarters' group and divisional company representatives holds regular meetings to review case studies and conduct training.

In fiscal 2021, we identified 17 categories of risk in the five safety, quality, accounting, legal/ethical, and information management fields that could lead to serious Group-wide incidents as serious Group-wide major risks, and incorporated them into our existing organizational risk management activities to realize enterprise risk management (ERM) activities. In order to respond to changes in the environment in which we operate, we will also conduct an annual review of serious risks and mandate risk assessments for all organizations through the Group to strengthen efforts aimed at containing serious Group-wide incidents.

ERM stands for Enterprise Risk Management, and refers to Group-wide risk management.

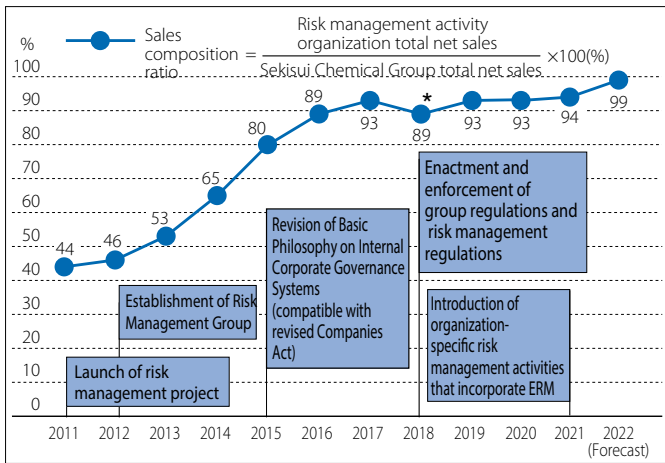
As the business environment in which companies operate becomes increasingly uncertain and complex, SEKISUI CHEMICAL Group is systematically bringing to light the wide range of risks related to the business objectives of each organization. We have established an ERM system that quantifies each risk based on its likelihood of occurring and its potential impact. Dedicated offices in Corporate Headquarters then identify those risks that have a high possibility of leading to a serious Group-wide incident and share and manage their findings with the Group. We are continually verifying the effectiveness of the ERM system by reviewing uncertainties on a regular basis.

In fiscal 2021, SEKISUI CHEMICAL Group launched a Group-wide Risk Review Subcommittee. Drawing on the specialized expertise of dedicated offices in Corporate Headquarters, the Subcommittee corrected and modified the Group-wide risks identified in fiscal 2020 and examined whether the likelihood of their occurring or their potential impact had changed, in light of changes in factors such as geopolitical risks and social demands. The results of deliberations by the Subcommittee as well as various measures to reduce risks are discussed by the Sustainability Committee and then reported to the Board of Directors for their consideration in management decisions.

Bolstering Risk Management Structures by Organization
Increasing Risk-sensitivity Using PDCA Cycles

In an increasingly complex external and internal environment, it is extremely difficult to accurately assess the risks that may emerge moving forward. SEKISUI CHEMICAL Group believes that increasing risk sensitivity among employees is essential to properly handling such risks, and the Group continuously runs PDCA cycles in line with the international standard for risk management ISO 31000.

These activities were launched during fiscal 2011 among 27 organizations, primarily business units. The number of organizations engaged in these actions has increased each year, reaching 171 in total, including Japanese and overseas affiliates accounting for 94% of consolidated sales in fiscal 2021. Activities have also taken root in the R&D divisions of all divisional companies.



* Temporary decline resulting from a large-scale M&A.

Identifying, Analyzing, and Assessing Risks**Risks that SEKISUI CHEMICAL Group Should Manage**

To make clear which risks the Group as a whole should prepare itself for, in terms of both organization-specific risk management and Group-wide risk management, we have broadly categorized these as business environment, strategic, and operational risk, and have further subcategorized each category in order to comprehensively identify risk. Based on the different risk criteria for organization-specific risk management and Group-wide risk management, we quantitatively assess the risk level for each of the identified risks using a risk matrix that combines results and likelihood of occurrence.

Major Risks Faced by SEKISUI CHEMICAL Group**1. Business environmental risks**

- Major market trends
- Fluctuations in exchange rates, interest rates, and asset value
- Raw material price volatility and procurement
- Large earthquakes, natural disasters, industrial accidents
- Climate Change and environmental issues (resource depletion, water, marine plastics) Politics and society (political change / terrorism)
- Politics and society (political change / terrorism)
- Impact from the spread of COVID-19

2. Strategic risk

- M&A / New Business / R&D

3. Operational risk

- Information-management (information leaks / technical information outflow)
- Quality (responsibility for manufactured goods / Major Quality Issues)
- Safety (fire and explosions / major workplace accidents / hazardous substance leakage)
- Laws / Compliance / Human Rights (unethical or criminal behavior / violations of the Monopolies Act or fraudulent transactions / unauthorized overwriting of data / bribery / harassment / environmental regulations, etc.)
- Intellectual property (IP disputes)

Basic Philosophy Toward Business Continuity Planning (BCP)

BCP is the very essence of business strategy. Therefore, SEKISUI CHEMICAL Group, whose adoption of a Company system has made the range of the business in which it engages broad, has decided on a basic posture of having those in charge of each line of business (the heads of business units, the presidents of business companies, etc.) determine the necessity of BCP individually, based on the particulars of the business in which they are engaged, and is promoting formulation of business-continuity plans and the implementation of business continuity management (BCM) based on ISO 22301, a standard for methods of implementing BCM. In light of the recent increase in the number of threats, as well as the growing need to determine how to continue operations in the event of a medium to long-term loss of key management resources, and to prepare for such an event, the Group has developed and revised the working of its initial response plan (ERP) that places the protection of human life as the highest priority at all organizations as a Group-wide initiative from fiscal 2021. In addition, major business organizations throughout the Group are promoting efforts to put in place resource-based all-hazard BCPs to address every type of crisis event. Plans are in place to establish ERPs in all organizations during the period of the current medium-term plan. We aim to establish a BCM system that can be regularly reviewed through training and other means within our own organization. Even in an emergency situation that could threaten the continuance of operations, we will minimize losses to our organization and customers while continuing to fulfill our social responsibilities as a company by responding quickly and restoring important functions as soon as possible.

Bolstering the Domestic Crisis-management System

Based on its experience during the Great East Japan Earthquake, SEKISUI CHEMICAL Group carried out a full-scale overhaul of its crisis management system in fiscal 2011 and has been refining that system ever since.

Specifically, we have conducted drills based on the Emergency Response Headquarters Procedures Manual (at the Secretariat), held annual education programs based on the Emergency Situation Initial Response Procedures Manual (for all employees), and organized disaster/infectious disease-preparedness systems based on disaster/infectious disease-preparedness checklists in all offices (around 800 within Japan).

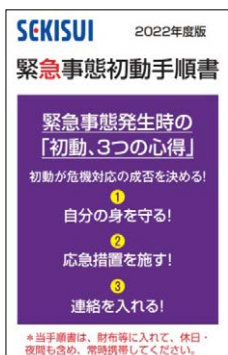
As of January 2012, the rate of sufficiency regarding disaster-preparedness systems, in reference to the Cabinet Office's guidance on corporate measures for disaster prevention, averaged 41% among all sites. Thanks to annual improvements, however, the Group has, since fiscal 2015, reached a point where it has been able to maintain an average rate of over 90%.

Under these circumstances, we have shifted maintenance management to self-management going forward. Meanwhile, we are taking into consideration the need to balance pandemic countermeasures and business continuity in response to the emergence of virus variants when addressing COVID-19. In addition to coordinating closely with healthcare departments and disseminating action guidelines to be implemented in a timely manner, steps are being taken to feedback the results of progress monitored through surveys on measures implemented while upgrading and expanding endeavors.

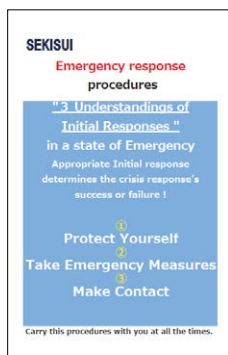
In preparation for emergency situations, SEKISUI CHEMICAL Group implements Group-wide response measures for emergencies as provided for in the Crisis Management Guidelines and the Emergency Response Headquarters Procedures Manual. Through training and provision of the Emergency Situation Initial Response Procedures Manual to all employees, who carry this manual at all times, we ensure that all employees can take the appropriate action in the event of an emergency.

In 2018, we also prepared an English version of our Emergency Situation Initial Response Procedures Manual, which is provided to all appropriate employees. Moreover, in fiscal 2019 we installed a safety confirmation system in various forms including the work mobile telephones of all employees, which enables rapid confirmation of the safety of our employees in emergencies.

Emergency Situation Initial Response Procedures Manual (April 2022 revised edition)

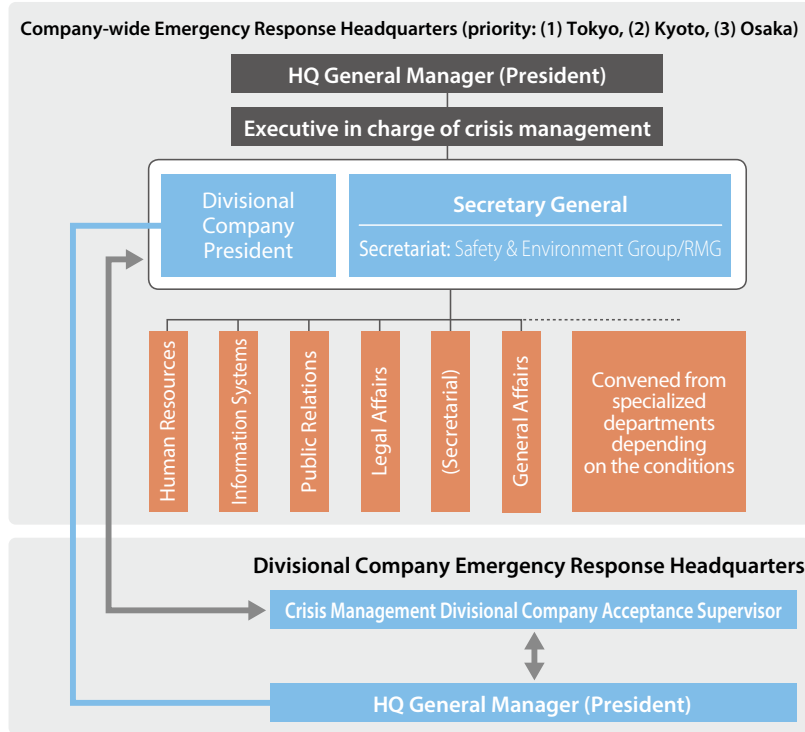


Japanese edition

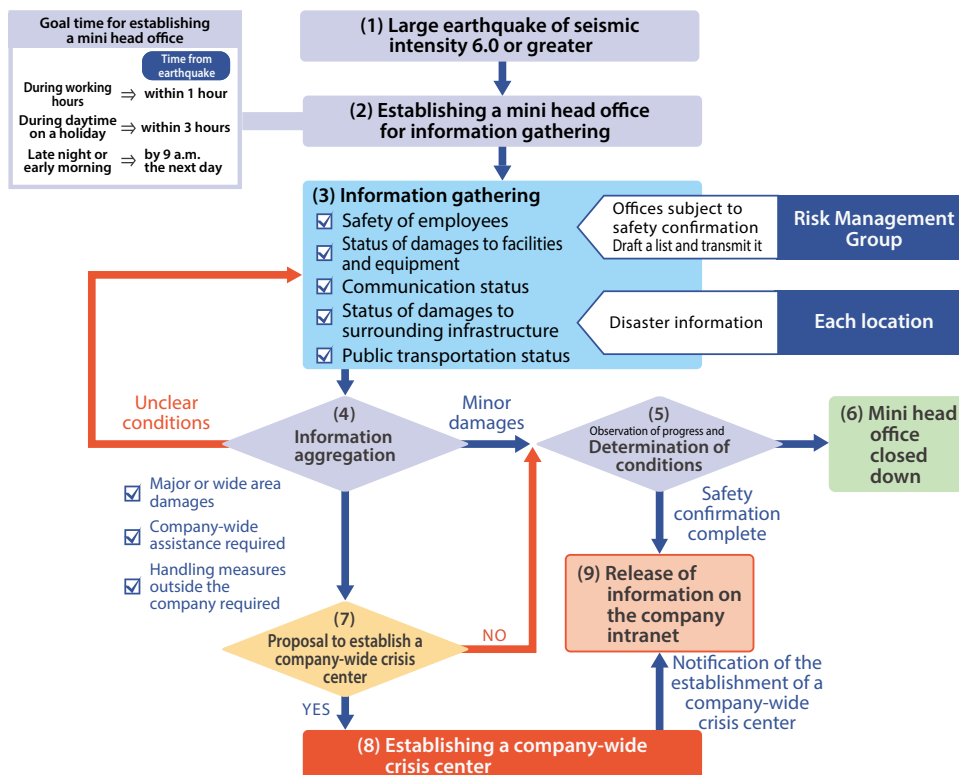


English edition

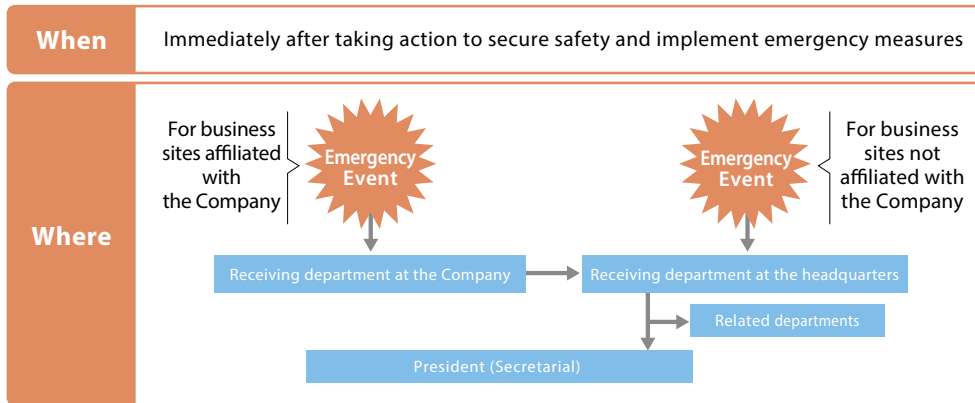
**Emergency Response Headquarters Functions
(when a major earthquake occurs)**



Initial action of the Emergency Response Headquarters (in the event of a major earthquake)



Procedures for contacting divisional companies / Corporate Headquarters from the frontline immediately after an emergency occurs.



Overseas Crisis Management Organizational System

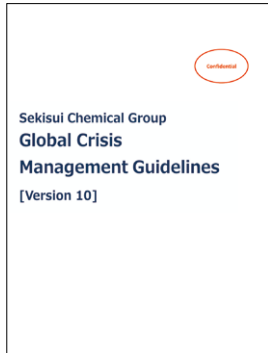
Based on the Overseas Safety Management Regulations, SEKISUI CHEMICAL Group divides the world into six crisis management regions. The Overseas Crisis Management Office (Risk Management Group, ESG Management Department) plays a central role in sharing crisis management information with business travelers, expatriates and local employees, alerting them in a timely manner and instructing them on travel restrictions in addition to other activities in emergency and non-emergency situations. As the number of overseas Group locations increases 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. In the event of a crisis event, the Regional Head and the Overseas Crisis Management Office will work together to collect information and take initial action. We have also established a highly specialized support framework in coordination with our security assistance and medical assistance partners. Additionally, the Group conducts training sessions for employees seconded overseas before they are dispatched abroad, provides pre-trip e-learning for employees sent on business trips, provides country-specific training focusing in particular on infectious diseases, and educates employees on the basics of crisis management and specific countermeasures.



Global Crisis Management Guidelines



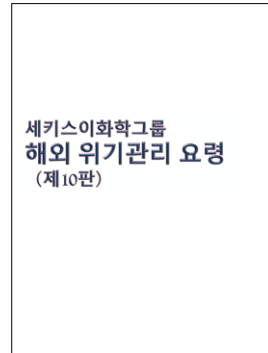
Japanese edition



English edition



Chinese edition



Korean edition

Major Initiatives

SEKISUI CHEMICAL Group’s Measures to Prevent the Spread of the Novel Coronavirus

In response to the spread of COVID-19, SEKISUI CHEMICAL Group has been implementing a variety of measures to help stem the spread of the virus in order to protect the health of its employees and meet the demands of society. Alongside the quick establishment of a Group-wide emergency task force, we set up a special page dealing with infectious diseases on the Company intranet as part of our effort to disseminate action guidelines and share strategies on how best to prevent the spread of infectious diseases. The safety of our employees is our top priority, and in the event that an infected person is confirmed within the Group, we will promptly assess the situation and share the information with the relevant parties.

Until the global pandemic is brought under control, we will continue to regularly monitor the implementation of infectious disease countermeasures at all of our domestic and overseas business sites as part of our effort to ensure a secure environment for the continuation of our business. There were incidences of infection at domestic and overseas sites in fiscal 2021. Production sites have been able to cope with demand without undue problem due to the follow-up by multi-skilled workers and indirect personnel who had been trained in advance, as well as appropriate inventories.

Dashboard Utilization

By introducing Dashboard, a centralized database of risk-related information for risk-management activities, 1) efficiency; 2) accuracy; and 3) visualization have significantly advanced. We are also working to strengthen the risk identification process by utilizing various audits. In fiscal 2021, we facilitated an appropriate response to major risks from a Group-wide perspective by screening all organization undertaking activities to address major Group-wide risks at the time of risk assessment.

Enhancement of training systems

1) Raising awareness of risk management activities and training of risk managers

The annual risk management training that has been conducted since fiscal 2017 was provided to 22 newly appointed risk managers (persons responsible for duties related to risk management activities in their respective organizations) in fiscal 2021. The cumulative total of participants to date is 243.

2) Enhancement of content of training for overseas crisis managers

<For people going on overseas business trips>

With a view to preventing the spread of COVID-19, we have put in place a business trip training program prior to travel that focuses especially on infectious diseases as a new safety measure. In this manner, we are taking meticulous measures for people taking overseas business trips. In addition to deciding whether or not to travel, we continue to implement various safety measures to ensure that people on business trips can carry out their duties safely.

<For people transferring to a new position or location>

Transferring personnel undergo timely training customized to the circumstances of their country of destination, regarding mental preparations and points of concern focused mainly on safety management when stationed overseas.

<For both business travelers and transferees>

Through e-learning (both basic and applied versions), content dealing with local characteristics, customs, and the like is prepared in a test format, to enhance the employees' crisis-management mindset. With respect to the six countries to which Group employees most commonly travel on business (the United States, South Korea, China, Thailand, India and Vietnam), the applied version of the e-learning is taught, to provide more detailed, country-specific information.

Materiality

DX



Digital Transformation (DX)

SEKISUI CHEMICAL Group will push forward corporate activities grounded in digital transformation in a bid to support the basis of LIFE and to continue to create peace of mind for the future in order to realize a sustainable society.

Positioning of This Materiality

SEKISUI CHEMICAL Group positions digital transformation (DX) as a driver to accelerate and support the growth strategies and structural reforms necessary to realize its Long-term Vision. Against this backdrop, we will strengthen the governance function (Internal Control) and work to reform operating processes while realizing sustainable growth by standardizing and visualizing global operations. Under the current Medium-term Management Plan, we are taking preparatory steps to secure the Group's long-term global growth with respect to the Group's global management foundation and in the areas of purchasing as well as sales and marketing. Regarding the infrastructure and security that support these reforms, we are promoting remote work that safely enables diverse work styles.

Our Philosophy

Based on its Long-term Vision, Vision 2030, SEKISUI CHEMICAL Group is advancing the expansion of its existing businesses and the creation of new businesses using ESG management as its main strategy. The Group has also adopted DX as one of the important issues on which to focus to enhance ESG management.

SEKISUI CHEMICAL Group's DX mission is to accelerate and support the growth strategies and structural reforms necessary to realize its Long-term Vision.

To maintain sustainable growth in an increasingly uncertain business environment, we will take another look at conventional Governance (Internal Control) as well as business and operating processes, while undergoing a transformation from the visualization and standardization, productivity improvement, and sophistication perspectives*. In addition, we aim to remain a company that is capable of providing value to society through the challenges undertaken by our vibrant employees.

* Visualization and standardization: Standardize operations, introduce ERP, renew infrastructure and network

Systems to Promote DX

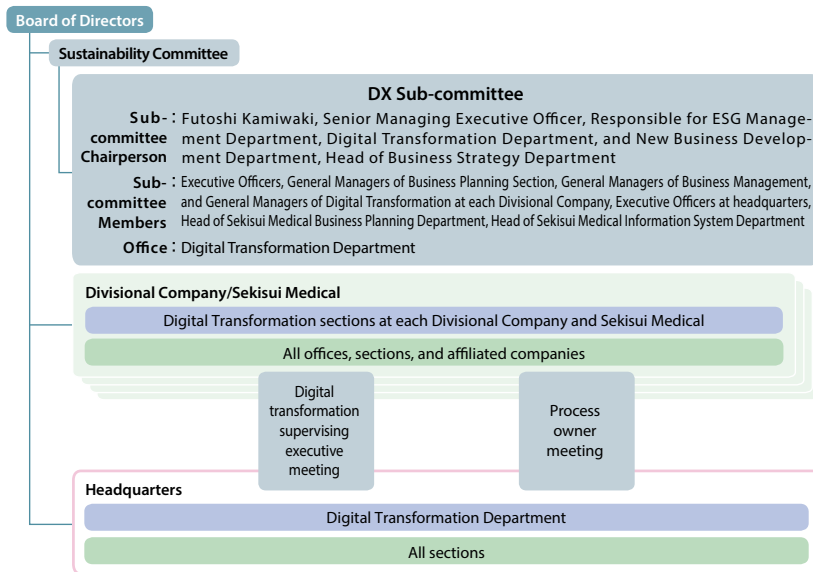
To promote DX in unison throughout the Company and Group, SEKISUI CHEMICAL Group established the Corporate Headquarters Digital Transformation Department. This Department is responsible for transforming business processes and building IT infrastructure and information security.

As a company that engages in a variety of different businesses while building business models that differ between divisional companies, it is not easy to standardize and enhance the sophistication of business operations. In some cases, this process may actually lead to reduced efficiency. To prevent this and promote standardization and sophistication with optimal solutions throughout the Company and Group, we have established a promotion system headed by our CEO and senior managing executive officer. The Digital Transformation Department functions as the project leader in this system.

In establishing the Digital Transformation Department at divisional companies in April 2021, SEKISUI CHEMICAL Group is strengthening competitiveness in areas that leverage the strengths of each business.

Moreover, the DX Subcommittee, chaired by the executive officer of the Digital Transformation Department, has been newly established under the Sustainability Committee. In addition to deliberating on fundamental policies related to digital strategy and confirming the progress and effectiveness of digital transformation, the DX Subcommittee deliberates and decides on such important measures as standardization of Group-wide operating processes and renewal of Group-wide core systems from a management perspective.

DX Promotion System (from fiscal 2021)



Initiatives to Promote DX

DX promotion addresses the putting in place of plans and themes in each of the following areas: global management foundation reform, purchasing, supply chain management, and sales and marketing.

Global Management Foundation Reform

To support the business strategies of SEKISUI CHEMICAL Group, which is growing globally, we are working on the renewal of core systems (global ERP*) that form our management foundation. Consequently, we are aiming to improve the productivity of indirect business operations—by the visualization and analysis of the data necessary for decision making to maximize global consolidated profit, business standardization, and efficiency improvements—while improving Governance (Internal Control) and minimizing risk through business standardization and visualization on a global basis.

In fiscal 2021, we have defined the requirements for target business processes and determined the priority of site implementation. In addition to promoting design and development, we will take steps toward rollout in the future.

* ERP is the abbreviation for Enterprises Resource Planning. A system that merges and centrally controls core operations, such as corporate accounting, human resources as well as manufacturing and sales operations.

Purchasing

As a part of global purchasing reform, we are aiming to use the system for the standardization of purchasing operations and the visualization of transaction data.

The visualization of global transactions will enable the deterrence and early detection of fraudulent activity. We will also improve purchasing power and reduce procurement costs by realizing overall optimal purchasing and minimize low value-added operations by introducing the system, while establishing mechanisms and infrastructure that are capable of continuously reducing costs.

We are taking preparatory steps to verify and rollout an indirect purchasing system at a model factory since April 2021. Looking ahead, we will progressively rollout to major sites in Japan.

Sales and Marketing

We aim to thoroughly improve efficiency and productivity through the standardization and automation of business operations relating to sales and marketing.

In the business operations relating to sales and marketing, there had been incidences of problems arising, such as the different systems used by each divisional company and many individualized parts. To solve these problems, we will work on the standardization of efficient and highly productive business models and the real-time visualization of work processes.

In fiscal 2021, we completed a demonstration of the use of marketing automation, visualization of the status of customer transactions, and data analysis to enhance the order expansion process. This initiative is now being rolled out to sales offices in Japan.

To improve productivity, we are promoting the introduction of a system that reduces the work-hours required for internal reporting. We are working to realize best practices that share information on each of the three areas of development, production, and sales and to utilize that information in sales.

We are also putting in place IT infrastructure while at the same time promoting information security measures that are essential to DX initiatives.

Remote Work

SEKISUI CHEMICAL Group is promoting remote work in a bid to realize various working styles. In this manner, employees are able to carry out their duties using the Company's in-house operating system from locations other than the office including the home and outside.

In fiscal 2021, we began promoting the rollout of MobileNET, IT infrastructure that enables access to in-house operating systems from anywhere in the world. At the same time, we put in place integrated authentication infrastructure for the safe and secure use of cloud services, which are attracting rapid widespread use.

These initiatives have made it possible to maintain both work productivity and information security while working from home despite the ongoing COVID-19 pandemic, and has greatly contributed to the continuity of business and efforts to strengthen IT governance.



TOPICS

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Environment

In order to support the basis of LIFE and continuously create peace of mind for the future in a bid to realize a sustainable society, SEKISUI CHEMICAL Group will work to address environmental issues with a long-term outlook.

Positioning of This Materiality

SEKISUI CHEMICAL Group positions the environment as the most important key to transforming its business activities and business model in a manner that helps conserve the global environment while ensuring sustainable business. As a part of efforts to address environmental issues, arguably society's greatest challenge, we have identified climate change, water risk, and resources recycling as important issues under our Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050, and are working to realize an earth with maintained biodiversity. Under our current Medium-term Management Plan, we are working to analyze risks and opportunities, reduce greenhouse gas emissions, introduce renewable energy, and reduce the environmental impact of our business activities, particularly in response to climate change.

Our Philosophy

The planet's air, water, land, and other elements interact with each other to form a healthy foundation for the survival of living things and a rich biodiversity. SEKISUI CHEMICAL Group aims to create a planet and society in which humankind and economic activities can develop sustainably by utilizing the planet's valuable natural and social capital created through its activities.

We are engaging in business activities on a daily basis with the aim of preventing further deterioration of natural capital through such means as reducing greenhouse gas emissions, promoting the use of recycled resources, and decreasing any impact on ecosystems. We are also working to provide returns to natural and social capital by expanding sales of products to enhance sustainability while endeavoring to realize an earth with maintained biodiversity.

* Natural capital: A term that refers to physical resources from nature, such as soil, air, water, minerals, flora and fauna, as well as biological capital, human capital, and social capital.

Social capital: A term that refers to the social infrastructure and facilities that form the basis of production activities and living environments, such as roadwork, housing, ports, airports, railroads, water supply and sewerage systems, public parks, educational facilities, social welfare facilities, electricity, gas, and hospitals.

Promotion System

We will deploy initiatives geared toward the solution of environmental issues based on the Group's Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050, and its Environmental Medium-term Plan, SEKISUI Environment Sustainability Plan: Accelerate II (Fiscal 2020-2022). To accelerate the solution of issues, we are also focusing on enhancing supply chain management and employee education and training.

Structuring the Environmental Medium-term Plan Target and Promotion Systems

In aiming for the aspirations raised in the Group Vision as our direction over the medium- to long-term, in 2019 SEKISUI CHEMICAL Group formulated the Vision Statement looking to 2030 for the purpose of more clearly illustrating our management strategies. From fiscal 2020, we will deploy strategies based on this Statement.

Under the slogan Innovation for the Earth, and in order to realize a sustainable society, we support the basis of LIFE and will continue to create peace of mind for the future (Social value) while aiming to double the Group's business (sales of 2 trillion yen, operating income ratio of 10% or higher) by 2030 by expanding contributions to solving social issues through business growth and reform and creating new businesses, centered on ESG management.

In order to support the basis of LIFE and continuously create peace of mind for the future while engaging in corporate management aimed at realizing a sustainable society, we must maintain a longer-term viewpoint as we deploy and implement the required approaches to various global environmental issues.

To date, SEKISUI CHEMICAL Group has considered its approach and illustrated a direction to environmental issues with an eye toward 2030. In 2019, we undertook a review of the various events and social demands that have re-emerged and formulated the SEKISUI Long-term Environmental Management Vision 2050 in regard to the direction of our environmental initiatives for 2050. Backcasting from this Vision, we have re-defined the milestones that must be reached within the Group-wide management strategies in regard to specific environmental issues. In order to achieve these milestones, we established concrete target values in the three-year Medium-term Plan that launched in fiscal 2020. The promotion system itself, however, remains the same.

Long-term Environmental Management Vision SEKISUI Environment Sustainability Vision 2050

The SEKISUI Environment Sustainability Vision 2050 formulated in 2019 aims for the same goals as the SEKISUI Environment Sustainability Vision 2030 formulated in 2013. We recognize that conducting our corporate activities relies on valuable natural capital from the Earth and beneficial social capital from society, and thus declare we will coordinate with stakeholders to accelerate our contributions to the return on those capitals.

Progress on the Environmental Medium-term Plan SEKISUI Environment Sustainability Plan: Accelerate II (Fiscal 2020-2022)

From fiscal 2020, we have deployed initiatives based on the Environmental Medium-term Plan SEKISUI Environment Sustainability Plan: Accelerate II, which spans the three years from fiscal 2020 to 2022.

Integrated Index Sekisui Environment Sustainability Index and Its Evolution

The Sekisui Environment Sustainability Index is an index that shows the degree of environmental impact (use of natural capital) and contribution back to the environment (return of natural capital) through SEKISUI CHEMICAL Group-wide activities.

We have gradually expanded the target scope and awareness of this index to encompass our impact and return on natural capital as well as social capital. From fiscal 2020, we have been refocusing on natural capital and social capital as the capital of the Earth and society on which our corporate activities have an influence or contribute, and to assess the impacts and added values (outcomes).

For natural capital, we will continue to use the Life-cycle Impact Assessment method, and for social capital, we are considering the use of impact-weighted accounting.

Environmental Management System

SEKISUI CHEMICAL Group has been promoting environmental activities by building an environment management system that complies with the ISO 14001 standard at production sites. Although we will shift the long-term viewpoint of the direction for these activities from 2030 to 2050, the environmental issues on which we focus and the initiatives we deploy for solutions will remain the same.

In order to solve these issues, we feel we must bring our entire supply chain into our sights as we undertake initiatives, and that doing so will accelerate problem-solving. To this end, we reviewed our CSR procurement guidelines and systems to strengthen supply chain management.

We are approaching suppliers with a clear understanding of current conditions and issues and will look to accelerate the solutions of these issues through collaboration.

Education to Enhance the Ability to Contribute to Solving Social Issues

From 2020, we have been focusing on education to enhance the ability to contribute to solving social issues with the aim of realizing Vision 2030.

SEKISUI CHEMICAL Group will provide education and training to encourage employees to better understand social issues and take all appropriate action. This education and training is designed to help employees think about issues as their own and to put efforts into practice, depending on their responsibilities and working environments.

Environmental Accounting

Within the Medium-term Plan that commenced in 2020, we are employing environmental accounting because the investments and costs applied to the environment are defined as capital costs within Group-wide management strategies, and also because we recognize that restraining these costs and improving productivity improves ROIC.

● Long-term Environmental Management Vision

Put in place in 2019, SEKISUI Environment Sustainability Vision 2050 aims for the same goals as SEKISUI Environment Sustainability Vision 2030, which was formulated in 2013.

Through its corporate activities, products, and businesses, SEKISUI CHEMICAL Group contributes to solving various natural and social environmental issues in order to realize an earth with maintained biodiversity. We remain conscious that the business activities we carry out incorporate the Earth's natural capital as well as meaningful social capital from society. We are therefore committed to accelerating efforts aimed at returning such capital back to the environment and society while collaborating with stakeholders.

Working toward the realization of an earth with maintained biodiversity entails the same stance required to achieve the SDGs set for 2030. This is because this earth cannot be realized without a society in which many of the issues in natural and social environments have been solved.

The following three activities are emphasized as activities that contribute to solving issues.

- (1) Expand and create markets for products to enhance sustainability*¹
- (2) Reduce environmental impact
- (3) Conserve the natural and social environments*²

*1 For more information, see p. 54, Products to Enhance Sustainability.

*2 For more information, see p. 70, Social and SDGs Contribution Activities.

We seek to invigorate these activities and accelerate solutions to problems. This means that while each and every employee should be conscious of the range of environmental issues, we need to do more than just have a talented group of personnel with considerable ability to contribute to solving issues; it will be necessary, we believe, to partner with all groups of stakeholders and collaborate to move forward on activities.



*Stakeholders: "Customers", "Shareholders", "Employees", "Business partners", "Local Communities and the Environment"

● Progress under the Environmental Medium-term Plan

From fiscal 2020, we have set targets to be achieved in fiscal 2022, the final year of the Medium-term Plan, and have launched initiatives for the crucial items listed as follows within our Environmental Medium-term Plan, SEKISUI Environment Sustainability Plan: Accelerate II (2020–2022).

Improving the Rate of Return of Natural and Social Capital

Monitoring progress with the integrated index, Sekisui Environment Sustainability Index: Maintaining a rate of return to natural capital of 100% or more

Improve Global and Social Sustainability with Our Products

Sales of Products to Enhance Sustainability: 800 billion yen (sales ratio equivalent to 63%)

Initiatives Aimed at Addressing Climate Change

[Decarbonization]

Renewable energy as a percentage of purchased power: 20%

Reductions in greenhouse gas emissions: 9% or more (vs. fiscal 2013)

Initiatives Aimed at Addressing Resource Depletion

[Promoting resource recycling]

Recycling rates for waste materials: Grasp current conditions and set a baseline (achieve double or more of the baseline by fiscal 2025)

Initiatives Aimed at Addressing Water Risks

[Preservation of water resources]

Water intake volume at production sites using a large amount of water: 10% reduction (vs. fiscal 2016)

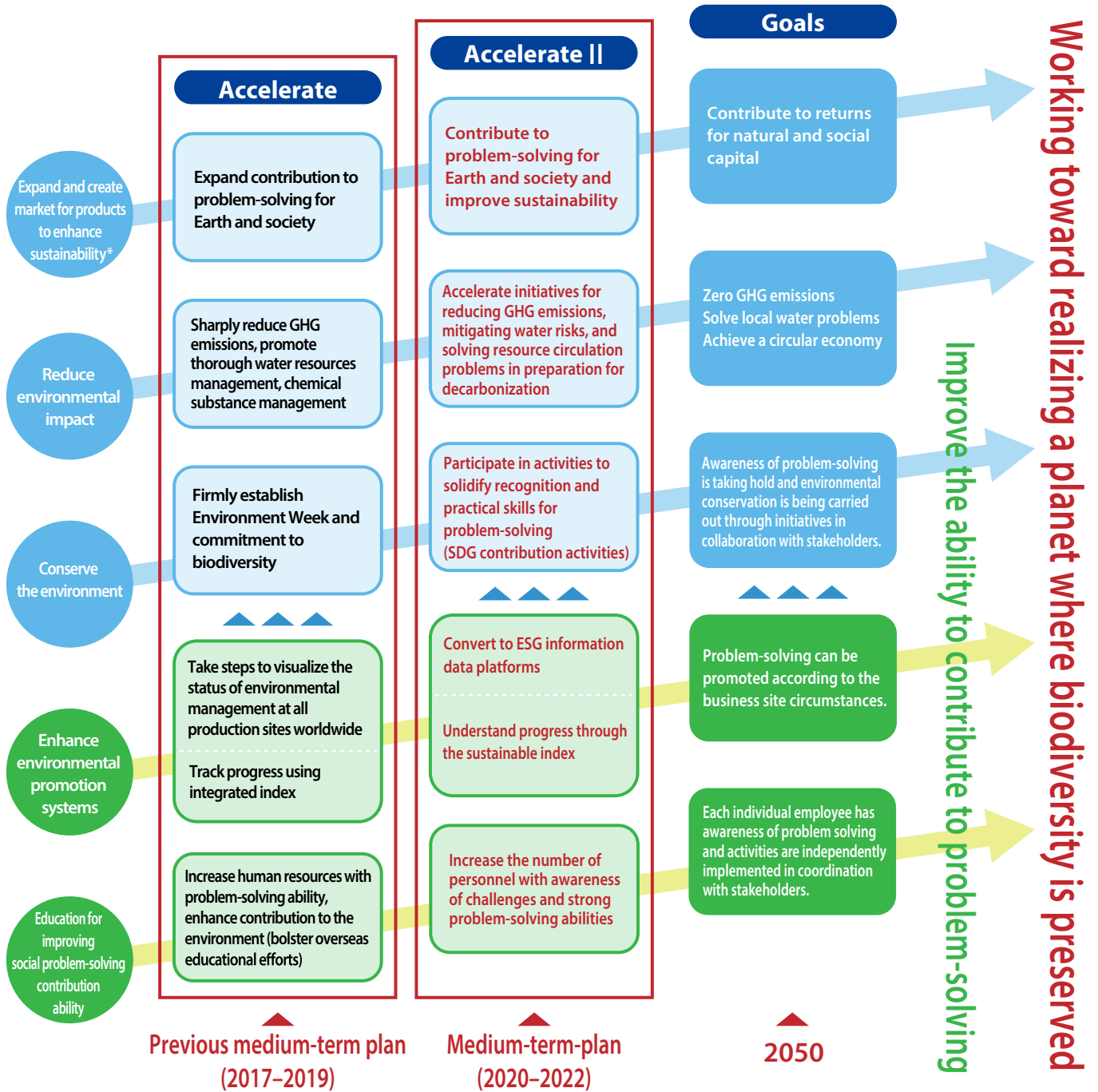
Total amount of COD discharged into rivers by production sites where discharge is substantial: 10% reduction (vs. fiscal 2016)

[Minimizing water risk]

Understanding water risks specific to watersheds and implementing related initiatives

Improving the Ability of Employees to Contribute to Problem Solving

Promoting activities that contribute to SDGs



Promoting the Environmental Medium-term Plan Backcasted from Our Long-term Vision

We have been implementing our three-year Environmental Medium-term Plan, SEKISUI Environment Sustainability Plan: Accelerate II from fiscal 2020. Backcasting to achieve the goals we have set for 2050 in our Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050, we are aiming for milestones established for each Medium-term Plan while implementing various initiatives.

In the Environmental Medium-term Plan, we identify climate change, water risk, and resource recycling as the important environmental issues that the Group should address. To accelerate the solution of these issues, we are focusing in particular on three areas: creating and expanding markets for Products to Enhance Sustainability; reducing environmental impact; and environmental conservation.

Since its launch in 2006, the predecessor of the Products to Enhance Sustainability, the Environment-Contributing Products program, has on the basis of internal standards registered products that have a high degree of contribution to solving environmental issues. We had committed to society to increase the ratio of such products in all of the Company's products and had been promoting the creation of products that solve social issues and the expansion of those product markets.

In fiscal 2017, we expanded the scope of Environment-Contributing Products to encompass not only the natural environment but also human capital and social capital. SEKISUI CHEMICAL Group aims to improve the lives of the people and the Earth's environment. In terms of improving people's lives, we believe it is essential to solve the issues noted in the Sustainable Development Goals (SDGs) adopted by the UN in 2015, including promoting welfare and health, improving the global environment, and securing robust infrastructure by mitigating and adapting to climate change. We reaffirm our commitment toward addressing and resolving issues in these areas.

First, we will promote our efforts by maintaining a focus on solving these issues. To improve the sustainability of both the Company and our products, we will implement verifications and assessments in regard to Governance (Internal Control), supply chain, customer satisfaction, processes, and supply chain assessment, throughout our supply chain.

In terms of issues related to climate change, we established a long-term goal of zero greenhouse gas emissions by 2050, and to achieve that goal, put in place a milestone in which all purchased power in Scope 2 comes from renewable energy by 2030. Under the current Medium-term Plan, we are targeting a 20% conversion by fiscal 2022. To actively promote the conversion of electricity used at production plants to renewable energy, we started conversion support measures from fiscal 2020 for our "energy procurement innovation" phase. With regard to fuel sources under Scope 1, we are continuously promoting efficiency improvements by renewing aging equipment, converting power source to electricity, and continuous energy saving activities at production sites.

Regarding issues related to water risk, we are focused not only on continuing to reduce the amount of water used on a Group-wide basis and promoting the recycling of water, but also on working to improve quality of water, based on COD indicators discharged into watersheds. In addition, SEKISUI CHEMICAL Group aims to better understand water risks specific to a given area and is committed to formulating and implementing measures for high-risk businesses to reduce water risk in each of their respective operating regions.

As far as the recycling of resources is concerned, while focused on reducing the amount of waste generated even as we aim to double our businesses by 2030, we will also promote initiatives emphasizing recycling with the aim of realizing a circular economy and a recycling-based society in 2050.

As products and technologies that contribute to resource recycling, we are currently conducting pilot projects relating to Bio-Refinery (BR) technologies that can use microorganisms to produce ethanol from waste and are proceeding toward their business implementation.

We believe that the solution of environmental issues will be accelerated if the entire supply chain works as one. More than ever, we will develop measures and carry out activities with an emphasis on supply chain management throughout the product life cycle.

■ Fiscal 2021 Plans and Results and Fiscal 2022 Plans

Creating and Expanding the Market for Products to Enhance Sustainability

Fiscal 2021 target
Net sales: 750.0 billion yen
(sales ratio equivalent to 65%)
Results
772.4 billion yen
(sales ratio equivalent of 66.7%)

Number of new registrations:
Fiscal 2021 target: 6 registrations
Fiscal 2021 results: 28 registrations
Target achieved

<Factor Analysis>

In 2021, we deepened the evaluation and awareness of resource recycling in conventional products by means of identification through revising the standards for contributions that play a part in resource recycling, and six out of 28 cases were registered as products that contribute to resource recycling. In particular, the recycling of PVA resin, which is carried out in partnership with raw material suppliers, assisting greatly not only in terms of the level of its contribution but also to an increase in sales of Products to Enhance Sustainability.

In response to increasing demand for low carbon and decarbonization, there have been increased sales of products that reduce greenhouse gas emissions in customers' processes as intermediate materials related to electronic devices and in products that support the necessary functional improvements for the 5G evolution. These, too, contribute to the overall increase in sales of Products to Enhance Sustainability.

<Quantification of the Contribution Effect on Solving Issues through Products>

In fiscal 2021, we identified environmental values from products equivalent to 60% of Environment-Contributing Products sales.

Regarding returns and value of social capital, we are also looking into the utilization of an impact accounting method.

The Group will leverage the visualized environmental and social values (degree of contribution on solving issues) of products and lines of business, releasing information and enlightening society, and will also step up its activities that allow it to receive feedback about its business.

Reducing Environmental Impact

GHG emissions:

Fiscal 2021 target: Reduction of 8% or more (vs. fiscal 2013 baseline)

Reduction of 21.1%, target achieved

Energy savings:

Fiscal 2021 target: Reduction of 1% of energy consumption per unit of production (vs. fiscal 2019 baseline)

Reduction of 1.5% (1.0% increase in Japan and 4.6 % reduction overseas), target achieved

<Factor Analysis>

GHG emissions: Despite a recovery in production volume, GHG emissions were reduced due to the introduction of electricity for in-house use generated by solar power equipment and the effects of converting purchased power to renewable energy sources.

Energy savings: Reduction in energy consumption per unit of production owed to the recovery in production volume.

Amount of waste generated:

Fiscal 2020 - 2022 target: Reduction of 1% or more per unit of production over a three-year period (vs. fiscal 2019 baseline)

Reduction of 6.7% (1.9% reduction in Japan, 14.1% reduction overseas), target achieved

<Factor Analysis>

Japan: Continued reduction in the amount of waste by allowing the re-use of scrap generated as part of the production process for high-performance resin products as well as a reduction in per unit of production owing to the recovery in production volume.

Overseas: Continued reduction in the amount of waste at UIEP Company business sites and a drastic reduction in per unit of production owing to the recovery in production volume.

Going forward, we will not only reduce the amount of waste generated in the production process, but also work to advance the recycling of waste and products, while simultaneously promoting the use of recycled resources in order to achieve a truly circular economy.

Environmental Conservation

SDGs Contribution Activities*

With regard to social contribution activities, such as environmental conservation and nurturing of the next generation, which have been carried out mainly by business sites or employees, recommendations advocate a change in consciousness toward awareness of SDGs during the undertaking of activities while continuing conventional endeavors.

The objectives of conventional activities becomes clear by considering which social issues to focus on and why to work on solving those social issues, centered on the SDGs, and expect that activities will be reviewed and effects will further improve.

In fiscal 2020, the number of actual activities reduced due to the COVID-19 pandemic. From 2021, we have been working from where we can, based on the above ideas.

* For more information about SDGs contribution activities, see p. 70, Social and SDGs Contribution Activities.

Environmental Medium- to Long-term Plan and Fiscal 2021 Actual Results

✓: FY2021 target achieved x: FY2021 target not achieved

Initiatives	Aim	Indicator	Base year	Medium- to long-term target			Target and results for FY2021				Target					
				Medium-term target (FY2020-FY2022)	FY2030 Target	FY2050 Target	FY2021 Target	FY2021 Results <input checked="" type="checkbox"/>	Self-evaluation	Reference page	Domestic production sites	Research facilities	Domestic offices	Overseas production sites	Overseas offices	Other
Rate of return on natural resource and social capital	Achieving "Earth with Maintained Biodiversity" through corporate activities	Sekisui Environment Sustainability Index Rate of return to natural capital	—	Maintain 100% or more			Maintain 100% or more	117.7%	✓	P.162	✓	✓	✓	✓	✓	✓
Products to enhance sustainability	Improve economic value Maximize value (social and economic)	Sales of products to enhance sustainability (growth rate (compared with 2019))	—	800.0 billion yen, 22% growth rate (compared to 2019), 63% sales ratio	Expand sales of problem-solving products	Drive sustainable corporate growth through products and service which improve environmental and social sustainability.	750.0 billion yen (sales ratio equivalent of 65%)	772.4 billion yen (sales ratio equivalent of 66.7%)	✓	P.64	✓	✓	✓	✓	✓	✓
		Number of new registered products	—	6 per year	6 per year		6 per year	28 per year	✓	P.64	✓	✓	✓	✓	✓	✓
GHG	Decarbonization: Zero GHG emissions	Renewable energy ratio of purchased electricity (including solar power generation for in-house use)	—	20%	100%	Maintain 100%	5%	19.7%	✓	P.192	✓	✓	✓	✓	✓	✓
		GHG emissions	FY2013	-9%	-26%	-100%	-8%	-21.1%	✓	P.190	✓	✓	✓	✓	✓	✓
Reduce energy usage volume	Improve energy efficiency and reduce energy expenses during production	Energy consumption per unit of production	FY2019	-3%	-10%	—	-1%	-1.5%	✓	P.190	✓	✓	✓	✓	✓	✓
Resource circulation	Promotion of resource reuse	Waste generated per unit of production	FY2019	Decrease of waste generated per unit of production: 1% over a 3-year period	—	Achieve a circular economy	Decrease of waste generated per unit of production: 1% over a 3-year period	-6.7%	✓	P.207	✓	✓	✓	✓	✓	✓
		Copier paper use per unit of production	FY2019	-3%	—		-1%	-29.9%	✓	P.209	✓	✓	✓	✓	✓	✓
		Waste generated per building	FY2019	-6%	—		-2%	-6.3%	✓	P.209	✓	✓	✓	✓	✓	✓
Water risks	Maintain water resources	Water intake volume at production sites which use large quantities of water	FY2016	-10%	—	—	-10% (three-year Medium-term plan)	-2.4%	x	P.217	✓	✓	✓	✓	✓	✓
		Total COD volume of river discharge water at production sites with large COD emission volumes	FY2016	-10%	—	—	-10% (three-year Medium-term plan)	+4.2%	x	P.220	✓	✓	✓	✓	✓	✓
Reduce the impact of chemical substances	Reduce chemical emission and transport volumes	VOC emissions (Japan)	FY2019	-3%	—	—	-1%	-6.7%	✓	P.224	✓	✓	✓	✓	✓	✓
Ecosystem	Ecosystem impact: Minimize risks of ecosystem deterioration	JBIB Land Use Score Card* points	FY2019	+3 points over a 3-year period	Promote ecosystem consideration* at all business sites *Ecosystem consideration: Increased quantitative evaluation of biodiversity	Maintain ecosystem consideration at all business sites	+2 point	+3.3 points	✓	P.242	✓	✓	✓	✓	✓	✓
Education and development	Enhancing the ability to contribute to the resolution of social issues through education Improve employees' ability to contribute to solving social problems (employee education)	Problem-solving capability indicators for personnel	FY2020	Implement education and human resource index checking to develop the skills needed by human resources with excellent problem-solving abilities (ESG human resources). Achieve FY2020 benchmarks and set goal values.	Level up as human resources with excellent problem-solving ability	Take a leading role in society as human resources with excellent problem-solving ability	Understand baseline and set target	Set target values Target: +10 points of the baseline	✓	P.65	✓	✓	✓	✓	✓	✓

● Integrated Index

Rates of return to natural and social capital

Integrated Index Sekisui Environment Sustainability Index

The Sekisui Environment Sustainability Index reflects the impact on the environment of the activities of SEKISUI CHEMICAL Group companies (the use of natural and social capital) and their degree of contribution to the environment (returns to natural and social capital) as a single indicator. The major items for implementation in the Environmental Medium-term Plan - reducing various impacts on the environment, expanding products and services that contribute to the natural and social environments, conserving the environment, and so forth - were integrated into this indicator; the Group has been running preliminary calculations since fiscal 2014. From fiscal 2017, this index is being used to monitor the overall progress of Group companies' environmental management.

The Group has been aiming to achieve 90% over the three-year period of the Environmental Medium-term Plan (2017-2019) and achieved a return rate of 104.5% in fiscal 2019, the final year of the Plan.

As far as the Environmental Medium-term Plan is concerned, the Group is evaluating its impact on and contribution to not only the natural environment but also the social environment while declaring its intention to contribute to the return of natural and social capital for its Sekisui Environment Sustainability Index. In 2050, even as we expand our business, we will promote ESG management while maintaining a return of 100% or higher for both natural capital as well as social capital.

Calculation Results

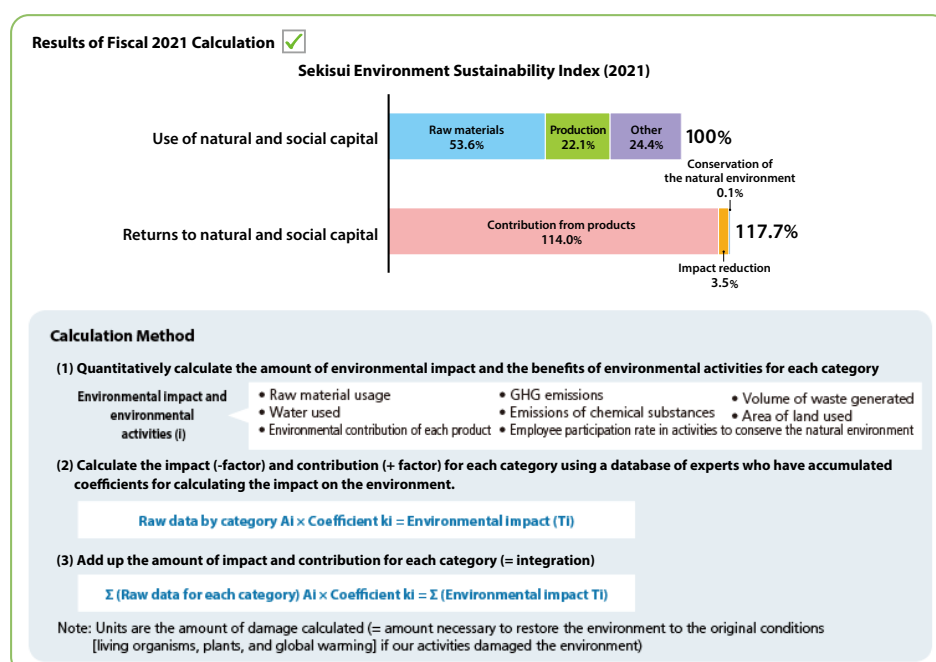
The results of calculating the Sekisui Environment Sustainability Index, utilizing results from fiscal 2021, are as follows. Setting the use of natural and social capital (the impact on natural and social environment) at 100, the return of natural and social capital (contributions to natural and social environment) was 117.7% (a 13.2 percentage point increase over the 104.5% achieved in fiscal 2019 and a 4.2 percentage point decrease from the 121.9% achieved in fiscal 2020).

Trends in the return rate are analyzed as follows.

- (1) Regarding the use (impact) of natural and social capital, the influence of COVID-19 gradually dissipated, and the return to production to pre-pandemic levels was one of the causes of the increase in environmental impact. However, the impact on natural and social capital has decreased compared to FY2019 prior to the pandemic in terms of energy and the supply chain. This is considered to be the result of the conversion of renewable energy for electric power, cooperation by our suppliers, and sales of products that lower energy consumption at the time of use (Zero Energy Housing [ZEH]-specification housing).
- (2) Regarding the return (contributions) of natural and social capital, the returns (contributions) due to Products to Enhance Sustainability are steadily increasing. From an environmental conservation activity perspective, however, contributions are decreasing. This reflects restrictions on the implementation and content of activities due to various policies including efforts to address any further spread of COVID-19 at business sites.

Going forward, we will maintain the rate of return to natural and social capital at 100% or higher while growing the company and expanding our businesses. By 2050, we aim to realize the sustainable use of the earth's natural capital and the social capital generated by human society.

In this index, promoting solving issues by means of products will contribute to improving the sustainability of the earth and society. We also believe that bringing about improvements in the returns on natural and social capital will link to improvements in the sustainability of SEKISUI CHEMICAL Group and its products.



After compiling the raw data in (1), above, the damage calculation-based impact assessment method LIME2, developed for use in Japan by Professor Norihiro Itsubo of Tokyo City University, was employed for the calculations in stages (2) and (3).

Indicator	Calculation Method
<p>Sekisui Environment Sustainability Index</p>	<p>Sekisui Environment Sustainability Index: Overall of returns of natural capital by the Group / Overall of use of natural capital by the Group</p> <p>Calculating the use and return of natural capital Employing LIME2 (a damage calculation-based impact assessment method developed for use in Japan by Professor Norihiro Itsubo of Tokyo City University) and covering all the criteria for conservation defined by LIME2, the impacts on each of human health (including the effects of global warming), societal assets (including the effects of global warming), the effects on plants (reducing interference on growth), and the effects on life (restricting the extinction of living species) were evaluated and then made into a single indicator.</p> <p>The amount of return to natural capital is calculated assuming that the risk of damage to natural capital has been reduced by various environmental contribution efforts of the entire group compared to the case without such efforts.</p> <ul style="list-style-type: none"> •Items included in the calculation of the amount of natural capital used <ul style="list-style-type: none"> Direct use: Use of land, greenhouse gases, amounts of emissions into the air of PRTR substances and air pollutants, the COD discharged into bodies of water Indirect use: Purchased raw materials*¹, energy use, water intake volume, amount of waste material emitted, amount of GHGs emitted indirectly in supply chains (Scope 3) •Items included in the calculation of returns to natural capital <ul style="list-style-type: none"> Amount of contributions to reducing use of natural capital through Environment-Contributing Products, the amount of contribution from environmental conservation activities, environment-related donations, mega-solar power generation output (solar farms that produce over 1,000 kilowatts (1 megawatt) of energy each year) <p>*1 Until fiscal 2017, the Group gained an understanding of environmental impact, including the volume of greenhouse gasses emitted, by making calculations using MiLCA, the database provided by the Japan Environmental Management Association For Industry. However, from fiscal 2018, the Group is reflecting the actual GHG emissions of its raw material suppliers with regard to four principal resins (PP, PE, PVC and PVA).</p>

Indicator	Calculation Method
<p>Sekisui Environmental Sustainability Index</p>	<p>Scope of Calculation / Listing by category of calculation: Estimated calculations were conducted using the following assumed conditions:</p> <ul style="list-style-type: none"> •Raw materials: Purchased raw materials covered; estimates incorporated into calculations Concerning housing, the calculation includes the constituent raw materials for one structure multiplied by the number of structures manufactured •Manufacturing / Emissions of harmful chemical substances: <Japan> emissions of 1 t per year or more of substances covered under PRTR are included in the calculation. <Overseas> Not included •Manufacturing / Land maintenance: Domestic plants and research facilities were incorporated into the calculation using the area of the premises, generally considered in terms of the land used for buildings*2. The areas of the premises of overseas plants were estimated. The effects of land use are included in the calculation based on the 30-year period after the purchase of the land <p>*2 Concerning land use, starting with fiscal 2017, improvements to land quality in the JBIB Land Use Score Card® system promoted in Japan were deemed as reductions of the impact of land use, weighted accordingly, and included in the calculation.</p> <ul style="list-style-type: none"> •Others: Capital goods in supply chains, other fuel- and energy-related activities, transport and shipping, waste, business trips, commuting by employees, leased assets (downstream), processing/use/disposal of sold products Business trips and commuting by employees: Covers consolidated numbers of employees and includes some estimation Use of sold products: Covers housing sold during the fiscal year, and included in the calculation with assumed energy use for 60 years into the future. Until fiscal 2017, the Group calculated the amount of greenhouse gas reduction achieved through solar power generation as the amount of reduced environmental impact. From fiscal 2018, however, we are also calculating the effect of reduction in energy used in residences built to zero energy house (ZEH) specifications. Processing of sold products: Energy use by customers while processing our products anticipated to consume large amounts of energy was estimated and included in the calculation Disposal of sold products: Major raw materials for each fiscal year were covered and included in the calculation based on the assumption that they would be made into products and disposed of during that fiscal year

Indicator	Calculation Method
<p>Sekisui Environmental Sustainability Index</p>	<ul style="list-style-type: none"> •Product contributions: (1) The differences in contribution to the environment between the relevant products and previous technologies were evaluated qualitatively for each criterion, based on the contribution to the natural and social environments for each life-cycle (the five stages of procurement of raw materials, manufacturing, distribution, use/maintenance, disposal, and recycling) in terms of CO₂ reductions and energy savings, reductions in waste materials, resource savings, water-savings and the water cycle, preventing pollution, direct preservation of biodiversity, QOL improvements, and other factors. For factors for which a significant difference was estimated, data per product unit was investigated. (2) Based on the results*³ of these investigations, a coefficient for calculating the impact on the environment for each series of data was multiplied by the data, yielding a calculation of the degree of contribution to the environment of each product unit. (3) The sales amount for products in each fiscal year were multiplied by the results found in (2) to calculate the degree of contribution to the environment for each product, and the results were included in the calculation. Trial calculation was performed on the effects of products equivalent to around 67% of Environment-contributing Products. *³ Based on individual standards of the divisional companies •Direct contribution / Contribution from activities reducing environmental impacts: The effects on the environment relating to production for each fiscal year were compared to [the effects on the environment relating to manufacturing in fiscal 2016 × (revenue in that fiscal year / revenue in fiscal 2016)], and the difference was included in the calculation. There was a proportional relationship between revenue and the effects on the environment relating to manufacturing, based on the idea that the difference was the result of efforts undertaken in the Group's activities. •Direct contribution / Conservation of the natural environment: The Group keeps track of the number of participants and the amount of time spent on each activity. In the case of planting cedar trees, a fixed coefficient of CO₂ (1.1 t-CO₂ /person-hour) was multiplied by the number of people and the amount of time spent and incorporated into the calculation. Regarding activities in cooperation with local communities which were promoted in Japan, because improving the sustainability of activities through local cooperation and making them conduct the activities on their own (autonomous) were made targets from fiscal 2017, the Group's ability to work toward this target was weighted against the growth axis and included in the calculation •Direct contributions / donations: The amount intended to be paid for conservation was deemed equal to the amount of money calculated for damage caused and included in the calculation. •Direct contribution / Mega-solar: Amount of electricity generated included in the calculation as generated energy converted to a CO₂ basis

● Environmental Management System

Promoting an Environmental Management System Based on ISO 14001

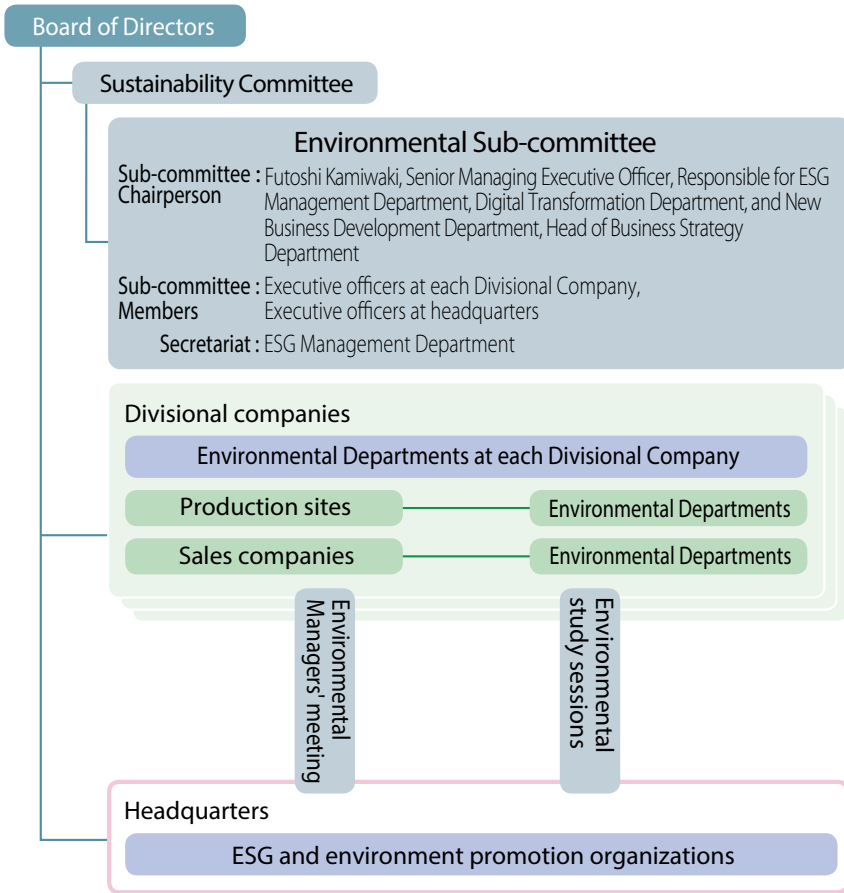
■ Environmental Management System

The environmental aspects of SEKISUI CHEMICAL Group have been managed and promoted under the Sustainability Committee since fiscal 2020. The CSR Committee, which had been in place until fiscal 2019, had discussed major CSR initiatives and activity policies. By changing the structure of this committee and renaming it the Sustainability Committee, we have turned it into a forum to deliberate on policies and strategies for improving the sustainability of society and SEKISUI CHEMICAL Group. In addition, we have positioned the environment as one materiality for improving sustainability and established the Environmental Sub-committee, which is subordinate to the Sustainability Committee.

At the first Sustainability Committee meeting (held in December 2020), the committee deliberated on the main sustainability-related initiatives, including the environment, as well as activity policies and related issues. A framework was created for the deliberations of this committee to be reported to and approved by the Board of Directors, then applied to management. In addition, the determination and implementation of a detailed activity plan related to the environment will be carried out through meetings of environmental managers from Corporate Headquarters and each divisional company.

In fiscal 2021, the Environmental Sub-committee met twice, in November and March, confirming progress and deliberating on the effectiveness of measures related to such issues as greenhouse gas emission reduction, handling water risk problems, and initiatives for reducing the volume of waste products generated. In addition, in such cases as when urgent expansion of measures is required, management meetings (which meet monthly and are chaired by the head of the Business Strategy Department who is also the person in charge of the ESG Management Department) deliberate on these matters as needed and report to the Board of Directors.

Environmental Management Promotion System (from fiscal 2020)



Environmental Management Across the Supply Chain

When starting or continuing business transactions, we ask our suppliers to establish an environmental management system in conformity with ISO 14001 and to reduce their environmental impact.

With regard to important environmental issues such as climate change, we are confirming whether reduction targets have been set and efforts are under way.

The raw materials used in manufacturing are employed to identify the volume consumed as a part of efforts to ensure material balance and also in monitoring environmental impact. Recognizing that climate change is the most important environmental issue in the case of the raw materials we use, we are stepping up efforts particularly with regard to the reduction of greenhouse gas emissions.

From a raw material perspective, we are requesting the presentation of greenhouse gas emissions data during raw material manufacture from more than 10 manufacturing companies, while promoting efforts to reduce greenhouse gases under Scope 3 for the future for the four major resins that are purchased in large volumes and have high levels of greenhouse gas emissions.

Group EMS-Aligned Environmental Activities in Offices

SEKISUI CHEMICAL Group encourages environmental activities in its offices that are in line with its Environmental Management System (EMS). At our offices located throughout Japan, we refer to the EMS for guidance on environmental activities, such as turning off lights during lunch breaks and other steps to conserve energy and reducing the use of paper.

Setting Self-management Targets That Are Stricter than Environmental Laws and Regulations

SEKISUI CHEMICAL Group has set its own environmental management targets. This includes reducing emissions into the atmosphere and water environments, which are stricter than legal regulations. Each business site closely follows these internal targets. We aim to prevent environmental accidents before they occur by conducting internal environmental audits to uncover latent environmental risks.

In addition, we are developing comprehensive activities by sharing information on new legal and regulatory trends as well as incidents of other companies within the Group.

In fiscal 2021, there were no reports of violations of environmental laws or regulations including transgressions relating to the disposal of waste, wastewater discharge, and contamination. There were also no reports on incidences of administrative guidance. There was one minor incidence of fire and one of heavy oil leakage. There were no complaints (see p. 174). Moving forward, SEKISUI CHEMICAL Group will continue to work to ensure compliance with all statutory and regulatory requirements while promoting thoroughgoing safety.

Major Initiatives

Expansion of EMS Overseas

At our overseas business sites, we are also expanding EMS implementation with similar policies to Japan. We are putting in place systems for obtaining environmental impact data and taking initiatives to reduce environmental impact based on this data.

As of the end of March 2022, 49 business sites in Japan and 41 business sites overseas had acquired ISO 14001 or other similar certifications. The proportion of SEKISUI CHEMICAL Group production sites and research facilities which have acquired these certifications is now 94%.

Additionally, the Group aims to achieve ISO 14001 certification at all production sites.

Conducting Emergency-preparedness Drills

To prevent and mitigate environmental pollution during an emergency, our employees at each business site are trained at least once a year in emergency procedures and communications for a variety of scenarios unique to each business site. The implementation results from the main training held in fiscal 2021 are set out below.

Training for Measures and Notices to be Carried Out in Emergencies

Simulated emergency scenarios	Number of times drills performed
Leakage and outflow of oil and other materials	40
Atmospheric release of solvents and other materials	5
Fire incidents	32
Earthquake incidents	8
Emergency reporting drills	15
Comprehensive disaster drills	32
Handling of other equipment-related accidents	2

Performance Data

Scope of Tabulation for Environmental Performance Data

Note: Regarding the scope of aggregation for environmental performance data, all SEKISUI CHEMICAL (consolidated) business sites (100% of production sales amounts) are subject to environmental reporting.

Japan

Housing Company

R&D institute **One company and one business site**

Sekisui Chemical Co., Ltd. Tsukuba R&D Site

Production plants **Seven companies and 10 business sites**

Hokkaido Sekisui Heim Industry Co., Ltd. / Tohoku Sekisui Heim Industry Co., Ltd. / Sekisui Heim Industry Co., Ltd. / Chushikoku Sekisui Heim Industry Co., Ltd. / Kyusyu Sekisui Heim Industry Co., Ltd. / Sekisui Board Co., Ltd., etc.

Sales and construction companies **26 companies and 141 business sites**

Sekisui Heim sales companies
Construction and service companies

34 companies and 152 business sites in total

Urban Infrastructure & Environmental Products Company

R&D institutes **One company and one business site**

Sekisui Chemical Co., Ltd. Kyoto Research & Development Laboratories

Production plants **20 companies and 17 business sites**

SEKISUI CHEMICAL Co., Ltd. Shiga-Ritto Plant and Gunma Plant / Higashinohon Sekisui Industry Co., Ltd. / Nishinohon Sekisui Industry Co., Ltd. / Chiba Sekisui Industry Co., Ltd. / Sekisui Chemical Hokkaido Co., Ltd. / Toto Sekisui Co., Ltd. / Shikoku Sekisui Co., Ltd. / Nara Sekisui Co., Ltd. / Yamanashi Sekisui Co., Ltd. / Sekisui Seikei, Ltd.

Sales **One company and nine business sites**

Sekisui Chemical Co., Ltd. Tohoku Sales Headquarters, Higashinohon Sales Headquarters, Chubu Sales Headquarters, Nishinohon Sales Headquarters, Kyushu Sales Headquarters, etc.

20 companies and 27 business sites in total

Note: The total number of companies and business sites do not match, since some companies have two or more business sites, and some business sites are shared by two or more companies.

High Performance Plastics Company

R&D institutes **Two companies and two business sites**

Sekisui Chemical Co., Ltd. Minase Site
Sekisui SoflanWiz Co., Ltd. R&D Division

Production plants **12 companies and 14 business sites**

Sekisui Chemical Co., Ltd. Musashi Plant, Shiga-Minakuchi Plant and Taga Plant / Sekisui Techno Molding Co., Ltd. / Sekisui Nano Coat Technology Co., Ltd. / Sekisui Fuller Company, Ltd. / Tokuyama Sekisui Industry Co., Ltd. / Sekisui Polymatech Co., Ltd. / Sekisui SoflanWiz Co., Ltd., etc.

12 companies and 16 business sites in total

Headquarters

R&D institutes **Two companies and two business sites**

Sekisui Chemical Co., Ltd. Advanced Technology R&D Center
Sekisui Medical Co., Ltd. Drug Development Solutions Center

Production plants and headquarters **Three companies and seven business sites**

Sekisui Chemical Co., Ltd. Osaka headquarters and Tokyo headquarters
Sekisui LB Tec Co., Ltd. Chubu Plant
Sekisui Medical Co., Ltd. Iwate Plant, Tsukuba Plant and Ami Site
Research Laboratory of Plastics Technology Co., Ltd.

Five companies and nine business sites in total

Total: 67 companies and 204 business sites

Overseas

Housing Company

Sekisui-SCG Industry Co., Ltd. **One business site in total**

Urban Infrastructure & Environmental Products Company

Sekisui KYDEX, LLC. Bloomsburg-North Campus
 Sekisui KYDEX, LLC. Bloomsburg-South Campus
 Sekisui KYDEX, LLC. Holland Plant
 Sekisui Eslon B.V.
 Sekisui Industrial Piping Co., Ltd.
 Sekisui Rib Loc Australia Pty. Ltd.
 Sekisui (Wuxi) Plastics Technology Co., Ltd.
 Sekisui (Shanghai) Environmental Technology Co., Ltd.

Eight business sites in total

High Performance Plastics Company

Sekisui S-Lec America, LLC.
 Sekisui S-Lec Mexico S.A. de C.V.
 Sekisui S-Lec B.V. Film Plant
 Sekisui S-Lec B.V. Resin Plant
 Sekisui S-Lec (Thailand) Co., Ltd.
 Sekisui S-LEC (Suzhou) Co., Ltd.
 Sekisui Specialty Chemicals America, LLC. Pasadena Plant
 Sekisui Specialty Chemicals America, LLC. Calvert City Plant
 Sekisui Specialty Chemicals Europe S.L.
 Sekisui Specialty Chemicals (Thailand) Co., Ltd.
 S and L Specialty Polymers Co., Ltd.
 Sekisui Voltek, LLC, Coldwater Plant
 Sekisui-Alveo B.V.
 Sekisui Alveo BS G.m.b.H.
 Thai Sekisui Foam Co., Ltd.
 Sekisui Pilon Pty. Ltd.
 Youngbo Chemical Co., Ltd.
 Youngbo HPP (Langfang) Co., Ltd.
 Sekisui Youngbo HPP (Wuxi) Co., Ltd
 Sekisui DLJM Molding Private Ltd. Greater Noida Plant
 Sekisui DLJM Molding Private Ltd. Chennai Plant
 Sekisui DLJM Molding Private Ltd. Tapukara Plant
 Sekisui Polymatech (Thailand) Co., Ltd.
 PT. Polymatech Indonesia
 Sekisui Polymatech (Shanghai) Co., Ltd.
 Sekisui Polymatech Europe B.V.
 SEKISUI AEROSPACE CORPORATION, Renton
 SEKISUI AEROSPACE CORPORATION, Sumner
 SEKISUI AEROSPACE CORPORATION, ORANGE CITY

29 business sites in total

Headquarters

Sekisui Xenotech, LLC.
 Sekisui Diagnostics, LLC. San Diego
 Sekisui Diagnostics (UK) Ltd.
 Sekisui Diagnostics P.E.I. Inc.
 Sekisui Medical Technology (China) Ltd.
 Sekisui Medical Technology (Suzhou) Ltd.
 Veredus Laboratories Pte. Ltd.

Seven business sites in total

Business Sites That Have Received Third-party Certification for Their Environment Management Systems

Housing Company

Sekisui Chemical Co., Ltd. Tsukuba R&D Site*
Hokkaido Sekisui Heim Industry Co., Ltd.
Tohoku Sekisui Heim Industry Co., Ltd.
Sekisui Heim Industry Co., Ltd.
Kanto Site
Tokyo Site
Chubu Site
Kinki Site
Chushikoku Sekisui Heim Industry Co., Ltd.
Kyushu Sekisui Heim Industry Co., Ltd.
Sekisui Board Co., Ltd. Minakuchi Plant
Sekisui Board Co., Ltd. Gunma Plant
Sekisui-SCG Industry Co., Ltd.
SCG-Sekisui Sales Co., Ltd.

**Urban Infrastructure & Housing Company
Environmental Products Company**

SEKISUI CHEMICAL Co., Ltd. Shiga-Ritto Plant
Sekisui Chemical Co., Ltd. Gunma Plant
Sekisui Chemical Co., Ltd. Kyoto R & D Laboratories
Chiba Sekisui Industry Co., Ltd.
Sekisui Chemical Hokkaido Co., Ltd.
Toto Sekisui Co., Ltd. Ota Plant
Nishinihon Sekisui Industry Co., Ltd. Okayama Plant
Shikoku Sekisui Co., Ltd.
Kyushu Sekisui Industry Co., Ltd.
Nara Sekisui Co., Ltd.
Yamanashi Sekisui Co., Ltd.
Sekisui Seikei, Ltd. Chiba Plant
Sekisui Seikei, Ltd. Kanto Plant
Sekisui Seikei, Ltd. Hyogo Plant
Sekisui Seikei, Ltd. Hyogo-Takino Plant
Sekisui Seikei, Ltd. Izumo Plant
Sekisui Home Techno Co., Ltd.
Sekisui KYDEX, LLC. Bloomsburg
Sekisui KYDEX, LLC. Holland Plant
Sekisui Eslon B.V.
Sekisui Rib Loc Australia Pty. Ltd.
Sekisui (Wuxi) Plastics Technology Co., Ltd.
Sekisui (Qingdao) Plastic Co., Ltd.
Sekisui (Shanghai) Environmental Technology Co., Ltd.

Headquarters

Sekisui Chemical Co., Ltd. R&D Center*
Sekisui Medical Co., Ltd. Drug Development Solutions Center☆
Sekisui LB Tec Co., Ltd. Chubu Plant
Sekisui Medical Co., Ltd. Iwate Plant
Sekisui Medical Co., Ltd. Tsukuba Plant
Sekisui Medical Co., Ltd. Tsukuba Plant and Ami Site
Sekisui Diagnostics (UK) Ltd.
Sekisui Diagnostics, LLC, San Diego
Sekisui Diagnostics P.E.I. Inc.
Sekisui Medical Technology (China) Ltd.

High Performance Plastics Company

SEKISUI CHEMICAL Co., Ltd. Musashi Plant
SEKISUI CHEMICAL Co., Ltd. Shiga-Minakuchi Plant
[Sekisui Fuller Company, Ltd. Shiga Plant]
SEKISUI CHEMICAL Co., Ltd. Taga Plant
SEKISUI CHEMICAL Co., Ltd. Minase Site
Sekisui Techno Molding Co., Ltd. Tochigi Plant
Sekisui Techno Molding Co., Ltd. Mie Plant
Sekisui Techno Molding Co., Ltd. Aichi Plant
Sekisui Fuller Co., Ltd. Hamamatsu Plant
Sekisui Nano Coat Technology Co., Ltd.
Tokuyama Sekisui Industry Co., Ltd.
Sekisui Polymatech Co., Ltd.
Sekisui SoflanWiz Co., Ltd.
[Sekisui SoflanWiz Co., Ltd. Iwaki Plant, Atsugi Plant,
Akashi Plant and R&D Division]
Sekisui S-Lec B.V. Film Plant
Sekisui S-Lec B.V. Resin Plant
Sekisui-Alveo B.V.
Sekisui Alveo BS G.m.b.H.
Sekisui Specialty Chemicals Europe, S.L.
Sekisui S-Lec America, LLC.
Sekisui Votek, LLC. Coldwater Plant
Sekisui Specialty Chemicals America, LLC.
Pasadena Plant
Sekisui Specialty Chemicals America, LLC.
Calvert City Plant
Sekisui S-Lec Mexico S.A. de C.V.
Sekisui S-Lec Thailand Co., Ltd.
Thai Sekisui Foam Co., Ltd.
Sekisui Specialty Chemicals (Thailand) Co., Ltd.
S and L Specialty Polymers Co., Ltd.
Sekisui Polymatech Europe B.V.
Sekisui Polymatech (Thailand) Co., Ltd.
PT. Polymatech Indonesia
Sekisui Pilon Pty. Ltd.
Sekisui DLJM Molding Private Ltd.
Great Noida Plant, Tapukara Plant,
Chennai Plant
Youngbo Chemical Co., Ltd.
Youngbo HPP (Langfang) Co., Ltd.
Sekisui High Performance Packaging (Langfang) Co., Ltd.
Sekisui S-LEC (Suzhou) Co., Ltd.
Sekisui Polymatech (Shanghai) Co., Ltd.

[]: Organizations in brackets are included in the scope of certification. Some sites without parentheses may include related sections that have attained EMS certification.

☆ Eco Action 21; others ISO 14001

* The SEKISUI CHEMICAL Co., Ltd. Tsukuba R&D Site and the R&D Center share a single certification

Indicator	Calculation Method
Number of EMS-certified business sites	Number of business sites that have received external EMS certification External EMS certification: ISO 14001, Eco-Action 21, etc.
The proportion of all production sites and research facilities within SEKISUI CHEMICAL Group that have received external EMS certification	The proportion of all EMS-certified business sites within SEKISUI CHEMICAL Group = The number of all production sites and research facilities that have received external EMS certification / The number of all production sites and research facilities within SEKISUI CHEMICAL Group

Environment-related Accidents, Complaints, etc.

		Content	Response
Accidents	Fires	Fire from laboratory equipment during continuous operation	Reinforce risk assessment and install multiple interlocks
	Leaks	Leakage of heavy oil due to piping corrosion	Renewed piping and replaced soil, added leaks to daily inspection item
Complaints		No complaints occurred.	

In fiscal 2021, there were two environmental accidents which occurred. In both cases, we identified the cause and carried out permanent recurrence prevention measures.

● Environmental Accounting

We are working to reduce the environmental impact of our business activities while identifying the effects of costs incurred and investments undertaken.

■ SEKISUI CHEMICAL Group Refers to Public Guidelines and Adds Its Own Concepts

From an ESG management perspective, and in order to fulfill our reporting responsibilities as a company and promote efficient environmental activities, we are working to reduce our environmental impact while employing environmental accounting in a bid to identify the effects of costs incurred and investments undertaken to contribute to the environment.

Under the Medium-term Plan, which began in fiscal 2020, and from a Group-wide management strategy perspective, environment-related investments and expenses are positioned as a capital cost. We will use environmental accounting to raise awareness that the restraint of capital costs and efforts to improve productivity will help boost ROIC.

Performance Data

Summation period	April 1, 2021 to March 31, 2022
Scope of tabulation	Domestic production sites, research facilities, housing sales company sites, and Corporate Headquarters departments.
Calculation Method	Based on the Ministry of the Environment's Environmental Accounting Guidelines 2005 Edition
Approach toward summation	<ul style="list-style-type: none"> • Depreciation and amortization are excluded from environmental conservation costs because they overlap with investment costs. • Investment amounts are based on budget approvals during the summation period. • Expenditures and investments that contain other than environmental conservation activities are distributed pro-rata in 10% increments. • Disclosure categories have been revised, environmental conservation costs are subcategorized, and the economic effects of environmental conservation measures are limited to effects on an actual basis, excluding deemed effects from fiscal 2020. • The environmental conservation effects of physical quantity are shown in each performance data chapter.

Environmental Conservation Costs

(Millions of yen)

Category	Items		FY2020		FY2021	
	Description of main activities	Costs	Investments	Costs	Investments	
1) Costs within business areas	(1) Pollution prevention costs	a. Air	369	62	319	98
		b. Water	130	77	85	68
		c. Soil	0	7	0	4
		d. Noise	12	1	1	0
		e. Vibration	0	0	0	0
		f. Odor	255	0	242	4
		g. Ground	106	3	105	0
		h. Others	304	8	307	29
		Subtotal	1,176	157	1,058	202
	(2) Countermeasures against global warming	a. Global warming (including energy saving)	686	588	114	833
		b. Ozone layer	100	18	6	33
		c. Others	0	4	0	55
		Subtotal	786	611	120	921
	(3) Resource recycling costs	a. Effective utilization of resources	63	17	6	31
		b. Water conservation, utilization of rainwater, etc.	4	4	7	28
c. Waste volume lightening, reduction, recycling, etc.		176	93	177	76	
d. Waste processing, disposal, etc.		6,293	4	6,477	106	
e. Others		18	1	1	6	
Subtotal		6,553	119	6,668	246	
2) Upstream/downstream costs	Cost increases due to recycling of products such as those manufactured and sold, greener purchasing, etc.	113	0	109	28	
3) Administrative costs	Environmental education, EMS certification, running costs for green action organization, information disclosure, etc.	2,385	12	2,206	1	
4) Research & development costs	Research and development on environmental conservation	3,740	313	15,009	813	
5) Social activities costs	Social contributions, etc.	112	98	78	0	
6) Environmental damage costs	Nature restoration, etc.	30	2	57	5	
Total		14,896	1,311	25,306	2,216	

Substantive Economic Effects of Environmental Conservation Measures

(Millions of yen)

Description of effects		FY2020	FY2021	Remarks
Revenue	(1) Profit on sales of valuable waste resources	176	139	Profit on sales of valuable waste resources from promotion of waste segregation and recycling
	(2) Revenues from sale of electricity	402	334	Revenues from sale of electricity generated by megasolar facilities
Cost savings	(3) Cost savings through energy-saving activities	1,311	256	Including savings through utilization of co-generation
	(4) Cost savings through waste-reduction activities, etc.	502	463	Reductions through optimization, reuse, and zero emissions activities
Total		2,392	1,191	

Use of Natural Capital

As a Group that conducts business using natural capital, SEKISUI CHEMICAL Group undertakes initiatives aimed at reducing environmental impact, to achieve both environmental preservation and sustainable business. In addition to reducing greenhouse gases, introducing renewable energy, and analyzing risks and opportunities related to climate change, the Group is moving forward with such efforts as resource recycling and protection of water resources.

Initiatives to Reduce its Impact on the Environment

SEKISUI CHEMICAL Group is engaged in businesses that use fossil fuels, lumber, and other resources of the earth (natural capital).

To balance conservation of the irreplaceable global environment and sustainable business, we are working to reduce the impact on the environment.

From fiscal 2020, we have been expanding the scope of our efforts to include the supply chain and strengthen our lifecycle management, including the supply chain, with the aim of resolving environmental issues.

Climate Change

In response to the urgent global need to address the issue of climate change, SEKISUI CHEMICAL Group is working to reduce not only its own greenhouse gas emissions, but also those of its entire supply chain, from the procurement of raw materials to the transportation and use of its products.

Based on the Long-term Vision launched in fiscal 2020, we are focusing on expanding the use of renewable energy and more clearly communicating our policies of contributing to global warming countermeasures through our business activities. At the same time, we are accelerating efforts to achieve carbon neutrality by 2050.

Realizing Resource Recycling

SEKISUI CHEMICAL Group strives to thoroughly implement the 3Rs (reduce, reuse, and recycle) throughout the entire lifecycle of its products and to achieve zero waste emissions from its business sites. In addition to continuing these activities going forward, we will promote recycling, including resource conversion centered on plastic raw materials (use of non-fossil and renewable materials) and the development and social implementation of waste recycling technologies, in a bid to realize a circular economy and a recycling-oriented society in 2050.

Reducing Water-related Risks

Water resources are natural capital that is indispensable to the continuation of business, and at the same time are also natural capital shared by the community.

Up to fiscal 2019, the entire Group has focused on reducing water intake volume and the environmental impact attributable to water drainage. However, the situation and challenges of water resources are highly localized and contradictory to working toward a uniform global goal.

In addition to the activities undertaken to reduce environmental impact by cutting back water intake volume as well as water discharge from fiscal 2020, we are examining our business activities with the use of water in a sustainable manner as a shared regional resource uppermost in our mind after identifying the risk that our ongoing business will have on the water resources located in close proximity to our business sites.

Chemical Substance Management

We believe that properly managing chemical substances while taking into consideration product safety, occupational safety and health, as well as environmental impact is an important responsibility of any company. SEKISUI CHEMICAL Group has set its own targets for reducing the emission and transfer of chemical substances and is working to comply with global laws and regulations on an ongoing basis.

Environmental Impact Assessment

With the aim of understanding and minimizing the impact of products and services on the global and social environment, we will continue to assess the environmental impact of our products at each stage of product planning, development, mass production trials, market launch, and initial distribution.

Material Balance

SEKISUI CHEMICAL Group releases information on the resources and energy used in its business activities (inputs) and on the impact on the environment of those activities (outputs).

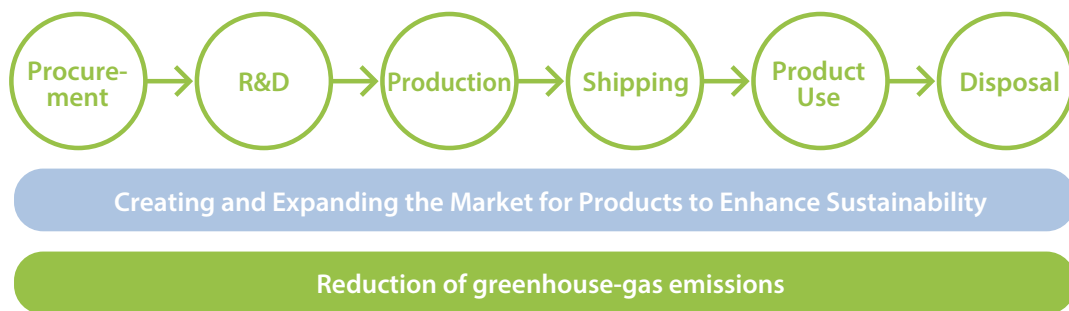
● Climate Change

Efforts to Reduce Greenhouse Gas Emissions throughout the Supply Chain

Basic Concept

Reducing Emissions throughout the Supply Chain

SEKISUI CHEMICAL Group has formulated a medium-term greenhouse gas emission reduction plan in line with targets established at COP21 (the 21st Conference of the United Nations Framework Convention on Climate Change). We are identifying and disclosing the effects in terms of risks and opportunities that climate change will have on business continuity in line with science-based scenarios aimed at the achievement of the ambitious goals of the Paris Agreement, which are based on Science Based Targets (SBT). Moreover, we reflect these factors into our business plans and emission reduction targets. Concerning emissions, SEKISUI CHEMICAL is engaged in reducing greenhouse gas emissions at every stage, from the procurement of raw materials to development, manufacturing, transport, and use. We monitor these emissions throughout the entire supply chain. This does not only include our own business sites, but also raw material suppliers as well as the use of our products after being sold. Steps are then taken to publicly disclose the findings.



Addressing Climate Change

SEKISUI CHEMICAL Group believes that it is important to earnestly confront all climate change risks and make every effort to keep the temperature rise to less than 1.5°C. Under the SEKISUI Environment Sustainability Vision 2050 that was formulated in 2019, we are trying to contribute to solving environmental issues by reducing the environmental impact of our business activities. We have set a target of zero GHG emissions due to our business activities by 2050. Moreover, we are advancing the introduction of solar power equipment to generate electricity for use at our own business sites in which it was installed, increasing our utilization ratio for renewable energy from externally purchased electricity and have set a new target value of 100% by 2030. We focused on initiatives to achieve a 26% reduction in GHG emissions by 2030, to which we committed ourselves under the SBT initiative. As a result, we expect to reach this target earlier than planned and therefore have begun considering raising the 2030 reduction target.

Risks and Opportunities Posed by Climate Change to Our Businesses

We also strive to understand the risks and opportunities that climate change presents to the operations of SEKISUI CHEMICAL Group, in terms of their magnitude, scope of impact, and other matters through scenario analysis conducted based on the TCFD Guide.

SEKISUI CHEMICAL Group examines measures to mitigate identified risks and considers the creation of new businesses by developing products and services for identified opportunities. Significant risks along with possible countermeasures and strategies are reported to the Board of Directors through the Sustainability Committee, and important strategies are decided at Board of Directors meetings.

Through this kind of management, we believe it is possible to remain a company that meets the demands of society through sustainable business development.

Addressing the Rising Costs Associated with Climate Change Strategies

As an initiative to reduce environmental impact, SEKISUI CHEMICAL Group is working to promote visualization of energy use while reducing the amount by transforming and improving production processes, and continuously upgrading equipment for the purpose of greatly increasing energy efficiency in production processes.

SEKISUI CHEMICAL Group has been switching to purchased power generated from renewable energy sources since fiscal 2020. In Japan, we are promoting the use at our factories of SMARTHEIM DENKI, a power trading service that purchases surplus electricity from solar power generation equipment installed on the roofs of customers' detached houses sold by the Company.

Product Development and Strategies Aimed at Solving Environmental Issues and Meeting the Changing Needs of the Market

SEKISUI CHEMICAL Group manages risks that arise from changing market needs due to climate change and other global social issues by continuing to develop products that make a significant contribution to solving issues in the natural and social environment, and disclosing and distributing detailed data on outcomes. At the same time, we believe that it will surely seize the opportunity of "increasing demand".

In particular, we believe it is possible to magnify the impact we create by quantifying as much as possible the size of the contribution Group products make to solving social issues, which leads to opportunities to create markets in ways that help solve global issues and heighten the awareness of consumers.

From fiscal 2020, we intend to strengthen our partnerships with stakeholders and engage in activities to increase our contribution to solving issues through co-innovation (fusion) and accelerate solutions through early dissemination. With this in mind, we established the MINASE INNOVATION CENTER (MIC) as an organization to promote open innovation with our stakeholders.

MIC has started to accelerate efforts to solve social issues by actively engaging in technological exchanges with start-up companies that possess low-carbon technologies, and materials and technologies that contribute to resource conversion.

Addressing the Deterioration in Operating and Working Conditions

If climate change becomes a grave problem and the highest and lowest temperatures become increasingly extreme, it is possible that people in manufacturing and construction will no longer be able to work. SEKISUI CHEMICAL Group believes that it is possible to minimize the effects of climate change by proposing construction and engineering plans that take into account the seasonality of each region.

Each divisional company and Group subsidiary has formulated its own BCP based on its unique situation as a means of avoiding as much as possible the risk of loss in operations and work availability due to natural disasters.

Major Initiatives

Acquisition of Certification under the SBT* Initiative for Greenhouse Gas Reduction Targets

SEKISUI CHEMICAL Group discloses its targets on its website and elsewhere in order to demonstrate to society its commitment as a company to proactively addressing climate change issues. Additionally, in fiscal 2017, the Group applied for certification under the SBT Initiative to demonstrate that the medium- to long-term targets announced for its overall businesses and for its supply chains reach a scientifically grounded, ambitious level aimed at achieving the COP21 (Paris Agreement) targets. The Group then became the first in the chemical sector worldwide to receive this certification.

<Certified Targets >

SCOPE 1+2: Reduce greenhouse gas emissions by 26%, relative to fiscal 2013, by 2030

SCOPE 3: Reduce greenhouse gas emissions by 27%, relative to fiscal 2016, by 2030

<Progress in Fiscal 2021>

SCOPE 1+2: Reduced greenhouse gas emissions by 20.5%, relative to fiscal 2013

SCOPE 3: Reduced greenhouse gas emissions by 1.3%, relative to fiscal 2016

The Group will continue to affirm its growing responsibility to play its role as an industry leader and will strive to engage in activities leading and imploring society as a whole to work on measures to address climate change.

* SBT: SBT (Science-Based Targets). Called for by joint initiatives, including the UN Global Compact, in response to the adoption of the Paris Agreement. Through the SBT Initiative, greenhouse gas reduction targets established by companies are certified as targets that are scientifically based (SBT) that contribute to long-term measures combating climate change.

Promoting the Use of Renewable Energy in Electricity by Joining RE100

We recognize that the issue of climate change is not only a major social challenge, but also a major risk factor for SEKISUI CHEMICAL Group. In August 2020, we joined the international initiative RE100, which aims to procure the energy consumed in business activities entirely from renewable energy, in order to accelerate efforts that contribute to solving this problem in society as a whole. In the future, we will promote activities in cooperation with member companies and organizations.

To achieve zero GHG emissions from our business activities by 2050, and to attain the greenhouse gas reduction target certified by the SBT Initiative by fiscal 2030, SEKISUI CHEMICAL Group will enact strategies such as entrenching energy conservation measures and promoting a shift to renewable energy.

We intend to shift to renewable energy sources for 100% of the electric power we purchase from external sources by 2030, and aim for all our electric power, including that produced by cogeneration systems, to come from renewable energy sources by 2050.

Reducing Greenhouse Gases at the Supply Chain Stage

In the case of SEKISUI CHEMICAL Group, we were able to determine that greenhouse gas emissions falling under SCOPE 3 are highest at the raw materials procurement and product use stages. The reason that emissions are high in the raw materials procurement stage is because of the characteristics of our business as a chemicals manufacturer. Meanwhile, emissions from the product-use stage arise from the large volumes of greenhouse gases emitted as the result of the energy consumed by the houses that we sell.

Moving forward, we will review our selection criteria for new materials, with the goal of reducing greenhouse gas emissions by 20% compared to fiscal 2016 for raw materials. We have also begun working with suppliers to reduce the use of four resins known to be raw materials that result in high levels of emissions.

In terms of emissions at the stage of product use, we will contribute to energy use reductions from occupied housing by increasing the proportion of net-zero energy houses (ZEH) among the housing units that we sell, achieving 50% reductions, relative to fiscal 2016, by fiscal 2030.

■ Promoting the Use of Renewable Energy

SEKISUI CHEMICAL Group has been promoting the use of renewable energy by installing solar power generators at its domestic and overseas production sites.

The following manufacturing sites have installed solar power generation equipment producing electricity for in-house use in fiscal 2021.

- Sekisui Medical Technology (China) Ltd.
- Sekisui Chemical Co., Ltd. Taga Plant
- Sekisui Medical Co., Ltd. Tsukuba Plant (Phase 3)



Sekisui Medical Technology (China) Ltd.



Sekisui Chemical Co., Ltd. Taga Plant



Sekisui Medical Co., Ltd. Tsukuba Plant (Phase 3)

Solar Power Generation Facilities Producing Electricity for On-site Use			
Japan	Tohoku Sekisui Heim Industry Co., Ltd.	USA	SEKISUI S-LEC AMERICA, LLC.
	Chushikoku Sekisui Heim Industry Co., Ltd.	Netherlands	SEKISUI S-LEC B.V. Film Plant
	Kyushu Sekisui Heim Industry Co., Ltd.	Thailand	SEKISUI S-LEC (THAILAND) CO., LTD.
	Sekisui Heim Industry Co., Ltd. Kanto Site	China	Sekisui Medical Technology (China) Ltd.
	Yamanashi Sekisui Co., Ltd.		
	SEKISUI SEIKEI, LTD. Kanto Plant		
	Sekisui Medical Co., Ltd. Tsukuba Plant		
	Sekisui Chemical Co., Ltd. Taga Plant		

SEKISUI CHEMICAL Group has also begun proactively switching over to renewable energy sources for electricity purchased from fiscal 2020, and there are currently a total of 20 facilities in Japan and overseas where 100% of electric power is derived from renewable energy.

Facilities for which 100% of electricity is derived from renewable energy sources			
Japan	Hokkaido Sekisui Heim Industry Co., Ltd.	Netherlands	SEKISUI S-LEC B.V. Film Plant
	Tohoku Sekisui Heim Industry Co., Ltd.		SEKISUI S-LEC B.V. Resin Plant
	Sekisui Heim Industry Co., Ltd. Kanto Site		SEKISUI ALVEO B.V.
	Sekisui Heim Industry Co., Ltd. Chubu Site		SEKISUI POLYMATECH EUROPE B.V.
	Sekisui Heim Industry Co., Ltd. Kinki Site	Spain	SEKISUI SPECIALTY CHEMICALS EUROPE S.L.
	Chushikoku Sekisui Heim Industry Co., Ltd.		
	Kyushu Sekisui Heim Industry Co., Ltd.		
	Sekisui Board Co., Ltd. Minakuchi Plant		
	Sekisui Board Co., Ltd. Gunma Plant		
	Sekisui Medical Co., Ltd. Tsukuba Plant		
	Sekisui Medical Co., Ltd. Ami Site		
	Sekisui Medical Co., Ltd. Drug Development Solutions Center		
	SEKISUI CHEMICAL Co., Ltd. Gunma Plant		
	SEKISUI CHEMICAL Co., Ltd. Tsukuba Site		
	SEKISUI CHEMICAL Co., Ltd. Tokyo headquarters		

Energy consumption from renewable sources in fiscal 2021 was 144.4 GWh, comprising 17.2% of total purchased power (including solar power generation for in-house use) and 19.7% of total power consumption, including self-generated power from co-generation systems.

Energy Savings in Newly Constructed Buildings

ZEB Ready* Certified New Research Facility, MINASE INNOVATION CENTER

The MINASE INNOVATION CENTER (MIC), a new research facility, was opened in Shimamoto-cho, Osaka Prefecture in August 2020. The facility was designed with a skip-floor configuration and a central atrium so as to make the entire building a space for people to interact. While this gives the building a complex shape, it has also been certified as ZEB Ready thanks to the adoption of fixtures and equipment that contribute to energy conservation, as well as a design that makes the best use of solar energy.

We have been able to engage in continuous operations at a total volume that meets design values for the past two years. Meanwhile, energy use in air conditioners and lighting exceeded design values. We believe that the increase in human resources and subsequent increase in activity is the main reason behind this compared with when the facility first opened. In fiscal 2022, we will promote activities that will help achieve energy saving performance by further upgrading and expanding rules.

* ZEB (Net Zero Energy Building): Buildings that reduce annual primary energy consumption balance to zero.

ZEB Ready: Advanced buildings in anticipation of ZEB certification, buildings with high thermal insulation and highly efficient energy-saving equipment.

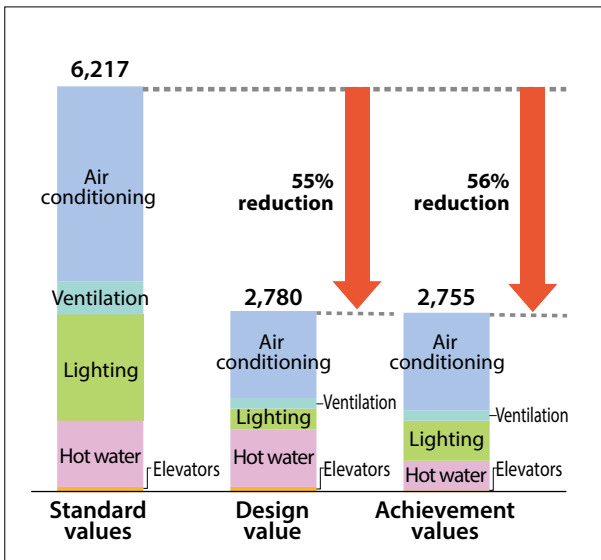
(From the Ministry of the Environment web page [Japanese language only]: http://www.env.go.jp/earth/zeb/terms/index.html?id=term_01)



MINASE INNOVATION CENTER (exterior view)



MINASE INNOVATION CENTER (interior view)



Primary energy consumption (fiscal 2021)(GJ/m² per year)

Contribute to Carbon Reduction and Decarbonization through Our Businesses

SEKISUI CHEMICAL Group is promoting the creation and expansion of markets through its in-house Products to Enhance Sustainability system. This initiative is designed to help accelerate the Group's contribution through its businesses and the realization of a decarbonized society in 2050.

Products that not only help mitigate the effects of climate change, but also adapt to changes in the environment are considered important from a roadmap perspective. As such, we are looking to expand our lineup of these products. Specific examples are listed as follows.

[Examples of Products That Contribute to Climate Change Mitigation]

- <Housing> Products and services that support energy-efficient lifestyles through the use of renewable electricity
 - Example) ZEH-specification housing (net-zero energy house)
 - SEKISUI's SMARTHEIM DENKI power trading service selling surplus generated renewable energy purchased from customers of sold housing to factories and other customers
- <Mobility> Lightweight and highly functional products that reduce energy consumption during transportation and shipping
 - Example) S-LEC[®] interlayer film for automotive laminated glass that boasts thermal and acoustic insulation functions
 - Sheet materials used in aircrafts, trains, etc. (SEKISUI KYDEX product)
- <Electronics> Materials indispensable for energy-efficient products, products that contribute to improving the durability and performance of related parts, which are becoming increasingly important with the development of 5G connectivity, etc.
 - Example) Heat release materials that help mitigate issues caused by overheating circuit boards (Sekisui Polymatech Co., Ltd. product)
 - Materials used in energy-efficient equipment (Micropearl), functional tape

[Examples of Products That Adapt to Changes in the Climate]

- <Building & Civil Engineering> Products that help manage natural disasters that are increasing or becoming more severe due to the progression of climate change
 - Example) Products that enable the temporary storage of rainwater during periods of torrential rain

[Initiatives Undertaken in Collaboration with Other Companies]

Carbon recycling technology project partnership with ArcelorMittal, S.A.

SEKISUI CHEMICAL and ArcelorMittal concluded a partnership to pursue a project to capture and re-use the CO₂ emitted during the steelmaking process in a bid to reduce the dependence on fossil resources and contribute to the decarbonization of steelmaking. Through this project, energies will be directed toward developing technologies that separate, recover, and reuse the CO₂, which would otherwise have been emitted into the atmosphere during the steelmaking process. Key to this work is SEKISUI CHEMICAL's innovative technology that converts CO₂ to carbon monoxide at high yields.

[Progress against Commitments]

Expanding the market penetration rate of ZEH- specification housing

In order to reduce the consumption of energy derived from fossil resources by customers living in Sekisui Heim homes sold by the company, we are committed to and are considering various measures aimed at expanding the penetration rate of ZEH-specification housing. In fiscal 2021, the ratio of new detached net-zero energy houses (ZEH) (actual results compiled in accordance with ZEH builders' reporting methods) was 82%, and 89% after including the Nearly ZEH and ZEH oriented categories. The number of storage cell-equipped homes (energy self-sufficient houses) proposed in conjunction with ZEH houses has also increased on a cumulative basis, and the storage cell installation rate for new detached homes has grown to 72%*.

* Contract-based storage cell installation rate from April 2021 to March 2022 (Company data)

Activities in related initiatives

[Aimed at mitigating climate change]

The Japan Climate Initiative (JCI)

Significance/objectives ... The Group is joining the front line of the global push for decarbonization from Japan in order to mitigate climate change.

Activities In order to drive social change and help realize decarbonization, the JCI promotes information dissemination from and opinion exchanges with companies, local governments, and NGOs that are actively engaged in addressing climate change. Central to efforts aimed at accelerating activities through corporate collaboration, we are promoting the declaration of goals and activities to achieve objectives.

Our Company's role We share the latest information on our initiatives and using them to consider measures.

RE100

Significance/objectives ... Aim for companies to cover 100% of the electricity used in their operations from renewable energy sources

Activities Motivated companies that have made declarations cooperate with each other to communicate and are promoting communication and activities that have an impact on society.

Our Company's role We are contributing to greater use and diffusion of renewable energy in society by declaring our commitment to shifting toward renewable energy.

JAPAN CLIMATE LEADERS' PARTNERSHIP (JCLP)

Significance/objectives ... Aim to realize a rapid transition to a decarbonized society and achieve the 1.5°C target to avert a climate crisis.

Activities Leading Japan in five pillars to achieve policy changes
Pursuing policy engagement, promoting decarbonization within companies, providing solutions to decarbonize society, communicating with society, and cooperating with global networks

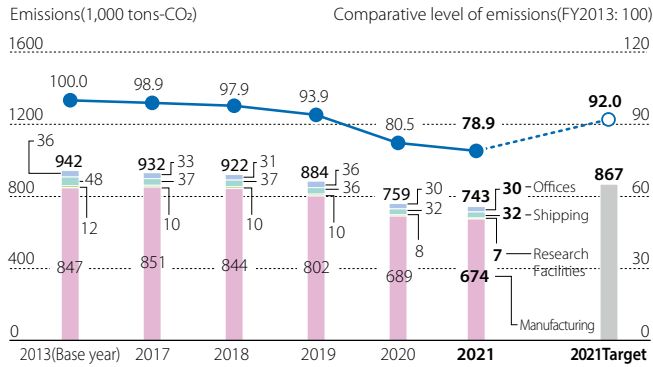
Our Company's role Decarbonize the Company and society by making a decarbonization declaration, transitioning to a decarbonized business model, and pursuing corporate collaboration to promote internal decarbonization mainly within supply chains.

Performance Data

Note 1: In addition to SCOPE 1+2, SEKISUI CHEMICAL GROUP manages greenhouse gas (GHG) emissions that arise from its business activities including transportation.

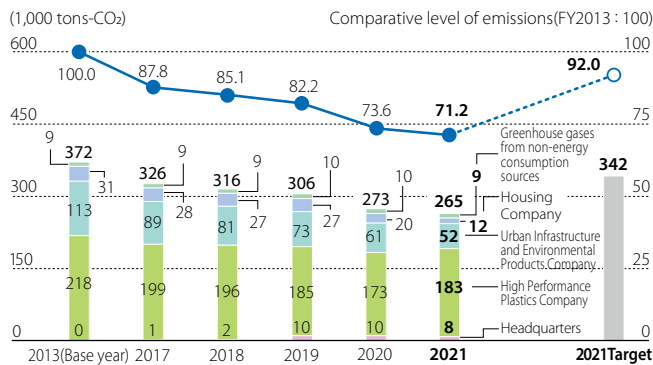
Note 2: As of fiscal 2019, results from the medical business are collated and presented with Corporate Headquarters results following its separation from the High Performance Plastics Company.

Greenhouse Gas (GHG) Emissions from Business Activities

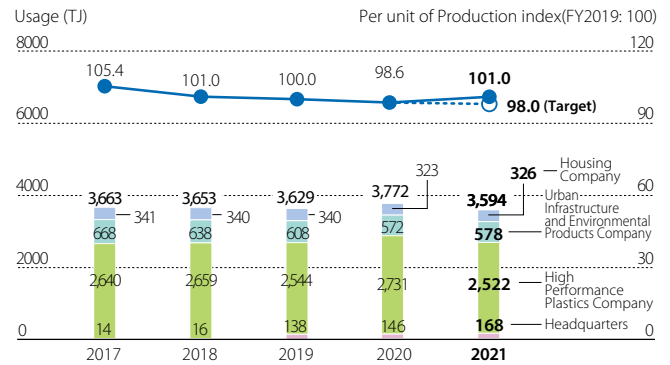


Note: Past figures have been revised due to improvements in calculation precision.

Greenhouse Gas (GHG) Emissions during Manufacturing / Japan

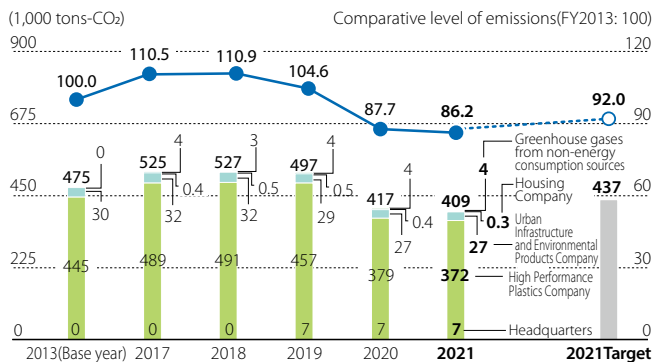


Energy Use and per Unit of Production* (Index) during Manufacturing / Japan

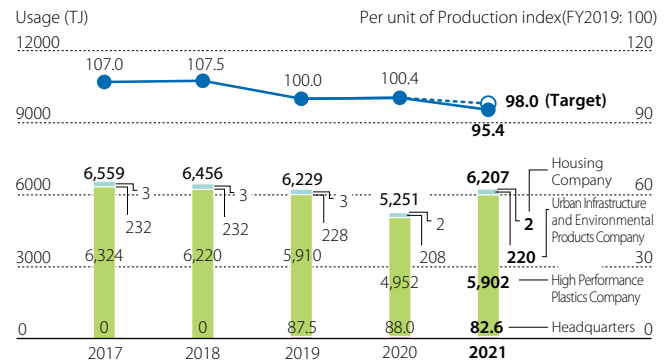


* Energy consumption per unit of production weight
* Past figures have been revised due to improvements in precision.

Greenhouse Gas (GHG) Emissions during Manufacturing / Overseas

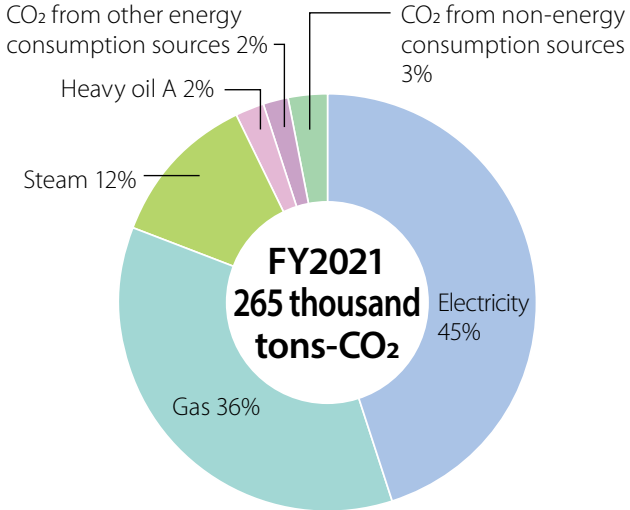


Energy Use and per Unit of Production* (Index) during Manufacturing / Overseas

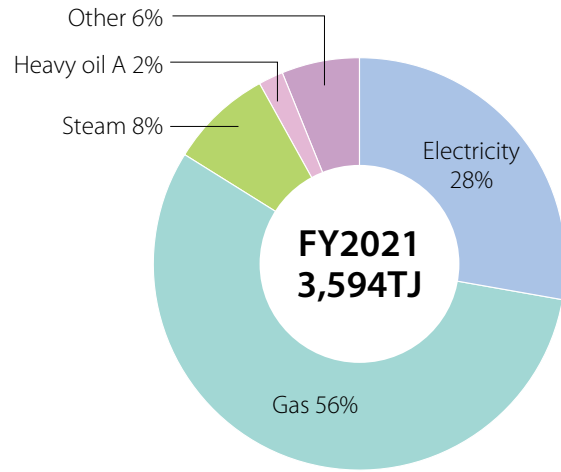


* Energy consumption per unit of production weight
* Past figures have been revised due to improvements in precision.

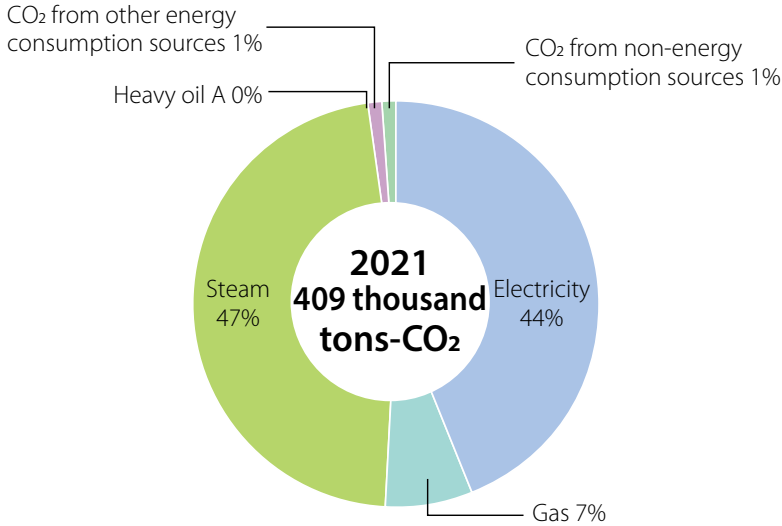
Breakdown of Greenhouse Gas (GHG) Emissions during Manufacturing / Japan



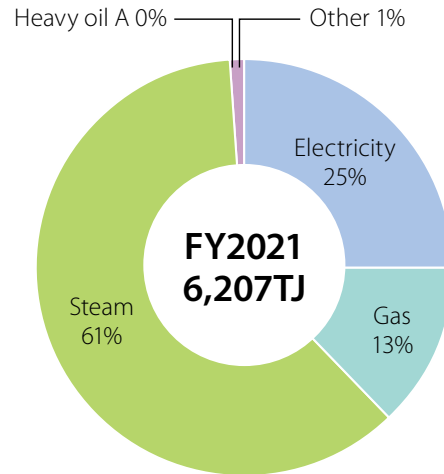
Breakdown of Energy Use during Manufacturing / Japan



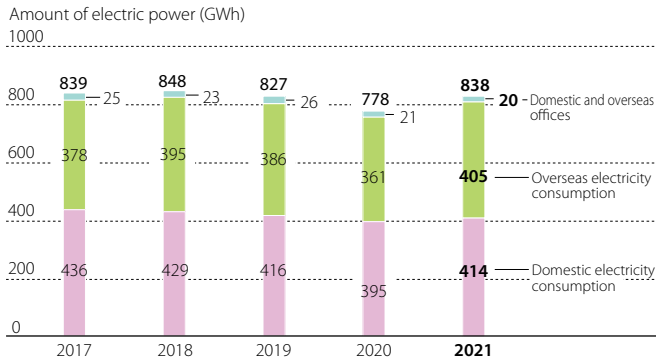
Breakdown of Greenhouse Gas (GHG) Emissions during Manufacturing / Overseas



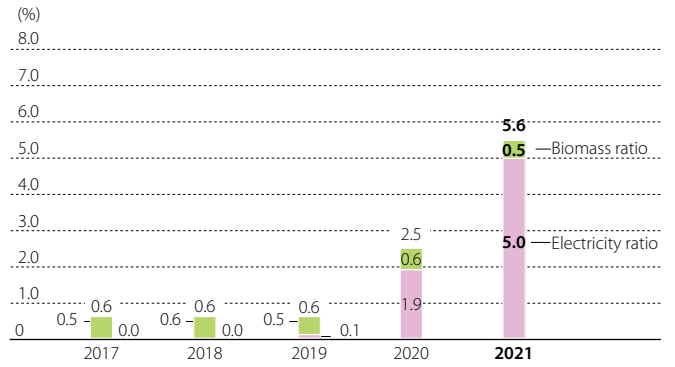
Breakdown of Energy Use during Manufacturing / Overseas



Electricity Consumption in Japan and Overseas/ Domestic Production Sites and Research Laboratories, Overseas Production Sites, Domestic and Overseas Offices

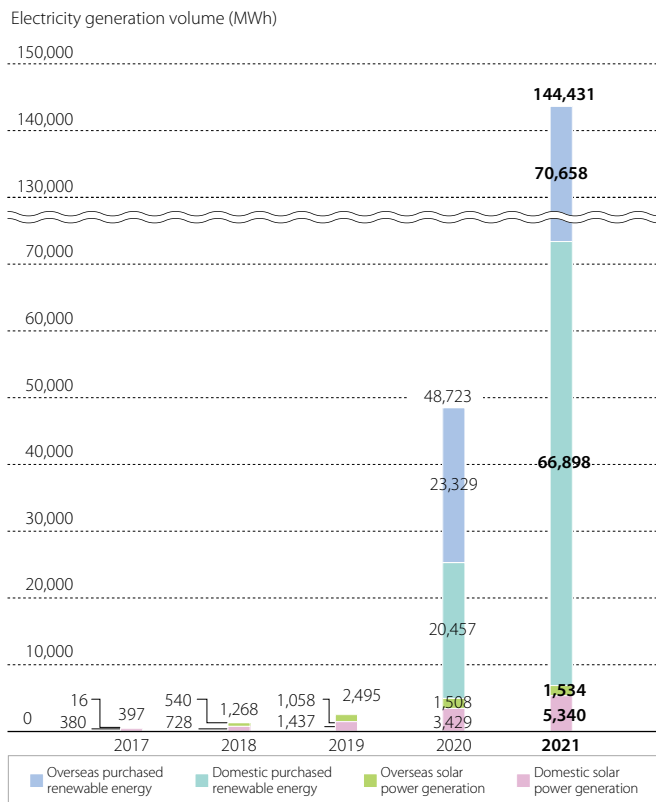


Ratio of Renewable Energy to Total Energy Consumption/ Electricity, Biomass Boilers



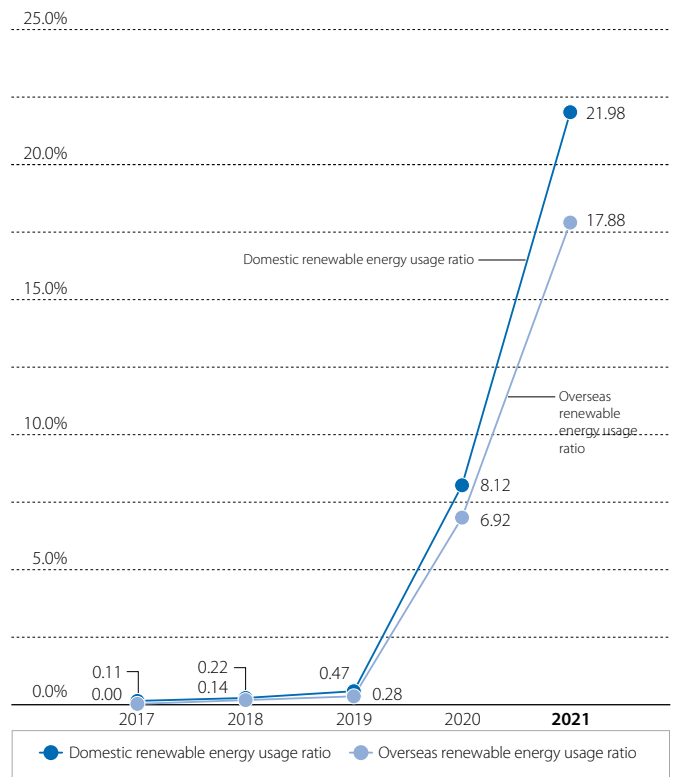
Note: Past figures have been retroactively revised due to changes in aggregate scope.

Energy generated for in-house consumption, amount of purchased electricity, and domestic and overseas *excluding co-generation



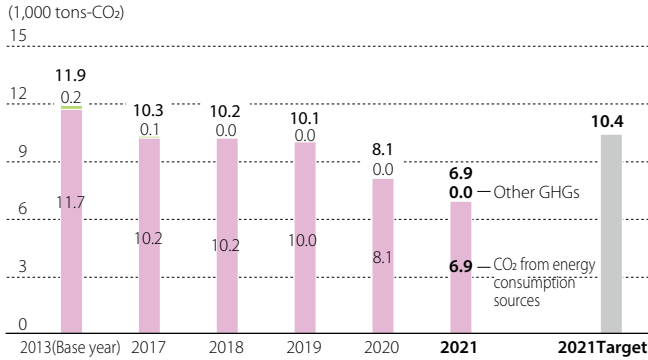
* Past figures have been retroactively revised due to changes in aggregate scope.

Ratio of electricity derived from renewable energy sources/ domestic and overseas *excluding co-generation

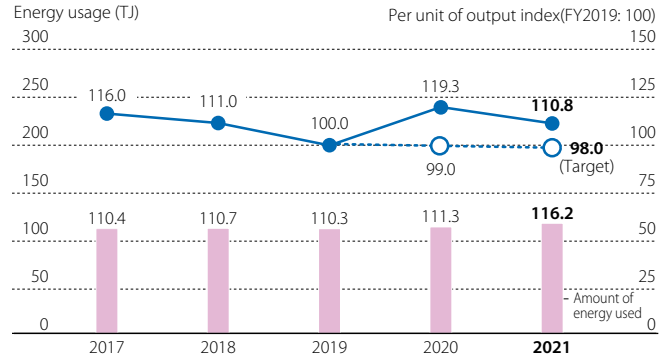


* Past figures have been retroactively revised due to changes in aggregate scope.

GHG Emissions at Research Facilities

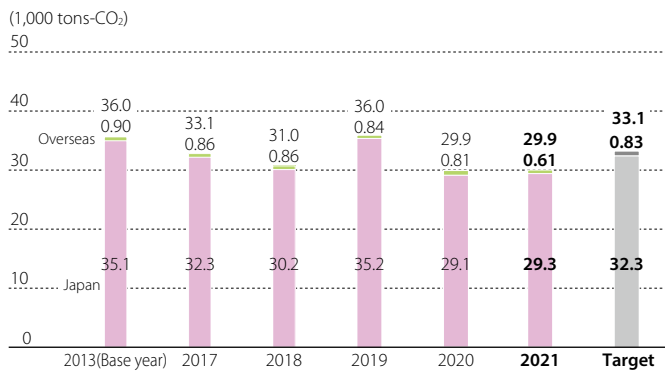


Energy Use and per Unit of Output* (Index) at Research Facilities

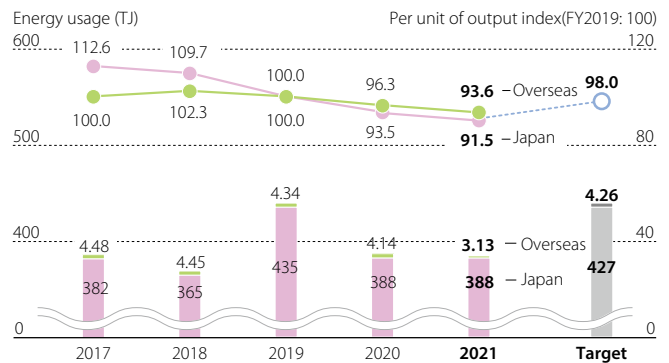


* Energy consumption per employee

GHG Emissions at Offices



Energy Use and per Unit of Output* (Index) at Offices

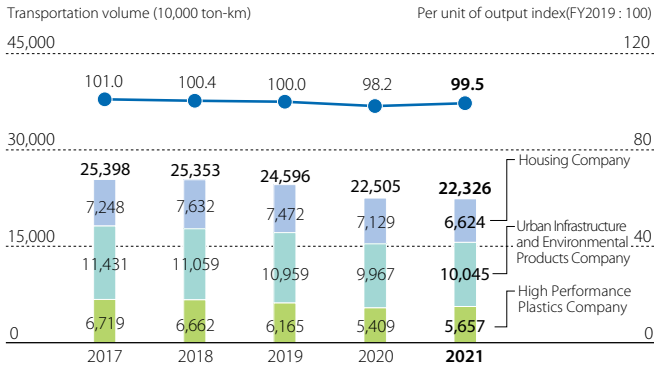


* Amount of energy used per unit of exclusive-use (non-shared) area

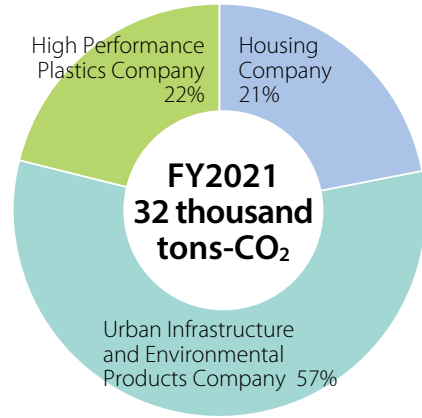
Note: For Japan, electricity and fuel for company cars are tabulated, while only electricity is tabulated for overseas.

Indicator	Calculation Method
Greenhouse Gas Emissions	<p>GHG emissions = Σ[fuel use, purchased electricity, purchased steam \times CO₂ emissions coefficient] + greenhouse gas emissions not arising from energy consumption</p> <p>Greenhouse gas emissions not arising from energy consumption = CO₂ emissions not arising from energy consumption* + Σ[emissions of non-CO₂ greenhouse gases \times global warming potential]</p> <p>*Includes CO₂ emissions from burning of non-fuel gases based on local laws related to countermeasures on global warming, both inside Japan and overseas</p> <p>[CO₂ Emissions Coefficient]</p> <p>Purchased Electricity: In Japan, the coefficient provided in notices pursuant to the Act on Promotion of Global Warming Countermeasures is applied to the latest data at the start of each fiscal year. In cases where the Company purchases power with the emission coefficient set by menu, the adjusted emission coefficient applies.</p> <p>For overseas data, the latest coefficient data obtained from local power suppliers as of the beginning of each fiscal year is applied. When unavailable, data from the GHG Protocol and EPA eGRID 2019 were used.</p> <p>City Gas/Natural Gas and Purchased Steam: Coefficients obtained from suppliers are applied to the latest data at the start of each fiscal year</p> <p>If a coefficient cannot be obtained in this manner, it is based on local laws related to countermeasures on global warming.</p> <p>Fuel Other than the Above: Based on local laws related to countermeasures on global warming.</p> <p>Global warming potential: Emissions coefficients determined based on greenhouse gas emission calculations, reports, and official disclosures.</p> <p>Fuel that corresponds to energy sources is calculated based on local laws related to countermeasures on global warming both in Japan and overseas.</p>
Energy Use	<p>Energy use = Σ[amount of fuel used, amount of electricity purchased, amount of solar power generation for in-house use, and amount of steam purchased \times unit calorific value]</p> <p>[Unit Calorific Value]</p> <p>Purchased Electricity: 3.60 MJ/kWh</p> <p>(Amount of solar power generation for in-house use and amount of purchased electric power from renewable energy sources are included in the energy use)</p> <p>Fuel, Purchased Steam: Based on the Act on the Rational Use of Energy</p>

Transportation Volumes and Energy per Unit of Transportation (Index) / Japan

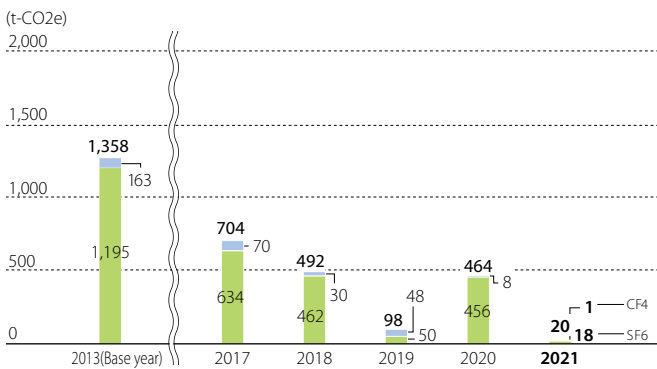


CO₂ Emissions during the Transportation Stage / Japan



Indicator	Calculation Method
CO ₂ Emissions during the Transportation Stage	<p>The calculation is made by combining the fuel consumption method (transport of housing units, etc.) and the improved ton-kilometer method (other than transport of housing units, etc.)</p> <p>CO₂ emissions = Σ[fuel use × CO₂ emissions coefficient] + Σ[amount transported (metric tons) × distance transported (km) × fuel use per unit of transportation × CO₂ emissions coefficient]</p> <p>Fuel use per unit of transportation is the value used in the reporting system for specified freight carriers under the Act on the Rational Use of Energy</p> <p>Domestic distribution (shipment of products) is covered</p>

Emissions of Non-CO₂ Greenhouse Gases (Global Production, Laboratories)

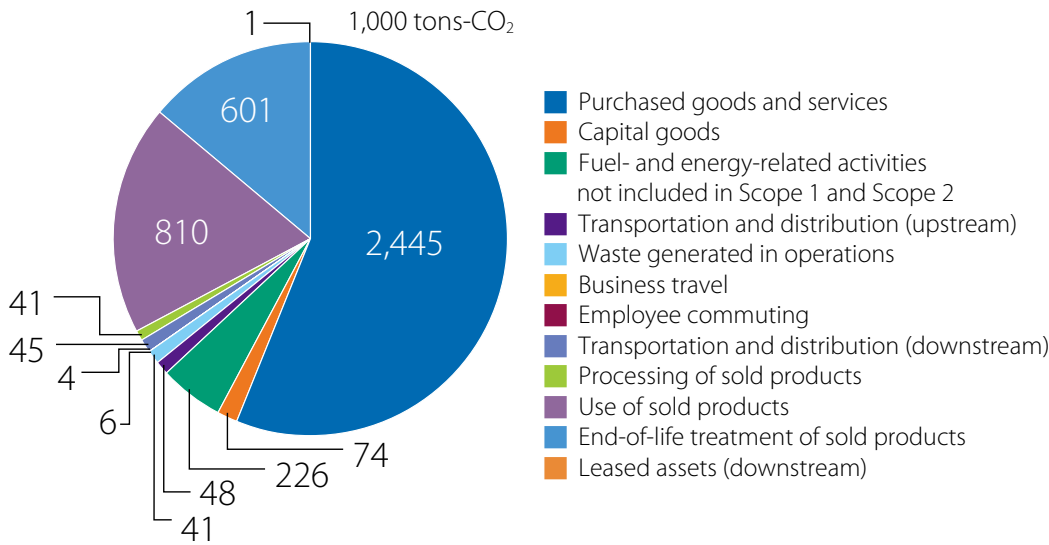


Greenhouse Gas Emissions throughout Our Supply Chain (SCOPE 3)

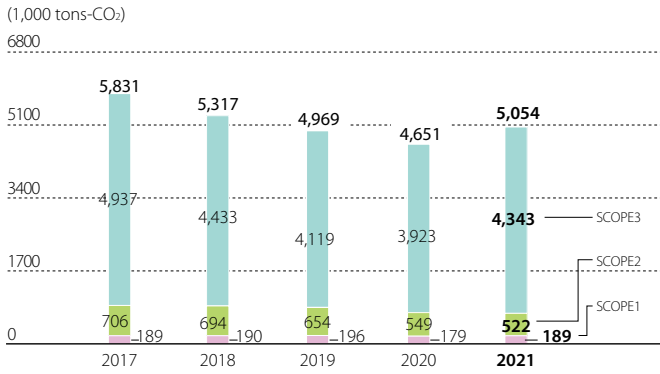
Estimated emissions (1,000 tons-CO₂)

Category		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Upstream	Purchased goods and services	2,180	2,336	2,457	2,352	2,282	2,445
	Capital goods	37	171	123	96	80	74
	Fuel-and energy related activities not included in Scope 1 and Scope 2	127	131	129	127	198	226
	Transportation and distribution (upstream)	37	46	48	48	43	48
	Waste generated in operations	46	42	44	44	37	41
	Business travel	26	30	27	24	7	6
	Employee commuting	5	6	6	6	5	4
Downstream	Transportation and distribution (downstream)	45	45	50	48	43	45
	Processing of sold products	43	46	48	45	39	41
	Use of sold products	1,542	1,554	940	772	708	810
	End-of-life treatment of sold products	310	529	560	558	481	601
	Leased assets(downstream)	1	1	1	2	1	1
Total(upstream/downstream)		4,400	4,937	4,433	4,119	3,923	4,343

Note: From fiscal 2018, emissions related to "use of sold products" have decreased by including the effect of reducing energy consumption in ZEH-specification houses.



Greenhouse Gas Emissions throughout Our Supply Chain as a Whole (Classified by SCOPE)



Note: From fiscal 2018, emissions related to "use of sold products" have decreased by including the effect of reducing energy consumption in ZEH-specification houses.

Indicator	Calculation Method	
Greenhouse Gas Emissions throughout Our Supply Chain	Purchased Goods and Services	<p>$CO_2 \text{ emissions} = \sum[(\text{amount of major raw materials used (excluding substances subject to regulation by the PRTR Law) as listed in Material Balance section of this report} + \text{estimated values for other raw materials}) \times \text{emission coefficient (Inventory Database for Environmental Analysis (IDEA) Ver.3.1 (the world's largest GHG emissions database developed by the National Institute of Advanced Industrial Science and Technology (IDEA v.3.1)))]$</p> <p>Up to and including fiscal 2017, the Group gained an understanding of environmental impact, including the volume of greenhouse gases emitted, by making calculations using MiLCA, the database furnished by the Japan Environmental Management Association for Industry. However, from fiscal 2018, the Group is reflecting the actual emissions of its raw material suppliers with regard to four principal resins (PP, PE, PVC and PVA).</p>
	Capital Goods	<p>$CO_2 \text{ emissions} = \sum[(\text{amount of spending on capital expenditures authorized for the given fiscal year for buildings, structures, mechanical equipment, and transport vehicles}) \times \text{emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 3.0) (Ministry of the Environment and Ministry of the Economy, Trade and Industry)))]$</p>
	Fuel- and Energy-related Activities not Included in SCOPE 1 and SCOPE 2	<p>$CO_2 \text{ emissions} = \sum[(\text{fuel use, amount of purchased electricity, and amount of purchased steam}) \times \text{emissions coefficient}]$</p> <p>The emissions coefficients used are as follows. For fuel IDEA v.3.1 For purchased electricity and steam, per unit emission database for calculating greenhouse gas emissions by organizations, etc., arising from supply chains (Ver. 3.0) (Ministry of the Environment and Ministry of the Economy, Trade and Industry).</p> <p>Applicable to production sites, laboratories, and offices both inside Japan and overseas.</p>
	Transportation and Distribution (Upstream)	<p>$CO_2 \text{ emissions} = \sum[\text{amount of major raw materials used (excluding substances subject to regulation by the PRTR Law) as listed in the Material Balance section of this report} \times \text{transport distance} \times \text{emission coefficient (IDEA v.3.1)}]$</p> <p>(Calculated assuming that the transport distance was uniformly 200 km)</p>
	Waste Generated in Operations	<p>$CO_2 \text{ emissions} = \sum[\text{amount of waste materials generated (by type)} \times \text{emission coefficient (IDEA v.3.1)}]$</p> <p>Scope: Major production sites and research facilities in Japan and overseas.</p>
	Business Travel	<p>$CO_2 \text{ emissions} = \sum[\text{transportation costs by method of transport} \times \text{emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 3.0) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))}]$</p> <p>(Includes estimates of transportation costs for group companies) Group companies in Japan and overseas all covered.</p>

Indicator	Calculation Method	
Greenhouse Gas Emissions throughout Our Supply Chain	Employee Commuting	<p>$CO_2 \text{ emissions} = \sum[\text{amount spent on commuting allowance} \times \text{emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 3.0) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))}]$</p> <p>(Calculated based on the assumption that all commuting is done by passenger train) (Group company commuting costs include estimates) Group companies in Japan and overseas all covered.</p>
	Transportation and Distribution (Downstream)	<p>The calculation is made by combining the fuel consumption method (transport of housing units, etc.) and the improved ton-kilometer method (other than transport of housing unit, etc.)</p> <p>$CO_2 \text{ emissions} = \sum[\text{fuel use} \times CO_2 \text{ emissions coefficient}] + \sum[\text{amount transported (metric tons)} \times \text{distance transported (km)} \times \text{fuel use per unit of output} \times CO_2 \text{ emissions coefficient (value used in the reporting system for specified freight carriers under the Act on the Rational Use of Energy)}]$ (Estimates used for overseas)</p> <p>Covers shipments of products by Group companies in Japan and overseas.</p>
	Processing of Sold Products	<p>$CO_2 \text{ emissions} = \sum[\text{production volume of relevant products} \times \text{emission coefficient at the time of processing the relevant products (IDEA v.3.1)}]$</p> <p>Covers products for the automotive industry by Group companies in Japan and overseas.</p>
	Use of Sold Products	<p>$CO_2 \text{ emissions} = \sum[\text{number of structures sold as housing during the relevant fiscal year} \times \text{amount of electricity purchased from power companies throughout a year} \times 60 \text{ years} \times \text{electricity-based emissions coefficient}]$</p> <p>The amount of electricity purchased from power companies throughout a year is based on the Electricity Income and Expenditure Home Survey of Houses with Built-In Solar Power Generation Systems (2018). The electricity-based emissions coefficient employed is the emissions coefficient from the fiscal 2021 report produced by the Act on Promotion of Global Warming Countermeasures reporting system (alternate value), equal to 0.470 metric tons-CO₂ /MWh. The calculation is performed under the assumption that housing will be used for 60 years. Housing sold within Japan for the fiscal year relevant to the calculation is covered. Up to and including fiscal 2017, the Group calculated the amount of greenhouse gas reduction achieved through solar power generation as the amount of reduced environmental impact. From fiscal 2018, however, we are also calculating the effect of reduction in energy used in residences built to zero energy house (ZEH) specifications.</p>

Indicator	Calculation Method	
Greenhouse Gas Emissions throughout Our Supply Chain	End-of-life Treatment of Sold Products	<p>$CO_2 \text{ emissions} = \sum[\text{amount of major raw materials used in the products sold during the relevant fiscal year} \times \text{emission coefficient (IDEA v.3.1)}]$</p> <p>The calculation assumes that products sold during a given fiscal year are disposed of during the same fiscal year.</p>
	Leased Assets (Downstream)	<p>Calculated to cover construction related to the installation of machinery leased by SEKISUI CHEMICAL</p> <p>$CO_2 \text{ emissions} = \sum[\text{relevant installation units} \times \text{fuel usage per unit} \times CO_2 \text{ emissions coefficient (an emissions coefficient determined based on a system of greenhouse gas emission calculations, reports, and official disclosures)}]$</p>

● Realizing Resource Recycling

Working to Reduce Waste and Increase Recycling Throughout Product Life Cycles

Basic Concept

Promoting resource recycling in aims of achieving a circular economy

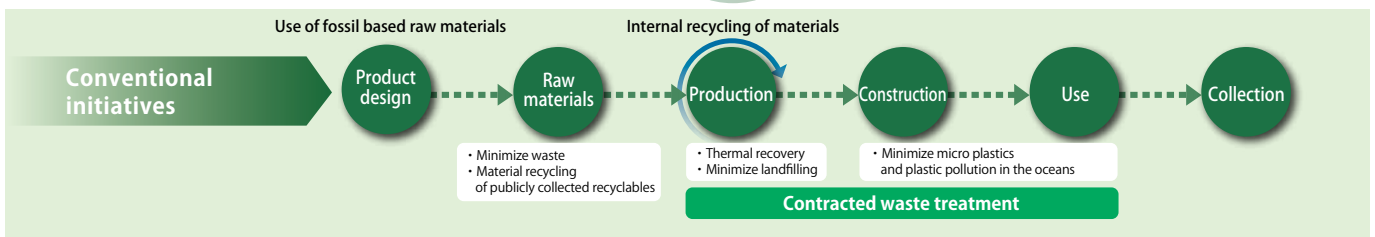
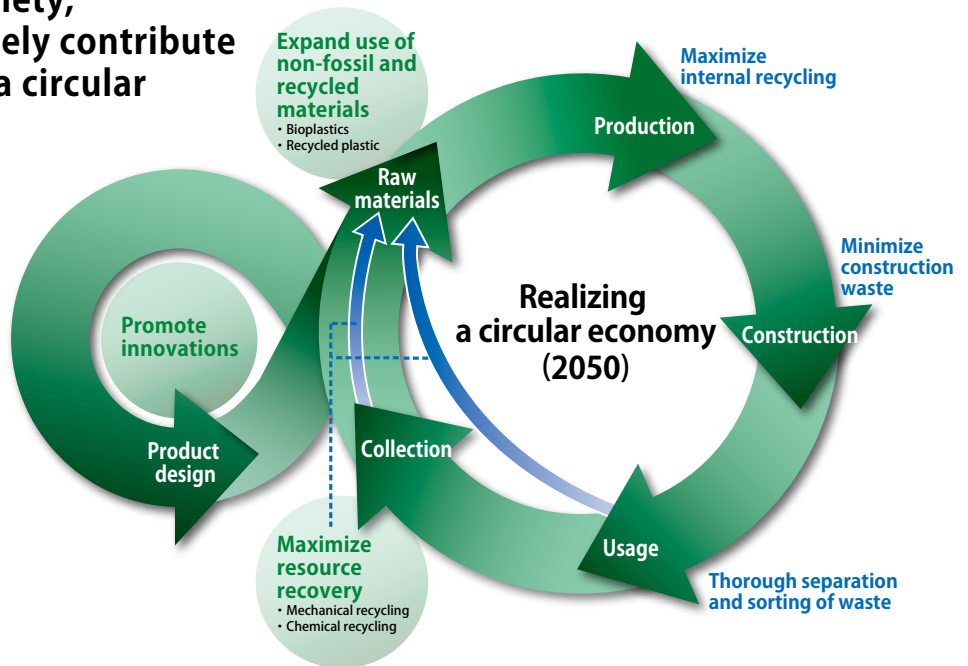
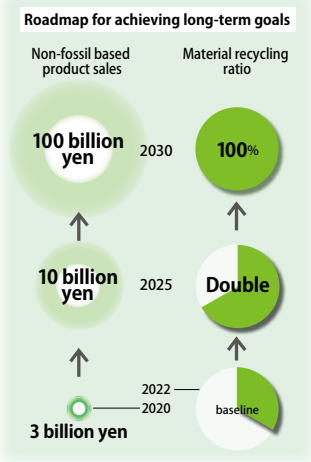
SEKISUI CHEMICAL Group aims to realize a circular economy and a sustainable society in 2050. To achieve this long-term goal, we established a resource recycling policy and strategy in fiscal 2020.

In partnership with our supply chain, we minimize the consumption of virgin raw materials derived from fossil fuels. In addition, we are promoting recycling of resources through material circulation, aiming for a circular economy throughout our businesses. In order to achieve, we are intensifying our initiatives related to the following three points as our Group policy.

[Group Policy]

- [1] Promote innovations that contribute to resource recycling
- [2] Expand the use of non-fossil fuel-based materials and recycled materials in our business operations
- [3] Maximize resource recovery during the entire product life cycle

For a sustainable society, SEKISUI will extensively contribute to the realization of a circular economy.



■ Promoting Efforts Based on the Resource Recycling Policy

For Vision 2030, SEKISUI CHEMICAL Group will strategically expand its businesses in four domains and double sales volume through social problem-solving, aiming to achieve a sustainable society and corporate growth. In these business areas, we believe plastics will continue to be an important material. Up until now, in the production process, we have continually made efforts year after year to reduce the amount of waste generated, using waste per unit of production as an indicator for these efforts. In addition, we have carried out for example internal recycling to reuse wood scraps and other waste materials generated and implemented processing for reuse of resources including energy when disposing of materials as waste.

In our newly-determined resource recycling policy, we will expand the ratio of plastic materials we use comprised of bioplastics and other recycled materials which are not derived from fossil fuels. Regarding our production processes, we will promote internal recycling more than ever before, intensifying initiatives to minimize the waste products emitted from our construction projects. In addition, in both the use and recovery stages, we will work on our product design and supply chain to ensure products can be disposed of with thorough sorting and separation. In this way, we will promote initiatives to maximize reuse of material resources through mechanical recycle, chemical recycle, and other recycling methods.

Within these life cycles, we believe that innovation at the product design stage is important for driving the promotion of resource circulation. By designing new products and revising the various processes for existing products, we are promoting initiatives for innovation that will accelerate resource circulation.

Road Map for Long-term Goal Achievement

		2020 ~ 2022	By 2025	By 2030
Business strategy	Net sales of products to enhance sustainability that contribute to resource circulation	1.1 times	1.3 times	2 times or more
Raw material resource conversion	Net sales of products not derived from fossil fuels and using recycled materials	3 billion yen	10 billion yen	100 billion yen
Recycling waste products	Rates for recycling waste plastic into new materials	Analyze current conditions and set baselines	2 times	100%

Addressing Plastic Waste Issues

In recent years, plastic waste as typified by marine plastic waste has emerged as a significant environmental issue. The Group does not engage in the manufacture and sale of primary microplastics where use presupposes dissolution. However, we do recognize that plastic processed products and plastic materials contained in products that are used or discarded after use of the sold products may deteriorate in the natural environment and become microscopic if not properly treated.

1. Employee education

In both the products we produce and our manufacturing processes, we must correctly recognize these issues, and develop human resources who are capable of finding a resolution. To this end, we engage in employee education while promoting environmental and social contribution activities.

2. Contributing to the transformation of society

To ensure the proper use of plastic, SEKISUI CHEMICAL Group recognizes the importance of building social systems while promoting a shift in the awareness of each individual employee and undertaking education and training. The Group is therefore engaged in various collaborations between industry, government, and academia. For example, in regard to the issue of marine plastics, SEKISUI CHEMICAL Group participates in the Clean Ocean Materials Alliance (CLOMA), a collaboration initiative between companies organized by the Ministry of Economy, Trade and Industry. For a fundamental solution, we are working on the common issues necessary for the social implementation of resource recycling schemes with the aim of realizing a circular economy.

3. Creating and expanding the use of products, technologies, and services that contribute to the realization of a recycling-based society and a circular economy

SEKISUI CHEMICAL Group has developed a technology to convert combustible waste into gas and then convert that gas to ethanol, which is the raw material for plastics, by means of a microbial catalyst. Currently, a one-tenth commercial scale (processing capacity of approximately 20 tons/day) demonstration plant has been constructed in Kuji City, Iwate Prefecture, and has been in operation since this spring, for practical application of the technology in the future.

4. Promotion of recycling back into materials

With regard to the waste generated by its production businesses, SEKISUI CHEMICAL Group has been exchanging manifests with waste contractors, and disposal has been undertaken in a proper manner. Going forward, we will continue to endeavor to improve the rate of recycling back into materials after having undertaken proper treatment.

Major Initiatives

■ Promoting Packaging Material Reductions

SEKISUI CHEMICAL Group has long been an environmentally conscious company, and we are reducing packaging materials, introducing reusable boxes*, and eliminating packaging materials wherever possible, among other initiatives.

Our proactive efforts to reduce packaging since the early 2000s have enabled us to achieve significant results. We will continue these efforts in the future, taking further steps to reduce packaging waste.

As one initiative aimed at using less product packaging, we sell foldable shipping cartons and a range of plastic containers that help facilitate the implementation of returnable box systems.

* Boxes that can be used multiple times to ship materials, parts, and products between locations.

■ Promoting Construction Material Recycling

The housing industry is engaged in the efficient use and recycling of construction materials throughout. As a member of this industry, SEKISUI CHEMICAL Group is reducing the amount of construction waste produced when building houses and promoting recycling.

■ Converting External Wall Panel Scrap into Raw Materials for Products

Sekisui Board Co., Ltd. Gunma and Minakuchi business sites, which produce Sekisui Heim external wall panels, generate scrap during their production processes. Along with making efforts to reduce the scraps produced whenever possible, these sites are moving forward with in-house material recycling for any scraps that are ultimately generated. Specifically, the scraps generated during the production of products from the completed external walls are crushed and sorted, after which the extracted wood chips and cement are used as recycled raw materials.

Contribution to Resource Recycling through Business

Without realizing a circular economy in 2050, there can be no decarbonized society. Based on its resource recycling strategy and roadmap, SEKISUI CHEMICAL Group is shifting to the use of non-fossil fuel sourced, recyclable, and related materials with respect to its plastic materials while reviewing its product design to facilitate recycling parts in a manner that contributes to the resource recycling of existing products. In doing so, we are promoting the creation and market expansion of Products to Enhance Sustainability in a bid to accelerate our contribution through our businesses.

[Examples of Products That Contribute to Resource Recycling]

<Building & Civil Engineering> Products that use recycled plastic as a raw material

Example) Products that enable the temporary storage of rainwater during periods of torrential rain (rainwater storage material Cross-Wave)

Pipes with foamed cores made from recycled materials (3-layer pipe)

<Mobility> Buy-back system to take back edge trim from customers for reuse as raw materials (SEKISUI KYDEX product)

[Initiatives Undertaken in Collaboration with Other Companies]

Initiatives for the social implementation of BR technologies

We recognize the need to collaborate with companies and organizations that are active across each of the life cycle processes in order to realize product resource recycling.

SEKISUI CHEMICAL Group has rolled out a technology that converts combustible waste into ethanol using a microbial catalyst and gas fermentation process jointly developed with U.S.-based venture company LanzaTech NZ, Inc. In order to validate the viability and commercial application of this chemical recycling technology, which is essential to resource recycling, the Company, INCJ, Ltd., and SEKISUI BIO REFINERY CO., Ltd. completed construction of a demonstration plant approximately 1/10th the size of a commercial plant in Kuji City, Iwate Prefecture in April 2022. Plans are in place for the ethanol produced at the plant to be recycled as a raw material for plastics in collaboration with SUMITOMO CHEMICAL CO., LTD. which is already underway.

Collaboration with Initiatives

CLOMA (Japan Clean Ocean Material Alliance)

- Organizer Ministry of Economy, Trade and Industry, Ministry of the Environment, and Ministry of Agriculture, Forestry and Fisheries
- Significance/objectives ... To solve the issue of marine plastic waste, which is a global environmental issue
- Activities Aiming for the more sustainable use of plastic products, and the development, introduction and popularization of innovative substitutes that will lead to a reduction of plastic waste
- Our Company's role The Company holds the chairmanship of Working Group 3 (WG3), one of five key action working groups that promote activities aimed at plastic recycling through corporate collaboration. As such, the working group has as its themes the technological establishment and social implementation of chemical recycling as well as the promotion of activities to select and clear issues in the promotion of related companies

Japan Partnership for Circular Economy (JACE)

- Organizer Ministry of the Environment, Ministry of Economy, Trade and Industry and Keidanren Committee
- Significance/objectives ... Aiming to further foster understanding and promote efforts by a wide range of parties responsible, including domestic companies, as the trend toward a circular economy accelerates on a worldwide basis.
- Activities Introduction of case studies through case study brochures, dissemination of information for the general public, and support for inter-company collaboration
- Our Company's role To accelerate the creation of new cyclical businesses and social implementation by disseminating case studies and providing feedback on in-house technologies and measures by assessing the latest information

J-CEP (Japan Circular Economy Partnership)

- Significance/objectives ... Regarding everything as a resource, creating a society around things, information and feelings by relationship design.
- Activities Engage in 1) The optimal circulation of resources in Japan, and 2) The creation of businesses that contribute to the realization of the sustainable society
- Our Company's role To contribute to the realization of a circular economy by disseminating case studies and providing technical cooperation as a member of a consortium of companies

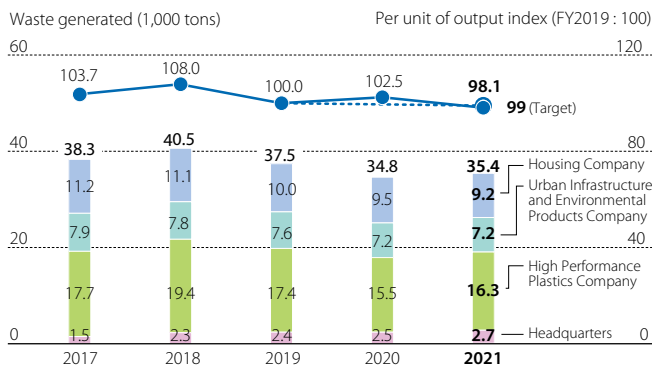
Performance Data

Waste Generated by Production Sites

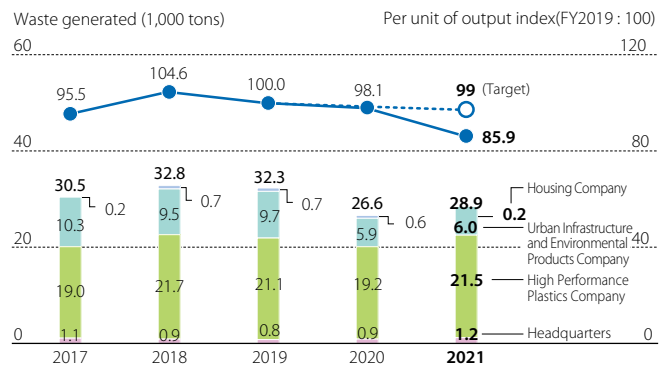
Note 1: Some past figures have been revised due to improvements in calculation precision.

Note 2: From fiscal 2019, results from the medical business are collated and presented with Corporate Headquarters results following its separation from the HPP Company.

Waste Generated by Production Sites and per Unit of Production (Index) / Japan



Waste Generated by Production Sites and per Unit of Production (Index) / Overseas

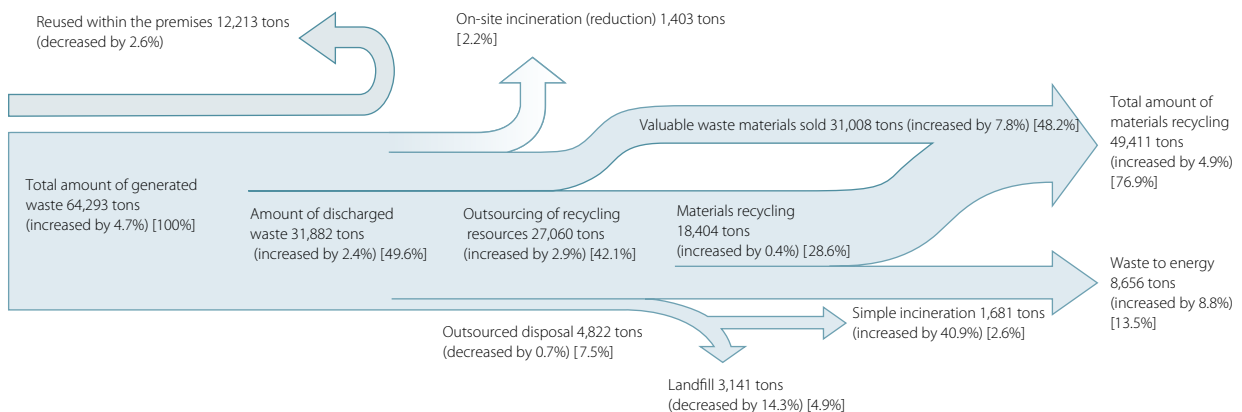


Production Site Waste Generation and Disposal / Japan and Overseas

(unit: tons)

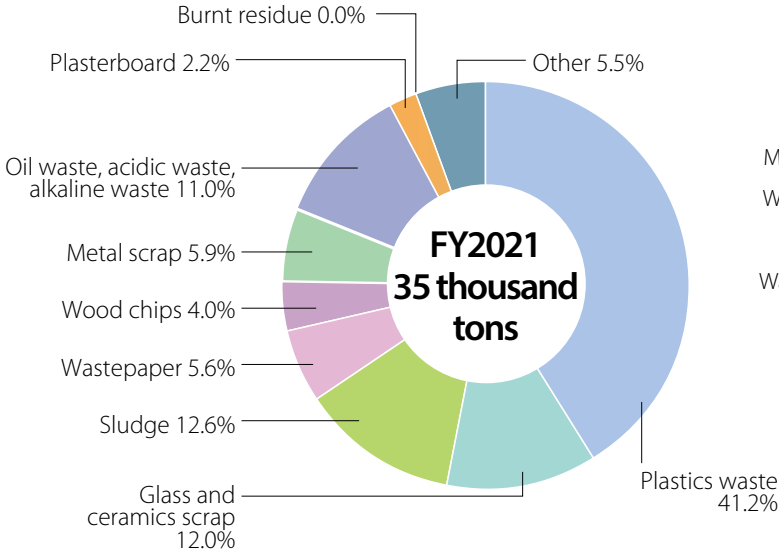
	Total Waste	Recycled Waste	Unrecycled Waste
FY2017	68,777	63,654	5,123
FY2018	72,631	67,332	5,298
FY2019	69,767	63,844	5,922
FY2020	61,392	55,043	6,348
FY2021	64,293	58,067	6,225

Fiscal 2021 Annual Production Site Waste Generation and Disposal / Japan and Overseas

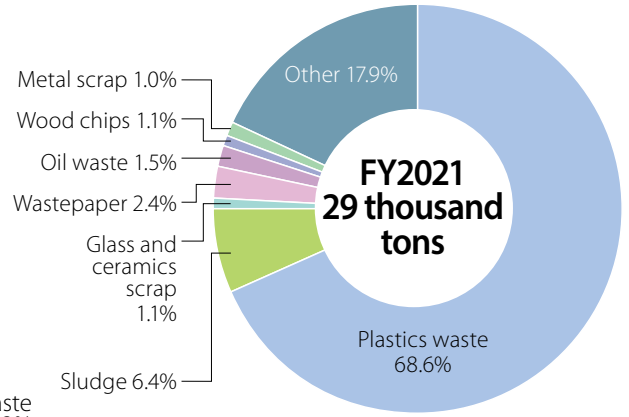


Note: Change over previous year is in () and proportion of total waste generation is in [].

Breakdown of Waste Generated at Production Sites / Japan

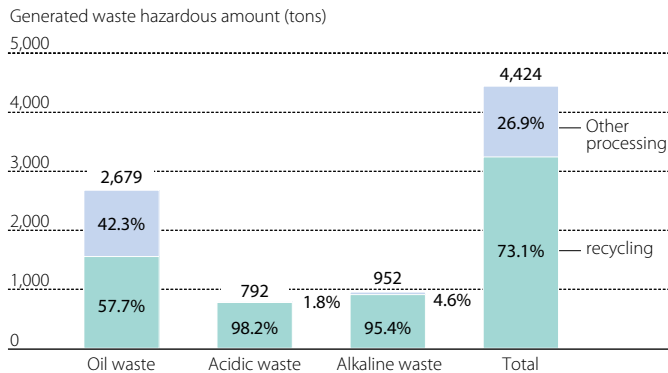


Breakdown of Waste Generated at Production Sites / Overseas



Index	Calculation Method
Generated Waste Amount	Amount of waste generated = Amount of waste collection outsourced + Amount recycled (incinerated waste to energy + recycled back to materials + recyclable waste sold) + Amount incinerated in-house; the items below are excluded: Waste generated by demolition of customers' old houses, left-over construction materials, disposal of machinery, office equipment, etc., medical waste from medical treatment in in-house clinics

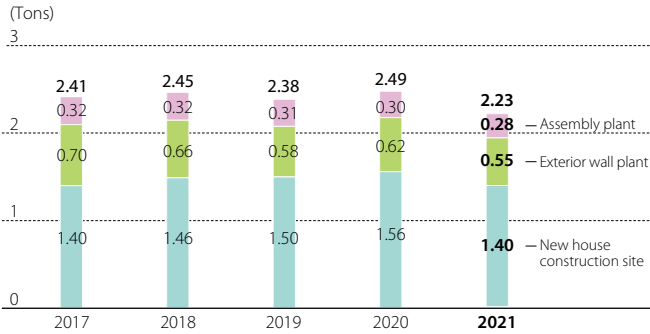
Amount of Hazardous Waste Generated/ Recycling rate (Japan and Overseas) Fiscal 2021



Index	Calculation Method
Amount of Hazardous Waste Generated and Recycling Rate	Recycling rate = Recycled waste / Amount of hazardous waste generated Hazardous substance: Oil waste, acidic waste, alkaline waste Recycling: Material recycling

Waste Generated on Construction Sites of New Housing

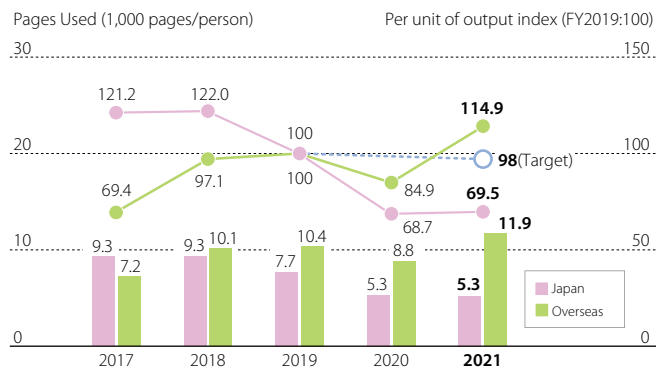
Amount of Waste Generated on Construction Sites of New Housing (per Building) / Japan



Index	Calculation Method
Amount of Waste Generated on Construction Sites of New Housing	<p>Amount of waste generated on construction sites of new housing = Amount of waste generated during construction of outer walls (at factory) + Amount of waste generated during assembly (at factory) + Amount of waste generated at construction site of new housing</p> <p>Amount of waste generated per building during construction of new housing = Total amount of waste generated during construction of new houses / Number of new houses sold</p> <p>Scope: Housing business in Japan</p>

Waste Generated in Offices

Amount of Copy Paper Used at Offices per Person (Index)



● Reducing Water-related Risks

Working to Preserve Water Resources as Shared Natural Capital in Watersheds

Basic Concept

The minimization of water-related risks and the solution of local and supply chain water issues

We formulated SEKISUI Environment Sustainability Vision 2050 in 2019 in line with the belief that sustainable operations and development of our businesses requires us to maintain a sound environment in the areas in which we conduct our corporate activities. To realize societies with abundant access to clean water in all the areas in which SEKISUI CHEMICAL Group and its supply chains operate, we have established the following two goals in line with our vision.

<Goals>

1. Minimizing water risks at SEKISUI CHEMICAL Group

With the goal of maintaining sustainable operations, SEKISUI CHEMICAL Group will seek to minimize water risks. We will also focus on minimizing risks related to water discharged from Group operations in order to better preserve biodiversity.

2. Contributing to the solution of water-related issues in local communities

We will contribute to solving local water issues through collaboration with products to enhance sustainability and watershed stakeholders, aiming not only to minimize water risks but also to return positively to natural capital.

Roadmap to Realize Societies with Abundant Access to Clean Water

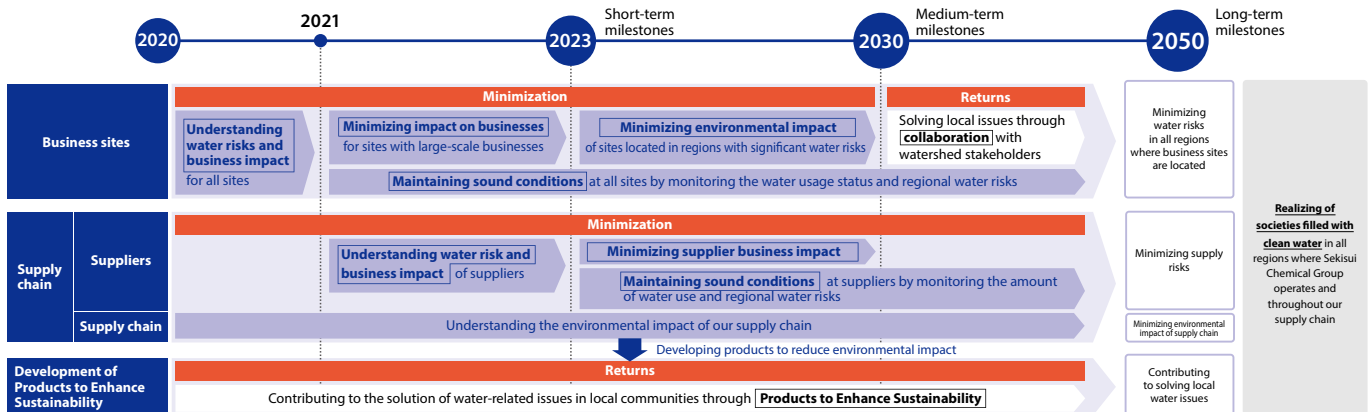
SEKISUI CHEMICAL Group has set the goal of realizing societies with abundant access to clean water by 2050, which is the target year of its SEKISUI Environment Sustainability Vision 2050. By backcasting from this goal, we are establishing specific measures and milestones while promoting initiatives.

- We will evaluate local water risks and their business impacts and select business sites and suppliers which the business impact is large, and sites where water risks are substantial.
- For business sites where the business impact is substantial, we will minimize risks by 2023.
- For suppliers which the business impact is substantial, we will minimize risk by 2030, through a review of suppliers.
- For business sites which water risks in the region are substantial, we will minimize their environmental impact by 2030.
- We will create monitoring guidelines and oversee all locations for both business impacts and environmental impacts.

In order to accelerate returns to natural capital, including the conservation of water resources, we will contribute to solving regional water issues and minimizing the environmental impact on the supply chain by continuously promoting the development of products to enhance sustainability.

Moreover, as an initiative being undertaken at business locations around the world, we will contribute to solving regional water issues by building a collaborative system with stakeholders of the watersheds from 2030 to 2050.

Roadmap



Assessment of the Impact on Businesses from Water-related Risks

In fiscal 2020, the first year of the roadmap for 2050, we conducted assessments of the likely impact on business from water-related risks at all SEKISUI CHEMICAL Group production sites and research institutes.

The Group had conducted a water risk survey in 2013, however seven years have passed. Since then, some business sites have been newly established or closed, and therefore we conducted the study again.

The purpose of this study was to identify water-related issues in the areas in which each business site is located (assessment of external factors) and to identify those sites that exhibit major water risks and those that have a significant impact on the environment.

We undertook quantitative assessments of the business impact of water risks as well as the impact on the environment of our business activities in a bid to identify the water-related issues of the local area. In doing so, we used assessment results drawn from Aqueduct Water Risk Atlas 3.0, a tool for assessing water risks in each region of the world created by the World Resources Institute (WRI), an international environmental NGO and information on water use obtained from individual business sites through questionnaires.

In undertaking assessments, we followed the criteria recommended in the Guidelines for Setting Water Targets for Companies* issued by the CEO Water Mandate.

In fiscal 2021, we identified five domestic and overseas sites that were evaluated as having a large business impact, and established guidelines for business impact and water conservation level initiatives that should be minimized.

* Setting Site Water Targets Informed By Catchment Context: A Guide For Companies

Impact of Water-related Risks on Supply Chain

Manufacturers of steel materials used in the housing business and manufacturers of synthetic resins used in the plastics business are suppliers of raw materials of SEKISUI CHEMICAL Group that consume large quantities of freshwater during their manufacturing process. Although we do not directly call on such suppliers to conform to environmental standards, with our Sekisui Environment Sustainability Index we calculate as use of natural capital the environmental impact of the pollutants contained in drainage generated during the manufacturing process of primary materials and monitor it on a continual basis.

We also evaluate the degree of contribution to the environment through the reduction of impact on the water environment in the Group's business activities and the expansion of products and services that contribute to the improvement and maintenance of the water environment as return to natural capital*.

From fiscal 2020, we have continued to gain a better understanding of, for example, the water risks in our supply chains involving products and the impact of reducing water risk by products on returns to natural capital and social capital.

* For more information, see p. 162, Integrated Index: Sekisui Environment Sustainability Index.

Contribution to Reduction of Water-related Risks Through Business Operations

SEKISUI CHEMICAL Group develops a range of businesses related to water infrastructure, such as supply, storage, and drainage of water, contributing to society, not only through technologies and products that help to improve the quality of drainage, such as water treatment systems and drain pipes, but also by creating strong water infrastructure made to withstand natural disasters.

For example, the Cross Wave* rainwater collection system, one of our products being marketed in Japan, India, China, Taiwan, and other ASEAN areas, reduces water-related risks. Cross Wave is used to contribute to measures against chronic water shortages, recycling rainwater for both the greening of urban areas and disaster prevention, and also contribute to minimizing damages caused by floods.

With the goal of not only reducing damage from the ever-increasing number of disasters brought on by climate change, but also promoting disaster mitigation in support of recovery efforts after a disaster, we are expanding the peace of mind we can offer to our housing customers by recommending, for example, the installation of a drinking water storage system that uses water infrastructure piping.

* Cross Wave: Rainwater storage system. This molded product made from recycled plastic creates an underground space which is used to store rainwater. It regulates the rain volume flowing into sewer systems and rivers during torrential rains and makes reuse of rainwater possible.

Reduction of Water-related Risks at Business Sites with High Water Intake and Discharge Volumes

SEKISUI CHEMICAL Group draws the water it needs to use in its business activities from public water systems, industrial water systems, underground reservoirs, and surrounding rivers.

With the understanding that water is a precious natural resource shared in the community, we do our best to reduce the amount of water used, such as by reusing cooling water.

We have to date established targets and enacted measures for reducing water intake and chemical oxygen demand (COD) of discharged water at each of our production and research facilities. However, based on local water risk conditions and the state of water consumption, we will focus on promoting reduction of water use at business locations where the impact on business is particularly large.

Major Initiatives

Reduction of Water Intake, and Chemical Oxygen Demand (COD) of Discharged Water

In fiscal 2021, water intake at production sites increased by 4.3% compared with results of the base fiscal year 2016 and by 8.3 compared with the previous year. This is partly due to the addition of four new production sites overseas, but also due to an increase in production volume at factories that produce synthetic resins, which have high water intake volumes. The COD of water discharged which declined by 1.2% compared with results of the base fiscal year of 2016, increased by 12.0% over the previous year. This was also due to an increase in water discharged due to increased production at factories that produce synthetic resins, which have a high drainage volume.

Examples of capex using the environmental contribution investment framework

	Site	Reduction strategy	Result (Expected)
Reduction in water intake	Shiga-Minakuchi Plant	Introduction of filtration equipment allowing the reuse of recycled wastewater as a coolant. Strengthen management and promoted visualization of water use at the facility.	Reduction of 9%
	Sekisui Medical Co., Ltd. Iwate Plant	10% reduction through automated of industrial water intake adjustment	Reduction of 10%
Reduction in wastewater COD	Sekisui Nano Coat Technology Co., Ltd.	Improve treatment capacity by upgrading wastewater treatment facilities	Reduction of 25%

Reuse of Discharged Water at Shiga-Minakuchi Plant Started

Engaged in the production of synthetic resins, the Shiga-Minakuchi Plant is the business site with the largest water intake in SEKISUI CHEMICAL Group. The water intake accounts for about 30% of all domestic business sites of the Group, and has been increasing every year since fiscal 2015.

To improve this situation, we undertook comprehensive capital investments aimed at reducing the water intake from fiscal 2018. All investment plans were completed in 2020.

Under this plan, we ascertained the locations and the volumes of industrial water used and then undertook adjustments to the water used in those areas where the amounts were high.

We are also working to reduce the water intake volume by reusing purified water in the 20 cooling towers installed within the site.



Water filtration equipment at the Shiga-Minakuchi Plant

■ Increase of Water Treatment Capacity at Sekisui Nano Coat Technology Co., Ltd.

At Sekisui Nano Coat Technology Co., Ltd., wastewater with high-concentration COD is discharged from the degluing and refining processes of textile products and, after passing through their in-house wastewater treatment equipment, discharged into the sea.

In recent years, the amount of wastewater has been decreasing due to changes in the business domains. Also, the COD of wastewater has become difficult to eliminate due to changes in the composition of the glue used in raw materials. Accordingly, we have made improvements to optimize the capacity of the wastewater treatment equipment. Treatment capacity has been improved by making the treatment process more compact according to the amount of decrease in wastewater and installing a process in which microorganisms suitable for the treatment of persistently decomposed COD particles are optimized.

In fiscal 2021, COD volume of water discharged decreased by 67% compared with 2016 results.



Sekisui Nano Coat Technology wastewater treatment facility

■ Water Recycling

SEKISUI CHEMICAL Group promotes the reuse of water in its production processes in order to reduce the amount of water it draws from water sources. At the production plants of the UIEP and HPP Companies, large volumes of cooling water is recycled and reused in the manufacturing process. In fiscal 2021, at production sites in Japan and overseas, we used 106 million cubic meters of recycled water. This is equivalent to 4.9 times the total water intake.

In Hasuda City, where the Musashi Plant is located, the wastewater purified at the Musashi Plant in accordance with environmental standards is used as the main water source for Lake Kurohama*, which is designated as a nature conservation area in Saitama Prefecture.

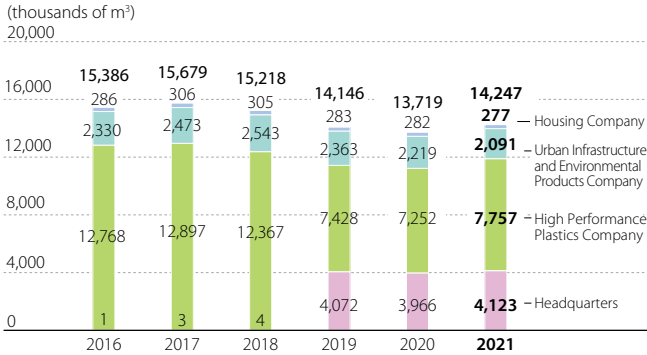
* For more information about Lake Kurohama, see the page below.

<https://www.sekisuichefical-foam.com/en/aboutus/ecology/>

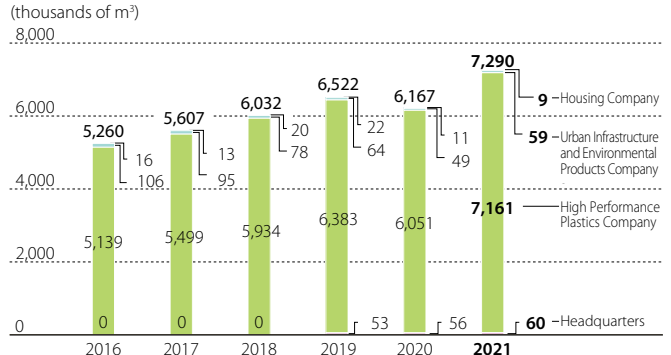
Performance Data

Note: From fiscal 2019, results from the medical business are collated and presented with Corporate Headquarters results following its separation from the HPP Company.

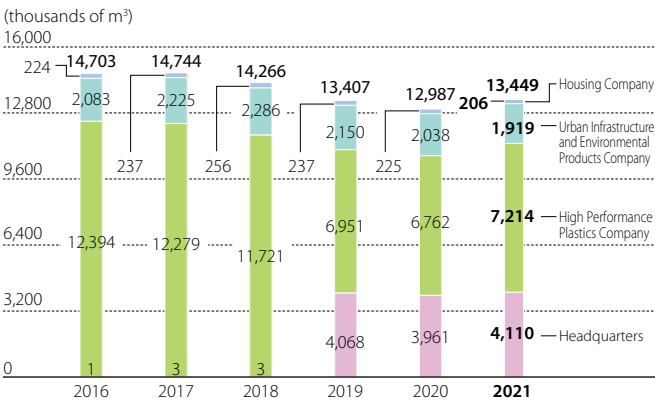
Water Intake at Production Sites / Japan



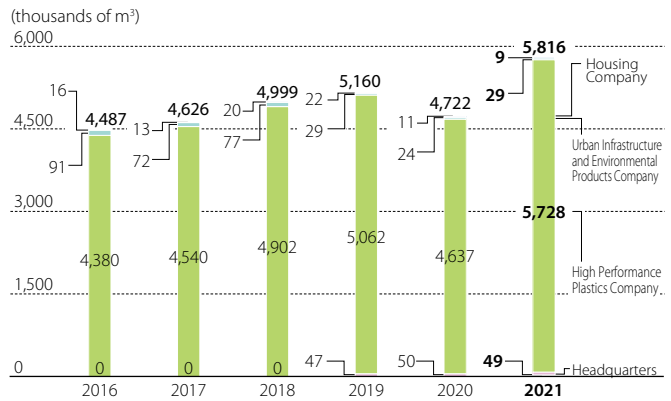
Water Intake at Production Sites / Overseas



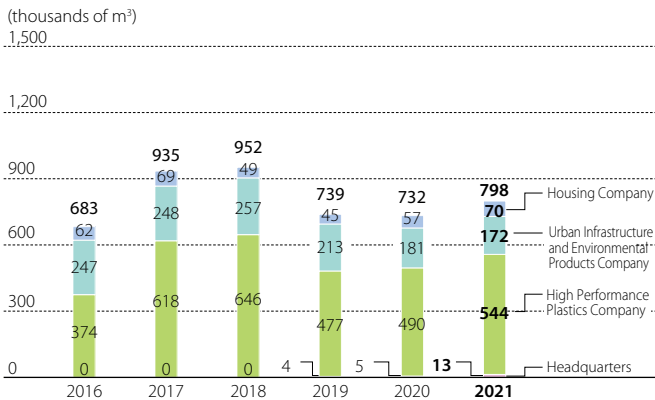
Wastewater Discharge at Production Sites / Japan



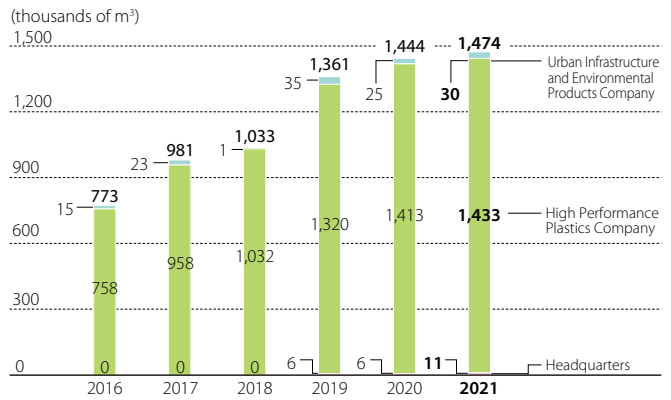
Wastewater Discharge at Production Sites / Overseas



Water Consumption at Production Sites / Japan



Water Consumption at Production Sites / Overseas



Water Intake at Production Sites by Water Source

(thousands of m³)

Water source	Regions	All regions						Areas in regions with water stress					
		2016	2017	2018	2019	2020	2021	2016	2017	2018	2019	2020	2021
Surface water	Japan	696	1,086	197	726	129	185	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Southeast Asia and Oceania	0	0	0	1	3	0	0	0	0	1	3	0
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	0	0	0	0	0	0	0	1	0	0	0	0
	Total	696	1,086	197	727	131	185	0	1	0	1	3	0
Ground water	Japan	2,604	2,624	2,632	2,517	2,340	2,328	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Southeast Asia and Oceania	103	120	144	111	121	132	25	26	35	16	22	24
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	4	0	0	0	0	5	0	0	0	0	0	0
	Total	2,710	2,745	2,776	2,628	2,461	2,465	25	26	35	16	22	24
Seawater	Japan	0	0	0	0	0	0	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Southeast Asia and Oceania	0	0	0	0	0	0	0	0	0	0	0	0
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0
Third-party water*	Japan	12,086	11,969	12,389	10,903	11,250	11,734	0	0	0	0	0	0
	China	273	298	324	265	247	243	236	288	311	256	241	235
	Southeast Asia and Oceania	896	1,097	966	1,093	957	1,087	18	46	72	80	55	42
	Europe	1,943	1,883	1,866	1,960	1,674	2,527	1,857	1,799	1,805	1,887	1,606	2,444
	North and Central America	2,042	2,209	2,732	3,092	3,165	3,297	10	81	156	141	94	121
	Total	17,241	17,456	18,278	17,313	17,293	18,887	2,121	2,213	2,344	2,365	1,996	2,842
Total volume of water withdrawn	Japan	15,386	15,679	15,218	14,146	13,719	14,247	0	0	0	0	0	0
	China	273	298	324	265	247	243	236	288	311	256	241	235
	Southeast Asia and Oceania	999	1,217	1,110	1,204	1,081	1,219	44	72	107	97	80	65
	Europe	1,943	1,883	1,866	1,960	1,674	2,527	1,857	1,799	1,805	1,887	1,606	2,444
	North and Central America	2,046	2,209	2,732	3,092	3,165	3,301	10	81	156	141	94	121
	Total	20,646	21,286	21,250	20,668	19,885	21,537	2,146	2,239	2,379	2,382	2,021	2,866

* Third-party water: Water withdrawn from local government water suppliers (public water systems, water systems for industrial use)

Wastewater Discharge at Production Sites by Discharge Destination

(thousands of m³)

Discharge destination	Regions	All regions						Areas in regions with water stress					
		2016	2017	2018	2019	2020	2021	2016	2017	2018	2019	2020	2021
Surface water	Japan	11,219	11,627	11,353	10,680	10,179	10,623	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Southeast Asia and Oceania	22	26	20	43	18	13	2	2	0	22	4	1
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0
	Total	11,241	11,653	11,372	10,722	10,197	10,636	2	2	0	22	4	1
Ground water	Japan	0	0	0	0	0	0	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Southeast Asia and Oceania	0	0	0	0	0	0	0	0	0	0	0	0
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0
Seawater	Japan	2,892	2,503	2,277	2,160	2,293	2,205	0	0	0	0	0	0
	China	0	0	0	0	0	0	0	0	0	0	0	0
	Southeast Asia and Oceania	0	0	0	0	0	0	0	0	0	0	0	0
	Europe	0	0	0	0	0	0	0	0	0	0	0	0
	North and Central America	0	0	0	0	0	0	0	0	0	0	0	0
	Total	2,892	2,503	2,277	2,160	2,293	2,205	0	0	0	0	0	0
Third-party water*	Japan	591	614	636	567	515	622	0	0	0	0	0	0
	China	272	287	308	255	237	233	235	277	296	246	232	226
	Southeast Asia and Oceania	679	867	830	860	790	881	26	55	103	60	54	37
	Europe	1,930	1,874	1,860	1,944	1,664	2,511	1,857	1,799	1,805	1,875	1,601	2,439
	North and Central America	1,585	1,571	1,981	2,060	2,012	2,177	9	62	79	81	62	62
	Total	5,057	5,213	5,615	5,685	5,219	6,424	2,127	2,193	2,283	2,262	1,949	2,764
Total Volume of Wastewater	Japan	14,703	14,744	14,266	13,407	12,987	13,449	0	0	0	0	0	0
	China	272	287	308	255	237	233	235	277	296	246	232	226
	Southeast Asia and Oceania	701	893	850	902	809	895	29	57	103	83	58	38
	Europe	1,930	1,874	1,860	1,944	1,664	2,511	1,857	1,799	1,805	1,875	1,601	2,439
	North and Central America	1,585	1,571	1,981	2,060	2,012	2,177	9	62	79	81	62	62
	Total	19,190	19,370	19,265	18,567	17,709	19,265	2,129	2,195	2,283	2,285	1,952	2,765

* Third-party wastewater: Wastewater discharged to wastewater treatment facilities of local governments, etc. (sewer systems)

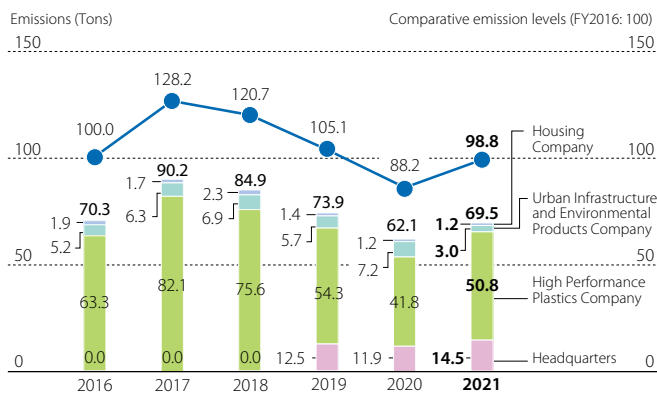
Water Consumption at Production Sites

(thousands of m³)

Regions	All regions						Areas in regions with water stress					
	2016	2017	2018	2019	2020	2021	2016	2017	2018	2019	2020	2021
Japan	683	935	952	739	732	798	0	0	0	0	0	0
China	1	11	16	10	10	9	1	11	16	10	10	9
Southeast Asia and Oceania	298	324	260	302	272	324	15	15	4	15	22	27
Europe	13	9	6	17	9	16	0	0	0	13	5	6
North and Central America	461	638	751	1,032	1,153	1,125	1	19	77	60	33	59
Total	1,456	1,916	1,985	2,101	2,176	2,272	17	45	97	98	69	101

Indicator	Calculation Method
Water intake	Water intake = Total water intake = (The sum of water intake from surface water, ground water, seawater, and third-party water)
Wastewater discharge	Wastewater discharge = Total wastewater discharge = (The sum of wastewater discharged to surface water, ground water, seawater, and third-party wastewater)
Water consumption	Water consumption = Water intake - wastewater discharge
Areas in regions with water stress	Areas where Baseline Water Stress is ranked as High or Extremely High under the WRI Aqueduct™ Water Risk Atlas (Aqueduct 3.0) Evaluation System

COD Discharge / Japan



Indicator	Calculation Method
COD Discharge	Discharge = Σ[COD concentration (annual average of measured values) x Water discharge volume]

● Chemical Substance Management

Minimizing Environmental Impact through Proper Control and Reduction of Chemical Substance Emissions

Basic Concept

Minimizing Environmental Impact through Proper Control and Reduction of Chemical Substance Emissions

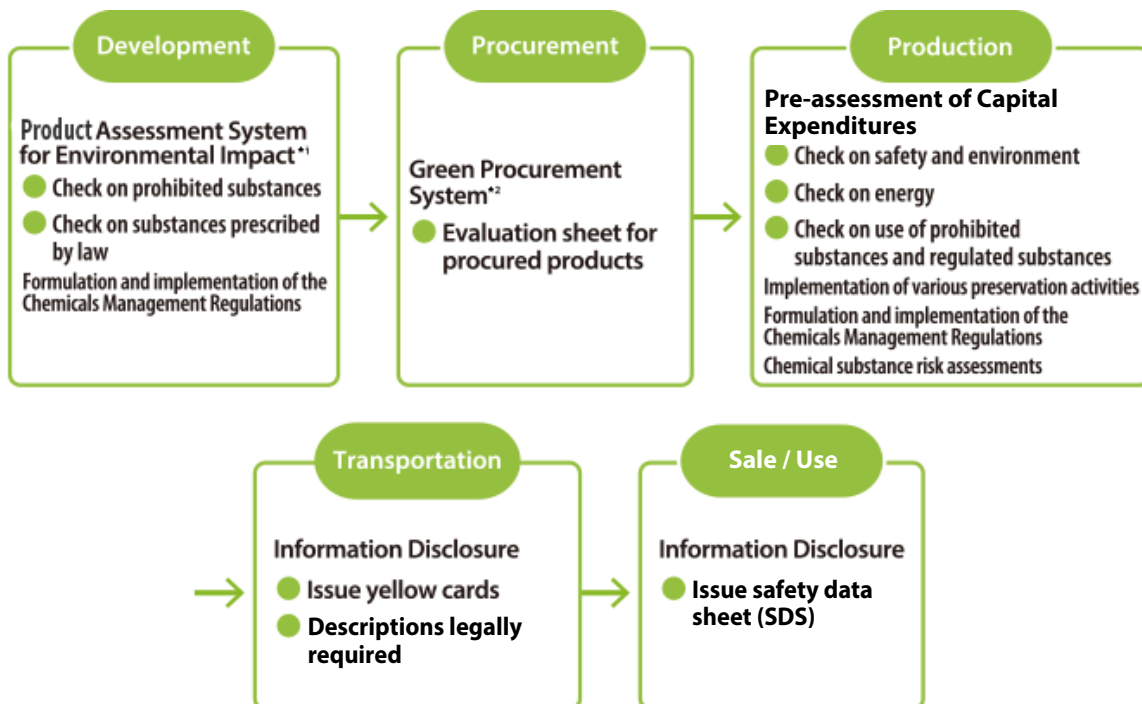
While chemical substances make people’s lives more convenient, they also could have harmful effects on the environment or on human beings. Therefore, we believe that taking into consideration product safety, occupational safety and health, and environmental impact through the proper management of chemical substances is an important responsibility.

Since fiscal 1999, SEKISUI CHEMICAL Group has set and worked toward its own targets for reducing emissions and the transfer of chemical substances in addition to implementing efforts such as the Product Assessment System for Environmental Impact*¹ and the Green Procurement System*². Periodically we also review chemical substances, in accordance with the establishment and amendment of relevant laws and regulations.

From fiscal 2021, we will continue to engage in thoroughgoing chemical substance management activities with an awareness of minimizing their impact.

*1 Product Assessment System for Environmental Impact: A system for assessing the environmental impact of products at all stages from raw material procurement through manufacture, use, disposal, and transportation.

*2 Green Procurement System: A system which prioritizes lower levels of environmental impact when procuring raw materials, parts, etc.



Major Initiatives

| Controlling VOC Emissions

SEKISUI CHEMICAL maintains the medium-term target of reducing VOC emissions by 3% or more compared with the fiscal 2019 level. In fiscal 2021, VOC emissions in Japan decreased by 6.7% compared with fiscal 2019.

| Preventing Air and Water Pollution

SEKISUI CHEMICAL Group complies with laws and ordinances for equipment related to exhaust gases and water drainage.

| Soil Contamination Countermeasures

SEKISUI CHEMICAL Group conducted a voluntary assessment of soil contamination at all of its production sites. The Group has implemented cleanup measures and efforts aimed at preventing further contamination at all locations where contamination was found while completing its report to the government. In addition, the Group continuously monitors groundwater, confirming that pollution is not spreading.

Moreover, the Group takes legally mandated decontamination measures when selling land on which production facilities have been closed. In fiscal 2021, conditions did not require any new measures to be taken.

| Disposal and Storage of Devices Containing PCBs and Management of Equipment That Uses Fluorocarbons

Transformers and capacitors that contain PCBs are being removed sequentially as PCB treatment facilities are ready to accept taking our equipment. Control of equipment containing PCBs in storage is strictly enforced, including locking of storage facilities and periodic inspections.

Steps are being taken to enhance awareness toward mandatory requirements regarding equipment that use fluorocarbons in accordance with Japan's Act on Rational Use and Proper Management of Fluorocarbons (Freon Emission Control Act) and to ensure thoroughgoing management including periodic inspection.

For more details, see Products to Enhance Sustainability.

Performance Data 

Note: From fiscal 2019, results from the medical business are collated and presented with Corporate Headquarters results following its separation from the HPP Company.

Aggregated results based on the PRTR Law

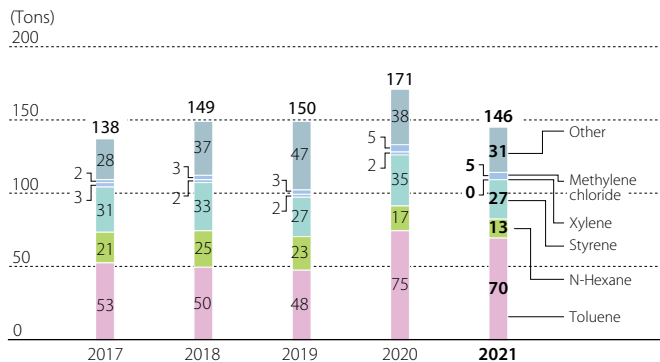
(substances handled at business sites subject to assessment with a handling volume of 1 ton or more are aggregated).

(Tons)

Substance	Govt. ordinance notification no.	Emission volume	Emission volume				Transfer volume			Detoxification
			Atmospheric	Public water areas	In-house soil	In-house landfill	Sewage system	Transfer in waste disposal	Transfer in waste recycling	
Ethyl acrylate	[3]	36.6	0	0	0	0	0	0	3.66	33.0
Acrylic acid and its water solvent	[4]	1.3	0.061	0	0	0	0	0.13	0	1.065
n-Butyl acrylate	[7]	202.2	1.5	0	0	0	0	1.4	0.0020	199
Acrylonitrile	[9]	482.1	4.1	0	0	0	0	0	0.0090	478
Acetaldehyde	[12]	207.1	0.15	0	0	0	0	0	0	207
Acetonitrile	[13]	53.9	4.3	0	0	0	0	0	50	0
2,2'-Azobisisobutyronitrile	[16]	5.8	0	0	0	0	0	0	0	5.8
Antimony and its compounds	[31]	10.1	0	0	0	0	0	0	1.0	0
Isobutyraldehyde	[35]	70.0	1.64	0	0	0	0	0	0	68
2-Ethylhexanoic acid	[51]	5,720.7	0	0	0	0	0	0	4.9	5,706
Ethylenediamine	[59]	3.0	0.290	0	0	0	0	0	0	2,739
ε-Caprolactam	[76]	33.0	0	0.011	0	0	0	0	0	33
Xylene	[80]	13.8	0	0	0	0	0	0	0	14
Chromium and trivalent chromium compound	[87]	3.7	0	0	0	0	0	0	0.044	0
Vinyl chloride	[Special 94]	125,314.4	4.0	0.11	0	0	0	0	0	125,310
Chloroform	[127]	7.0	0.37	0	0	0	0	0	4.0	0.71
Cobalt and cobalt compounds	[132]	3.1	0	0.13	0	0	0	0	0	2.9
Vinyl acetate	[134]	53.5	5.1	0	0	0	0	3.9	0.001	45
"Inorganic cyanide compounds (not including complex salts and cyanate)"	[144]	21.7	0	0	0	0	0	0	0	22
Cyclohexylamine	[154]	8.2	0.46	0	0	0	0	0	0	7.8
Methylene chloride	[186]	360.3	4.7	0	0	0	0	0	0	356
Divinylbenzene	[202]	2.0	0	0	0	0	0	0	0	2.0
2,6-di-t-butyl-4-cresol	[207]	11.3	0	0	0	0	0	0	0	11.3
N,N-dimethylformamide	[232]	2.9	0	0	0	0	0	0	2.9	0
Organic tin compounds	[239]	148.9	0	0.0003	0	0	0	0.1	0.55	3
Styrene	[240]	1,193.8	27	0	0	0	0	0	0	422
Tolylene Diisocyanate	[298]	9.1	0	0	0	0	0	0	0	0
Toluene	[300]	623.3	45	0	0	0	0	25.2	111	322
Lead compounds	[Special 305]	481.7	0	0.0026	0	0	0	0	4.3	57
Nickel compound	[Special 309]	1.1	0	0	0	0	0	0	0	0
Bis-(2-ethylhexyl) phthalate	[355]	4.0	0	0	0	0	0	0	2.0	0
n-Hexane	[392]	109.8	13	0	0	0	0	0	97	0
Boron and its compounds	[405]	55.3	0	0	0	0	0	0	0	0
"Poly (oxyethylene) = alkyl = ether (C = 12-15 and other blends)"	[407]	3.0	0	0	0	0	0	0	0	0
Manganese and its compounds	[412]	6.2	0	0	0	0	0	0	6.2	0
Methacrylate	[415]	265.4	1.5	0	0	0	0	0	0.012	264
Methyl methacrylate	[420]	184.8	1.5	0	0	0	0	0	0	183
Methylnaphthalene	[438]	1.3	0.0063	0	0	0	0	0	0	1.3
Methylenebis (4,1-phenylene) = diisocyanate	[448]	1,576.2	0	0	0	0	0	0	0.0010	1,572
		137,291.4	115	0.25	0	0	0	30.6	287	135,330

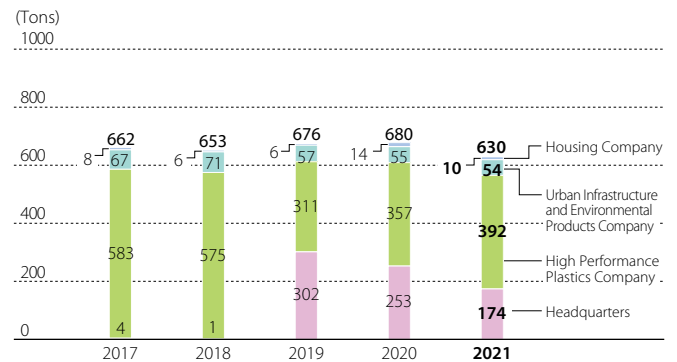
Index	Calculation Method
Amount of Chemical Substances Handled	Amount of substances subject to regulation by the PRTR Law handled [Scope: Production sites and research facilities in Japan]
Amount of Emissions / Transfer of Chemical Substances	Amount of emissions / transfer of chemical substances subject to regulation by the PRTR Law: Amount of emissions = Amount of emissions into the air + Amount of emissions into public waters + Amount of emissions into the soil on-site + Amount disposed of by landfill on-site Transfer amount = Amount transferred to sewers + Amount transferred as waste material [Scope: Production sites and research facilities in Japan]
Amount of Chemical Substances Subject to Detoxication	Amount of chemical substances subject to regulation by the PRTR Law subject to detoxication: Amount detoxified = Amount consumed in reaction + Amount consumed through combustion, etc. [Scope: Production sites and research facilities in Japan]

Amount of Chemical Substance Emission and Transfer (PRTR Law) / Japan



Note: Past figures have been retroactively revised due to changes in aggregate scope.

Discharge of Volatile Organic Compounds (VOCs) into the Atmosphere / Japan



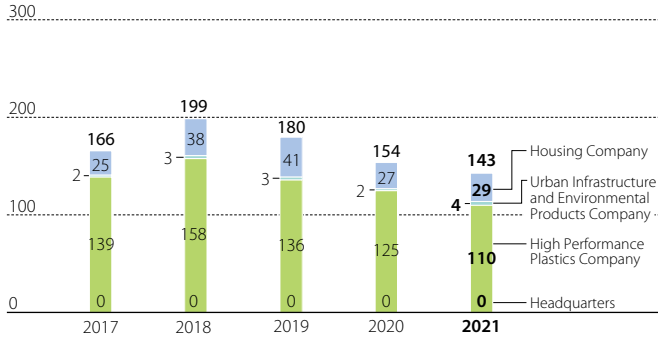
Note: Past figures have been retroactively revised due to changes in aggregate scope.

Index	Calculation Method
Amount of Emissions / Transfer of Chemical Substances	Amount of emissions / transfer of chemical substances subject to regulation by the PRTR Law: Amount of emissions = Amount of emissions into the air + Amount of emissions into public waters + Amount of emissions into the soil on-site + Amount disposed by landfill on-site Transfer volume = Amount transferred to sewers + Amount transferred as waste material Scope: Covers production sites and research facilities in Japan

Index	Calculation Method
VOC Emissions	Amount of emissions into the atmosphere of volatile organic compounds (VOC) among the substances subject to regulation by the PRTR Law and Japan Chemical Industry Association

NOx Emissions / Japan

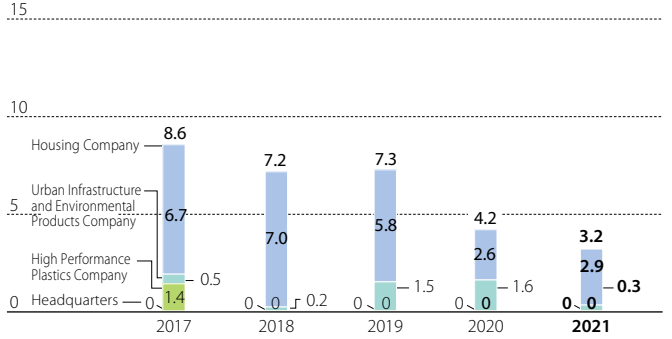
Emissions (Tons)



Index	Calculation Method
NOx Emissions	NOx emissions = Σ (Amount of exhaust gas airflow per year x NOx concentration x 46/22.4)

SOx Emissions / Japan

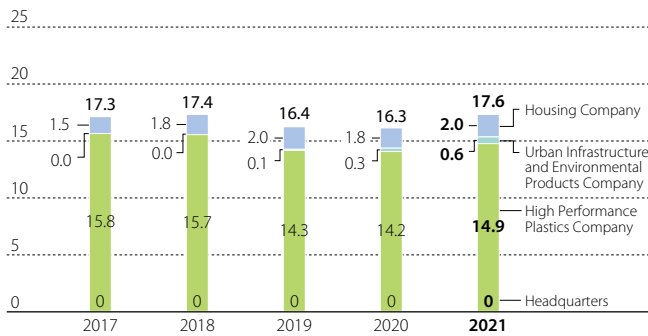
Emissions (Tons)



Index	Calculation Method
SOx Emissions	SOx emissions = Σ (amount of SOx per year x 64/22.4)

Soot and Dust Emissions / Japan

Emissions (Tons)



Index	Calculation Method
Soot and Dust Emissions	Soot and Dust emissions = Σ (amount of exhaust gas airflow per year x soot concentration)

● Environmental Impact Assessment

Understanding the Impact of Our Products and Services on the Global Environment

Basic Concept

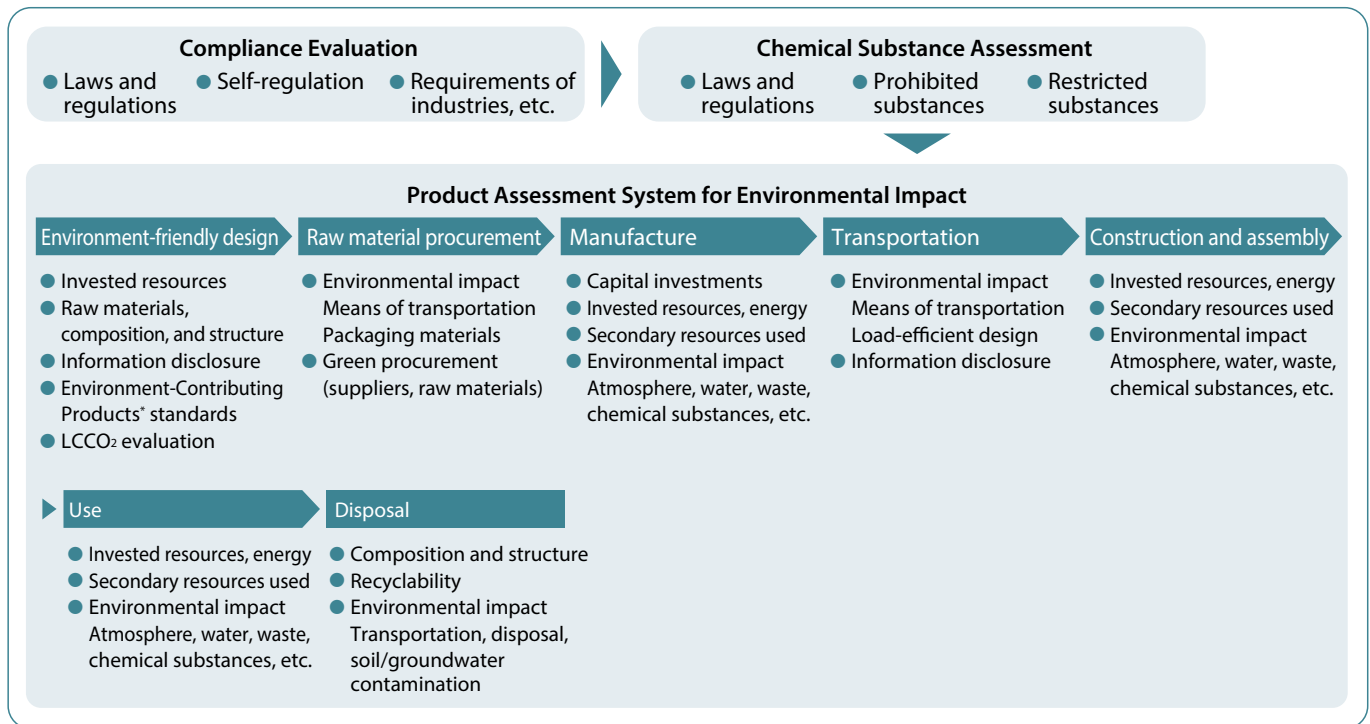
Reflecting the Results of Environmental Impact Assessments Back into Our Measures

SEKISUI CHEMICAL Group assesses environmental impact at every stage of a product's lifecycle when products and processes are developed or changed.

Assessment of environmental impact of products

Scope: All stages of the product life cycle

Targets: Products and processes



Note: Environment-Contributing Products were evolved into Products to Enhance Sustainability from fiscal 2020. For more details, see p. 54, Products to Enhance Sustainability.

● Material Balance

Performance Data

SEKISUI CHEMICAL Group releases information on the resources and energy used in its business activities (input) and on the substances that have an environmental impact generated by those activities (output).

Material balance (Japan and overseas total)

Fiscal 2021 Results

Main Raw Materials (Total amount used)

● Metals	126 thousand tons
● Wood, wooden building materials	53 thousand tons
● Cement for exterior walls	87 thousand tons
● Concrete for foundations	430 thousand tons
● PVC	152 thousand tons
● Polyethylene	96 thousand tons
● Polypropylene	28 thousand tons
● Kraft paper	38 thousand tons
● PRTR-designated substances	137 thousand tons
● Other resins/chemicals	431 thousand tons
● Other inorganic/composite materials	37 thousand tons

Energy

● Purchased electricity	681,465MWh
● Heavy oil A	1,778kL
● City gas	65,409 thousand m ³

Industrial water

● Industrial water	21,537 thousand tons
--------------------	----------------------

INPUT



OUTPUT

Into the Atmosphere

● CO ₂ from energy consumption	662 thousand tons-CO ₂
● Nox	143 tons
● Sox	3 tons
● Soot and Dust	18 tons
● PRTR-designated substances	115 tons

Into Water

● Water discharged	19,265 thousand tons
● COD	70 tons
● PRTR-designated substances	0.25 tons

Waste

● Total generated waste	64 thousand tons
-------------------------	------------------

Production

● Production	1,331 thousand tons
--------------	---------------------

*Only business sites in Japan listed in the environmental performance data aggregation range are included in calculation.

Contributing to Return of Natural Capital

Under its SEKISUI Environment Sustainability Vision 2050, SEKISUI CHEMICAL Group declared that it would contribute to returns greater than the natural and social capital it uses. Natural capital will be returned through, for example, product evaluation systems based on sustainability and global environmental conservation activities.

■ Co-existing with the Global Environment Through Business Activities and Products

SEKISUI CHEMICAL Group is working to address issues in the natural environment and social environments aimed at improving sustainability of the earth and society with a long-term approach. Aiming to realize an earth with maintained biodiversity in 2050, the Group is committed to and will pursue activities that help return more natural and social capital back to the planet than it uses through the three initiatives: expand and create products to enhance sustainability, reduce environmental impact*, and conserve the natural environment.

* For more information, see p. 177, Use of Natural Capital.

Promoting solutions for issues on the natural environment and social environment while establishing a product evaluation system to increase the sustainability of the earth and society

Between fiscal 2006 and fiscal 2019, the Group internally certified as Environment-Contributing Products those products that demonstrated a high level of environmental contribution when used by customers, and has committed and promoted further expansion of those Products.

From fiscal 2020, the Group has evolved its sustainability-based product evaluation system as Products to Enhance Sustainability.

The premise for products to enhance sustainability remains the same: products that have demonstrated a high level of environmental contribution toward solving natural and social environmental issues when used by customers. We believe contributions that improve the sustainability of the earth and society specifically help solve issues facing the natural environment and social environment.

In addition, corporate sustainability and product sustainability that enables ongoing product manufacturing is important for SEKISUI CHEMICAL Group in order to continuously create and provide products that help solve issues in the external environment.

Based on this, SEKISUI CHEMICAL Group launched measures under the new Products to Enhance Sustainability banner as a product evaluation system to promote the improvement of sustainability of the earth, society, and products.

In addition, our three-year Medium-term Plan from fiscal 2020 will pursue measures to improve sustainability underpinned by our Products to Enhance Sustainability by strategically selecting growth products within our premium framework.

In addition, in order to sustain our contribution to solving issues, we have started to carry out confirmation and evaluation of sustainability for each product. In addition to our Company and raw material suppliers, we also check the current status of customers, such as governance (internal control), environment, and customer satisfaction. Through confirmation and evaluation, we will discover common issues and good practices, implement measures to solve the issues, and carry out horizontal development.

Environmental Conservation

While SEKISUI CHEMICAL Group has to date engaged in activities with the goal of conserving the natural environment mainly in Japan, it has continued to expand the scope of its activities in a bid to realize business sites that coexist in harmony with local environments globally since fiscal 2020. We have, for example, put in place plans to extend efforts to improve the quality of green spaces of our business sites in Europe.

● Conserving the Environment

Continuing to Provide Prominent Values Toward the Realization of an Earth with Maintained Biodiversity

Basic Concept

Reducing the Impact of Business Activities on Biodiversity

Business activities of SEKISUI CHEMICAL Group are blessed by the fruits of nature derived from biodiversity, while negatively impacting the ecosystem.

In April 2008, SEKISUI CHEMICAL Group incorporated biodiversity-related items into its Environmental Management Policy. At the same time, we will promote the efficient use of limited resources and energy, and strive to reduce the environmental impact caused by greenhouse gases and harmful chemical substances and prevent pollution.

Having established a set of guidelines* on biodiversity in 2011, the Group strives to conserve biodiversity, including the natural environment, through both environmentally conscious business activities and actions to preserve the environment undertaken around the world.

* Biodiversity Guidelines

1. Analysis/assessment and reduction of impact

While analyzing/assessing the impact on our business activities, we will work to reduce any negative impact on ecosystems.

2. Contribution from technologies and products

While working diligently to develop and supply technologies and products that contribute to the conservation or recovery of biodiversity, we will learn from lean natural circulation and promote manufacturing that utilizes that wisdom.

3. Raising employees' awareness and habitat conservation

Through the promotion of social contribution activities, such as nature conservation activities, we will raise employees' awareness and make efforts to conserve the habitat of living things.

4. Dialogue with stakeholders

We will work diligently to promote biodiversity conservation by interacting and collaborating with various stakeholders, such as local communities, NGOs, and education/research institutes.

5. Information transmittance and learning/diffusion

To remain a company that is trusted by and meets the expectations of society, we will disclose our voluntary efforts in biodiversity conservation and their outcomes. At the same time, we will thereby contribute to the enlightenment and the dissemination of a sustainable society.

Long-term Environmental Management Vision**Toward the Realization of an Earth with Maintained Biodiversity**

To contribute to the realization of an earth with maintained biodiversity, SEKISUI CHEMICAL Group engages in activities based on the SEKISUI Environment Sustainability Vision 2050*¹.

As stated in the SDGs, natural environment and social environment issues are interconnected, and in order to solve a single issue, we must remain conscious of multiple issues while working to find solutions.

Looking ahead, we intend to strengthen our partnerships with stakeholders and evolve activities conscious of the need to solve not only issues relating to the natural environment and social environments, but also contribute to realizing a return to social capital as well as natural capital*².

*1 See p. 154, Long-term Environmental Management Vision: SEKISUI Environment Sustainability Vision 2050.

*2 See p. 162, Integrated Index: Sekisui Environment Sustainability Index.

● Addressing Biodiversity

■ Initiatives Envisioned to Address Biodiversity

1. Assessment and reduction of the impact of business activities on biodiversity
 - Developing assessment methods and conducting assessments, reducing impact
 - Greening of business sites (promoting landscaping and biotope development)
 - Promoting biodiversity-conscious purchasing
2. Development and promotion of related technologies and products
 - Incorporating biodiversity assessments at the product development stage
3. Raising employees' awareness
 - Conducting nature conservation activities at all business sites
 - Expanding Sekisui Nature Study Course and nature conservation activities
4. Dialogue and cooperation with external stakeholders
 - Supporting innovations inspired by nature, and holding public forums
 - Supporting nonprofit and other organizations through Keidanren (Japan Business Federation)
5. Transmittance of information
 - Participating in exhibitions
 - Educating the next generation (Children's Nature Study Course, school visits)
 - Providing information through Sustainability reports, site reports, and the Company's website

■ Biodiversity Assessments

At the twice-yearly meetings of SEKISUI CHEMICAL Group's Environmental Subcommittee, which has been established under the Sustainability Committee chaired by the president, biodiversity issues related to the Group's business activities and assessments of the impact those activities are deliberated.

Furthermore, when a large-scale land is developed, such as when constructing a new factory, or new land is acquired, for example through M&A, we carry out environmental assessments of the impact that our business may have on the atmosphere, water areas, soil, etc. During these environmental impact assessments, we also verify any impact with regard to biodiversity.

Assessment of Impact on Biodiversity

Under its SEKISUI Environment Sustainability Vision 2050, the Company is working to realize an earth with maintained biodiversity. To that end, we are promoting activities that incorporate a net-positive approach toward ecosystems.

As previously mentioned, the Sekisui Environment Sustainability Index is used as an integrated indicator to confirm the degree of progress toward realizing the Group's environmental vision, and is calculated as the rate of return on natural and social capital.

As a breakdown of this calculation, steps are taken to identify the impact of four aspects on plants (primary growth of plants) and biodiversity (rate of extinction of living species) in addition to climate change issues and social assets, and to monitor as an impact on biodiversity (nature).

Here we show the rate of return for each of these two plant and biodiversity aspects. While neither aspect has yet reached a rate of return of 100% or higher, SEKISUI CHEMICAL Group is steadily promoting corporate activities that will help realize a nature positive future by addressing such environmental issues as climate change and resource recycling.

Trends in Biodiversity and Primary Plant Production Rates of Return

(Unit: %)

	2016	2017	2018	2019	2020	2021 <input checked="" type="checkbox"/>
Biodiversity aspects	41.0	38.3	39.4	43.1	40.8	49.7
Primary aspects	34.2	35.0	35.1	34.9	38.2	41.0

SEKISUI CHEMICAL Group recognizes that the emission of raw materials and chemical substances as well as the disposal of products sold place a serious burden on biodiversity.

Furthermore, we understand that a significant burden on the primary growth of plants falls under the category of raw materials, in particular paper derived from biomass, as well as other materials including those derived from petroleum.

In a bid to reduce this impact, we recognize the importance of strengthening procurement that takes into account sustainability also with respect to non-fossil resources as identified in our resource recycling policy. With the aim of strengthening sustainable procurement, SEKISUI CHEMICAL Group is initiating a variety of steps, including a review of consideration items pertaining to supplier management, the preparation of a guide, and activities aimed at reducing environmental impact and corporate risks in cooperation with suppliers.

Conversely, products that contribute significantly to biodiversity include, for example, products that contribute to the reduced use of mineral, fossil, and forest resources. These products are used in a wide range of areas and include products that contribute to resource recycling by reducing energy consumption during the use of vehicles and transportation, improving durability, and promoting a shift in raw materials. Examples of the former include KYDEX, LLC products for aircrafts and railroads. Examples of the latter include products related to the SPR method for sewage pipe rehabilitation. Products that contribute significantly to the primary growth of plants include, for example, products that reduce global warming and products that can reduce waste. Once again in the case of the former, an example is Sekisui Heim's housing equipped with solar power generation system panels. In the case of the later, examples include Kraft tape, which enables the use of a thinner paper core than previously possible.

To expand these contributions, we are developing products and technologies that contribute to decarbonization while working to reduce waste from products sold. We also acknowledge the importance of putting in place services and technologies that promote recycling. With this in mind, we are looking to achieve each of the aforementioned goals by expanding our lineup of Products to Enhance Sustainability.

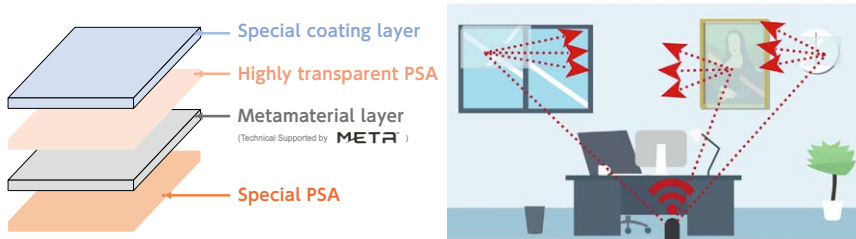
Moving forward, SEKISUI CHEMICAL Group will continue to promote manufacturing while considering its direction from these rates of return in order to engage in these types of nature positive corporate activities.

■ Innovation Inspired by the Nature Research Support Program and Holding Forums

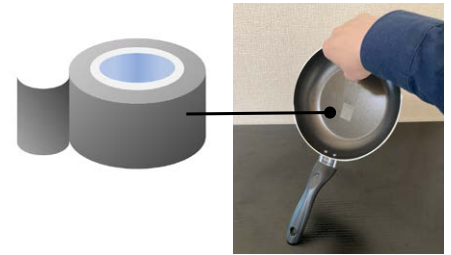
As an effective approach to manufacturing that is geared toward solving social as well as environmental issues, SEKISUI CHEMICAL Group has recognized the importance and necessity of learning from nature's wisdom since 2002. Based on this understanding, we established the nature-inspired manufacturing research support program to promote the development of biomimicry technology and have organized forums where researchers can share their results. The year 2022 marks the 20th year this initiative will be held.

While basic science requires time for research and support, we believe that learning from nature's wisdom has the potential to create fundamental innovations that differ from conventional energy-consuming technologies. For researchers outside the Company, this program has encouraged the development of 280 (cumulative total) technologies. Amid efforts to promote development based on this understanding, the following types of technologies and products have emerged.

[Contribution to a next-generation telecommunications society]



Transparent flexible reflector film developed from studies of the brilliance of Morpho butterfly wings



Fluoroplastic-compatible adhesive tape developed from the study of mussel secretions

[Contribution to extending healthy lifespans (and application as a COVID-19 countermeasure)]



Viru-taker™ and Allerbuster developed from the study of plant-based resins

[Contribution to addressing climate change (heat island effect countermeasure)]



Fractal sunshade material Airyshade developed from the study of the cool shade of trees

SEKISUI CHEMICAL Group will continue to place considerable importance on learning from nature's wisdom in its manufacturing with the aim of developing nature positive products and businesses in the future.

Major Initiatives

| Use of Sustainable Timber and Ensuring Traceability

To contribute to the eradication of deforestation as well as the sustainable use of timber resources, at SEKISUI CHEMICAL Group every effort is made to ensure that the timber used in products is logged in accordance with statutory and regulatory requirements, such as FSC-certified wood. In addition, the Group conducts investigations into commercial distribution with regard to the logging area, tree species and quantity of timber materials to ensure traceability. For recycled materials, we use timber- and wood-based materials that are already used in markets, as well as unused thinnings and branches.

Previously, traceability surveys were limited to timber and wood-based materials used in manufacturing at domestic production sites, but from fiscal 2020, we are conducting surveys at overseas business sites as well. Giving renewed consideration to our impact on ecosystems, from fiscal 2021 we have begun to formulate Guidelines for Procurement of Timber Materials, into which the opinions of experts have also been incorporated.

| Initiatives to Improve Green Space Quality at All Domestic Production Sites and Research Institutes

Having prepared habitats for local flora and fauna at 45 business sites (total site area 3,209,000 m², total green space area 838,000 m²) in Japan, we are moving forward with efforts to improve the quality of green spaces at business sites. Our aim is to build ecosystem networks that connect local communities and business sites while invigorating local partnerships. Under the Environmental Medium-term Plan (2020-2022), we aimed to improve our score on the JBIB Land Use Score Card[®] by three points compared with fiscal 2019.

Under the guidance of the environmental consulting company Regional Environmental Planning, Inc., we are engaged in a range of activities at each business site. For example, we are formulating and executing green space design and management plans in harmony with the surrounding natural environment, conducting sustainable maintenance and management that utilize natural cycles, eradicating invasive species and conserving rare species, and maintaining communication with stakeholders. As a result, in fiscal 2021 we improved our average score 3.3 points compared with fiscal 2019.

■ Maintenance Activities in Wetlands Where Japanese Rice Fish Live

At the Shiga-Minakuchi Plant, we conducted a biological survey throughout the factory premises in fiscal 2019 and, based on the results, are developing a variety of biodiversity conservation activities.

As our main activity, we designated a place of particularly high conservation value on the site as a wetland biotope. Here we are carrying out the conservation of a rare Japanese rice fish species, the eradication of an invasive species known as parrot feather, and conducting regular monitoring. Of these, parrot feather is a very fertile plant that can reproduce itself even from broken stem fragments. If allowed to grow, this weed will cover the water's surface and threatens the survival of aquatic organisms, so ongoing eradication is necessary. We continued to carry out eradication work in fiscal 2021 to maintain a biotope environment in which the Japanese rice fish can swim energetically.

In fiscal 2020, we commenced conservation activities for the Japanese lily, which has been selected as the official city flower of Koka City. It is said that it takes about seven or eight years to bloom, and we are working with the goal of growing these naturally on the factory premises.

In recognition of these activities, we have obtained the highest three-star certification in the Shiga biodiversity initiative certification system. In the years to come, we will further enhance environmental education for employees, work to develop human resources who contribute to the environment, and develop activities that also contribute to the surrounding area.



Wetland biotope conservation



Parrot feather, an invasive species



■ Promoting Biodiversity in the Housing Business

The Sekisui Heim Group is working to create sustainable town schemes by maintaining and improving the property value of the towns in its residential housing business.

In fiscal 2020, the SEKISUI Safe & Sound Project*¹ for the complex large-scale Asaka Lead Town was certified as an ABINC ADVANCE certified facility*², the first time by a single corporate group. Tokyo Sekisui Heim Co., Ltd.'s Smart Heim City Asaka had acquired ABINC certification (fiscal 2018) for town and community development. As an initiative for sustainable town and community development, from the perspective of biodiversity, we have achieved a high ratio of green coverage at Asaka Lead Town by planting an abundance of plants centered on the native species of the region throughout the town. We are also trying to mitigate damage from torrential rain having adopted disaster-resistant infrastructure equipment and utilizing the water retention capacity of the green spaces. In addition, we are planning to hold a variety of events to revitalize the local community through the green spaces. These events include, for example, nature meetings to observe creatures and study plants in which several generations can take part and riverbank clean-up activities. For the purpose of increasing the number of trees and plants that attract wildlife, plans are in place for Group companies to take the lead in implementing a variety of events including tree-planting by local residents and the production and installation of bird nesting boxes that attract native birds that are unique to the region.

*1 Based on the three concepts of Safe, Sound, and Safe & Sound, we are working to create a safe, secure, environment-friendly, and sustainable town while demonstrating the comprehensive strengths of SEKISUI CHEMICAL Group. We are working to build a sustainable town and community that will continue to have value by providing tangible and intangible benefits that will allow its residents, from young people to the elderly, to live safely and comfortably.

<Three Concepts>

Safe: Secure & Safe. Feel a newfound sense of security, anytime and anywhere.

Sound: Environment and Comfort. A vibrant town where residents can participate, enjoy, and build a community.

Safe & Sound: Sustainable. Always watching over and continuously supporting Safe & Sound = free from harm.

*2 ABINC ADVANCE is a certification system by which the Association for Business Innovation in harmony with Nature and Community (ABINC) assesses the contributions made by the private sector that aims for the realization of sustainable communities and towns through biodiversity conservation and for the achievement of the SDGs. Planned and managed in accordance with the concept of the guidelines for the promotion of Ikimono Symbiotic Coexistence Enterprise[®] certifications developed by the Japan Business Initiative for Biodiversity (JBIB), those enterprises that meet the reference point or higher in the JBIB Land Use Score Card and are certified under this examination process receive this certification.





Quercus glauca
(ring-cupped oak)



Quercus myrsinifolia
(white oak)



Ilex integra
(holly)



Ligustrum japonicum
(wax-leaf privet)

Species of plants scheduled for planting



Artist's impression of Asaka Lead Town after completion

Cooperation with External Organizations

Business Associations Aiming for and Taking Action in Biodiversity Conservation

30by30 Alliance

- Organizer Ministry of the Environment
- Significance/objectives ... Achievement in Japan of internationally agreed 30by30 targets
- Activities Summarize and promote deployment of efforts necessary, such as OECM certification, to stop and recover biodiversity loss (become Nature Positive) by 2030
- Our Company's role Expressing support and aiming to accelerate efforts through in-house and corporate collaboration

JBIB (Japan Business Initiative for Biodiversity)

- Significance/objectives ... Contribute to the conservation of biodiversity in Japan and overseas
- Activities Promoting diverse activities, such as conducting research regarding biodiversity together with various companies.
- Our Company's role Exchanging opinions with companies that promote biodiversity conservation and sharing case studies while accelerating in-house efforts and raising awareness of social efforts

Activities to Conserve Green Spaces

We work together with an environmental consulting firm on environmental conservation activities and development of local environment, such as research on ecosystems at production sites and laboratories, conservation of biodiversity, and eradication of invasive species..

Social Contribution Activities

To develop personnel who are able to contribute to the environment, we engage in natural environment conservation activities in various regions around the world, through cooperating with local governments, academic institutions, schools, NPOs and NGOs.

Performance Data 

Results from the JBIB Land Use Score Card®

	FY2021
JBIB Land Use Score Card®	Increased by 3.3 points

Index	Calculation Method
Points of JBIB Land Use Score Card®	<p>JBIB Land Use Score Card® is a tool promoted by JBIB, which evaluates the level of effort to preserve biodiversity with respect to the land owned by the Company. It is a calculation sheet to evaluate every business site regarding the size and quality of its greenspace, management system, etc. on a scale from 0 to 100.</p> <p>We implement assessments of every business site for the fiscal year using the JBIB Land Use Score Card® and calculate the increase from the number of points it had in fiscal 2019. The index is the average increase of the points across all business sites.</p>



TOPICS

- **Human Resources Management Principles** p244
- **Transforming into a Vibrant Company** p246
 - Vision Management p249
 - People Management p252
 - Human Resources Management p258
- **Refining the Foundation** p261
 - Allowing Diverse Human Resources to Excel p261
 - Work Style Reforms p280
 - Health and Productivity Management p285

Human Resources Management Principles

To realize a sustainable society by supporting the basis of LIFE and continuing to create peace of mind for the future, SEKISUI CHEMICAL Group is taking into consideration diversity as well as the workplace environment as it develops human resources who actively take on challenges.

Positioning of This Materiality

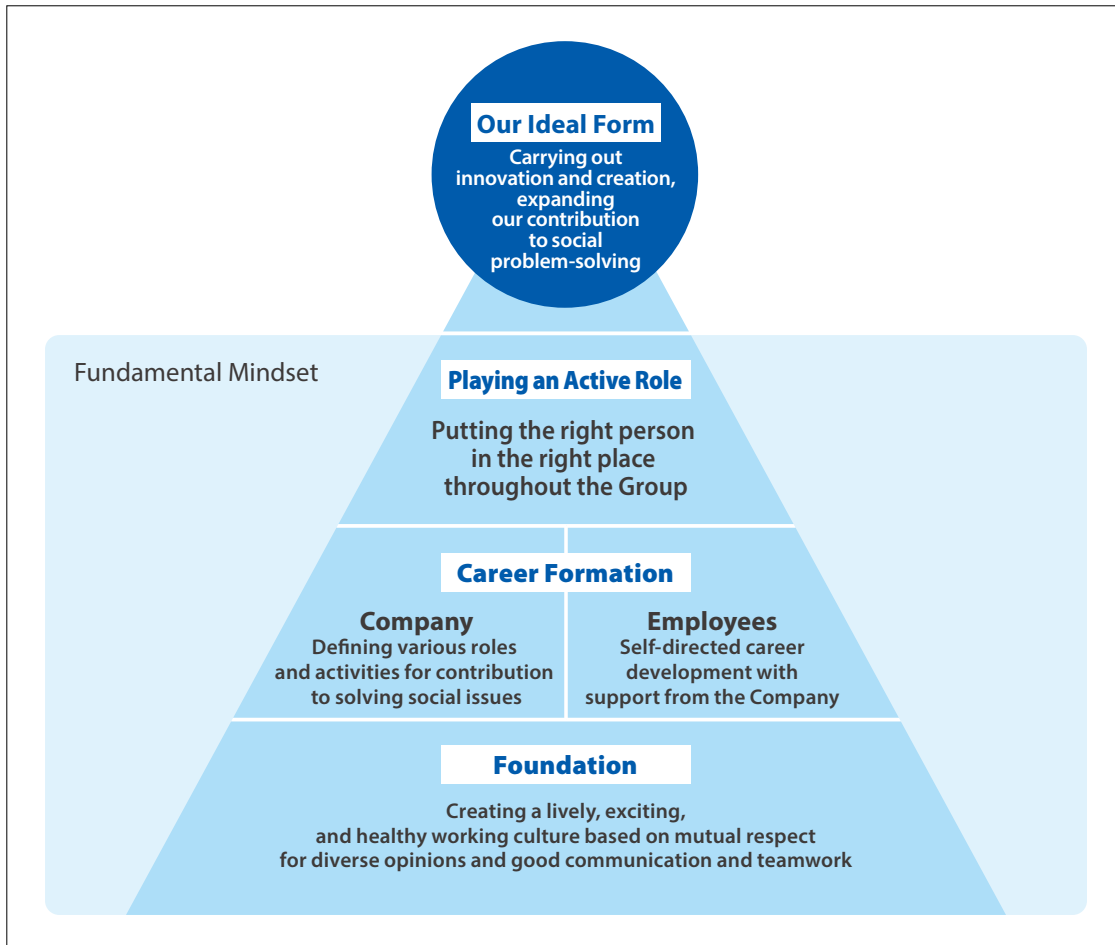
SEKISUI CHEMICAL Group positions human resources as the driving force behind its ability to generate innovation and realize its Long-term Vision. In order for the Group to contribute more than ever to solving social issues, we are striving to create a workplace full of vitality. At the same time, we are putting in place an organization and culture that fosters the will to take on challenges in the face of mounting hurdles to realize a sustainable society. Under the current Medium-term Management Plan, we are working to instill an understanding, empathy, and personal ownership of our Long-term Vision. We are also shifting to a human resources management style where the right person is positioned in the right place. In this manner, we hope to foster an organizational climate that encourages employees to actively take on new challenges.

Our Philosophy

Based on our belief that employees are precious assets bestowed on us by society, we, SEKISUI CHEMICAL Group, offer various opportunities through which we help individual employees to pursue their own careers and enhance their unique skills while taking on the challenge of working together with employees to help solve social problems by creating opportunities pursue various social significant missions and challenges.

This fundamental mindset regarding human resources is shared throughout the entire Group, and we are striving to ensure that our workplaces are vibrant and enable diverse personnel to take on challenges and play an active role.

Human Resources Management Principles



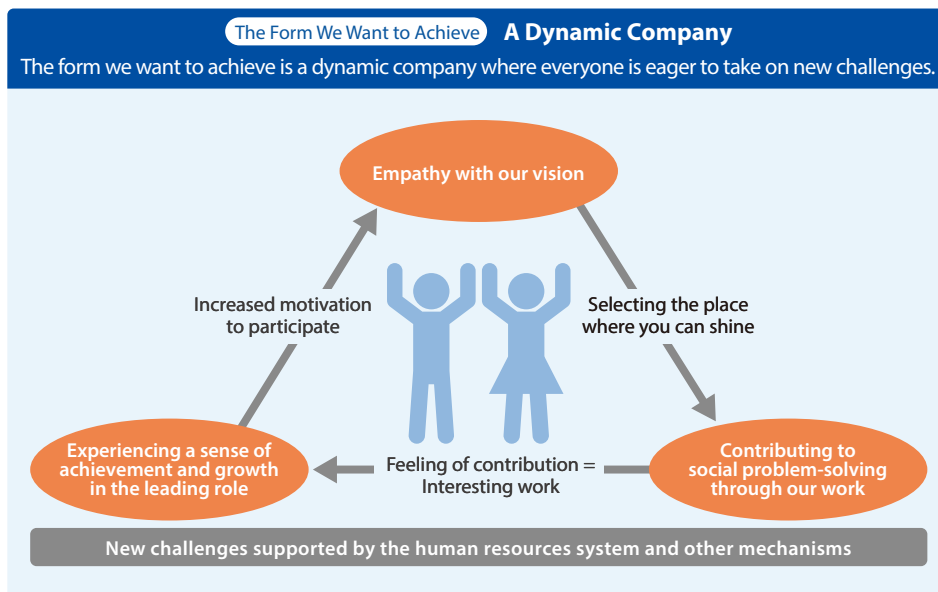
Transforming into a Vibrant Company

To become an excellent and vibrant company where employees thrive on challenges, SEKISUI CHEMICAL Group aims to foster an organizational culture in which each individual plays a leading role and can take on a variety of challenges.

Our Vision of a Vibrant Company

We believe that a vibrant company is one in which each and every individual takes on a leading role and is able to take on a variety of challenges, achieving an energetic corporate culture which makes employees want to stretch and push themselves.

To become a vibrant company, we aim to create a virtuous cycle in which all employees have a shared vision and contribute to solving social issues through their work to create a successful track record. This sense of accomplishment and growth further motivates them to take on the challenge of playing a leading role in realizing this vision.



Message to All of Our Employees from the President

Our president has released a message to all of our employees expressing his hope to become a vibrant company. Based on this aspiration, we are implementing and expanding policies linked to the understanding and promotion of initiatives for becoming a vibrant company by employees of the Group.

Message from the president to the employees on becoming a vibrant company

The vibrant company that I have in mind, is one in which the employees are fully aware, take pride, and are able to take on specific challenges.

In order to utilize the Group's wide-range of businesses to improve life for everyone around the world and the global environment, a diverse group of employees with different personalities, experiences, and characteristics must be allowed to demonstrate their individual capabilities, personalities, and characteristics to the greatest extent possible. In 2015, SEKISUI CHEMICAL Group established the Diversity Management Policy. In deploying diversity management across the entire Group, steps were then taken to promote female empowerment as a first step. Thanks largely to the dual efforts of promoting women's empowerment while creating a positive organizational environment, SEKISUI CHEMICAL was selected as a Nadeshiko brand among a number of other achievements. Our goal moving forward is to build an organization in which all employees, including women, can actively participate in the business and take on challenges on a daily basis.

To this end, SEKISUI CHEMICAL Group will work to improve productivity, reform its systems and culture, and enhance Governance (Internal Control) through such wide-ranging measures as digital transformation, automation of the plant floor, work style reforms that allow diverse human resources to excel, health and productivity management, and efforts aimed at expanding opportunities and challenges.

SEKISUI CHEMICAL Group's mission is to be acclaimed by stakeholders as a truly excellent company and a corporate group that increasingly contributes to the sustainability of society. It is our hope that all employees will continue to take up each challenge with a strong sense of pride.

Let's refine our ESG management and harness the collective strengths of all Group employees to overcome every challenge and grow.

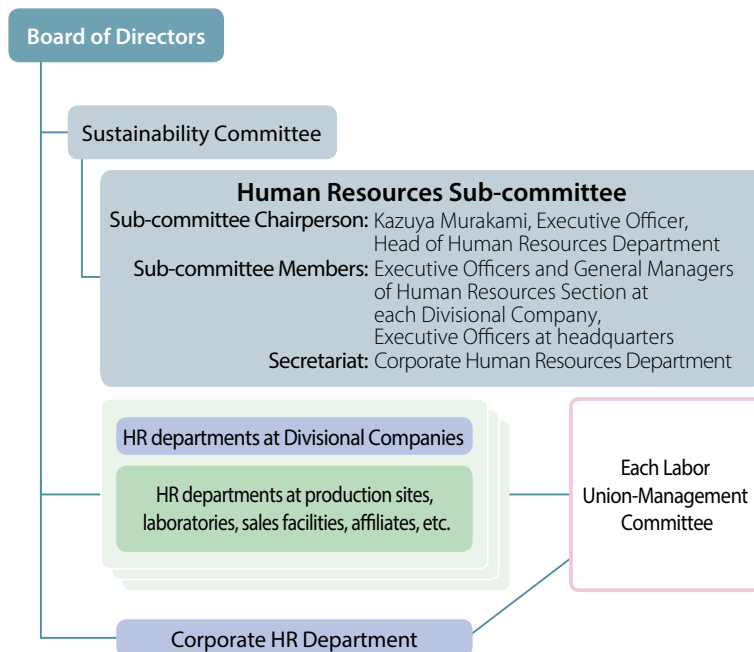
President and Representative Director
SEKISUI CHEMICAL Co., Ltd.
Keita Kato

Promotion System

Convened under the Sustainability Committee, and chaired by the executive officer and head of the Human Resources Department, the Human Resources Subcommittee is comprised of the heads of the human resources each divisional company.

The Human Resources Subcommittee met twice in fiscal 2021, once in November and once in March to deliberate on key KPIs and KPIs for each policy.

Human Resource / Promotional Structure (since fiscal 2021)



Set Specific Goals and Implement Measures

The Medium-term Management Plan (fiscal 2020-2022) involves implementing initiatives to become a vibrant company that encourages employees to take on challenges as well as realize a challenge-oriented corporate culture regarding key human resource issues for achieving the sustainability of society and SEKISUI CHEMICAL Group, targeted under the Long-term Vision.

Key Initiatives and management frameworks

- Implement the Long-term Vision, instill ESG management :Vision Management
- Transition to a challenge-oriented corporate culture :People Management
- Shift to human resources management based on having the right person in the right place :HR (Human Resources) Management

Vision Management

● KPI (Degree of Challenging Behavior Expression)

■ Degree of Challenging Behavior Survey

Guided by the statement, Innovation for the Earth, which lies at the heart of its Long-term Vision, Vision 2030, SEKISUI CHEMICAL Group is working diligently to link efforts aimed at realizing a sustainable society to the sustainable growth of the Group by solving social issues and providing peace of mind that continues into the future. More than anything, it is important for each and every employee to demonstrate their abilities and to break free from convention while continuously taking on challenges in order to realize this Long-term Vision.

SEKISUI CHEMICAL Group has identified certain KPIs to measure the degree to which the Group as a whole achieves five key issues (governance (internal control), DX, the environment, human resources, and fusion) in the conduct of its ESG management. As an indicator to measure whether SEKISUI CHEMICAL Group is an excellent and vibrant company where employees thrive on challenges, we have identified the degree of challenging behavior as a KPI. In a bid to confirm this KPI, the Company implements an employee survey.

The efforts of each and every employee to take on challenge is of utmost importance in realizing our Long-term Vision. The objectives of the survey are to periodically determine whether employees are in fact engaging in challenging behavior and whether the organization is conducive to taking on challenges. The results are then used to ensure improvements at each workplace. In fiscal 2020, the program was implemented to measure the baseline scores. In fiscal 2021, steps were taken to reset the target values after confirming the progress of the activities. We will continue to conduct surveys in fiscal 2022 and beyond, and use the results to make further improvements. This is expected to help create a corporate culture that encourages challenge.

Degree of challenging behavior expression survey (FY2021)

Degree of challenging behavior expression rate: 13% (Japan 8%, Overseas 38%)

* Percentage of respondents who answered "Yes" to the question
"I am taking concrete actions to engage in challenging behavior to realize Vision 2030."

Coverage rate : 93% (Japan 100%, Overseas 83%)

* Percentage of companies surveyed of the Group's 164 companies

Response rate : 62% (Japan 60%, Overseas 69%)

* Employees who responded to the survey as a percentage of all employees of the companies where the survey was conducted.

● Implementing the Long-term Vision

In order to realize the Long-term Vision, Vision 2030, it is important for organizational managers, who are the key persons to developing the workplace, to incorporate the Vision in the vision of each department and communicate it to employees. This leads to the empathy of employees while fostering the spirit of challenging among individuals. In line with the three-year roadmap, in fiscal 2021, we applied prior examples of fostering the spirit of challenge in the workplace aimed at engaging in two-way communication with management and putting challenges into practices. First, feedback from the president on the opinions expressed in last year's activities and prior examples were showcased on the intranet and widely disseminated to employees. Next, Long-term Vision Workshops were conducted for managers. We reexamined actions within the Company's organizational setting that generate challenges based on the know-how extracted from prior examples and mutual advice provided among other managers. Based on these actions, we will continue dialogue with employees in each workplace in order to put challenges into practice. Overseas, we are planning and implementing similar measures in four regions (North America, Europe, China, and Southeast Asia) in a manner tailored to each region. We aim to create workplaces where each employee finds work meaningful and worthwhile, and is able to take on challenges with enthusiasm.

Long-term Vision Deployment Roadmap (Overview of Initiatives for the 3-Year Period)

経営層・ライン長・従業員の対話を軸にした浸透活動の継続が最重要		
20年度 ビジョン実現のベース構築	21年度 変革の実践	22年度 成果・成長の実践
✓ 挑戦行動発現度調査	✓ 挑戦行動発現度調査	✓ 挑戦行動発現度調査 ✓ エンゲージメント調査
① ビジョンキャラバン ・国内:8か所 ・海外:VC1・VC2	① ビジョンキャラバン ・海外:VC3 (関係会社ごと)	① ビジョンキャラバン ・海外:VC3
② ライン展開強化研修 職場展開ワークショップ	② ライン展開フォロー研修 職場展開ワークショップ	② ライン展開フォロー研修 職場展開ワークショップ
③ 各種情報発信 ・長期ビジョン(冊子・動画) ・グループ報 ・Sekisui Communication	③ 各種情報発信 ・グループ報 ・Sekisui Communication	③ 各種情報発信 ・グループ報 ・Sekisui Communication
	④ ESG経営表彰制度	④ ESG経営表彰制度

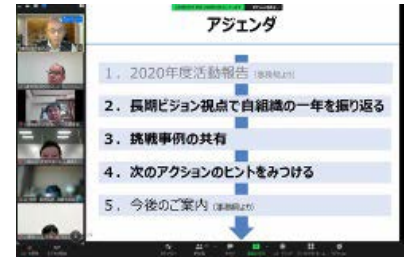
Long-term Vision Workshops for Managers



ライン展開と職場ワークショップについて加藤社長より
フィードバックコメントをいただきました



「あなたの仕事でしょー」から「一緒にやろう！」へ
営業・製造・お客様とつながったら「真のニーズ」が見えてきた#8



Workshops

Impressions of the Workshop Participants

- “I learned that other participating managers have similar problems, and I empathized with their struggles and innovations.”
- “I was inspired to imitate the examples presented and efforts of other managers.”
- “I am thinking of doing a Vision Caravan at my company to foster opportunities for dialogue with management.”
- “I want to increase communication (opportunities for praise) with members.”
- “It was a good opportunity for us to review our actions by using the know-how extracted from the case studies to reflect on how our own organization is managed.”

People Management

● Deepening Engagement

| Engagement Survey

SEKISUI CHEMICAL Group periodically conducts an engagement survey targeting all employees every three years. The Group asserts that continued empathy with, and undertaking of, the Vision, as well as the feelings of individual employees that they are always the key players and that they have the determination to do their best and not give up until the results surpass expectations, in other words engagement, is crucial for achieving the SEKISUI CHEMICAL Group Long-term Vision, Vision 2030.

The results of the survey conducted in fiscal 2019 were analyzed and examined by the Business Strategy Department and the Human Resources Department, and served as the basis for formulating the current Long-term Vision and the Medium-term Plan. In fiscal 2020, each Group company, both in Japan and overseas, took the lead in conducting interim surveys on a voluntary basis. In fiscal 2021, steps were taken to conduct an engagement survey in conjunction with a survey on the degree of challenging behavior expression. We will continue to measure the degree of challenging behavior expression and conduct engagement surveys in fiscal 2022 and beyond.

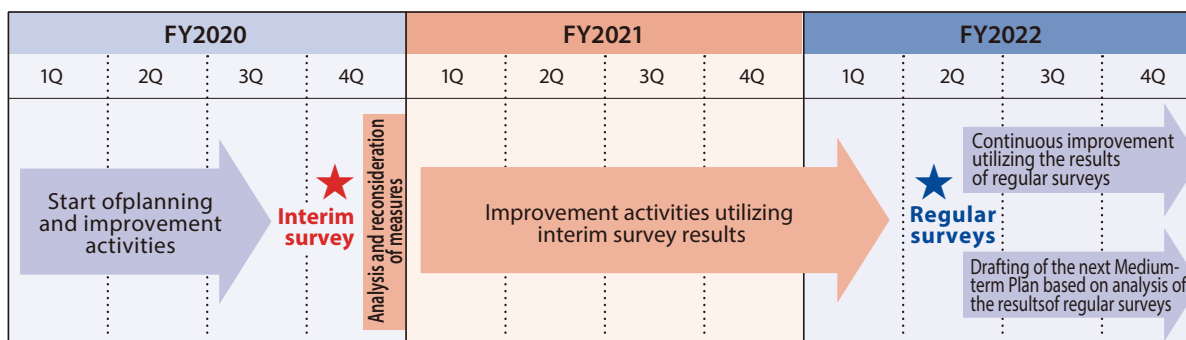
The results of the survey in fiscal 2021 are a 6-point improvement over the fiscal 2019 survey.

Moving forward, we will analyze and formulate measures on a Group-wide and individual company basis as a means to accelerate the improvement of engagement across the entire Group.

| Engagement Drive Project

Working to become a vibrant company with a large number of highly engaged employees dedicated to achieving our Long-term Vision, we launched the Engagement Drive Project, made up of members from the human resources departments of each organization, with the goal of increasing engagement. From fiscal 2021, we are accelerating activities, including efforts to foster a culture that encourages challenge.

Engagement Drive Project 2020-2022 Activity Stages



To promote the implementation of action plans geared toward addressing various issues in each organization, we undertook a wide range of support activities in fiscal 2021. These activities included the sharing of materials using internal SNS, posting case studies, conducting workshops and seminars, and providing lectures on examples from other companies.

Carrying on from the previous fiscal year, we continued to hold organizational development seminars to gain a bird's eye view of organizational issues and acquire the know-how necessary to involve stakeholders in the implementation process. Among a host of benefits including the ability to ensure practical application, these efforts helped improve overall project skills.

- Number of organizations engaged in activities: 83 in total, including SEKISUI CHEMICAL subsidiary companies in Japan and Headquarters business sites

Engagement Drive Project Major Group-wide Activities in FY2021	Number of participants
Fiscal 2021 Activity Awards & Kick-off Meeting	163
Organizational Structure Development Seminar DAY 1: Next Steps to Refine Feedback and Action Plans for Organizational Change	54
Organizational Structure Development Seminar DAY 2: Stakeholder Analysis, Model Approach to Individuals and Each Level	35
Workshop on How to Read the Survey on the Degree of Challenging Behavior Expression	110



Case study presentation at the SEKISUI CHEMICAL Group KAIZEN Activities Convention in fiscal 2021.



Kick-off meeting of assembled project members

● Employee Career Development

Allowing Diverse Human Resources to Excel (Career Autonomy)

■ Basic Concept

As an overall Company activity, we strive to foster diverse human resources throughout the Group based on the two pillars of training business leaders, who will someday shoulder management, and training efficient staff that can maintain our manufacturing processes. In addition, we apply measures in which the individual, their superiors, and systems work as a unified whole to support career autonomy, whereby employees take the lead in building their careers.

Note: Career Autonomy: An approach to independent employee career development whereby employees aim to work with vitality in a location to which they are uniquely suited as they prepare to play the role expected of them by their companies.

Major Initiatives

Career Training During Role Turning Points

Under a new human resources system established to realize the Long-term Vision, each individual employee is required to actively and ambitiously contribute to his or her specific role. For this purpose, steps were taken to transition career training from the conventional framework based on the axes of age and seniority to one based on the axes of role and occupation.

In fiscal 2021, we implemented career autonomy e-learning for employees and career autonomy online training for managers and supervisors, under a career education systems based on a new framework.

Target of career autonomy e-Learning: 3,461 employees

Participants of career autonomy online training for managers and supervisors: 393

Career Interview System

From fiscal 2022, SEKISUI CHEMICAL (non-consolidated basis) is taking steps to put in place a system to promote the autonomous career development of each employee through interviews and communication between superiors and subordinates regarding current and future roles and expectations.

Subordinates make career declarations based on their past experience and current duties taking into consideration the roles they would like to play in the future and expectations at SEKISUI CHEMICAL Group. Superiors then discuss with subordinates their career plan during interviews while commenting on the expectations the organization and company hold for each employee based on the employee's aspirations and image toward training that SEKISUI CHEMICAL (non-consolidated) envisages.

In order to realize the career plans that were discussed during interviews, subordinates will consider what abilities and experience they require, how these abilities and experience can be acquired, and then take action with the support of superiors. The content of current and past interviews is shared with superiors and the Human Resources Department, and used when considering development, training, and work assignments.

Improving Group-wide Human Resources Capabilities

SEKISUI CHEMICAL Group is promoting various initiatives to secure and develop human resources with the aim of improving the Group's human resources for sustainable growth.

Performance Data

Results of Intra-Group Job Postings

	FY2017	FY2018	FY2019	FY2020	FY2021	Cumulative Total Since 2000
Number of positions posted	49	44	45	31	55	441
Number of employees recruited	130	140	62	54	80	1,414
Number of applicants	99	115	135	155	236	1,399
Number of employees transferred	19	26	28	28	70	303

Career Path Support System

(Number of people)

		FY2017	FY2018	FY2019	FY2020	FY2021
No. of employees who have changed career courses	Men	14	9	10	14	2
	Women	2	2	1	2	4
No. of employees who have converted to permanent, full time employment	Men	5	3	2	1	4
	Women	11	7	11	14	10

Average Hours of Training and Development per FTE (SEKISUI CHEMICAL)

	FY2017	FY2018	FY2019	FY2020	FY2021
Average hours of training and development per FTE (hours)	9.9	9.4	9.4	6.3	7.1

Note: Educational programs held at SEKISUI CHEMICAL's Human Resources Department at Corporate Headquarters

Training Programs Common to the Entire Group to Improve Group-wide Human Resources Capabilities

	FY2017	FY2018	FY2019	FY2020	FY2021
No. of New employees receiving induction training	223	251	243	101*	150
No. of newly appointed managers receiving training	245	210	252	220	199

* Since this training was urgently converted to an online format due to the COVID-19 pandemic, trainees from Group companies are not included.

Human Resources Management

● The Right Person in the Right Place

Employees are precious assets bestowed on us by society is the basic concept of human resources that SEKISUI CHEMICAL Group has cherished for a long period.

While continuing to base our thinking on this concept, we launched a new initiative in fiscal 2020 to further harness the power of our employees, who are precious assets, to help solve social issues and contribute to the realization of a sustainable society.

1. Clarification of missions and roles and a shift to a role-based system for human resources

Through backcasting, we are clarifying the various missions and roles that are necessary to achieve our ideal form. We are also supporting employees to challenge and improve themselves regardless of age or year of employment while shifting to the SEKISUI CHEMICAL system for human resources that ensures that the right person is in the right place in fiscal 2022.

SEKISUI CHEMICAL (Non-consolidated) Human Resources System Revision Roadmap

Measure	FY2020	FY2021	FY2022
Human resources management system to shift the right person to the right place	Consideration of a new human resources system	Trial of a new human resources system	Implementation of a new human resources system

2. Retirement extension

In line with the objectives for the human resources system revision, the retirement age is being extended from 60 to 65 in order to increase opportunities for employees regardless of age from October 2021.

3. Strengthening the development of next-generation leaders

SEKISUI CHEMICAL Group is putting in place a program to help employees acquire the knowledge, skills, and know-how necessary to become business leaders from an early stage in a bid to sustainably develop human resources who can take on the challenge of various missions and roles. The program is therefore designed to help employees improve their ability to contribute to solving social issues and achieve career autonomy.

● Training Human Resources

Major Initiatives

| Developing Business Leaders

1) Developing business leaders from an early stage

We have developed a consistent training system covering all stages from new hires to management positions, in order to systematically train business leaders to power SEKISUI CHEMICAL Group into the future.

Based on the concept that the foundations of growth are the experience gained through everyday business activities and learning from such experiences, we have developed a training system that links these two elements together. Through this system we will enhance each individual's mastery of the skills required of business leaders, by running through the cycle of growth through experience, from when a new hire joins the Company through to management.

2) Innovation School (fostering of business leaders by newly appointed operating officers)

The Innovation School has been held since fiscal 2003 with the aim of having executive officers themselves directly train SEKISUI CHEMICAL Group's next-generation business leader candidates. Up to fiscal 2021, a total of 1,296 next-generation business leader candidates had taken part.

In fiscal 2021, the School was revised from a face-to-face to an online format.

Number of Participants: 102

Training Human Resources to Support the Workplace

The human resources who will support the foundations of management in practical terms in the workplace must undergo self-growth as highly capable practitioners accumulating experience over the long term and acquiring highly specialized knowledge and skills. Based on this concept, SEKISUI CHEMICAL Group hires human resources who will support the workplace as permanent, full-time employees, creates an environment in which they can demonstrate their abilities with peace of mind over the long term, and deploys the Meister System to strengthen their abilities in the workplace.

In the future as well, we will promote measures to strengthen training abilities in the workplace on a Group-wide basis.

Training Systems to Support Our Businesses

SEKISUI CHEMICAL Group is operating a training system with various programs tailor-made to match various career plans with stages differentiated by level and skill. As our business categories are extensive and we employ a divisional company system whereby each business division is given substantial authority to make its own decisions, the Group operates its human resources development system at the level of each divisional company and subsidiary of the Group, based on the philosophy and programs for human resources development.

At the same time, some programs such as initial training of new employees, level-specific training by qualification grade, or business leaders' training are developed to promote improvements in human resources capabilities across the Group as a whole.

Performance Data

Number of Participants of Major Recruitment-type Training Programs

Name of Training Program	Numbers of Attendees in FY2017	Numbers of Attendees in FY2018	Numbers of Attendees in FY2019	Numbers of Attendees in FY2020	Numbers of Attendees in FY2021
Innovation School	58	86	69	Not implemented	102

Refining the Foundation

Allowing Diverse Human Resources to Excel

● Diversity Initiatives

| Basic Concept

Not only perceiving diversity by differences that can be seen from the outside such as gender, age, and race, we also focus on differences that include careers, values, and personalities, based on SEKISUI CHEMICAL Group's Diversity Management Policy. Likewise, we understand, recognize, and utilize the differences between each and every employee as strengths.

SEKISUI CHEMICAL Group's Diversity Management Policy

Diversity is essential to maintain our strong corporate presence for 100 years and beyond. We understand and recognize that every employee's aspirations toward work and life, and their personal strengths are different and thus we use this to our advantage. To create that organizational culture, we will continue to provide employment, opportunities for success, and create various environments that support growth through dialogue with employees.

| Organization-wide Initiative

SEKISUI CHEMICAL Group is promoting a wide range of initiatives aimed at fostering a culture of challenge and active participation while making the most of each and every employee's aspirations and strengths as it works toward becoming a vibrant company, the goal of its Long-term Vision, Vision 2030.

In fiscal 2021, we expanded initiatives to employees through Long-term Vision development workshops and rank-based training.

Also, we carried out cross-organizational and expansion activities to Group companies through the Engagement Drive Project.

| Enhancing Adequate Benefits and the Welfare Benefits System for Non-full-time Employees

At SEKISUI CHEMICAL (non-consolidated), base salaries are the same for both male and female employees, and proper benefits are provided regardless of gender.

SEKISUI CHEMICAL Group also has systems in place that provide welfare benefits to non-full-time employees, such as contract employees, including healthcare (i.e., health checkups), compensation for disabilities and illnesses that arise at work, and childcare leave. Only indefinite-term employees are eligible to join the Group's insurance, retirement plan, and shareholding programs.

● Gender

■ Promoting the empowerment of women

With regard to promoting the empowerment of women, we are advancing initiatives divided into four stages: enhancement of the employment of women, retention and active participation, promotion to managerial positions, and follow-up training for promotion to post-managerial positions (executive directors).

By, for example, increasing the hiring of women who will play key roles for business career courses and implementing training programs—including hands-on training cycles and career building—for female employees in their first through fourth years of employment, we are working to foster greater awareness while enabling women to take on the challenges of leadership and learning by themselves from an early stage.

Designed for assistant managers prior to their appointment to managerial positions, the Company is conducting a practical Career Development Program (CDP) for Women that produces outcomes on growth issue themes that make the best use of the strength of each and every individual. Also conducting sessions geared toward bosses, through this training we are working to support their promotion to managerial positions and to improve their ability to show leadership to female subordinates. After they have been promoted to managerial positions, we aim to raise awareness of higher-ranking positions at exchange meetings for women in management positions and to systematically develop them by, for example, having them provide their experiences to line managers.

The first female executive officer trained in-house was appointed in 2020, and from April 2021 there were two female executive officers who had been trained in-house. We are endeavoring to foster the next generation, such as by opening an in-house academy.

■ Targets for promoting the empowerment of women

Number of women in management positions (targets):

FY2025 80

FY2030 120



Women's CDP training

External Evaluation

Earned selection as a Semi-Nadeshiko Brand

SEKISUI CHEMICAL had been selected as a Nadeshiko*1 Brand four times, in fiscal years 2016, 2017, 2019 and 2020. In fiscal 2021, however, although we unfortunately no longer meet the Nadeshiko Brand requirements, we were selected as a Semi-Nadeshiko Brand.

* The Nadeshiko Brand: The Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange select listed companies that have had outstanding success in encouraging female empowerment as attractive brands to investors who place importance on medium- to long-term growth in corporate value. The Semi-Nadeshiko Brand is for companies that scored in the top 15% or higher of the overall rankings but were not selected as a Nadeshiko Brand regardless of industry category.



Eruboshi Certification

As of October 4, 2021, we acquired second-stage Eruboshi* certification as a company working to encourage the advancement of women.

* Of those companies that have formulated and notified action plans based on the Act on the Promotion of Women's Participation and Advancement in the Workplace, Eruboshi-certified companies that meet certain criteria for evaluation items related to efforts to promote women's advancement are certified by the Minister of Health, Labour and Welfare: The five evaluation items that have been formulated are: (1) hiring; (2) retention; (3) working styles, such as working hours, etc.; (4) ratio of managerial positions held by women; and (5) diverse career courses. There are three Eruboshi certification stages, depending on the number of items that meet the standards, and SEKISUI CHEMICAL meets the standards in four items other than (1), and has thus obtained second-stage (two-star) certification.



Major Initiatives

Communication with the President/Top Management

A meeting, organized by the President's Office, with the president/top management targeting female employees was attended by 86 participants.

Feedback from participants (excerpts from a post-meeting survey)

- The meeting provided an excellent opportunity to hear from management about future prospects and their expectations toward our input.
- It was good to hear firsthand from the president and executive officers.
- I was heartened to learn about the opinions of management on diverse work styles and to hear the voices of women who are working in a variety of ways.
- The meeting gave me an opportunity to once again think about my future career.
- It was a wonderful experience for a broad range of people of all ages, to talk, crossing the boundaries between superiors, subordinates, and executives in general, all from the same female perspective.

Implementation of Open Seminars

We invited lecturers from outside the Company to hold online seminars and lectures for employees on topics related to the empowerment of women.

- Work-style Reforms and Utilization of Diverse Human Resources (held twice for superiors) : 580 participants
- Why Diversity is Necessary for Organizations / Leadership Theory in the D&I Era : 418 participants
- Women's health seminars (held by the Health Promotion Office, total of three times) For more information, see p.290

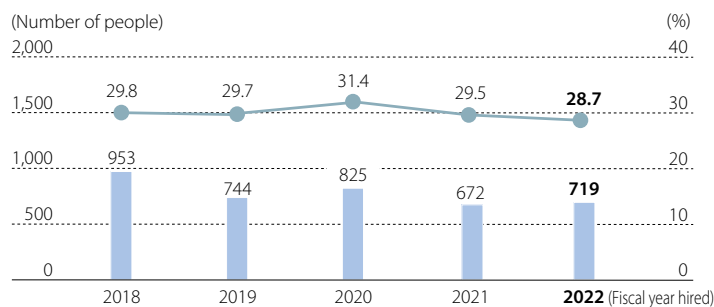
LGBTQ+ Initiative

A seminar was held for managers in charge of personnel and labor management, including those from subsidiary companies, with people from the LGBTQ+ community acting as instructors and 72 people participated.

First, the managers in charge of personnel and labor management started by learning the correct knowledge and how to respond to members of the LGBTQ+ community. We have initiated training in areas that can be considered familiar. This includes revising the clothing guidelines that were previously limited to women to a content that is not related to gender.

Performance Data

Number of New-graduate Hires / Ratio of Women among New-Graduate Hires (SEKISUI CHEMICAL Group in Japan) ✓



Note: Includes certain affiliates accounted for by the equity method and non-consolidated subsidiaries.

Number of Women in Management Positions and Ratio of Women to Total Hires

Number of Women Directors and Managers ✓

	Directors (Outside Directors)	Audit and Supervisory Board Members (Outside Audit and Supervisory Board Members)	Executive Officers
FY2021 Number of Women Directors (SEKISUI CHEMICAL)	0	1	2

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of Women Directors (SEKISUI CHEMICAL Group)*	2	2	2	2	2
Number of Women in Management Positions (SEKISUI CHEMICAL Group in Japan)	138	156	185	187	195

* Excluding SEKISUI CHEMICAL

Career Development Program for Women

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of Program Attendees	Women	58	35	39	52	58
	Superiors	44	31	24	46	55

| SEKISUI CHEMICAL 

		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Employees* ¹	Men Employees	3,239	3,290	3,331	3,327	3,308	3,250
	Women Employees	490	533	587	629	652	652
	Ratio of womens (%)	13.1	13.9	15.0	15.9	16.5	16.7
Permanent, full-time employees* ²	Men Employees	2,955	3,005	3,072	3,073	3,060	3,023
	Women Employees	441	483	532	570	601	607
	Ratio of womens (%)	13.0	13.8	14.8	15.6	16.4	16.7
Average years of continuous employment* ²	Men Employees	18.1	17.7	17.3	17.2	17.2	17.6
	Women Employees	14.3	13.7	13.2	12.6	12.4	12.9
New graduates hired* ³	Men Employees	77	90	114	96	83	63
	Women Employees	35	39	39	35	43	18
	Ratio of womens (%)	31.3	30.2	25.5	26.7	34.1	22.2
Employees hired mid-career* ³	Men Employees	39	70	44	29	21	19
	Women Employees	5	6	9	4	2	3
	Ratio of women (%)	11.4	7.9	17.0	12.1	8.7	13.6
	Ratio of employees hired mid-career* ⁴	28.2	37.1	25.7	20.1	15.4	21.4
Managerial positions (managers)	Men Employees	696	689	685	678	672	700
	Women Employees	24	27	30	41	44	45
	Ratio of womens (%)	3.3	3.8	4.2	5.7	6.1	6.0
Managerial positions (department managers and general managers)	Men Employees	597	612	637	642	649	635
	Women Employees	11	14	14	15	16	15
	Ratio of womens (%)	1.8	2.2	2.2	2.3	2.4	2.3
Managerial positions	Men Employees	1,293	1,301	1,322	1,320	1,321	1,335
	Women Employees	35	41	44	56	60	60
	Ratio of womens (%)	2.6	3.1	3.2	4.1	4.3	4.3
Employees newly appointed to managerial positions	Men Employees	46	53	63	68	58	54
	Women Employees	1	6	3	14	6	3
	Ratio of womens (%)	2.1	10.2	4.5	17.1	9.4	5.3

*1 Workers with direct employment relationships with the Group (including permanent, full-time employees and non-regular employees as well as workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group)

*2 Employees with no determined period of employment (including workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group).

*3 Number of employees, who joined the Group from April to March of the following year (Employees with no determined period of employment)

*4 Ratio of mid-career hires to all hires.

Age Composition of Permanent, Full-time Employees* in Fiscal 2021 (SEKISUI CHEMICAL) ✓

		Under 30 years old	30 to 39 years old	40 to 49 years old	50 to 59 years old	60 years old and above
Number of permanent and full-time employees, by age	Men	421	580	799	1,146	77
	Women	170	137	141	151	8

* Employees with no determined period of employment (including workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group)

Employee turnover* rate (Number of people who left employment) (SEKISUI CHEMICAL) ✓

		Men	Women	Total
FY2019	Employee turnover (Number of people who left employment)	63	10	73
	Employee turnover rate (%)	2.0	1.7	2.0
FY2020	Employee turnover (Number of people who left employment)	48	26	74
	Employee turnover rate (%)	1.6	4.3	2.0
FY2021	Employee turnover (Number of people who left employment)	74	20	94
	Employee turnover rate (%)	2.4	3.2	2.5

Indicator	Calculation method
Employee turnover rate	(Annual employee turnover (number of people who left employment) / Number of employees as of April of the subject year) ×100

Note: Excluding those who retired after reaching the mandatory retirement age and those who moved to another company of the Group

Note: Employees with no determined period of employment (including workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group)

Employee Turnover Rate within the First Three Years of Employment (SEKISUI CHEMICAL) ✓

	FY2015	FY2016	FY2017	FY2018	FY2019
Turnover rate within the first three years of employment (%)	8.0	1.8	9.4	11.4	6.9

Indicator	Calculation method
Turnover rate within the first three years of employment (%)	Employee turnover rate within the first three years of employment for each fiscal year

All consolidated subsidiaries in Japan

		FY2017	FY2018	FY2019	FY2020
Number of employees	Men Employees	16,136	16,362	16,360	16,062
	Women Employees	4,702	5,048	5,149	5,100
	Ratio of womens (%)	22.6	23.6	23.9	24.1
Number of new graduates hired	Men Employees	486	572	427	483
	Women Employees	211	251	176	209
	Ratio of womens (%)	30.3	30.5	29.2	30.2
Number of managerial positions (managers)	Men Employees	2,922	2,926	2,924	2,847
	Women Employees	118	130	158	160
	Ratio of womens (%)	3.9	4.3	5.1	5.3
Number of managerial positions (department managers and general managers)	Men Employees	1,534	1,588	1,595	1,570
	Women Employees	22	26	24	28
	Ratio of womens (%)	1.4	1.4	1.5	1.8
Number of managerial positions	Men Employees	4,456	4,514	4,519	4,417
	Women Employees	140	156	182	188
	Ratio of womens (%)	3.0	3.3	3.9	4.1
Number of management personnel (frontier leaders)	Men Employees	167	204	206	193
	Women Employees	5	5	4	3
	Ratio of womens (%)	2.9	2.4	1.9	1.5
Number of employees newly appointed to managerial positions	Men Employees	215	211	241	205
	Women Employees	29	20	38	12
	Ratio of womens (%)	11.9	8.7	13.6	5.5

Note: The above table was prepared based on the results of the survey conducted in July

Note: As of June 2022, data for fiscal 2021 is currently being calculated.

● Seniors

| Extension of retirement age

As we move toward achieving our Long-term Vision, it is essential for employees of all ages to take on challenges and find fulfillment in their work. To support the activities of all ages of employees, we made the decision to raise the mandatory retirement age to 65 for all Group companies by fiscal 2025. With the aim of providing greater freedom of choice and encouraging employees to take on new challenges, we introduced a system where general employees can retire flexibly between the ages 60 and 65, and a retirement age systems for managerial positions.

The previous system positioned the age of 60 as a milestone signaling a major change in work styles. This change in the system has altered the premise upon which careers are planned. We recognize the critical need to provide opportunities that enable each and every employee to continue to actively play a leading role and take on challenges regardless of age. Consequently, we have launched a training program for employees who have chosen to extend their retirement age.

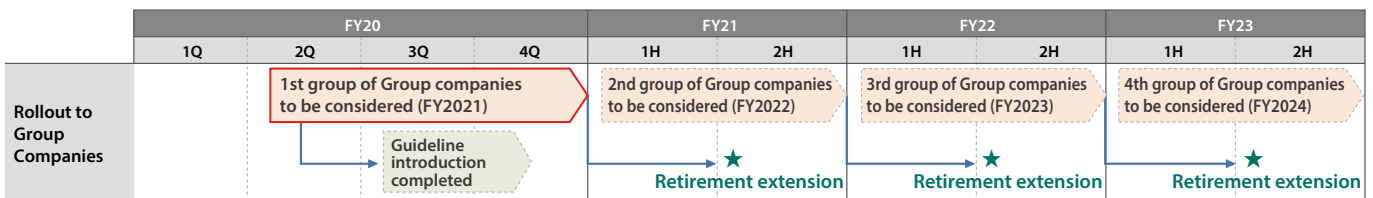
We will continue to make SEKISUI CHEMICAL Group a place where employees can continue to take on challenges regardless of their age, help foster job satisfaction and fulfillment, and maximize our contribution by allowing each and every employee to play a leading role.

■ Training Results(SEKISUI CHEMICAL)

August 2021: 38 employees extended their mandatory retirement ages as of the end of the first half of fiscal 2021

January 2022: 40 employees extended their mandatory retirement ages as of the end of the second half of fiscal 2021

Expanding the mandatory retirement age extension system to Group companies



Performance Data 

Number of Senior Employees Re-employed and Rate of Senior Employee Continued Employment (SEKISUI CHEMICAL)

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of Senior Employees Re-employed	21	49	46	77	8
Rate of Senior Employee Continued Employment (SEKISUI CHEMICAL)	63.6	76.6	85.2	83.7	97.7

Note: Extension of retirement age or re-employment of all applicants in fiscal 2021

Indicator	Calculation method
Rate of Senior Employee Continued Employment (SEKISUI CHEMICAL)	$((\text{Number of employees who have extended their mandatory retirement ages} + \text{Number of senior employees re-employed}) \div \text{Number who have reached the age of 60}) \times 100$

● Global

| Fostering Personnel Based on the Conditions in Each Area

In our Long-term Vision, Vision 2030, SEKISUI CHEMICAL Group focuses on doubling its contribution to society as a means to ensure growth. In order to achieve sustainable business growth over the long term, we believe it is not only important to create an organization in which each and every employee understands and shares the vision while also playing an active role in achieving it, but also to foster the development of people who are willing to take on new challenges. Expansion in overseas markets is especially vital. SEKISUI CHEMICAL Group as a whole will expand its efforts to develop human resources who can take on new challenges and demonstrate their abilities not only in their respective countries and regions, but on a global basis as well.



Major Initiatives

| Developing Personnel Who Can Succeed on the Global Stage

Amid an ongoing expansion in the business domains in which we participate, both the overseas sales ratio and the overseas employee ratio at SEKISUI CHEMICAL Group are increasing with each passing year. We believe that to develop as a Group, we need each and every employee working throughout the world to develop themselves through their work and to learn how to create and provide the products and services that meet the needs of each country and region.

This way of thinking lies at the base of our efforts to develop training programs for our human resources, programs that are firmly rooted in each area we operate in, enabling every employee to maximize his or her distinctive capabilities at their place of work. We introduced the Learning Management System, which is a foundation for the fostering of human resources, in all four regions (U.S., Europe, China, and ASEAN), and are promoting implementation and use at each company.

| Integration and Training of Personnel across Regional Boundaries

In fiscal 2021, we continued to pursue initiatives for the Long-term Vision. Presidents of Group companies held the Vision Caravan (VC3) internally, laying the groundwork for employees to head in the same direction in a wide range of areas.

| Hiring Foreign Nationals

SEKISUI CHEMICAL Group is actively hiring foreign nationals for the purpose of further globalizing the Group's businesses. The Group is promoting both recruitment of personnel who have studied and worked in Japan, as well as engaging in overseas recruitment activities. However, we were forced to suspend our overseas recruitment activities due to the global COVID-19 pandemic.

To that extent, we are expanding the range of work for foreign nationals currently employed, and providing further growth opportunities, while helping them make the most of their abilities.

In order to realize our vision, we will continue to acquire and develop human resources with a global perspective in line with our business strategies while accelerating globalization.

| Developing Personnel to Be Immediately Effective Overseas

SEKISUI CHEMICAL Group established a Global Talent Employee System in the years running up to and including fiscal 2019. However, from fiscal 2020 on, this has been revised to a global human resource development program for developing human resources in a more strategic manner. In fiscal 2020, 15 employees took part in the program. Unfortunately, the program was not implemented in fiscal 2021 due to the COVID-19 pandemic.

Participants in the global human resources development program will work online with people from different cultural backgrounds to create and propose business plans, while also learning reflection and cross-cultural skills. Through collaborative efforts, they will also be able to recognize areas in which they can focus on an individual basis as they work in a global environment. By applying this awareness to their daily work, they will be able to accelerate their growth into individuals who can contribute to the globalization of our business.

| Global Trainee Program

The Group offers a Global Trainee Program that enables employees to gain work experience overseas. Employees working in sales, accounting, product development, and some other areas with a certain achievement level are eligible to participate in the program allowing them to apply for posts at overseas companies affiliated with the Group.

In addition, we have also implemented an Overseas Engineers Dispatch Program aimed at training engineers with globally competitive high-level expertise as well as a Short-term Overseas Dispatch Training Program that teaches the participants how to cultivate their own abilities and develop the behavioral patterns that are required to succeed in global business. Despite having to temporarily suspend new dispatches overseas due to COVID-19, we dispatched one engineer in fiscal 2021 under the Overseas Engineers Dispatch Program.

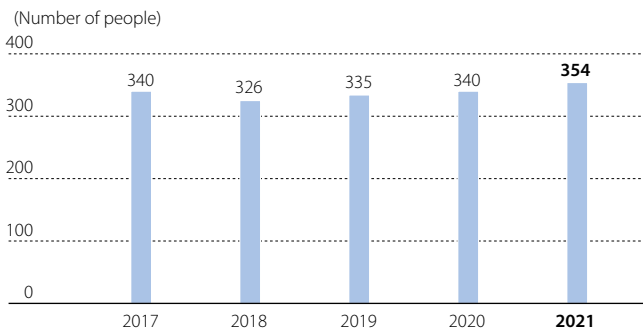
In addition to systems such as these, we will continue to expand our other systems and mechanisms so that our employees can gain on-the-job work experience applicable to the global stage.

Performance Data 

Breakdown of the Number of Employees (SEKISUI CHEMICAL Group)

Number of employees		26,419
Breakdown by region		
	Japan	19,616
	The Americas	1,748
	Europe	1,047
	Asia/Pacific	4,008

Number of Japanese Global Talent Employees



Indicator	Calculation method
Global talent employees	Japanese employees with overseas assignment experience

Number of Participants in the Global Trainee Program

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of participants	10	21	15	1	1

Note: The dispatch of employees was limited a minimum in fiscal 2020 and fiscal 2021 due to the impact of COVID-19.

● People with Disabilities

Recruiting, retaining, and helping people with disabilities play an active role while creating a comfortable working environment.

SEKISUI CHEMICAL Group promotes the hiring of people with disabilities. To this end, we believe it is important not only to hire people with disabilities, but to create an environment where people with disabilities can easily work. We believe that such measures not only help us retain people with disabilities, but also leads to an environment in which all employees find it easy to work. We incorporate support from experts for hiring people with disabilities to meet the needs of each Group company, extending from establishing worker responsibilities to putting in place working environments.

Moreover, our human resources departments and external experts offer regular counseling to people with disabilities after they have entered a Group company so that they will be able to set their own steady personal career development.

Major Initiatives

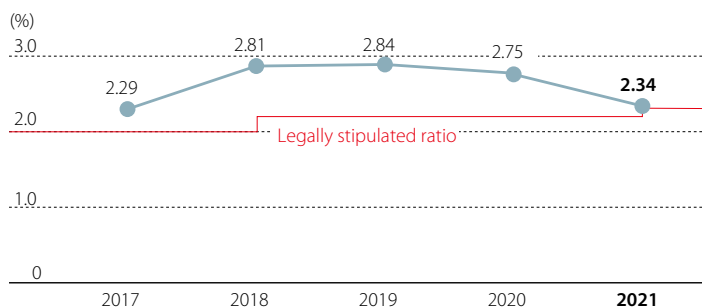
Creating an Environment Receptive to People with Disabilities

From the perspective of preventing the spread of COVID-19, internships and other activities were canceled from fiscal 2020 and fiscal 2021. SEKISUI CHEMICAL Group is however collaborating with related organizations and experts in each region while continuing with follow-up activities with a view to retention.

In fiscal 2022, we will continue to consider the areas that will enable a diverse range of people to play an active role by collaborating with relevant organizations and experts in each region.

Performance Data

Employment Ratio of People with Disabilities (SEKISUI CHEMICAL)*



* Including Special Provision Subsidiary (as of March 2022)

Indicator	Calculation method
Employment ratio of people with disabilities	(Number of regular workers who have physical or intellectual disabilities ÷ Number of non-disabled workers) × 100

● Supporting Balance

SEKISUI CHEMICAL Group has adopted a variety of systems designed to enable employees to work flexibly in tune with their life events and lifestyles. To encourage the use of these systems, we are working with the labor union to disseminate easy-to-understand information and create a community.

Support for Balancing Childcare and Work

At SEKISUI CHEMICAL, the first five working days of childcare leave are treated as paid leave. In addition, there are systems that exceed the legal requirements, such as the taking of childcare leave until the child reaches three years of age and using the shortened working hours system until the child enters junior high school.

In fiscal 2021, we prepared a Map to Better Understand the Ins and Outs of Childcare to promote awareness and use of the system. To encourage male employees to take childcare leave, we are advancing such efforts as sending top messages (message videos by the general manager of the Human Resources Department) and implementing e-learning programs geared toward those in managerial positions.

■ Target values (SEKISUI CHEMICAL)

Ratio of those male employees taking childcare leave: 2023 50%, 2025 70%



IkuBoss declaration and childcare support video message to employees by the general manager of the Human Resources Department.

Support for Balancing Childcare and Work

SEKISUI CHEMICAL has in place a system that exceeds the legal requirements, such as setting the nursing care leave period to one year (first child).

To reduce anxiety about nursing care and to balance caregiving and work, we have been holding nursing care preparatory seminars since fiscal 2019. Due to the high demand from employees, however, we are creating and providing video materials that can be viewed via the intranet on demand.

Nursing care preparatory seminars (videos)

	Contents	
1. Attitudes toward nursing care	When to care for the elderly and to face old age (what is frailty and dementia)	13 minutes
2. System to support nursing care	Local nursing care system, nursing care insurance service, company support system	14 minutes
3. Nursing care and finance (Part 1)	Public nursing care insurance payment limit and out-of-pocket expenses, degree of nursing care and expenditures	11 minutes
4. Nursing care and finance (Part 2)	Nursing care and expenditure case studies, preparations for own nursing care	13 minutes

Performance Data 

Major Policies Allowing Various Workstyles and Their Use

(Number of people)

Policy	Main content		FY2017	FY2018	FY2019	FY2020	FY2021
Childcare leave	Can be taken until the end of the month in which the child reaches three years of age. (The statutory end date is until the child reaches two years of age.)	Women Employees	30	32	45	51	55
		Men Employees	20	28	44	49	67
		Total	50	60	89	100	122
Shortened working hours for childcare	Can be taken up to the child enters junior high school. (The statutory end date is until the child reaches three years of age.)	Women Employees	34	41	55	67	64
		Men Employees	0	2	2	1	0
		Total	34	43	57	68	64
Use of flexible working hours	Times of starting and finishing work may be moved earlier or later by up to 60 minutes until the child reaches junior high school age.	Women Employees	8	9	10	6	4
		Men Employees	6	4	7	4	3
		Total	14	13	17	10	7
Nursing care leave	Up to a total of 93 days for each individual eligible for care. (Up to a maximum of one year for the first individual eligible for care.)	Women Employees	1	0	1	0	1
		Men Employees	3	4	4	1	2
		Total	4	4	5	1	3
Shortened working hours for nursing care	Two days per week or 4.5 hours per day for a maximum of three years for each individual eligible for care.	Women Employees	0	0	0	0	0
		Men Employees	2	2	4	1	1
		Total	2	2	4	1	1
Family leave	Three days of special care leave per year granted until the child or grandchild starts high school.	Women Employees	48	62	62	51	54
		Men Employees	101	146	193	126	156
		Total	149	208	255	177	210

(Number of people)

		FY2017	FY2018	FY2019	FY2020	FY2021
Employees with newly born babies	Women Employees	16	21	20	27	31
	Men Employees	101	111	101	104	129
	Total	117	132	121	131	160
Employees with newly born babies who took childcare leave	Women Employees	13	14	19	23	25
	Men Employees	17	25	39	36	61
	Total	30	39	58	59	86
Ratio of those who took childcare leave (excludes those who are taking maternity leave) (%)	Women Employees	100	100	100	95.8	100
	Men Employees	16.8	22.5	39	34.6	47.3
Average number of childcare leave acquisition days (days)*	Women Employees	165.5	167.4	259.2	270.3	293.8
	Men Employees	9.9	14.2	24.7	43.3	38.8
Employees who returned to work after childcare leave	Women Employees	12	15	22	21	22
	Men Employees	19	26	39	46	59
	Total	31	41	61	67	81
Ratio of those who returned to work after childcare leave	Women Employees	92.3	100	100	95.5	91.7
	Men Employees	100	100	100	100	100
Retention rate after one year of those who returned to work after having taken childcare leave (%)	Women Employees	100	100	100	100	88.2
	Men Employees	100	94.7	96.2	97.4	98.0

* For fiscal 2021; average number of leave days applied and taken by employees who took childcare leave among employees with newly born babies.

● Entrenching Support

| Follow-up Training for New, Mid-career Hires

With the aim of, for example, acquiring knowledge and experience from outside the Company and enhancing its business potential, SEKISUI CHEMICAL Group is increasingly active in mid-career hires (the hiring of experienced personnel). After having joined the Company, however, there are more than a few examples of a lack of understanding with regard to the workplace culture or in-house systems on the part of the mid-career hires themselves proving to be an obstacle to the process of having them display their skills at an early stage. Providing new, mid-career employees with opportunities to learn the basic knowledge (including the Company's history, culture, policies, and systems) of SEKISUI CHEMICAL Group, and draw on the high levels of competence and specialized skills that mid-career employees have accumulated in previous positions, we provide follow-up training so they can put those attributes to work and participate actively from an early stage.

| Training Program (Brother/Sister Program)

SEKISUI CHEMICAL Group has established a training program (brother/sister program) aimed at enabling new employees to smoothly adapt to their assigned workplaces and quickly hit the ground running. The role of the trainer (who acts as an elder brothers or sisters) goes beyond job-related instruction to play a role in providing guidance on how adult members of society should conduct themselves while following up on new employees' state of mind. The program also encourages the trainers to leverage their experience guiding junior employees to gain a new perspective and thereby grow themselves.

Performance Data

| Follow-up Training for New, Mid-career Hires

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of participants	87	60	43	42	35

Work Style Reforms

Having designated 2018 as the inaugural year of work style reforms, SEKISUI CHEMICAL Group has implemented reform initiatives under a three-year plan. After having first put in place a Statement of Work Style Reforms, the Group initiated three reform activities and achieved success across a variety of areas, including reductions in working hours and flexible work styles.

Going forward, we will take on the challenges of creating workplaces that are both supportive and fulfilling for our employees.

SEKISUI CHEMICAL Group Statement of Work Style Reforms

We will pursue highly productive work styles that maximize results in a limited amount of time by breaking away from work styles that produce results over time so that all employees can demonstrate their characteristics. In order to improve productivity, the Company actively invests in management resources, and unifies managers and workers to coalesce their wisdom Company-wide. We nurture work satisfaction by improving the quality of the jobs, and promote the workers' active participation of diverse human resources by returning the success of reforms to employees.

		FY2018	FY2019	FY2020	FY2021	FY2022
Activities at each divisional company		[Lined Group-wide] Three Reforms (Practical application)			Handling by each company	
Group-wide common measures		Work Style Reforms 1.0 (Reduction of working hours)			Work Style Reforms 2.0 (Increase productivity)	
		Investment in working style reforms				
Linked measures for all companies	Improved productivity (guidelines and sharing)	Establishment of smart work guidelines	Sharing successful case studies (system utilization)	Implementation of awards and horizontal expansion of case studies	Work Style Reform 2.0 Guide, e-learning	
	Flexible working styles (systems and framework adjustment)	Renewal of the video meeting system	Introduction of a remote working system	Expansion of the web meeting system	Expansion of the working from home system	Expansion of the working from home system
			Introduction of paperless meetings	Expansion of the working from home system		
Compliance (handling legal affairs)	Distribution of policies	Handling by each company	Handling by each company			

Work Style Reforms 2.0

From fiscal 2021, we have brought about the evolution of our efforts to Work Style Reforms 2.0. We will continue to work on improving work productivity while keeping in mind that DX is being promoted on a Company-wide basis.

<Increase Productivity in Work Style Reforms 2.0>

In addition to refining our previous efforts to reduce working hours (Work Style Reforms 1.0), we will also improve the quality of work and increase productivity by having each and every employee work in a self-directed manner.

To this end, we are promoting measures to put into practice self-directed work styles by each and every employee and self-directed support-type management by superiors. In fiscal 2021, we prepared a guide and an e-learning program that explain the concept behind Work Style Reforms 2.0. This guide and e-learning program will be rolled out from fiscal 2022.

The image displays the 'Work Style Reforms 2.0 Guide' and an 'E-learning' program. The guide is divided into several sections:

- 成功のモデル (Success Model):** A circular diagram showing the 'Success Loop' (成功のループ) with four stages: 'Action' (行動の質), 'Thought' (思考の質), 'Relationship' (関係の質), and 'Result' (結果の質). It also lists 'Success Factors' (成功要因) such as 'Quality of Work' (仕事の質) and 'Quality of Life' (生活の質).
- 3つのスタンス (3 Pillars):** Three key attitudes for success: 1. 'Start with the end in mind' (目的意識を持って始める), 2. 'Take initiative' (主体的に行動する), 3. 'Communicate' (コミュニケーションを大切にする).
- 3つのスキル (3 Skills):** Three essential skills: 1. 'Communication' (コミュニケーション), 2. 'Proactivity' (主体的な行動), 3. 'Flexibility' (柔軟な対応).
- 4つのステップ (4 Steps):** Four steps to achieve success: 1. 'Clarify the goal' (目標を明確にする), 2. 'Plan the action' (行動計画を立てる), 3. 'Execute the plan' (計画を実行する), 4. 'Review the results' (結果を振り返る).

The e-learning program, titled '自己申告型 働き方改革2.0 Eラーニング', includes a video of a manager and employees, and a list of 'Success Factors' (成功要因) such as 'Quality of Work' (仕事の質) and 'Quality of Life' (生活の質).

Investment in Work Style Reforms

Substantial capital investment and the introduction of systems are essential to continuously realizing the effects of business and work environment reforms.

With this in mind, SEKISUI CHEMICAL Group decided to invest 10 billion yen over the three years from 2018 to 2020 in an effort to reduce working hours Group-wide. Over this three-year period, we invested a total of approximately 7 billion yen, which led to a Group-wide reduction of working hours approximately 170,000 hours.

Despite extending the period of investment by one year and engaging in further efforts, we fell short to the total budget of 10 billion yen owing to the COVID-19 pandemic.

We have seen a certain improvement in the awareness toward the need to reduce working hours. Looking ahead, we will integrate Work Style Reforms investment into ESG investment and continue to roll out as appropriate.

Labor-Management Committee

In order to promote the realization of flexible work styles and reductions in working hours, we continue to hold multiple discussions between the labor union and management. Through the Labor-Management Committee, steps were taken to upgrade and expand options for working remotely from the home and flexible working hours in fiscal 2020 (abolished restrictions on reasons for use, abolished core hours, etc.).

In addition, in order to handle the coexistence of remote work and commuting during the COVID-19 pandemic, we introduced an allowance for actual commuting expenses and an allowance for working from the home. Amid the prolonged impact of COVID-19, we revised the prevailing systems to expand the discretion of superiors at each workplace while allowing for greater flexibility in the use of telecommuting in such areas as work location and frequency of use in response to the growing diversification of work styles in fiscal 2022. Looking ahead, we will continue to hold repeated, constructive discussions between the labor union and management to promote the creation of work sites that are compatible with the new normal and where working is both easy and rewarding.

Acceptance and Use of Remote Work System

In order to realize flexible work styles that are not tied to the workplace, since fiscal 2018 we have endeavored to establish a workplace environment where work and communication from both inside and outside the Company are almost seamless. We have also promoted system revisions that contribute to more flexible working styles and have created an environment in which both going to an office and remote work can coexist.

In fiscal 2021, we accelerated the deployment of each system to each Group company and made great progress in the introduction of working from home/flexible hours systems. We also expanded the deployment of providing allowances for actual commuting expenses (19 companies as of July 2021).

Lobbying on Compensation and Labor Conditions

With the aim of securing and developing human resources throughout SEKISUI CHEMICAL Group that goes beyond divisional company and individual Group company frameworks, we will continually work to upgrade various systems and improve labor conditions based on the results of our analysis of labor conditions at domestic Group companies. We also conduct investigations of not only compensation levels but also working hours, use of paid leave, and flexible work style aspects, which are linked reform measures in the very way we work - with the intent of optimizing conditions across the entire Group.

Labor-management Cooperation and Communication

At SEKISUI CHEMICAL (non-consolidated), management and the labor union strive to mutually understand and respect their roles and positions. It is believed that through close communication between the labor union and management, our common problems based on a shared objective of advancing the Company can be solved.

Among SEKISUI CHEMICAL subsidiary companies in Japan, there were 15 independent labor unions with 5,341 employees in the All-SEKISUI CHEMICAL Labor Union Federation, while SEKISUI CHEMICAL Labor Union, which is the core organization in the Federation, had 2,360 members (as the Group employs a union shop system, the membership rate of employees eligible to become union members is 100%) in fiscal 2021.

Notifications of Major HR-related Changes

Based on the proposals submitted to the labor union and feedback received from each of the union branches, SEKISUI CHEMICAL has decided to move forward with HR system revisions and large-scale organizational reforms which will entail major changes and have significant effects on employees. The labor agreement specifies that when employees belonging to the labor union are to be seconded or transferred, the labor union is to be notified at least one month prior to the change and the applicable employee's willingness to accept their new position is confirmed prior to assignment.

Performance Data **Overtime Hours* (SEKISUI CHEMICAL)**

	FY2017	FY2018	FY2019	FY2020	FY2021
Monthly average per employee (hours)	19.9	19.5	18.0	15.6	18.2

* Calculated on the basis of a 7.5-hour work day.

* Figures from previous years (from fiscal 2018) retroactively revised.

Paid Vacation Day Utilization Rate (SEKISUI CHEMICAL)

	FY2017	FY2018	FY2019	FY2020	FY2021
Average per employee (%) (Excluding managers)	51.1	64.0	71.4	58.2	64.9

Average Number of Paid Vacation Days Taken (SEKISUI CHEMICAL)

	FY2017	FY2018	FY2019	FY2020	FY2021
Average per employee (days) (Excluding managers)	9.6	12.1	13.6	11.2	12.5

Health and Productivity Management

SEKISUI CHEMICAL Group Goals for Health and Productivity Management

SEKISUI CHEMICAL Group strives to improve its employees' physical and mental health based on the idea that employees are valuable resources entrusted to the Group by society. To further advance these initiatives, in March 2019 SEKISUI CHEMICAL formulated a philosophy regarding its goals for health and productivity management* in a Declaration of Health, and established the Basic Policy for Health and Productivity Management. SEKISUI CHEMICAL Group positions health as the well-being that is defined in the WHO Charter, aiming for health as a state of complete physical, mental and social well-being. In working to achieve the well-being of all employees and to realize a highly vital, exceptional company as laid out in the Group's Long-term Vision, we have formulated medium- and long-term goals for five initiatives.

We are also aiming to resolve management issues through health management. To solve such issues, we are utilizing a Health and Productivity Management Strategy Map and addressing health management while evaluating the expectations toward and effects of those measures.

Health and Productivity Management Strategy Map

https://www.sekisui.co.jp/csr/pdf/csr_strategy_map.pdf



Declaration of Health for SEKISUI CHEMICAL Group

SEKISUI CHEMICAL Group has been engaged in health management initiatives for our employees based on our belief that **"employees are precious assets bestowed on us by society."** SEKISUI CHEMICAL endeavors to take these initiatives to the next level by treating **the promotion of the health of our employees as a management strategy** that is aimed at achieving the physical, mental, and social **well-being of all employees.**

SEKISUI CHEMICAL Group's Basic Policy for Health and Productivity Management

Strive to achieve the **well-being** of all employees,
and create workplaces where a diverse personnel can play an active role with vitality.

- Practice a comprehensive health promotion program that encompasses everything from health management (defense) to improving (offense) the fulfillment and rewards of working.
- Focus on improving productivity by advancing the awareness and behavior of each and every employee.
- Encourage employees to make a proactive and ongoing effort to strive for well-being now and in the future.
- Strive to contribute to society by realizing the happiness of employees and their families, and our customers through the well-being of our employees.

Note: Health and Productivity Management is a registered trademark of the NPO Kenkokeiei.

Five Initiatives to Promote Employee Health

Initiative 1. Health Checkups and Measures to Prevent Lifestyle Diseases

SEKISUI CHEMICAL Group collaborates with the Sekisui Health Insurance Society to facilitate health and carries out uniform health checkups for all Group companies. From October 2018, we have introduced a common Group-wide health management system. In addition, from 2015, we developed the Sekisui Health Network (SHN), a system that can respond to business sites of less than 50 employees, so we are advancing better health among such small work sites as well.

As a measure to prevent lifestyle diseases, in fiscal 2020 we commenced a program to support the seven health habits advocated by Dr. Lester Breslow. We are advancing activities to achieve 100% for both employees who practice at least four of the health habits and also the awareness of the program itself. In 2017, we also published the work aptitude assessment guidelines for high-risk individuals to properly manage their own health. From fiscal 2018, we have added a category in the safety audit that is related to high-risk individuals to ensure that all Group employees are well aware of the guidelines.

Note: Collaborative health refers to cooperation between companies and insurers including the health insurance society and joint efforts to improve the health of workers and their families effectively and efficiently.

Initiative 2. Mental Health

SEKISUI CHEMICAL Group is conducting the following activities as measures to support mental health.

1. Stress Level Tests

SEKISUI CHEMICAL Group strives to maximally leverage the stress level tests that are provided for in law. Specifically, it undertakes obligatory efforts at population analysis and work environment improvements as an element of its Group-wide stress level tests for employees, including those working at business sites with fewer than 50 employees. Since fiscal 2019, the Group has made it a requirement to conduct population analyses within the Group, and in fiscal 2021 76.5% of business sites were reporting their population analyses to management.

In addition, 65.5% of the business sites that conducted population analyses are engaging in workplace environment improvement activities in accordance with the results of their analyses.

Stress-check Assessment Rate

	FY2017	FY2018	FY2019	FY2020	FY2021
Assessment rate (%)	81.9	87.1	92.5	93.9	95.2

Note: Scope of stress level test implementation: Companies that are members of the Sekisui Health Insurance Society (excluding some affiliated companies)

2. Web-based Stress Management Training

We are conducting stress management training for newly appointed managerial staff, mid-career hires, and Japanese employees working overseas who experience considerable change in their environments. This training is proving effective as stress self-control indicators appeared to rise compared to before the training was implemented. In order to make it easier to undergo training, we changed the medium from a telephone- to a web-based system from fiscal 2020.

3. Required Mental Health Educational Programs

In fiscal 2021, many employees attended mental health educational programs. The average attendance rate for classes (held twice in total) geared toward those in managerial positions was 91.0%, and the class attendance rate for general employees was 81.0%.

4. Enhanced Consultation Centers Where Employees Can Comfortably Seek Advice

We have established consultation centers that are available to any employee of SEKISUI CHEMICAL Group, regardless of employment format, thus strengthening a safety net function.

Initiative 3. Systems and Workplaces Where People Can Work with Peace of Mind

There are a variety of existing factors at workplaces that may hinder health, including chemical substances, working posture, and noise. To counter these factors, we are undertaking activities across the Group through the utilization of an occupational health and safety management system. In addition, we are also striving to enhance a range of internal systems that take into consideration an environment to work in with peace of mind for those with medical conditions as well.

Initiative 4. Group-wide Initiatives

In order to promote health and productivity management in unison as a group, we continue to pursue Group application of the Health and Productivity Management Organization Recognition Program, in the large enterprise category. Based on these endeavors, the number of applicable subsidiary companies increased to 30 in fiscal 2021. This recognition applies to groups where their companies have conducted a pre-assessment, and undertaken activities to increase the level of health.

We took steps to put in place system improvements and initiated information exchange meetings among applicable companies from fiscal 2019. Having established specific health management targets for each company, we are enhancing collaboration between subsidiary companies while sharing information.

In addition, we have appointed people responsible for, and others in charge of health and productivity management at approximately 300 business sites, covering the entire Group. This represents our efforts to build a structure in which steady measures can be put in place to advance health and productivity management. Subsidiary companies are also proactively advancing health promotion efforts, which are being showcased on the websites of local administrative bodies and on the radio.

Initiative 5. Increase Motivation and Productivity

We will work to raise motivation and productivity by steadily implementing the aforementioned four initiatives.

SEKISUI CHEMICAL measures presenteeism*¹ and absenteeism*² as productivity indicators.

Presenteeism was worse than last year, though this may have been a result of the effects of the prolonged COVID-19 pandemic.

So that we can constantly work while maintaining high productivity, we are working on industry-academia collaborations to analyze factors that will lead to improved productivity.

*1 Presenteeism: A condition in which performance that should be inherently exerted deteriorates due to a physical or mental disorder.

*2 Absenteeism: Absence from work due to a variety of factors including illness or poor health.

Starting in fiscal 2021, we will focus on the following six indicators as primary KPIs among the 21 KPIs.

- Implementation ratio of the seven health habits (at least four)
- Implementation ratio of workplace environment improvements
- Ratio of employees on prolonged absence due to mental health issues
- Presenteeism
- Absenteeism
- Subjective well-being indicators (start in fiscal 2022)

	FY2019	FY2020	FY2021
Implementation of 4 or more of the 7 health habits (%)	58.3	59.0	54.0
Implementation ratio of workplace environment improvements (%)	52.2	64.3	65.5
Ratio of employees on prolonged absence due to mental health issues	0.77	0.98	1.02
Presenteeism (%)	81.1	65.5	64.7
Absenteeism (days)	1.62	1.27	1.31

Major Initiatives

| Program to Support the Seven Health Habits

Launched in fiscal 2020, this program supports the seven health habits advocated by Dr. Lester Breslow, and is intended to extend the healthy life-expectancy of employees and to help them approach work in an invigorated manner. We established standards for appropriate habits under each of the seven items of Eat Breakfast, No Snacks, Regular Exercise, Maintain Weight, Sleep Well, Avoid Smoking, and Less Drinking, and aim for all employees to practice at least six of these items by 2028.

The Health Promotion Office began an e-learning program in fiscal 2019 as support for acquiring information on appropriate health habits and for putting these into practice. In fiscal 2020 we also introduced a health promotion app (hereafter, Seven Crown App).

During fiscal 2021, we held a total of five events, and a total of 2,199 people participated. Distributing the app to all employees in Japan not only maintains and promotes the health of individuals but also serves as an opportunity for communication between employees. In addition, health support using the app within the Group is gradually gaining in popularity, for example in planning health events on a company-by-company basis using the Seven Crown app.

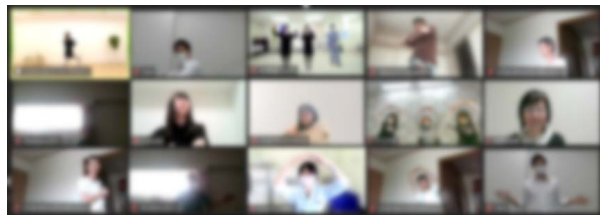
SEKISUI 積水化学グループの健康推進

7つの健康習慣で健康寿命を伸ばしましょう

1. 朝食を週5回以上食べる
2. 間食は適量で(*1)
3. 週合計60分程度、定期的に運動する
4. 適正な体重を保つ(*2)
5. 十分な睡眠時間をとる
6. たばこ(新型たばこも含む)を吸わない
7. お酒は適量を守るか、または飲まない(*3)

(*1) 1日200kcal程度 (*2) BMIが18.5~25
(*3) 男性1日2合未満、女性1日1合未満

7つの健康習慣のうち6~7つを実施している人と、0~3つの人とでは、平均余命が10年ほど違うと言われています。まずは4つ以上を目指しましょう。




Efforts to address women's health issues

SEKISUI CHEMICAL Group has been conducting e-learning on Women's Health for all employees, including male employees, since fiscal 2019. In fiscal 2021, we invited a doctor who is an obstetrician and a gynecologist as lecturer and held lectures on health issues that women in each age group face and on the strategies for coping with those issues. A total of 521 employees participated in the total of three seminars. They were highly satisfying lectures, after which 99.7% answered that they had understood, and 97.0% answered that they had heard what they had expected to hear (43.1% had learned more than they had expected).


To prevent cancers peculiar to women, we have a system in place by which cancer screening can be performed in combination with and at the same time as regular health examinations. In fiscal 2020, the cervical cancer screening rate was 63.7% (age 20 or older), and the breast cancer screening rate was 85.4% (age 40 or older). We will continue to promote efforts to address women's health issues.

積水化学工業株式会社 女性の健康セミナー



講師 柴田綾子 医師

更年期症状のセルフケアと治療



イラスト：春柴

淀川キリスト教病院
産婦人科医 柴田綾子

「女性の健康」
※全従業員対象の研修です

SEKISUI

女性の健康について

積水化学グループは全従業員のうち、約3割が女性です

女性の社会進出が進み、任される仕事も多種多様になってきています。

その一方で、男女の身体的機能は異なり、「健康リスク」には**生物学的性差**があることは事実です。

生物学的性差を理由に能力を低く評価することは、積水化学グループとして望ましい対応ではありません。

家庭などプライベートの面でも、配偶者等の理解が女性特有の疾病の**早期発見・早期治療**にも繋がることがわかってきます。

生物学的性差による**心身の負担**となるものの中には、**職場の理解やサポートで緩和**できることもあります。

正しい知識を獲得することは、お互いが**気持ちよく・前向きに働ける職場環境**の構築に繋がります。

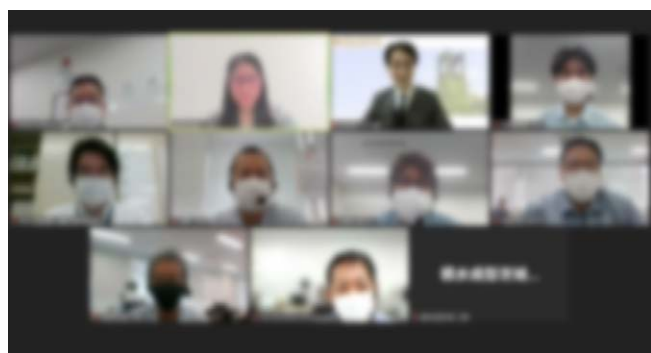
SEKISUI CHEMICAL Group

Workplace Environment Improvement Activities

Based on the results of the population analyses of stress level tests conducted in fiscal 2021, we are engaging in activities to improve the working environments at each workplace, including reviews of working hours, such as reductions of overtime hours and the taking of leave, and of personnel systems and organizational structures. We are also conducting workplace environment improvements with a focus on workplaces with overall health risk scores of 120 or more. As a measure against lower back pain in production departments, we are working to improve the working posture and working environment based on evaluations of the working posture. With regard to improvements in the workplace culture, we are also promoting activities through industry-academia collaborations and conducting online educational programs and other initiatives.



Changes in work posture and less strain placed on the lower back improved through KAIZEN activities.



Holding an online educational program during the COVID-19 pandemic.

Certified as a 2022 Health and Productivity Stock and 2022 Health and Productivity Management Organization in the Large Enterprise Category (White 500)

SEKISUI CHEMICAL Group was recognized for its Company-wide efforts to solve issues relating to the health and productivity of its employees and was certified as a 2022 Health and Productivity Stock. Along with 30 affiliated companies in Japan, the Group was certified as a 2022 Health and Productivity Management Organization in the large enterprise category (White 500) for the sixth year in a row. With the aim of instilling health management practices, we are also actively communicating with our business partners and others outside the Company.



Companies receiving certification	Name of company certified together with the Company described on the left
Sekisui Chemical Co., Ltd.	SEKISUI MEDICAL CO., LTD.
	Hokkaido Sekisui Heim Industry Co., Ltd.
	Sekisui Heim Tohoku Co., Ltd.
	SEKISUI FAMIS TOHOKU Co., Ltd.
	Tohoku SEKISUI HEIM Real Estate Co., Ltd.
	Sekisui Heim Industry Co., Ltd.
	Tokyo Sekisui Heim Co. Ltd.
	Tokyo Sekisui Famis Co., Ltd.
	Sekisui Heim Chubu Co., Ltd.
	SEKISUI FAMIS CHUBU Co., Ltd.
	Sekisui Heim Kinki Co., Ltd.
	Sekisui Famis Kinki Co., Ltd.
	Sekisui Heim Chushikoku Co., Ltd.
	Sekisui Famis Chushikoku Co., Ltd.
	Chushikoku SEKISUI HEIM Real Estate Co., Ltd.
	Chushikoku Sekisui Heim Industry Co., Ltd.
	Sekisui Heim Kyushu Co., Ltd.
	Sekisui famis kyusyu Co., Ltd.
	Kyusyu SEKISUI HEIM Real Estate Co., Ltd.
	Kyushu Sekisui Heim Industry Co., Ltd.
	Chiba Sekisui Industry Co., Ltd.
	Nishinihon Sekisui Industry Co., Ltd.
	Sekisui Home Techno Co., Ltd.
	Sekisui Seikei, Ltd.
	Shikoku Sekisui Co., Ltd.
Kyushu Sekisui Industry Co., Ltd.	
Sekisui Hinomaru Co., Ltd.	
SEKISUI MUSASHI KAKO CO., LTD.	
Sekisui Material Solutions Co., Ltd.	
Sekisui Fuller Company, Ltd.	

Note: From the list of corporations certified as 2022 Health and Productivity Management Organizations in the Large Enterprises (White 500) category.

Materiality



Fusion

Fusion

Based on its technology platform, SEKISUI CHEMICAL Group is making efforts to fuse together its various internal and external stakeholders and companies while accelerating innovation to support the basis of LIFE and continue to create peace of mind for the future in a bid to realize a sustainable society.

Positioning of This Materiality

In order to realize its Long-term Vision, SEKISUI CHEMICAL Group positions fusion as a driver to accelerate and enhance innovation. Amid the mountain of extremely difficult and pressing social issues including climate change, we will work to accelerate innovation at an unprecedented pace by focusing more than ever on the fusion of various internal and external stakeholders as well as companies from the perspectives of technology and business opportunities. Under the current Medium-term Management Plan, we are endeavoring to shift away from a self-reliant culture and approach by promoting projects that extend horizontally across internal companies, collaborating with external institutions and other outside parties, and engaging in open innovation.

Management Approach

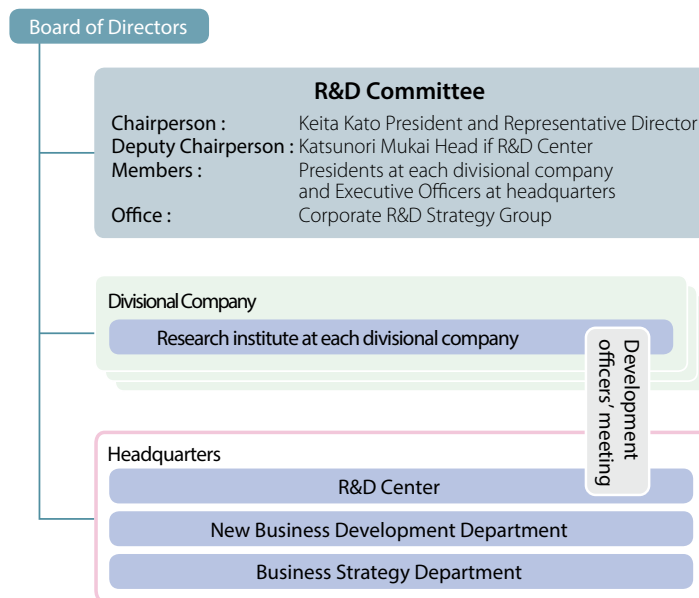
Our Philosophy

Based on its Long-term Vision, Vision 2030, SEKISUI CHEMICAL Group is advancing the expansion of its existing businesses and the creation of new businesses using ESG management as its main strategy. With fusion as an important issue for ESG, we will not limit ourselves to the inter-Group initiatives conducted up until now in cooperation with divisional companies, instead aiming to achieve wider-ranging and more effective fusion, including technological development, human resources development, cooperation with external organizations, and open innovation.

System and Goals for Promoting Fusion

In order to realize its Long-term Vision, in each of its business domains, SEKISUI CHEMICAL Group has defined enhancement areas as those in which it will target further growth in existing businesses and innovation areas as those in which it will create a new business base. While the efforts of each divisional company will play the leading role in enhancement areas, the Business Strategy Department and R&D Center are responsible for long-term business creation activities in collaboration with each divisional company in innovation areas. The promotion of activities will be undertaken with the Group working together as a whole.

In the previous fiscal year, the number of new products and projects was set as a KPI. In the fiscal year under review, efforts to promote fusion progressed smoothly with targets achieved. The status of business creation in innovative areas is regularly monitored by the R&D Committee, and discussions held with top management to promote further fusion.



Roles of the R&D Committee

- Determine Group-wide R&D basic policies regarding next-generation business creation
- Determine Group-wide R&D themes and action plans regarding next-generation business creation

Technological Development Fusion

Technological development is the source from which new businesses are created, and it is extremely important for fusion as well. At the SEKISUI CHEMICAL R&D Center, the mission of the organization is strengthening fusion with divisional companies. This facility promotes fusion with each divisional company from three perspectives: core technology fusion, planning fusion, and development fusion.

As far as the fusion of core technologies is concerned, SEKISUI CHEMICAL Group holds several Group-wide seminars on information science, a fundamental technology integrated into the R&D Center last fiscal year. By supporting divisional company development themes that employ materials informatics, we were also able to raise the level of data science.

From a planning fusion perspective, successful steps are being taken to create new development themes through collaboration between the planning department of divisional companies and planning staff at the R&D Center. Here, we are beginning to see enhanced fusion effects emerge.

Regarding development fusion, in addition to the fusion with divisional companies, we are actively promoting fusion with external parties. The perovskite solar cell that SEKISUI CHEMICAL Group is developing has been selected as a national development project in collaboration with the University of Tokyo and Ritsumeikan University. Plans are in place to further accelerate development toward practical application. We have also entered into a partnership with ArcelorMittal, S.A., one of the world's largest steel companies, to pursue a carbon recycling technology project. We plan to use our innovative technologies to reduce CO₂ emissions during steelmaking.

Key ESG Management Issues and Major Implementation Measures



Key ESG Management Issues and Major Implementation Measures

Implemented on a consolidate basis
(certain items are implemented on a SEKISUI CHEMICAL non-consolidated and domestic consolidated only basis)

		Objective	KPI	Fiscal 2021 Targets	Fiscal 2021 Results	Medium-term (FY2020-FY2022)Targets	Reference Page(s)		
Outputs	Products to enhance sustainability and the premium framework	Drive the ability to create profit, contribute to solving social issues, and achieve sustainable management	Net sales of products to enhance sustainability	¥750 billion	¥772.4billion <input checked="" type="checkbox"/>	¥800 billion	P.64		
			Net sales of products to enhance sustainability that are categorized as Premium	— *4	¥381.2billion	— *4	P.55-56		
Key Issues (Materiality)	Risk mitigation/avoidance	Prevention of serious incidents in the 5 fields	Number of serious incidents						
			• Workplace accidents resulting in a fatality	0	0 <input checked="" type="checkbox"/>	0	P.111		
			• Major quality issues	0	1*1 <input checked="" type="checkbox"/>	0	P.115,120		
			• Serious non-compliance and negligence	0	0 <input checked="" type="checkbox"/>	0	P.122		
			• Cybersecurity incidents*6	0	0 <input checked="" type="checkbox"/>	0	P.132		
			Major Implementation Measures	Management Indicators	FY2021 Targets	FY2021 Results	Medium-term (FY2022) Targets	Reference Page(s)	
		① Safety	Safety audits, mutual on-site inspections, comments and sound improvements by on-site risk assessment	Incidences of injuries attributable to machines and equipment	4 or less	4	0	P.98,102,107	
		② Quality	Preventing the Occurrence of Serious Quality-related Problems	Rate of application of measures for development risk prevention(number of themes for implementation of methods to prevent development risk/number of development themes)*2	98%	100%	100%	P.115	
		③ Accounting	Standardization of Accounting system	Preparation for SAP introduction	Finalization of detailed specifications	Completed SAP (accounting) operations overviews and requirement definitions	SAP (accounting) design process (to September 2022) development process (from October 2022)	P.126	
			Enhanced monitoring by unifying consolidated accounting information	Number of companies incorporating accounting information	6 companies in Japan	Completed at 2 companies in Japan, began trial incorporation overseas	Completion of incorporation in Japan, completion of preparations for incorporation overseas		
			Conducting of educational programs/workshop meetings to improve accounting skills	Number of implementations	4	Four times. Strengthened schemes to improve attendance rates at the same time (expanded online educational programs and video streaming, etc.)	4		
		④ Legal/ethics	Strengthen overseas Group companies control	Deployment rate of important rules (regarding antimonopoly laws, bribery, etc.) at overseas Group companies	100%	85%(52/61 companies)	100%	P.124-128	
				Establishment of internal whistleblowing systems at overseas Group companies (number of regions)	All overseas regions (10 regions)	9 regions	All overseas regions (10 regions)		
		⑤ Information management	Rapid response in the event of a cyber security incidentt (Japan)	Recovery time following incidence occurrence	Start of monitoring to define KPI	Started monitoring	Ongoing monitoring to set baseline	P.132	
			Overseas deployment of CSIRT*3	Formulation and rollout of overseas deployment plans	Formulation of plan overviews	Formulated plan overviews and prepared for deployment	Formulation of detailed plans and start of deployment		
	Risk management (BCP)	Mitigate the impact of earthquakes, pandemics, and other incidents	BCP establishment and operating rate	BCP (Initial action) establishment rate 100%	100%	BCP operating rate 100% (establishment of PDCA)	P.135		

		Objective	KPI	Fiscal 2021 Targets	Fiscal 2021 Results	Medium-term (FY2020-FY2022)Targets	Reference Page(s)	
Key Issues (Materiality)	Investment for minimizing future costs (Improving sustainability KPI)	Become the driver that transforms work processes and business models	Net sales per direct employee	_ *4	_ *4	Fiscal 2030: Direct productivity 15% increase (vs. fiscal 2019)	P.146	
			Net sales per indirect employee			Fiscal 2030: Indirect productivity 40% increase (vs. fiscal 2019)		
			Major Implementation Measures	Management Indicators	FY2021 Targets	FY2021 Results	Medium-term (FY2022) Targets	Reference Page(s)
		DX	Global management foundation innovation	Execution status of development for constructing global standard operations and system models	Completion of requirement definitions, start of design work, formulation of a long-term roadmap for SAP introduction and deployment	Completed requirement definitions for subject business processes and determined priority for SAP introduction locations	Design and development of a backbone system for global rollout, and preparations for deployment	P.148
			Reform of global indirect purchasing	Progress status of initiatives aimed at indirect materials purchasing (pilot activity verification and deployment plans)	Verification of effectiveness at three factories in Japan and deployment in Japan	Completed verification of the indirect purchasing system at a model factory, and prepared for deployment to major locations in Japan	Enhancement of Governance (Internal Control) by visualization of transaction status, improvement of efficiency by consolidating purchasing operations	P.148-149
			Enhancement and improvement of efficiency of sales and marketing duties(Japan)	Progress status of initiatives aimed at sales and marketing reforms (Number of participants and workload shift)	Verification of new work processes and deployment in Japan	Verified new work processes, completed visualization of transaction status, deployment to sales offices in Japan underway	Reduction of steps in inward operations, expansion of steps in sales activities and use of IT to expand sales	
			Promotion of remote work(Japan)	Progress and usage status of initiatives for establishing new work styles	Deployment of the MobileNET remote work platform and preparation for the cloud-compliant Integrated Authentication Platform	Expanded use of MobileNET (4,000 users), began operation of the Integrated Authentication Platform (25,000 users)	Provision of remote-work platforms that balance security and convenience	
			Address climate change	Renewable energy as a percentage of purchased power	10%	19.7% <input checked="" type="checkbox"/>	20%	P.192
			Major Implementation Measures	Management Indicators	FY2021 Targets	FY2021 Results	Medium-term (FY2022) Targets	Reference Page(s)
		Environment	Realization of resource recycling	Generated waste amount Reduction of unit of production	-1.0% (over the three-year Medium-term Plan)	-6.7%	-1.0% (over the three-year Medium-term Plan)	P.207
			Reducing Water-related Risks	Reduction of water intake volume at production sites which use large quantities of water	-10% (over the three-year Medium-term Plan)	-2.4%	-10% (over the three-year Medium-term Plan)	P.217
				Reduction of COD discharged into rivers by production sites where discharge is substantial	-10% (over the three-year Medium-term Plan)	+4.2%	-10% (over the three-year Medium-term Plan)	P.220
			Aim to be an excellent and vibrant company where employees thrive on challenges	Degree of challenging behavior expression	15%	13% <input checked="" type="checkbox"/>	17%	P.249
			Major Implementation Measures	Management Indicators	FY2021 Targets	FY2021 Results	Medium-term (FY2022) Targets	Reference Page(s)
		Human Resources	Deployment of long-term vision throughout Group	Rate of deployment of Long-term Vision to each department	Implementation rate for long-term vision expansion workshops for heads of Group organizations in Japan 100%	Implementation rate for long-term vision expansion workshops for heads of Group organizations in Japan 100%	Rate of deployment to employees 100%	P.250
				Implementation rate for long-term vision expansion workshops (Japan)	Workshops for heads of Group organizations 100%	Workshops for heads of Group organizations 100%	Workshops for heads of Group organizations 100% Workshops for employees 100%	
			Change to a challenging organizational culture (Non-consolidated)	Rate of implementation of the new HR system	Completion of examination of HR system (Managerial positions)	Completion of examination of HR system (Managerial positions)	Completion of transition to the new HR system (general employees and Managerial positions)	P.258
				Transition to the new HR system	Completion of preparations for System design	Completion of preparations for System design	Completion of transition	
		Changes to human resource management (Non-consolidated)	Rate of career interview implementation between superiors and subordinates for independent career development	Completed examination of career interview system (Managerial positions)	Completed examination of career interview system (Managerial positions)	Implementation of career interviews (general employees and Managerial positions) 100%	P.255	
			Rate of career interview implementation	Completion of system design and introduction preparations	Completed system design and introduction preparations	100%		
	Promote internal and external fusion of technologies and business opportunities	Increase in net sales from fusion	_ *4	Up ¥29.9 billion(vs. fiscal 2019)	Up ¥50 billion (vs. fiscal 2019)	P.294		
	Major Implementation Measures	Management Indicators	FY2021 Targets	FY2021 Results	Medium-term (FY2022) Targets	Reference Page(s)		
Fusion	Expansion of products developed using new technologies with the aim of cultivating new markets and customers	Number of new A-type products launched, number of A-type projects*5	_ *4	_ *4	_ *4	P.296		
	Acquisition of new business platforms by expanding the number of external collaborations in new areas(Japan)	Number of external collaborations	_ *4	_ *4	_ *4			

*1 Based on individual standards of divisional company

*2 When using methods to prevent development risk at the product development stage

*3 CSIRT: Abbreviation for Computer Security Incident Response Team. Plays a role in preventing cybersecurity incidents and a role in rapid response and recovery in the unlikely event of a cybersecurity incident.

*4 Undisclosed

*5 New A-type product: Product developed using new technologies with the aim of cultivating new markets and customers. A-type project: Large-scale subdivision project with more than 30 lots.

*6 Virus infection, information leakage, backbone system outage, or other incident resulting from cyber attacks that have a significant impact.

Other Key Issues



TOPICS

■ CS & Quality	.....	p301
Creating Attractive Products and Services	.....	p307
■ Intellectual Property	.....	p313
■ Responsible Procurement	.....	p315
■ Declaration of Support for Initiatives and Organizations in Which SEKISUI CHEMICAL Group Participates	.....	p320

CS & Quality

SEKISUI CHEMICAL Group is committed to continuously securing the approval of customers by maximizing the quality of our employees, quality of our structures, and quality of our products.

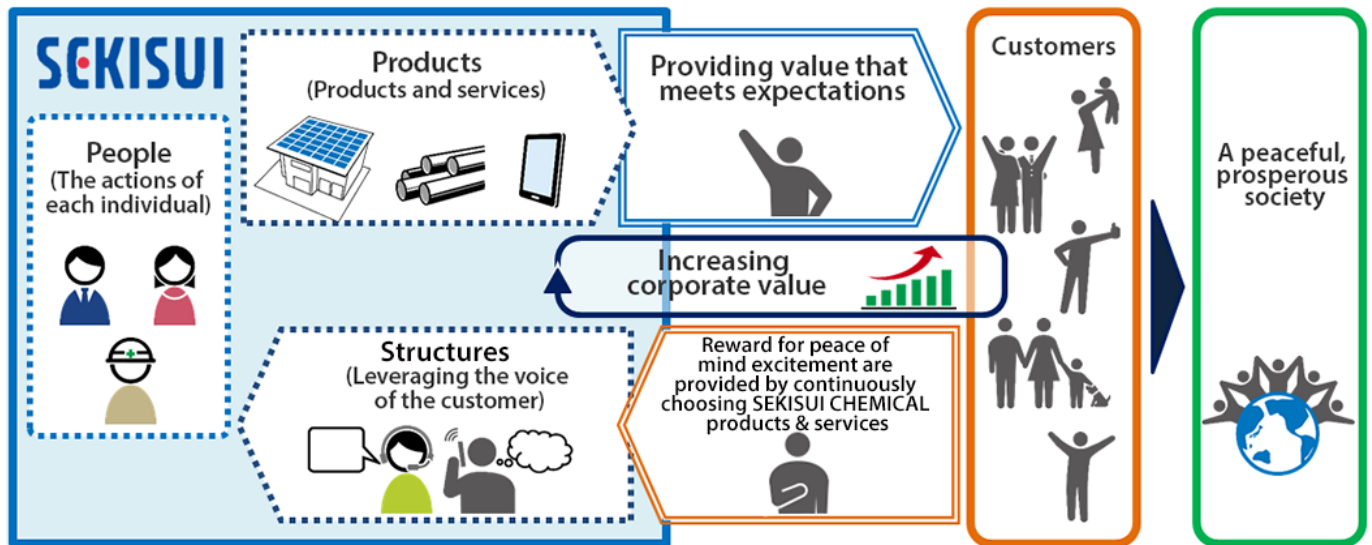
Management Approach

Since 1999, SEKISUI CHEMICAL Group has placed the utmost emphasis on satisfying its customers and has accordingly practiced customer satisfaction (CS) management.

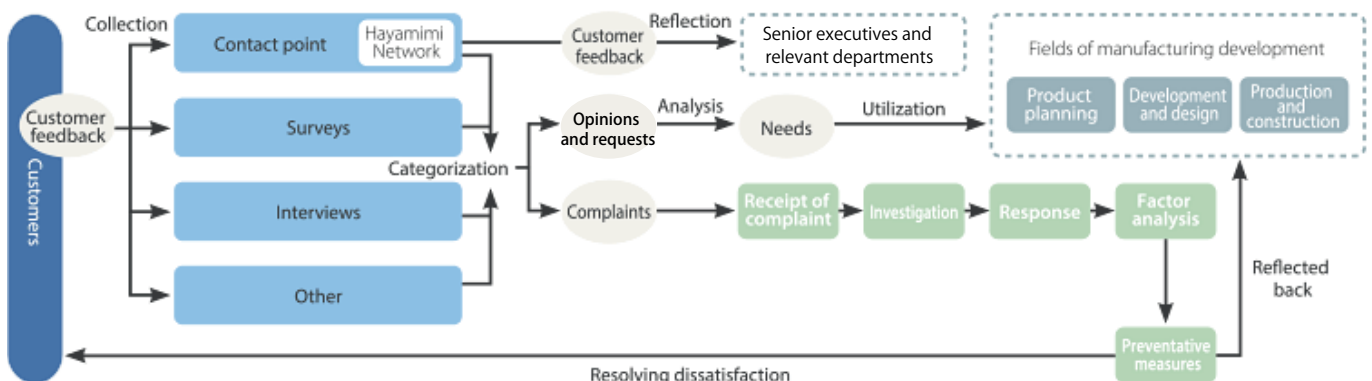
Recognizing that both customer satisfaction and quality are inseparable, we have engaged in CS & Quality management since 2004 in a bid to consistently deliver sufficient value to our customers, ensuring they will continually select our Group's products and services.

Rallying to the catchphrase that customer feedback is the root of our monozukuri (manufacturing) activities, we are actively honing the quality of our people (employees), the quality of our structures, and the quality of our products and services. In this manner, the Group is working in unison to consistently deliver the quality that is always approved by customers.

SEKISUI CHEMICAL Group's CS & Quality Management Circulation Diagram



Flowchart Outlining the Reflection of Customers' Voices Back into Management



For more information, see SEKISUI CHEMICAL Group CS & Quality Management Policy.

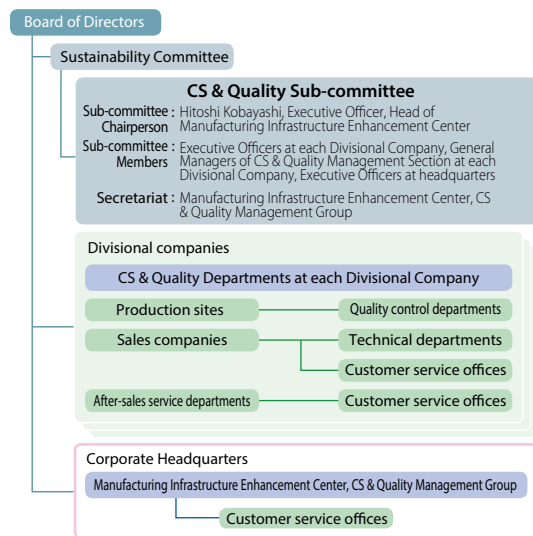
CS & Quality Management Promotion System

Establishing the CS & Quality Subcommittee that Reports to the Sustainability Committee

SEKISUI CHEMICAL Group deliberates on and determines all financial and non-financial initiatives and policies through its Board of Directors.

We maintain a CS & Quality Subcommittee, which reports to the Company’s Sustainability Committee. Both the Sustainability Committee and CS & Quality Subcommittee meet twice a year to deliberate on non-financial CS & Quality issues. In fiscal 2021, CS & Quality Subcommittee meetings were held twice, in October and March.

CS & Quality Management Promotion System (from FY2020)



Initiatives Under the CS & Quality Medium-term Plan (FY2020-FY2022)

Roadmap for CS & Quality Management Initiatives

			FY2020	FY2021	FY2022	
Minimization of quality-related compliance risks	Prevention of fraud and falsification of quality data		Understanding current status / defining requirements	System construction and operation		
	Prevention of malfunctions starting from the design and development stages		Training and education for developers and reviewers		Construction and trials of Design Review (DR) process for new business	
Maintaining and strengthening CS quality responsiveness	Constructing a global training framework for CS & Quality personnel	Promoting and maintaining awareness of CS & Quality	Implementing and providing feedback for employee CS & Quality assessments	Follow-up of organizational activities (support problem-solving skills through conversation)		
		Reforming the qualities of improvement activities	Establishing Group KAIZEN Activity guidelines	Expanding Group KAIZEN Activity guidelines to all companies	Promoting awareness of guidelines (sharing implementation case-studies)	
		Self-drive KAIZEN activities	Developing an education program for leadership	Verifying the trial run for the leadership education program	Expanding the leadership education program	
		Monitoring KAIZEN activities	Combining monitoring items and guideline contents	Monitoring using the new combination indicators		
	Constructing a CS & Quality education system	Strengthening the collection and utilization of customer feedback	Searching	Conduct internal questionnaires and interviews	Training related to collection and utilization and enhancement of cross-organizational information sharing	
		Promoting CS activities based on the guidebook	Basic CS training (telephone communication, creating a CS culture) (as needed)			
Reform of CS & Quality foundations	Constructing and effectively utilizing a new QMS system	Enhancing production fundamentals	Expanding the introduction of SPMC* and raising the level for utilization	Reconstructing, spreading, and solidifying understanding of effective utilization methods for SPMC*		
	Promoting digitization of CS quality information	Constructing a quality incompatibility knowledge system	Understanding current situations and conducting surveys	Trial runs and expanding sites that implement system		

* SPMC: Sekisui Process Management Chart.

Major Initiatives

| Follow-up Activities for the Self-declaration for Consumer-oriented Management

The Company supports the Consumer Affairs Agency's initiative of bringing about Consumer-oriented Management. Reflecting this support, we made a self-declaration for consumer-oriented management*, expressing our philosophy and plans for initiatives, in January 2017.

* An undertaking through which companies declare their commitment to engaging in consumer-oriented management, take action based on their declarations, and follow-up by disclosing the outcomes of initiatives.



See the Consumer Affairs Agency's website for details of Consumer-oriented Management.
https://www.caa.go.jp/en/policy/consumer_research/pdf/consumer-oriented.pdf

Activities Based on the Self-declaration for Customer-oriented Management

Mindful that customer opinions are a valuable resource for management, our CS & Quality Management is based on the principle that customer feedback is the root of our monozukuri (manufacturing) activities and focused on aggressively pursuing innovations in the Quality of Our Employees, the Quality of Our Structures, and the Quality of Our Products. We aim to contribute to the realization of a worry-free and prosperous society by continuing to provide new value to our customers and society.

The following are five activities undertaken in fiscal 2021 based on our Self-declaration for Consumer-Oriented Management.

1. Ensuring Basic Qualities

SEKISUI CHEMICAL Group has constructed a quality assurance system extending from the product development stage to all processes including design, manufacturing, and sales, and has put in place a quality assurance system while promoting design and development management as well as day-to-day management activities.

Group companies in Japan and overseas are developing and promoting Group KAIZEN Activities, in which employees in each workplace form small groups to address various topics such as improvements in quality and productivity.

2. Creating Attractive Qualities

We held the CS & Quality Seminar: Attractive Qualities Module with the goal of enhancing our employees' attractive qualities.

Recognizing the need to prevent further spread of COVID-19, this initiative was held twice in fiscal 2021, once in July 2021 and again in February 2022 in a live streaming format.

In addition, we publicly released the Asaka Lead Town Story of Attractive Qualities in February, which was the award winner for the Attractive Qualities Screening System held in fiscal 2019.

3. Upgrading Technological Capabilities

We are holding a variety of seminars where the objective is to learn about effective and efficient preventative measures in order to avoid the occurrence of quality issues when developing new products.

We are also effectively utilizing our quality management systems (QMS) with a process approach mindset. For internal audits in particular, we are promoting activities aimed at increasing the use of the SPMC (Sekisui Process Management Chart), an in-house assessment tool.

We believe the ability to respond effectively to our customers is a key attractive quality and are accordingly implementing training to improve telephone communication skills.

With the aim of improving each individual's skills, Telephone Communication Training video materials were produced and made available on the intranet for repeated study at the pace of the individual in fiscal 2019.

4. Enhancing Communications

SEKISUI CHEMICAL Group believes a consumer-oriented business requires effective understanding of the needs of its customers through communication with individuals from both inside and outside the Company. To this end, we are focused on creating a variety of communication opportunities.

In our Housing Company business, we are continually implementing customer satisfaction surveys.

In addition, SEKISUI CHEMICAL publishes and distributes the VOICE booklet, which summarizes customer inquiries gathered by the Customer Consultation Office, to all Group employees.

5. Providing Thorough Employee Education

SEKISUI CHEMICAL Group conducts CS & Quality training each year for new recruits as well as employees newly appointed to managerial positions. Training for new recruits considers the Group's approach toward CS & Quality management as well as daily operating behavior that is conducive to customer satisfaction. Training for employees newly appointed to managerial positions considers how to achieve CS & Quality as a department as they move into positions of responsibility.

In addition, we also consider measures such as our Employee CS & Quality Assessments, which are conducted on a periodic basis, to be initiatives for assisting employee education.

Creating Attractive Products and Services

In SEKISUI CHEMICAL Group, we promote the development of our employees, structures, and corporate culture for the creation of attractive qualities to ensure our customers will continue to approve our products and services, striving for the achievement of CS & Quality Management.

Measures to Create Attractive Qualities

In order to create attractive qualities that ensure our customers continually select our products and services, we are working to build a customer-oriented, free and open-minded organizational culture.

CS & Quality Seminars (Attractive Qualities Module)

For CS & Quality Seminars, experts from a variety of fields outside the Company are invited to give lectures intended to improve awareness on CS & Quality.

Held several times a year, the lectures are split into Attractive Qualities themes about creating attractive quality and Basic Qualities themes to strengthen core quality according to the content of each seminar. A total of 60 seminars have been held up to the end of fiscal 2021 since 2001.

Under the Attractive Qualities themes seminar, lectures are held on a wide range of topics featuring pioneers in the fields of developing human resources and organizations for the creation of attractive products and services, as well as product planning and development personnel involved with hit products and long sellers at other companies.

In fiscal 2021, we focused attentively on CX (Customer Experience), which has received much attention in recent years, and introduced examples of our activities and their importance. With a view to preventing further spread of COVID-19, lectures were broadcast live.



● July 8, 2021

CX Improvement Initiatives at Lion
Sayaka Kasahara
Experience Design
Business Development Center
Lion Corporation



● February 8, 2022

Evolving Customer-centric
and Management Issues
Joji Ono
Professor
School of Business
Aoyama Gakuin University

Telephone Communication Training

As part of efforts to improve customer satisfaction, the Customer Consultation Office has been offering telephone communication training, where the office's staff members become instructors and train other departments, since fiscal 2008. The goal of these training sessions is to horizontally expand the skills in telephone communication with customers that are cultivated by the members of the Customer Consultation Office in their day-to-day business operations throughout various departments within the Group.

Also, we have been implementing telephone communication training in an e-learning format in addition to the traditional in-person style since fiscal 2018.

In fiscal 2021, we completed steps to provide the contents of training lectures in a video format. Recognizing the difficulties in providing face-to-face training in light of the pandemic, this initiative allows individuals to learn on their own using video materials. In addition, we provided online training to the three divisional companies. This online initiative allows users to combine the knowledge garnered in advance through video materials with role-playing based on practical conditions in a remote format.

In addition, e-learning training programs on writing business e-mails were held on six occasions, with many employees participating. Given the increase in working remotely and associated surge in the use of e-mails, we took steps to review guidelines on e-mails and publish a revised version.

CS & Quality Assessment to Measure the Penetration of CS & Quality Management

Since fiscal 2012, SEKISUI CHEMICAL Group has implemented a CS & Quality Assessment (questionnaire survey) for domestic employees once every two years. The results of this survey are provided as feedback to top management and executives at each branch location. Since fiscal 2015, this survey has also been implemented in overseas locations including China.

In fiscal 2021, we developed specific measures, instead of conducting assessments. Based on the results of the fiscal 2020 survey, we planned measures to strengthen our customer feedback structure and held practical training sessions on the use of customer satisfaction surveys.

These sessions targeted CS & Quality managers at business sites in Japan, and consisted of lectures and workshops on the purpose of listening, designing CS questionnaires, and analyzing results.

Persons in charge at the CS & Quality Management Group, Corporate Headquarters served as instructors, and 42 participants from 26 organizations took part in the training.

Improve the Telephone Communication Skills of SEKISUI CHEMICAL Customer Consultation Office

Staff of SEKISUI CHEMICAL Customer Consultation Office respond to questions, concerns, opinions, requests, and other inquiries from customers.

In order to answer customer questions on the spot to the greatest extent possible, we work to ensure that staff in the Customer Consultation Office possess sufficient knowledge of our products and technology.

In fiscal 2021, we worked on improvements that were pointed out to us in response to the results of the telephone communication skills test conducted last year.

Forced to answer the phone while wearing a mask every day due to COVID-19, every effort is made by staff to constantly remain receptive. In adhering strictly to vocalization methods and key points regarding service, every emphasis is placed on speaking clearly so that it is easy for customers to hear.

We will continue to make efforts to improve telephone communication skills with the aim of becoming a Customer Consultation Office that receives positive feedback from satisfied customers

VOICE, a Compilation of Feedback Received by the Customer Consultation Office

SEKISUI CHEMICAL Group's Customer Consultation Office receives approximately 10,000 inquiries and comments every year. We directly answer each inquiry and analyze the factors that motivated the customer to make the inquiry in the first place, in order to discover the hidden needs of customers.

VOICE is our yearly bulletin launched in fiscal 2015. This publication collects the comments received by the Customer Consultation Office with the intent of raising awareness and understanding across all of the Group's businesses and extending beyond the boundaries of each employee's working area. The goal is to develop a corporate culture of CS & Quality for all employees.

In fiscal 2021, we published case study interviews showcasing products and services developed by each divisional company, based on their customer feedback. Rather than provide in a booklet format, we posted details of the interviews on the intranet allowing many employees to view from their home, in of the growing number of employees working remotely.



Implementing Customer Questionnaires at the Housing Company

SEKISUI CHEMICAL Group's Housing Company conducts CS surveys of customers who have purchased and built Sekisui Heim homes. The feedback from customers is broadly shared throughout the Company and used in product development and in improvements in the quality of the Group's services. Details of customer dissatisfaction are assessed in detail, and steps are taken to ensure a resolution to promote satisfaction. In fiscal 2021, customers who responded that they were very satisfied reached 80.5%.

STAR 55 Bulletin* Highlights Good Examples of CS & Quality for Group Employees

In 2002, its 55th anniversary, SEKISUI CHEMICAL Group implemented STAR 55 as a program to promote CS throughout the Company and declared CS as the foundation of management for all employees. First published in 2006, we also continue to issue the STAR 55 Bulletin, a newsletter compilation of excellent case studies for CS & Quality for Group employees so that the STAR 55 initiative does not lose momentum.

The STAR 55 Bulletin was issued twice in fiscal 2021, once in August and again in March. Each issue largely covered the efforts made by the frontline in response to COVID-19.

STAR 55 Bulletin No.'s 46 and 47



Vol.46



Vol.47

* Origin of the name: STAR 55 Bulletin

S = Sekisui

T = Trust

A = Action

R = Revolution

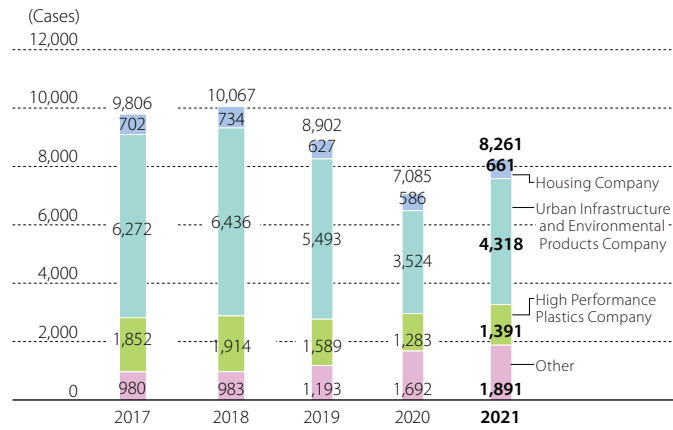
STAR = Leader, 55 = 55th anniversary

The name STAR 55 expresses the promise that all employees in SEKISUI CHEMICAL Group (S) will earn the trust (T) of customers through their actions (A) and the Group as a whole will trigger a revolution (R) in its corporate culture and character, while fostering the desire for each employee to take a leading role (be a STAR) in their work.

Performance Data

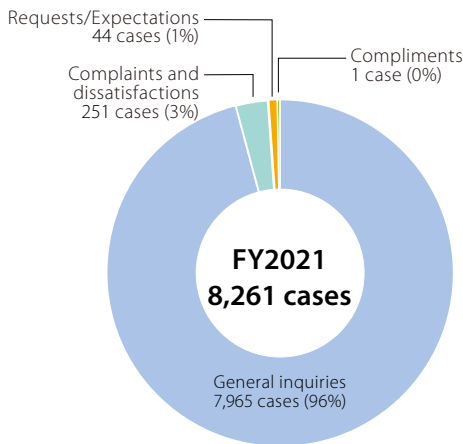
**Data Related to Improvements in the Ability of the
Customer Consultation Office to Address Customer Feedback** ✓

Number of incoming Calls and E-mails, etc. from Customers



Indicator	Calculation Method
Number of incoming Calls and E-mails, etc.	Number of inquiries by telephone, e-mail, letters, and other means

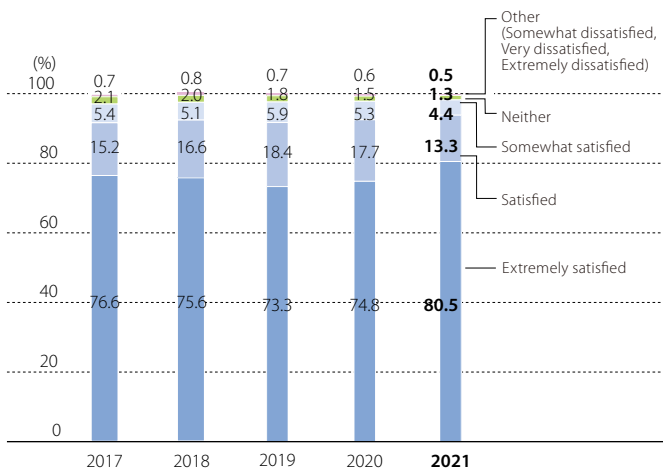
Breakdown of incoming contacts (SEKISUI CHEMICAL)



Indicator	Calculation Method
Breakdown of incoming contacts	<p>The subjects of incoming calls are recorded on Insider Net and categorized as follows:</p> <ul style="list-style-type: none"> • General inquiries: Questions about SEKISUI CHEMICAL Group product specifications, how to use products, construction methods, stores selling the products, and services such as repairs • Complaints and dissatisfaction: Incidents in which customers expressed their dissatisfaction or lodged complaints concerning SEKISUI CHEMICAL Group products or services • Compliments: Calls during which praise was received for satisfaction with SEKISUI CHEMICAL Group’s products or services • Requests/Expectations: What customers require of SEKISUI CHEMICAL Group products and services (product improvements and new products, etc.), and inquiries relating to business activities, or comments on what is expected of SEKISUI CHEMICAL Group <p>Note: Insider Net: A SEKISUI CHEMICAL Group intranet site on which details of incoming calls to the Customer Consultation Office are released in real-time.</p>

Data Relating to Customer Surveys

CS Questionnaire 7-Step Evaluation (Housing Company)



Intellectual Property

We are carrying out initiatives to protect and continuously maintain intellectual property as an important management resource for maximizing corporate value to support growth and revenue

Protecting Our Intellectual Property and Respecting the Intellectual Property Rights of Others

The Company regards intellectual property (IP) that has resulted from its R&D activities to be an important management resource underpinning SEKISUI CHEMICAL Group's growth and profitability as well as efforts toward the maximization of corporate value. For that reason, SEKISUI CHEMICAL Group endeavors to secure strategic IP that supports its business activities, as well as to maintain and manage any acquired IP.

Meanwhile, we conduct periodic investigations to avoid infringing upon the IP rights of others, and take appropriate measures to avoid and prevent others from infringing upon the IP rights of SEKISUI CHEMICAL Group.

In order that each individual developer can implement these measures, we have prepared several educational programs tailored to the level of each developer, from the acquisition of basic knowledge to strategy building, and conduct Group-wide educational activities relating to IP.

Reasonable Evaluations with Regard to Inventions

In addition to paying monetary incentives for inventions made by employees, the Invention Grand Prize has been established as one part of our efforts to ensure researchers and engineers receive the evaluations and recognition they deserve. The Invention Grand Prize pays out monetary incentives to inventors employed by the Company as compensation for their achievements that have made a particularly large contribution to profits.

In fiscal 2021, a third-class certification was granted for a patent related to profiles for the SPR-SE method.

Strategic Intellectual Property Activities for Securing Intellectual Property

SEKISUI CHEMICAL Group places considerable emphasis on strategic IP activities in order to maximize its prominence in technology and contribute to business growth. These activities are not limited to patent information alone. We are also promoting strategic IP activities such as appropriate strategic development and management of our IP portfolio based on analysis of the competitive environment, including a wide range of business-related non-patent information such as IP data, the market, and competitors.

Framework for Promoting Intellectual Property Activities

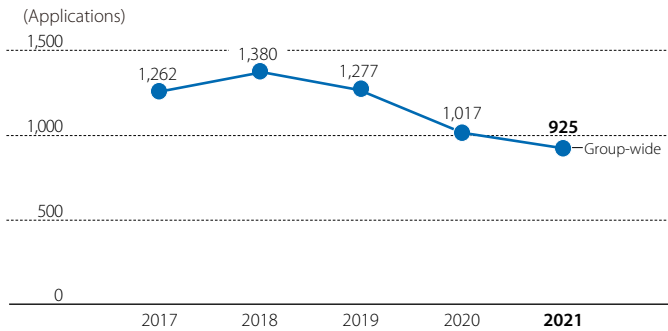
SEKISUI CHEMICAL Group has set up independent intellectual property divisions at its Corporate Headquarters and at each divisional company. This takes into account the Group’s divisional company structure and enables the Group to promptly engage in activities that are attuned to the business environment of each divisional company.

At each divisional company, the Intellectual Property, Business, and R&D divisions are in constant cooperation, striving to achieve prominence over our competitors based on the distinctive characteristics of their respective areas. In this way, we promote IP activities which link to the expansion and growth of our business.

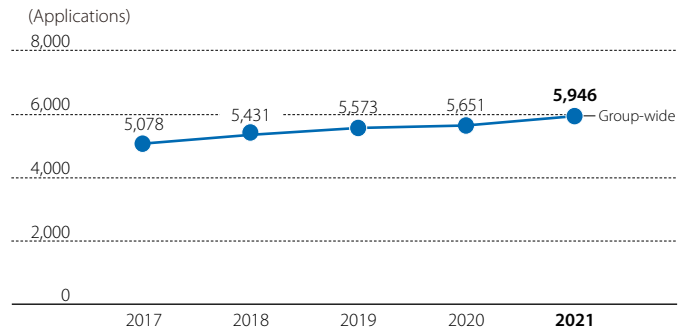
At our Corporate Headquarters, we carry out unified planning and promotion of IP strategy for all Group companies, aiming to optimize their IP resources.

Performance Data

Number of patent application filings



Number of patents held



Responsible Procurement

SEKISUI CHEMICAL Group—together with its business partners—procures materials and other items necessary for business activities with the aim of realizing a sustainable society.

Basic Policy on Sustainable Procurement

SEKISUI CHEMICAL Group aims to achieve coexistence and shared prosperity by building more robust partnerships with its business partners and engaging in fair trade based on the following five basic concepts for materials procurement.

Basic Concept

Openness

SEKISUI CHEMICAL Group opens its doors not only to domestic companies but also widely to overseas companies.

Impartiality and fairness

SEKISUI CHEMICAL Group selects business partners based on impartial and fair evaluation standards with emphasis on quality, price and delivery lead-time, services, etc., as well as environmental considerations.

Compliance with laws and regulations

When engaging in purchasing transactions, SEKISUI CHEMICAL Group will comply with relevant laws, regulations and administrative instructions in Japan and overseas.

Mutual trust

SEKISUI CHEMICAL Group will establish and maintain mutually beneficial relationships with its business partners, as well as sincerely fulfill all contractual obligations.

Environmental considerations

SEKISUI CHEMICAL Group will further promote the purchase of raw materials and goods that have minimal negative impact on the environment (Green Procurement), and strive to establish a resource-recycling society through concerted efforts with business partners.

Sustainable Procurement Guidelines

Sustainable Procurement Guidelines summarize the procurement objectives that SEKISUI CHEMICAL Group and its business partners aim to achieve. Sustainable Procurement Guidelines are in line with the UN Global Compact 10 Principles, UN Guiding Principles on Business and Human Rights, and SEKISUI CHEMICAL Human Rights Policy, as well as serves as the criteria that must be observed by all business partners involved with the Group and the production of its products.

We ask our business partners to understand and comply with the purpose and content of these guidelines as well as cooperate with us in our efforts to realize a sustainable society.

Promotion System

As for SEKISUI CHEMICAL Group procurement, the Purchasing Group of Corporate Headquarters plays a central role in conducting transactions in accordance with Sustainable Procurement Guidelines and basic policies in cooperation with the purchasing departments of business sites and Group companies, as well as the Overseas Management Group.

In order to achieve more appropriate procurement throughout the supply chain, we encourage our secondary and tertiary suppliers to achieve and maintain socially responsible operations through our primary suppliers.

Cooperation with business partners is indispensable for promoting our initiatives, so we are working to foster their understanding regarding sustainable procurement and surveys. In fiscal 2021, we produced and released a video in which the executive officer in charge explains this directly to our business partners. We have also released this video with English and Chinese subtitles for our overseas business partners.

Building Supply Chains based on Sustainable Procurement Surveys

SEKISUI CHEMICAL Group conduct sustainable procurement surveys to assess whether our business partners are operating in a socially responsible manner. These surveys are aimed at building responsible supply chains to achieve and maintain sustainable procurement. Based on the survey results, we work with our business partners to resolve any outstanding issues. In fiscal 2021, we significantly revised the sustainable procurement survey, changing survey content from the original ISO-based format to the latest version of the CSR/Procurement Self-assessment Questionnaire formulated by the secretariate of Global Compact Network Japan (GCNJ). These revisions enable us to conduct more comprehensive surveys that include items related to human rights. In addition, the timing of the surveys had previously not been standardized, but we have made changes to ensure that surveys are conducted simultaneously worldwide. We plan to expand the scope of the survey as appropriate.

Changes to Sustainable Procurement Surveys

	Previous Surveys	Surveys from Fiscal 2021 Onward
Questionnaire	SEKISUI CHEMICAL Group's original questionnaire that referred to ISOs, etc.	Questionnaire using the latest version of the GCNJ CSR Procurement Self-Assessment Questionnaire
Survey scope	Purchasers with annual transactions of 30 million yen or more, cumulative top 80% of purchasers by Group company	Major purchasers possessing a defined amount of capital, with annual transactions of 30 million yen or more
Schedule	Sequential implementation (generally three years to complete surveys of all eligible companies)	Simultaneous surveys conducted every three years

Sustainable Procurement Survey Process

Survey Scope: 1 Suppliers mainly of raw materials and materials (including packaging materials) that constitute or accompany products
2 Utility-related business partners
3 Production equipment-, construction work-related business partners
4 Trading companies and actual manufacturers if the business partner is a trading company
5 Not applicable if the business partner is a SEKISUI CHEMICAL Group company

Frequency: every time for new business partners and once every three years for existing ones

Survey method: surveys are conducted using the latest version of the CSR/Procurement Self-assessment Questionnaire

Survey structure: The Purchasing Group of Corporate Headquarters manages the entire survey, while business site and group company purchasing departments are responsible for requesting that business partners fill out questionnaires and collecting their responses. The Overseas Management Group and Group company purchasing departments are tasked with conducting surveys of business partners abroad.

Major Initiatives

| Fiscal 2021 Sustainable Procurement Survey

The Sustainable Procurement Survey was conducted in fiscal 2021.

We requested that 499 global raw materials suppliers respond to this survey, collected their responses, and evaluated and analyzed the results. The response rate was 82% domestic and 47% overseas. We will confirm the reasons for declines in response rates and examine measures to increase them.

Survey results revealed that the average score percentage for each of the nine key categories exceeded the passing mark (60%) for all areas. However, the results also showed that scores tended to be low for supply chains, coexistence with local communities, and human rights.

For business partners with low scores, we will conduct individual interviews to confirm the situation. If any problems related to sustainable procurement are identified, we will work with them to make improvements. In the unlikely event that a serious violation of the Procurement Guidelines is found, we will consider changing business partners.

| Requests to Sign the Supplier Code of Conduct

We ask our suppliers to sign the Supplier Code of Conduct when conducting sustainable procurement surveys.

The Supplier Code of Conduct is formulated to ensure that our suppliers maintain high standards of safe working conditions, fair and respectful treatment of employees, and ethical practices. We have included in the Supplier Code of Conduct a section that requires business partner supply chains (secondary and tertiary suppliers) to achieve and maintain socially responsible operations. In so doing, SEKISUI CHEMICAL Group will work to expand sustainable procurement.

| Declaration of Partnership Building

In March 2022, SEKISUI CHEMICAL Group signed the Declaration of Partnership Building, declaring that the Group will focus on coexisting in mutual prosperity throughout the supply chain, forging new partnerships (inter-company collaboration, IT implementation support, expert personnel matching, green procurement, etc.), and adhering to promotion standards.

<https://www.biz-partnership.jp/declaration/8555-05-08-tokyo.pdf>

Fiscal 2021 Responsible Mineral Procurement Survey

SEKISUI CHEMICAL Group has conducted conflict mineral procurement annually. In light of recent circumstances, however, we revised our Conflict Mineral Survey Manual used since April 2017, commencing the new Responsible Mineral Procurement Survey Manual. Since fiscal 2021, we have been investigating in Japan conflict minerals used by armed insurgents as a source of funds, as well as cobalt and mica, for which human rights abuses (child labor, etc.) are a concern. In addition, we will identify smelters and respond according to risk levels in an effort to eliminate the use of corruption-related minerals.

Changes to the Responsible Mineral Procurement Survey

	Previous Surveys	Surveys from Fiscal 2021 Onward
Target risks	Whether they fund armed insurgents	<ul style="list-style-type: none"> • Whether they fund armed insurgents • Overall human rights violations including child labor
Target regions	The Democratic Republic of Congo and neighboring countries Total: 10 countries	<ul style="list-style-type: none"> • CAHRAs (EU Conflict Mineral Regulation): 28 countries • The Democratic Republic of Congo and neighboring countries: 10 countries Total 34 countries (due to duplication)
Target minerals	3TG (tantalum , tungsten, tin and gold)	3TG+ cobalt, mica
Target raw materials	Product raw materials for which customers have requested investigations	Raw materials containing target minerals
Report content	<ul style="list-style-type: none"> • No. of companies and products about which customers have made inquiries • No. of products containing 3TG among the above • Status of smelter identification for the above products containing 3TG 	<ul style="list-style-type: none"> • No. of companies and products about which customers have made inquiries • List of raw materials, names of target minerals, refineries, countries of origin, etc. • High risk level, response

Upgrading Timber Procurement Surveys

SEKISUI CHEMICAL Group conducted surveys on 41 business partners about the species and traceability of trees used in its products and components, including the timber itself and products and components made from timber. Of the companies surveyed, the Group received responses from 40 of them. The survey breakdown was 60% certified forest timber, 9% legally certified timber, and 31% recycled timber. However, we determined that the current survey content was insufficient to evaluate and spiral up sustainable procurement levels. Accordingly, we commenced a study to establish timber procurement guidelines for evaluating sustainable procurement levels.

Declaration of Support for Initiatives and Organizations in Which SEKISUI CHEMICAL Group Participates

Declaration of Support for Initiatives and Organizations in Which SEKISUI CHEMICAL Group Participates

SEKISUI CHEMICAL Group respects international norms and standards including the Universal Declaration of Human Rights, ISO 26000, the OECD's Guidelines for Multinational Enterprises, the ILO's International Labor Standards, and the United Nations' Universal Declaration of Human Rights as well as Guiding Principles on Business and Human Rights (Ruggie Framework). In March 2009, SEKISUI CHEMICAL signed the United Nations Global Compact*.

In compiling and issuing its CSR Report 2021, SEKISUI CHEMICAL Group conforms to the Core options of the internationally recognized Global Reporting Initiative (GRI) standards.

In addition, SEKISUI CHEMICAL Group is a supporter of the Japan Climate Initiative (JCI) Declaration. As such, the Group is joining the front line of the global push for decarbonization from Japan.

WE SUPPORT



* United Nations Global Compact: A voluntary program in which top management of firms around the world pledge to comply with 10 principles on subjects such as human rights, labor standards, the environment, and anti-corruption efforts within the scopes of influence of their firms and participate in building a global framework for realizing sustainable growth.

Declaration of Support for the Task Force on Climate-related Financial Disclosures (TCFD) and Information Disclosure

SEKISUI CHEMICAL Group declared its support for the TCFD*¹ in January 2019. The Group began disclosing information*² based on TCFD recommendations from July 2019. By promoting information disclosure based on TCFD recommendations, the Group will build a sustainable management foundation including relationships of trust with its stakeholders.

*1 TCFD: Task Force on Climate-related Financial Disclosures, a task force established in 2015 by the Financial Stability Board (FSB), an international organization that seeks to stabilize the financial system.

It recommends that companies disclose information on their analysis of the impact of climate change on their finances.

*2 Disclosed on the Company's website under Information Disclosure based upon the TCFD Statement of Support. See the following for more information.

<https://www.sekisuichemical.com/csr/report/>

Major Organizations in Which SEKISUI CHEMICAL Group Participates

As of March 31, 2022

Organization, Committee, Conference, etc.	Main Positions Undertaken by SEKISUI CHEMICAL Group Personnel Including Directors
Japan Business Federation	Vice Chairs of the Board of Councilors
Committee on Urban Policy and Housing Development, Japan Business Federation	Chair
Planning Subcommittee, Committee on Responsible Business Conduct & SDGs Promotion, Japan Business Federation	Subcommittee Chairman
Keidanren Committee on Nature Conservation	Vice Chairman
Japan Chemical Industry Association	Director
The Japan Plastics Industry Federation	Director
Kansai Chemical Industry Association	Managing Director
Japan PVC Pipe and Fittings Association	Chair, Representative Director
FRPM Pipes Association of Japan	Chair
Lift-in Method Research Institute	Chair
Federation of Japan Water Industries, Inc.	Director
Japan Federation of Housing Organizations	Director
Japan Prefabricated Construction Suppliers and Manufacturers Association	Managing Director
The Machinami Foundation	Director
The Provision of Quality Housing Stock Association (SumStock)	Vice Chairman
Japan-China Association for Building and Housing Industry	Director
Japan Adhesive Tape Manufacturers Association	Director
Environmentally Symbiotic Housing Promotion Council	
New Energy Foundation	
Elderly Service Providers Association	
SDGs: Smart Wellness Housing R&D Consortium	
Senior Housing Association	
KIDS DESIGN ASSOCIATION	
Japanese Conference on Overseas Development of Eco-Cities	
Japan Housing Association	
Geo-Heat Promotion Association of Japan	
Japan Sewage Pipe Renewal Method Association	
Nature Environment Coexistence Technology Association	
RE100	
Japan Initiative for Marine Environment (JaIME)	
Japan Clean Ocean Material Alliance (CLOMA)	



TOPICS

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SEKISUI CHEMICAL Group's Policies

We have defined various policies on which our ESG management is based.

SEKISUI CHEMICAL Group Human Rights Policy

SEKISUI CHEMICAL Group recognizes that it is our responsibility to protect human rights of all individuals affected by our business activities.

In order to advance efforts to promote respect for human rights, we hereby announce the adoption of SEKISUI CHEMICAL Group Human Rights Policy (Policy), based on the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council in June 2011.

SEKISUI CHEMICAL Group contributes to society through its business activities under its Corporate Philosophy, the 3S Principles (Service, Speed, and Superiority), in order to meet the expectations of its stakeholders. As part of our Group Vision, residential and social infrastructure creation and chemical solutions are designated as the business domains that should be pursued, through which we are working to improve the lives of the people of the world and the Earth's environment.

For the SEKISUI CHEMICAL Group to truly contribute to the achievement of a sustainable world, we understand that the human rights of all individuals within our sphere of influence must be respected.

1. Basic principles on human rights

The Policy is our promise to respect human rights, in order to fulfill our responsibilities to all stakeholders, based on our Corporate Philosophy and Group Vision. To that end we support and respect the United Nations International Bill of Human Rights (specifically the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), which sets out the basic human rights of every individual. Furthermore, in addition to the Declaration on Fundamental Principles and Rights at Work from the International Labour Organization (ILO), which sets out people's fundamental rights at work, we also support and respect international human rights standards for workers adopted in conventions on such matters as wages and working hours, and the United Nations Declaration on the Rights of Indigenous Peoples. Lastly, as a company that has signed up to the United Nations Global Compact (GC), we support and respect the GC Ten Principles.

2. Scope

The Policy is applicable to all employees and executive officers of SEKISUI CHEMICAL Group. Our Group also expects all of our business partners to comply with the Policy in connection with our products and services.

3. Responsibility to respect human rights

SEKISUI CHEMICAL Group is aware that it is not possible to completely eliminate every possibility of an adverse impact from its business activities. That said, we aim to fulfill our responsibility of promoting respect for human rights by building a responsible supply chain that avoids infringing the human rights of the people affected by our business activities, and, if our business activities do have an adverse impact on someone's human rights, appropriate action will be taken in an effort to rectify that situation.

4. Human rights due diligence

SEKISUI CHEMICAL Group will establish a system of human rights due diligence to identify, prevent and mitigate any adverse impacts on human rights that our Group causes in society.

5. Dialogue and consultation

In its implementation of the Policy, SEKISUI CHEMICAL Group will engage in earnest dialogue and consultation with our stakeholders, and will apply expert human rights knowledge from independent third parties.

6. Education and training

SEKISUI CHEMICAL Group will provide education and training as is appropriate to ensure that the Policy becomes an incorporated part of all of our business activities and is implemented effectively.

7. Remediation

If it emerges that SEKISUI CHEMICAL Group's business activities have had adverse impact on someone's human rights, or if our involvement in the same through for example one of our business relationships emerges or is suspected, we will work to remedy the same through dialog and the appropriate processes in line with international standards.

8. Responsible executive officer(s)

SEKISUI CHEMICAL Group will entrust an executive officer or officers with the responsibilities for execution of the Policy, who will supervise its progress and status.

9. Information disclosure

SEKISUI CHEMICAL Group will disclose the progress and the results of our efforts to promote respect for human rights, on its website and through other media.

10. Applicable laws and regulations

SEKISUI CHEMICAL Group will comply with the laws and regulations of each of the countries and regions in which our business activities are conducted. Where there is a conflict between a country's laws or regulations and internationally recognized human rights standards, our Group will pursue ways to respect international human rights principles to the maximum extent possible.

The Policy has received the approval of our board of directors and the signature of our President and Representative Director.

Date of Enactment: May 15, 2019

Date of Revision: March 1, 2020

SEKISUI CHEMICAL CO., LTD.
President and Representative Director



SEKISUI CHEMICAL Group Environmental Management Policy

Mission

We, SEKISUI CHEMICAL Group, aim to be a Global Environmental Top Runner that contributes to the realization of a sustainable society by enabling the continuous growth and co-existence of ecology and the economy.

Basic Policy

Each company in SEKISUI CHEMICAL Group advances approaches that contribute to the prevention of global warming, the preservation of biological diversity and the construction of a recycling-based society in all countries and regions where they have operations, in order to leave this beautiful earth for our children in the future.

1. We contribute to the environment through our products and services, with consideration given to the environment in all stages of the product life cycle from research to procurement, production, sales, use, and disposal as waste.
2. We carry out environmentally conscious business activities in all our workplaces and offices, and promote our approach to the environment through cooperation with our customers and business partners.
3. We make efforts to reduce the environmental impact of greenhouse gas emissions and hazardous chemicals, etc., and to prevent pollution by promoting the effective use of limited resources and energy.
4. We observe the related laws, regulations, international rules, etc.
5. We make efforts to improve environmental consciousness through education, and advance continual improvements by setting our own objectives and targets.
6. We enhance confidence through close communications with society.
7. We aggressively work on social contribution activities such as nature conservation activities in each region.

Please refer to Biodiversity Guidelines on page 230.

SEKISUI CHEMICAL Group CS & Quality Management Policy

Mission

We, SEKISUI CHEMICAL Group, consider CS & Quality as our central concept of management and will consistently innovate to maintain the quality of products throughout all our activities, continuously provide values (goods and services) that meet customer expectations, strive for selection by our customers on an ongoing basis, and develop and grow with the customer over the long time.

Basic Policy

We, SEKISUI CHEMICAL Group, consider Customer's Feedback as precious resources for management and strive to innovate about Quality of Products, Quality of People and Quality of Systems based on the motto: We consider customer's feedback as the beginning of our manufacturing. Furthermore, we contribute to the realization of a safe and affluent society by continuously providing our customers and their communities with new value.

1. Ensuring basic qualities

To ensure the reliability and safety of our manufactured products, which form the basis of Product Quality, we effectively leverage customer's feedback and dedicate ourselves with a strong belief in forestalling any potential trouble and preventing any future recurrence throughout our entire value chain.

2. Creating attractive qualities

We aim to share the excitement of our customers by thoroughly pursuing what the customer values and constantly creating attractive products and services that should realize such customer values.

3. Upgrading technological capabilities

For the sake of ensuring Basic Qualities and for creating Attractive Qualities, we are upgrading our technological capabilities in all fields in order to achieve superb manufacturing development.

4. Enhancing communication

We value communication with our customers and the community and make sincere efforts when dealing with them as well as complying with the relevant laws and regulations in each country and region. We place special emphasis on resolving customer complaints or claims at an early stage by responding promptly and empathetically.

5. Providing thorough employee education

To gain and maintain the full trust and impression of our customers, we provide employees with continuous CS & Quality education as well as motivating our employees to achieve self-realization through customer satisfaction.

SEKISUI CHEMICAL Group Human Resources Policy

Mission

Based on our belief that employees are precious assets bestowed on us by society, we, SEKISUI CHEMICAL Group, are committed to developing an environment where employees can work enthusiastically. We also offer various opportunities through which we help individual employees enhance their specialties and grow personally.

With the recognition that it is our social responsibility to protect individual human rights, we respect the diversity, personality and individuality of each person, and promote various working styles as well as creating safe and secure working environments in response to conditions in each country and region.

Basic Policy on Human Resources

1. Creating opportunities for employees to take on new challenges

We encourage employees to exceed their performance goals and actively take on new challenges.

2. Corporate culture fostering individual learning and growth

We strive to enrich our education/training programs and develop a corporate culture that fosters individual learning and growth.

3. Continuous enhancement of performance and remuneration systems

We recognize our employees' personal commitment and strive to constantly improve the fairness and acceptance of our assessment systems regarding performance and processes.

4. Understanding and inclusivity of diverse working styles

We respect diverse values and working styles and strive to provide an environment where every employee can work with enthusiasm and achieve a balance between life and work.

5. Creating safe and secure working environments

We ensure that our employees work in a safe environment.

Harassment Prevention Guidelines

We never commit sexual harassment or other actions that stain personal character.

1. We do not commit sexual harassment or any conduct that might be misunderstood as sexual harassment.
2. We do not misuse the power of a superior position nor use any language or conduct that could sexually annoy any person. In addition, we prevent other employees from using such offensive language or conduct.

Diversity Management Policy

Diversity is essential to maintain our strong corporate presence for 100 years and beyond. We understand and recognize that every employee's orientation to work and life, and their personal strengths are different and thus we use this to our advantage. Through employee dialogue, we will strengthen our organizational culture by providing employment, opportunities for development and an enhanced working environment to support growth.

Statement of Work Style Reforms

We determine work methods that promote growth over time to enable each and every individual employee to manifest their personal characteristics, and pursue highly productive work methods that maximize success.

In order to improve productivity, the Company actively invests in management resources, and unifies managers and workers to coalesce their wisdom Companywide. We nurture work worth doing by improving the quality of the job, and promote workers' diverse activities by returning the success of reforms to them.

Declaration of Health

SEKISUI CHEMICAL Group has been engaged in health management initiatives for our employees based on our belief that employees are precious assets bestowed on us by society. SEKISUI CHEMICAL endeavors to take these initiatives to the next level by treating the promotion of the health of our employees as a management strategy that is aimed at achieving the physical, mental, and social well-being of all employees.

Basic Policy for Health and Productivity Management

Strive to achieve the well-being of all employees, and create workplaces where a diverse personnel can play an active role with vitality.

- Practice a comprehensive health promotion program that encompasses everything from health management (protecting health) to improving (actively enhancing health) the fulfillment and rewards of working.
- Focus on improving productivity by advancing the awareness and behavior of each and every employee.
- Encourage employees to make a proactive and ongoing effort to strive for well-being now and in the future.
- Strive to contribute to society by realizing the happiness of employees and their families, and our customers through the well-being of our employees.

SEKISUI CHEMICAL Group Safety Policy

Mission

We, SEKISUI CHEMICAL Group, recognize that the safety of our employees and those who work together with us, is essential to achieving sustainable growth. We aim to be a Safe and Secure enterprise that establishes safe and secure working environments and has the full trust of not only by all those who work together with us, but also our customers, our communities.

Basic Policy

Based on the concept of human dignity that everyone is invaluable, we prioritize safety over anything else as a basic rule in all of our business activities from development, production, construction to servicing. We are committed to promoting comprehensive safety activities with the aim of achieving zero occupational injuries, equipment-related accidents, commuting-related accidents or extended sick leave.

1. We strive to develop a safe and comfortable workplace where everyone is taken care of both mentally and physically, which should lead to good health for our employees and those who work together with us, whom we highly value.
2. We thoroughly disseminate the legal requirements concerning health and safety/disaster prevention to our employees to ensure compliance.
3. We carry out risk assessment and promote risk reduction measures in a systematic way to eliminate hazardous factors that compromise health and safety/disaster prevention.
4. We strive to raise awareness regarding health and safety/disaster prevention through employee education/training and promote continuous improvements by setting voluntary objectives/goals.
5. We proactively disclose any necessary information as well as gain a higher level of trust by having close communication with public administrations and local communities.

SEKISUI CHEMICAL Group Cyber Security Policy

Mission

We, SEKISUI CHEMICAL Group, recognize that cyber assets —information received from a wide range of parties, confidential corporate information, and systems for managing this information —are an increasingly important management resource and a source of our competitiveness.

We believe that preparations against cyber-attacks threatening these assets are an important management responsibility, and strive to continually undertake cyber security measures as defined in the basic policy, to ensure a stable management foundation.

Basic Policy

1. Compliance with laws and regulations

We comply with laws, regulations, contractual requirements, and other social norms related to cyber security.

2. Maintenance of the cyber security management system

We have established a cyber security management system across the entire SEKISUI CHEMICAL Group, positioning cyber security as essential to management policies and investments, and always strive for continuous improvement under the responsibility of management.

3. Implementation of cyber security measures

We identify cyber security risks, and undertake measures to prevent cyber security incidents.

4. Ensuring business continuity

We formulate business continuity plans (BCPs) and recovery plans in preparation for the occurrence of cyber security incidents, and strive to quickly recover and prevent reoccurrence should any incident occur.

5. Education of employees

We continually perform education and awareness activities with regard to the appropriate use, management, and maintenance of cyber assets, so as to develop the cyber security literacy of our employees.

SEKISUI CHEMICAL Group Social Contribution Activities Policy

As a good corporate citizen, we, SEKISUI CHEMICAL Group, engage in activities that focus on the Environment, the Next Generation, and Local Communities, and contribute not only to business activities but also to society.

All employees working for SEKISUI CHEMICAL Group are proactively involved in the society and act so that they can serve as prominent human resources in society as well. In addition, their activities are supported by each company of the Group in order to generate synergistic effects.

SEKISUI CHEMICAL Group Basic Procurement Policy

SEKISUI CHEMICAL Group will perform its procurement of goods according to the following five basic ideas (openness, impartiality and fairness, compliance with laws and regulations, mutual trust, and environmental considerations). We will strengthen our harmonious and mutually beneficial partnership with our business partners through fair transactions. Also, SEKISUI CHEMICAL Group will engage in the promotion of CSR activities through the cooperation of business partners in the Group's procurement activities.

1-1. Basic Principles of Procurement

Openness

SEKISUI CHEMICAL Group opens its doors not only to domestic companies but also widely to overseas companies.

Impartiality and fairness

SEKISUI CHEMICAL Group selects business partners based on impartial and fair evaluation standards with emphasis on quality, price and delivery lead-time, services, etc., as well as environmental considerations.

Compliance with laws and regulations

When engaging in purchasing transactions, SEKISUI CHEMICAL Group will comply with relevant laws, regulations and administrative instructions in Japan and overseas.

Mutual trust

SEKISUI CHEMICAL Group will establish and maintain mutually beneficial relationships with its business partners, as well as sincerely fulfill all contractual obligations.

Environmental considerations

SEKISUI CHEMICAL Group will further promote the purchase of raw materials and goods that have minimal negative impact on the environment (Green Procurement), and strive to establish a resource-recycling society through concerted efforts with business partners.

1-2. Requesting Cooperation from Business Partners Concerning Procurement

SEKISUI CHEMICAL Group, with its sincere attitude, aims to become a company trusted by society. The Company is aware of CSR in all spheres of its business operations based on its philosophy of contributing to society through its business activities. In order to achieve the above aim, it is absolutely necessary to engage in activities through mutual cooperation with business partners. Proactive cooperation from all business partners is requested on the following activities.

(1) Securing Superior Product Quality

Establish and operate a quality assurance system to improve and maintain the quality of products offered to customers.

- Establish a quality assurance system in conformity with ISO 9000

(2) Environmental Considerations

SEKISUI CHEMICAL Group is working to reduce negative impact of its products on the environment from the development and production stages to disposal. To do so, the environmental consideration of our suppliers concerning raw materials and goods is essential.

- Establish environmental management system in conformity with ISO 14001
- The procurement of parts and raw materials with minimal negative environmental impact, such as reduction of potentially hazardous chemicals
- Initiatives to reduce greenhouse gas (GHG) emissions, such as promoting the effective use of energy
- Initiatives to preserve water resources and biodiversity

(3) Compliance with Laws, Regulations and Social Customs

Business partners are requested to ensure compliance with relevant laws, regulations and appropriate social norms of the countries and regions where their business operations are conducted.

- Comply with relevant laws and regulations in the business operations
- Prohibit forced labor
- Prohibit child labor
- Prohibit discrimination against employees

(4) Safety and Hygiene

Quality is built through human resources and facilities. The safety management of these resources is the basis of production. Business partners are requested to perform the following.

- Safety and hygiene management of the workplace and maintenance of employee health
- Machine safeguarding and safety and hygiene management of facilities
- Appropriate response to occupational injuries, equipment-related accidents, other accidents, etc.

Timber Procurement

At SEKISUI CHEMICAL Group, in order to contribute to the elimination of deforestation as well as the sustainable use of timber resources, we make every effort to ensure that the timber used in products is logged in accordance with statutory and regulatory requirements. Therefore, in cooperation with our suppliers, we implement investigations on commercial distribution with regard to the logging area, tree species, and quantity of timber materials, in order to ensure traceability. For recycled materials, we use timber and wood-based materials that are already used in markets, as well as unused thinnings and branches.

In those cases where we find timber that we have concerns about in terms of legitimacy while investigating our distribution channels, we take appropriate measures in cooperation with our suppliers to promote responsible procurement.

Conflict Minerals

SEKISUI CHEMICAL Group is working in compliance with the Dodd-Frank Act in the U.S. to eliminate conflict minerals (gold (Au), tantalum (Ta), tungsten (W) and tin (Sn)) connected with inhumane acts by local armed groups in the Democratic Republic of the Congo and neighboring countries. If we find minerals that we have concerns about while investigating our distribution channels, we take appropriate measures in cooperation with our suppliers to promote responsible procurement.

External Evaluation



External Evaluation

Major External Evaluations Conducted During Fiscal 2021 (as of March 31, 2022)

[ESG Index]

- Earned selection to the World Index category of the DJSI
- Earned selection to the FTSE4Good Index series
- Earned selection to the FTSE Blossom Japan Index
- Earned selection to the FTSE Blossom Japan Sector Relative Index
- Earned selection to the MSCI ESG Leaders Indexes
- Earned selection to the MSCI Japan ESG Select Leaders Index
- Earned selection to the MSCI Japan Empowering Women (WIN) Select Index
- Earned selection as a constituent stock of the S&P / JPX Carbon Efficient Index

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA



FTSE4Good

<https://www.ftserussell.com/products/indices/FTSE4Good>



FTSE Blossom Japan

<https://www.ftserussell.com/products/indices/blossom-japan>



FTSE Blossom Japan Sector Relative Index

<https://www.ftserussell.com/products/indices/blossom-japan>

2021 MSCI ESG Leaders Indexes Constituent

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2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

【ESG-Related Ranking, Awards】

CSR in General

- Earned the S&P Global sustainability rating of Silver Class
- Earned selection as one of the 2022 Global 100 Most Sustainable Corporations in the World index, ranking 22nd
- Ranked 77th in the Toyo Keizai CSR Ranking

Sustainability Award Silver Class 2022

S&P Global



<http://www.corporateknights.com/reports/global-100/>

Environment

- Earned A-List selection in both the 2021 CDP Climate Change and Water Security categories
- Earned selection to the 2021 CDP Supplier Engagement Leader rankings
- Acquired certification from the SBT (Science-Based Targets) Initiative (June 2018)
- Received the Bronze Award in the Environmentally Sustainable Corporations section of the third ESG Finance Awards Japan



CLIMATE WATER



2021



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



<Scope of certification: Shiga-Ritto Plant>

Acquired a three-star certification in the Shiga Biodiversity Initiatives Certification 2021



Human Resources

- Earned selection as a Semi-Nadeshiko Brand by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in fiscal 2021
- Earned selection as a 2022 Health and Productivity Management Brand by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
- Certified as a 2022 Health and Productivity Management Organization by both the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi in the large enterprise category (White 500)
- Kofu Sekisui Sangyo Co., Ltd.: Received the Ministry of Economy, Trade and Industry's New Diversity Management Selection 100 in fiscal 2016
- Earned selection to the Ministry of Economy, Trade and Industry's Diversity Management Selection 100 for fiscal 2013



Independent Practitioner's Assurance Report

Deloitte.

デロイト トーマツ

(TRANSLATION)

Independent Practitioner's Assurance Report

July 13, 2022

Mr. Keita Kato,
President and Representative Director,
Sekisui Chemical Co., Ltd.

Masahiko Sugiyama
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the sustainability information indicated with for the year ended March 31, 2022 (the "Sustainability Information") included in the "Sustainability Report 2022 PDF Edition" (the "Report") of Sekisui Chemical Co., Ltd. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Sustainability Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the Sustainability Information included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and *the Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

GRI Content Index

The CSR Report 2022 of Sekisui Chemical Co., Ltd. was written following the Core options of the GRI Standards.

General Disclosure Items

1. Organizational Profile

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-1	Name of organization a. Name of organization.	<ul style="list-style-type: none"> Outline of SEKISUI 	
102-2	Activities, brands, products, and services a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	<ul style="list-style-type: none"> Overview of SEKISUI CHEMICAL Group Products (b. During the period covered by the report, there were no products or services whose sale were banned in specific markets.) 	
102-3	Location of headquarters a. Location of the organization's headquarters.	<ul style="list-style-type: none"> Outline of SEKISUI 	
102-4	Location of operations a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	<ul style="list-style-type: none"> SEKISUI CHEMICAL Group Worldwide SEKISUI Worldwide 	
102-5	Ownership and legal form a. Nature of ownership and legal form.	<ul style="list-style-type: none"> Financial Information Corporate Governance Report 	
102-6	Markets served a. Markets served, including: i. Geographic locations where products and services are offered; ii. Sectors served; iii. Types of customers and beneficiaries;	<ul style="list-style-type: none"> Outline of SEKISUI Business Introduction 	
102-7	Scale of the organization a. Scale of the organization, including: i. Total number of employees; ii. Total number of operations; iii. Net sales (for private sector organizations) or net revenues (for public sector organizations); iv. Total capitalization (for private sector organizations) broken down in terms of debt and equity; v. Quantity of products or services provided.	<ul style="list-style-type: none"> Outline of SEKISUI Overview of SEKISUI CHEMICAL Group Securities Report (Japanese) Fact Book ■ Materiality > Human Resources Data related to employees 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-8	<p>Information on employees and other workers</p> <p>a. Total number of employees by employment contract (permanent and temporary), by gender.</p> <p>b. Total number of employees by employment contract (permanent and temporary), by region.</p> <p>c. Total number of employees by employment type (full-time and part-time), by gender.</p> <p>d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.</p> <p>e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).</p> <p>f. An explanation of how the data have been compiled, including any assumptions made.</p>	<ul style="list-style-type: none"> • SEKISUI CHEMICAL Group Worldwide ■ Materiality > Human Resources • Data related to employees (d. Employees are responsible for the majority of our activities.) (e. No significant changes related to employees during the reporting period.) 	
102-9	<p>Supply chain</p> <p>a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.</p>	<ul style="list-style-type: none"> • Overview of SEKISUI CHEMICAL Group 	
102-10	<p>Significant changes to the organization and its supply chain</p> <p>a. Significant changes to the organization's size, structure, ownership, or supply chain, including:</p> <p>i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;</p> <p>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);</p> <p>iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.</p>	<ul style="list-style-type: none"> • Securities Report (Japanese) 	
102-11	<p>Precautionary principle or approach</p> <p>a. Whether and how the organization applies the Precautionary principle or approach.</p>	<ul style="list-style-type: none"> ■ ESG Management • Basic Concept • Risk Management • Identifying Key ESG Issues • Key ESG Management Issues and KPIs • Promotion System ■ Materiality > Governance (Internal Control) • Reducing Serious Incidents • Risk Management ■ Materiality > Environment • Promotion System • Usage of Natural Capital ■ Key ESG Management Issues and Major Implementation Measures 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-12	<p>External initiatives</p> <p>a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.</p>	<ul style="list-style-type: none"> ■ Other Key Issues <ul style="list-style-type: none"> • Declaration of Support for Initiatives and Organizations in Which SEKISUI CHEMICAL Group Participates ■ External Evaluation <ul style="list-style-type: none"> • Acquired certification from the “SBT (Science-Based Targets) Initiative” (June 2018) ■ Materiality > Environment <ul style="list-style-type: none"> • Usage of Natural Capital > Climate Change > Acquisition of Certification under the SBT Initiative for Greenhouse Gas Reduction Targets • Usage of Natural Capital > Climate Change > Promoting the Use of Renewable Energy in Electricity by Joining RE100 • Usage of Natural Capital > Climate Change > Activities in related initiatives • Usage of Natural Capital > Realizing Resource Recycling > Collaboration with Initiatives • Contributing to Return of Natural Capital > Addressing Biodiversity > Cooperation with External Organizations 	
102-13	<p>Membership of associations</p> <p>a. A list of the main memberships of industry or other associations, and organizations in Japan and overseas.</p>	<ul style="list-style-type: none"> ■ Other Key Issues <ul style="list-style-type: none"> • Declaration of Support for Initiatives and Organizations in Which SEKISUI CHEMICAL Group Participates 	

2. Strategy

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-14	Statement from senior decision-maker a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	<ul style="list-style-type: none"> ■ Top Message Top Message 	
102-15	Key impacts, risks, and opportunities a. A description of key impacts, risks, and opportunities.	<ul style="list-style-type: none"> ■ Top Message Top Message ■ Realizing Vision 2030 ■ ESG Management • Basic Concept • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Products to Enhance Sustainability - Contribution to Solving Social Issues through Products and Services - ■ Materiality • Governance (Internal Control) > Risk Management • Environment > Usage of Natural Capital > Climate Change > Risks and Opportunities Posed by Climate Change to Our Businesses • Environment > Usage of Natural Capital > Reducing Water-related Risks> Assessment of Impact on Business from Water-related Risks ■ Key ESG Management Issues and Major Implementation Measures • Information Disclosure based upon on the TCFD Statement of Support 	

3. Ethics and Integrity

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-16	<p>Values, principles, standards, and norms of behavior</p> <p>a. A description of the organization's values, principles, standards, and norms of behavior.</p>	<ul style="list-style-type: none"> ■ Top Message Top Message ■ Realizing Vision 2030 ■ ESG Management • Basic Concept • Identifying Key ESG Issues • Key ESG Management Issues and KPIs • Promotion System ■ SEKISUI CHEMICAL Group's various policies 	
102-17	<p>Mechanisms for advice and concerns about ethics</p> <p>a. A description of internal and external mechanisms for:</p> <ul style="list-style-type: none"> i. Seeking advice about ethical and lawful behavior, and organizational integrity; ii. Reporting concerns about unethical or unlawful behavior, and organizational integrity. 	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Legal and Ethical Issues • Promotion and Operation of the S.C.A.N. Intra-company Whistle-blowing System • Responses to External Notifications 	

4. Governance

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-18	Governance structure a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	<ul style="list-style-type: none"> ■ ESG Management • Promotion System ■ ESG Management >Corporate Governance • Organizational Structure 	
102-19	Delegating authority a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	<ul style="list-style-type: none"> ■ ESG Management • Promotion System ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents • Safety > Activity Policy and Promotion System • Legal and Ethical Issues > Putting Compliance Management Efforts into Practice • Information Management > Cyber Management System Headed by an Executive Officer ■ Materiality • Digital Transformation (DX) > Systems to Promote DX • Environment > Promotion System • Human Resources >Transforming into a Vibrant Company > Promotion System ■ Other Key Issues > CS & Quality • CS & Quality Subcommittee That Reports to the Sustainability Committee ■ ESG Management >Corporate Governance • Organizational Structure • Board of Directors 	
102-20	Executive-level responsibility for economic, environmental, and social topics a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics. b. Whether post holders report directly to the highest governance body.	<ul style="list-style-type: none"> ■ ESG Management • Promotion System ■ ESG Management >Corporate Governance • Organizational Structure • Board of Directors 	
102-21	Consulting stakeholders on economic, environmental, and social topics a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	<ul style="list-style-type: none"> ■ ESG Management >Corporate Governance • Board of Directors > Consultations with Stakeholders on Economic, Environmental and Social Topics 	
102-22	Composition of the highest governance body and its committees a. Composition of the highest governance body and its committees by: i. Executive or non-executive ii. Independence iii. Tenure on the governance body iv. Number of each individual's other significant positions and commitments, and the nature of the commitments v. Gender vi. Membership of under-represented social groups vii. Competencies relating to economic, environmental, and social topics viii. Stakeholder representation	<ul style="list-style-type: none"> ■ ESG Management • Promotion System ■ ESG Management >Corporate Governance • Organizational Structure • Board of Directors • Corporate Governance Report 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-23	Chair of the highest governance body a. Whether the chair of the highest governance body is also an executive officer in the organization b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement	<ul style="list-style-type: none"> ■ ESG Management >Corporate Governance • Board of Directors • Corporate Governance Report 	
102-24	Nominating and selecting the highest governance body a. Nomination and selection processes for the highest governance body and its committees. b. Criteria used for nominating and selecting highest governance body members, including whether and how: i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. Expertise and experience relating to economic, environmental, and social topics are considered.	<ul style="list-style-type: none"> ■ ESG Management • Promotion System ■ ESG Management >Corporate Governance • Organizational Structure • Nomination and Remuneration Advisory Committee • Corporate Governance Report 	
102-25	Conflicts of interest a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures.	—	
102-26	Role of highest governance body in setting purpose, values, and strategy a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.	<ul style="list-style-type: none"> ■ ESG Management • Promotion System ■ ESG Management >Corporate Governance • Organizational Structure • Board of Directors • Corporate Governance Report 	
102-27	Collective knowledge of highest governance body a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	<ul style="list-style-type: none"> ■ ESG Management >Corporate Governance • Board of Directors > Consultations with Stakeholders on Economic, Environmental and Social Topics 	
102-28	Evaluating the highest governance body's performance a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. b. Whether such evaluation is independent or not, and its frequency. c. Whether such evaluation is a self-assessment. d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.	<ul style="list-style-type: none"> ■ ESG Management >Corporate Governance • Board of Directors > Assessment Relating to the Board's Effectiveness • Corporate Governance Report 	
102-29	Identifying and managing economic, environmental, and social impacts a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.	<ul style="list-style-type: none"> ■ ESG Management • Promotion System 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-30	Effectiveness of risk management processes a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	—	
102-31	Review of economic, environmental, and social topics a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	<ul style="list-style-type: none"> ■ ESG Management • Promotion System • Corporate Governance Report 	
102-32	Highest governance body's role in sustainability reporting a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	<ul style="list-style-type: none"> ■ ESG Management • Promotion System 	
102-33	Communicating critical concerns a. Process for communicating critical concerns to the highest governance body.	<ul style="list-style-type: none"> ■ ESG Management > Stakeholder Engagement ■ ESG Management • Promotion System 	
102-34	Nature and total number of critical concerns a. Total number and nature of critical concerns that were communicated to the highest governance body. b. Mechanism(s) used to address and resolve critical concerns.	—	
102-35	Remuneration policies a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.	<ul style="list-style-type: none"> ■ ESG Management >Corporate Governance • Nomination and Remuneration Advisory Committee • Remuneration and Other Compensation for Officers • Corporate Governance Report 	
102-36	Process for determining remuneration a. Process for determining remuneration b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. c. Any other relationships that the remuneration consultants have with the organization.	<ul style="list-style-type: none"> ■ ESG Management >Corporate Governance • Nomination and Remuneration Advisory Committee • Remuneration and Other Compensation for Officers • Corporate Governance Report 	
102-37	Stakeholders' involvement in remuneration a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	<ul style="list-style-type: none"> ■ ESG Management >Corporate Governance • Remuneration and Other Compensation for Officers • Corporate Governance Report • Securities Report (Japanese) • Notice of Convocation 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-38	Annual total compensation ratio a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—	
102-39	Percentage increase in annual total compensation ratio a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—	

5. Stakeholder Engagement

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-40	List of stakeholder groups a. A list of stakeholder groups engaged by the organization.	■ ESG Management > Stakeholder Engagement	
102-41	Collective bargaining agreements a. Percentage of total employees covered by collective bargaining agreements.	■ Materiality > Human Resources • Work Style Reforms > Labor-management Cooperation and Communication	
102-42	Identifying and selecting stakeholders a. The basis for identifying and selecting stakeholders with whom to engage.	■ ESG Management > Stakeholder Engagement	
102-43	Approach to stakeholder engagement a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	■ ESG Management > Stakeholder Engagement • Engagement with Stakeholders	
102-44	Key topics and concerns raised a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	■ ESG Management > Stakeholder Engagement	

6. Reporting Practices

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-45	Entities included in the consolidated financial statements a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	<ul style="list-style-type: none"> ■ Scope of the Sustainability Report 2022 ■ Materiality > Environment • Promotion System > Environmental Management System • Securities Report (Japanese) • Basic Corporate Information 	
102-46	Defining report content and topic Boundaries a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	<ul style="list-style-type: none"> ■ Editorial Policy ■ Scope of the Sustainability Report 2022 ■ ESG Management • Identifying key ESG Issues 	
102-47	List of material topics a. A list of the material topics identified in the process for defining report content.	<ul style="list-style-type: none"> ■ ESG Management • Identifying key ESG Issues • Key ESG Management Issues and KPIs ■ Key ESG Management Issues and Major Implementation Measures 	
102-48	Restatements of information a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	Not applicable for the fiscal year under review	
102-49	Changes in reporting a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	Not applicable for the fiscal year under review	
102-50	Reporting period a. Reporting period for the information provided.	<ul style="list-style-type: none"> • Scope of the Sustainability Report 2022 	
102-51	Date of most recent report a. If applicable, the date of the most recent previous report.	<ul style="list-style-type: none"> • Scope of the Sustainability Report 2022 	
102-52	Reporting cycle a. Reporting cycle	<ul style="list-style-type: none"> • Scope of the Sustainability Report 2022 	
102-53	Contact point for questions regarding the report a. The contact point for questions regarding the report or its contents.	Back cover	
102-54	Claims of reporting in accordance with the GRI Standards a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either i. "This report has been prepared in accordance with the GRI Standards: Core option;" ii. "This report has been prepared in accordance with the GRI Standards: Comprehensive option."	<ul style="list-style-type: none"> • GRI Content Index 	
102-55	GRI content index a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	<ul style="list-style-type: none"> • GRI Content Index 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
102-56	<p>External assurance</p> <p>a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If the report has been externally assured:</p> <p>i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;</p> <p>ii. The relationship between the organization and the assurance provider;</p> <p>iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.</p>	<ul style="list-style-type: none"> ■ Editorial Policy ■ Scope of the Sustainability Report 2022 ■ Independent Practitioner's Assurance Report 	

103: Management Approach

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
103-1	<p>Explanation of the material topic and its Boundary</p> <p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<ul style="list-style-type: none"> ■ ESG Management • Identifying key ESG Issues 	
103-2	<p>The management approach and its components</p> <p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Management resources</p> <p>vi. Complaint-processing mechanisms</p> <p>vii. Specific measures, such as processes, projects, programs and initiatives, etc.</p>	<ul style="list-style-type: none"> ■ ESG Management ● Basic Concept ● Foundation Underpinning ESG Management • Corporate Governance • Stakeholder Engagement • Respect for Human Rights ● Extracting and Identifying Key ESG Issues ● Key ESG Management Issues and KPIs ● Promotion System ■ Products to Enhance Sustainability - Contribution to Solving Social Issues through Products and Services - • Enhancing the Ability to Contribute to Solving Social Issues through Education • Social and SDG Contribution Activities ■ Governance (Internal Control) ● Reducing Serious Incidents • Safety • Quality • Legal and Ethical • Information Management ● Risk Management ■ DX ■ Environment ● Promotion System • Long-term Environmental Management Vision • Progress under the Environmental Medium-term Plan • Integrated Index • Environmental Management System • Environmental Accounting ● Usage of Natural Capital • Addressing Climate Change • Realizing Resource Recycling • Reducing Water-related Risks • Chemical Substance Management • Environmental Impact Assessment • Material Balance ● Contributing to Return of Natural Capital • Conserving the Environment • Addressing Biodiversity ■ Human Resources ● Human Resources Management Principles ● Transforming into a Vibrant Company ● Vision Management ● People Management ● Human Resources Management ● Refining the Foundation • Allowing Diverse Human Resources to Excel • Work Style Reforms • Health and Productivity Management ■ Fusion ■ Key ESG Management Issues and Major Implementation Measures ■ Other Key Issues • CS & Quality • Intellectual Property • Responsible Procurement • Declaration of Support for Initiatives and Organizations in Which SEKISUI CHEMICAL Group Participates ■ SEKISUI CHEMICAL Group's various policies ■ External Evaluation 	
103-3	<p>Evaluation of the management approach</p> <p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<ul style="list-style-type: none"> ■ ESG Management ● Basic Concept ● Foundation Underpinning ESG Management • Corporate Governance • Stakeholder Engagement • Respect for Human Rights ● Extracting and Identifying Key ESG Issues ● Key ESG Management Issues and KPIs ● Promotion System ■ Products to Enhance Sustainability - Contribution to Solving Social Issues through Products and Services - • Enhancing the Ability to Contribute to Solving Social Issues through Education • Social and SDG Contribution Activities ■ Governance (Internal Control) ● Reducing Serious Incidents • Safety • Quality • Legal and Ethical • Information Management ● Risk Management ■ DX ■ Environment ● Promotion System • Long-term Environmental Management Vision • Progress under the Environmental Medium-term Plan • Integrated Index • Environmental Management System • Environmental Accounting ● Usage of Natural Capital • Addressing Climate Change • Realizing Resource Recycling • Reducing Water-related Risks • Chemical Substance Management • Environmental Impact Assessment • Material Balance ● Contributing to Return of Natural Capital • Conserving the Environment • Addressing Biodiversity ■ Human Resources ● Human Resources Management Principles ● Transforming into a Vibrant Company ● Vision Management ● People Management ● Human Resources Management ● Refining the Foundation • Allowing Diverse Human Resources to Excel • Work Style Reforms • Health and Productivity Management ■ Fusion ■ Key ESG Management Issues and Major Implementation Measures ■ Other Key Issues • CS & Quality • Intellectual Property • Responsible Procurement • Declaration of Support for Initiatives and Organizations in Which SEKISUI CHEMICAL Group Participates ■ SEKISUI CHEMICAL Group's various policies ■ External Evaluation 	

Standards by Individual Items

Economy

201: Economic Performance

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
201-1	<p>Direct economic value generated and distributed</p> <p>a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:</p> <p>i. Direct economic value generated: revenues;</p> <p>ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;</p> <p>iii. Economic value retained: "direct economic value generated" less "economic value distributed."</p> <p>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	<ul style="list-style-type: none"> ■ ESG Management > Stakeholder Engagement • Distributing Value to Stakeholders based on GRI Standards 	
201-2	<p>Financial implications and other risks and opportunities due to climate change</p> <p>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:</p> <p>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;</p> <p>ii. a description of the impact associated with the risk or opportunity;</p> <p>iii. the financial implications of the risk or opportunity before action is taken;</p> <p>iv. the methods used to manage the risk or opportunity;</p> <p>v. the costs of actions taken to manage the risk or opportunity.</p>	<ul style="list-style-type: none"> ■ Materiality > Environment ● Usage of Natural Capital • Climate Change > Risks and Opportunities Posed by Climate Change to Our Businesses • Information Disclosure based upon on the TCFD Statement of Support 	
201-3	<p>Defined benefit plan obligations and other retirement plans</p> <p>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</p> <p>b. If a separate fund exists to pay the plan's pension liabilities:</p> <p>i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;</p> <p>ii. the basis on which that estimate has been arrived at;</p> <p>iii. when that estimate was made.</p> <p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Percentage of salary contributed by employee or employer.</p> <p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</p>	<ul style="list-style-type: none"> • Securities Report (Japanese) • Fact Book 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
201-4	<p>Financial assistance received from government</p> <p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:</p> <ul style="list-style-type: none"> i. tax relief and tax credits; ii. subsidies; iii. investment grants, research and development grants, and other relevant types of grant; iv. awards; v. royalty holidays; vi. financial assistance from Export Credit Agencies (ECAs); vii. financial incentives; viii. other financial benefits received or receivable from any government for any operation. <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>	—	This information is not disclosed because there is a risk that it may contain confidential content in terms of business strategy.

202: Presence Within Regional Economies

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
202-1	<p>Ratios of standard entry level wage by gender compared to local minimum wage</p> <p>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</p> <p>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</p> <p>d. The definition used for "significant locations of operation."</p>	—	Because the scope of tabulation is vast and complex, we have not disclosed these figures.
202-2	<p>Proportion of senior management hired from the local community</p> <p>a. Percentage of senior management at significant locations of operation that are hired from the local community.</p> <p>b. The definition used for "senior management."</p> <p>c. The organization's geographical definition of "local."</p> <p>d. The definition used for "significant locations of operation."</p>	—	Because the scope of tabulation is vast and complex, we have not disclosed these figures.

203: Indirect Economic Impacts

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
203-1	Infrastructure investments and services supported a. Extent of development of significant infrastructure investments and services supported. b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. c. Whether these investments and services are commercial, in-kind, or pro bono engagements.	• Integrated Report	
203-2	Significant indirect economic impacts a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.	—	Because the scope of tabulation is vast and complex, we have not disclosed these figures.

204: Procurement Practices

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
204-1	Proportion of spending on local suppliers a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally). b. The organization's geographical definition of "local." c. The definition used for "significant locations of operation"	—	Because the scope of tabulation is vast and complex, we have not disclosed these figures.

205: Anti-corruption

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to combating corruption using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management • Identifying key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Governance (Internal Control) > Legal and Ethical Issues • Prevention of Bribery and Corruption ■ Key ESG Management Issues and Major Implementation Measures 	
205-1	Operations assessed for risks related to corruption a. Total number and percentage of operations assessed for risks related to corruption. b. Significant risks related to corruption identified through the risk assessment.	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Legal and Ethical Issues • Prevention of Bribery and Corruption • Main Measures Relating to Bribery and Corruption • Identification of High-risk for bribery and corruption Divisions and Employee Training 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
205-2	<p>Communication and training about anti-corruption policies and procedures</p> <p>a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.</p> <p>b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p> <p>c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.</p> <p>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Legal and Ethical Issues • Identification of High-risk for bribery and corruption Divisions and Employee Training • Initiatives to Strengthen Accounting Compliance • List of Results Relating to Compliance Training 	
205-3	<p>Confirmed incidents of corruption and actions taken</p> <p>a. Total number and nature of confirmed incidents of corruption.</p> <p>b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p> <p>c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p> <p>d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</p>	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Legal and Ethical Issues • Legal Compliance with Antitrust Laws as well as Statutory and Regulatory Requirements Relating to Advertising and Labeling 	

206: Anti-competitive Behavior

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	<p>Reporting management approach relating to anti-competitive behavior using "GRI 103: Management Approach."</p>	<ul style="list-style-type: none"> ■ ESG Management • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Governance (Internal Control) > Legal and Ethical Issues • Compliance Management • Prevent Major Compliance Issues • Putting Compliance Management Efforts into Practice ■ Key ESG Management Issues and Major Implementation Measures 	
206-1	<p>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</p> <p>a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.</p> <p>b. Main outcomes of completed legal actions, including any decisions or judgments.</p>	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Legal and Ethical Issues • Legal Compliance with Antitrust Laws as well as Statutory and Regulatory Requirements Relating to Advertising and Labeling 	

207: Tax 2019

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
207-1	<p>Approach to tax</p> <p>a. A description of the approach to tax, including:</p> <ul style="list-style-type: none"> i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available; ii. the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review; iii. the approach to regulatory compliance; iv. how the approach to tax is linked to the business and sustainable development strategies of the organization. 	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Legal and Ethical Issues • Tax Compliance Initiatives 	
207-2	<p>Tax governance, control, and risk management</p> <p>a. A description of the tax governance and control framework, including:</p> <ul style="list-style-type: none"> i. the governance body or executive-level position within the organization accountable for compliance with the tax strategy; ii. how the approach to tax is embedded within the organization; iii. the approach to tax risks, including how risks are identified, managed, and monitored; iv. how compliance with the tax governance and control framework is evaluated. <p>b. A description of the mechanisms for reporting concerns about unethical or unlawful behavior and the organization's integrity in relation to tax.</p> <p>c. A description of the assurance process for disclosures on tax and, if applicable, a reference to the assurance report, statement, or opinion.</p>	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Legal and Ethical Issues • Tax Compliance Initiatives 	
207-3	<p>Stakeholder engagement and management of concerns related to tax</p> <p>a. A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including:</p> <ul style="list-style-type: none"> i. the approach to engagement with tax authorities; ii. the approach to public policy advocacy on tax; iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders. 	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Legal and Ethical Issues • Tax Compliance Initiatives 	
207-4	<p>Country-by-country reporting</p> <p>a. All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.</p> <p>b. For each tax jurisdiction reported in Disclosure 207-4-a:</p> <ul style="list-style-type: none"> i. Names of the resident entities; ii. Primary activities of the organization; iii. Number of employees, and the basis of calculation of this number; iv. Revenues from third-party sales; v. Revenues from intra-group transactions with other tax jurisdictions; vi. Profit/loss before tax; vii. Tangible assets other than cash and cash equivalents; viii. Corporate income tax paid on a cash basis; ix. Corporate income tax accrued on profit/loss; x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax. <p>c. The time period covered by the information reported in Disclosure 207-4.</p>	<ul style="list-style-type: none"> ■ ESG Management > Stakeholder Engagement • Distributing Value to Stakeholders based on GRI Standards 	

Environment

301: Materials

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to raw materials using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Environment <ul style="list-style-type: none"> • Promotion System > Long-term Environmental Management Vision • Promotion System > Progress under the Environmental Medium-term Plan • Promotion System > Environmental Management > Environmental Management across the Supply Chain • Usage of Natural Capital > Realizing Resource Recycling > Promoting resource recycling in aims of achieving a circular economy • Usage of Natural Capital > Realizing Resource Recycling > Promoting Efforts Based on the Resource Recycling Policy ■ Key ESG Management Issues and Major Implementation Measures 	
301-1	Materials used by weight or volume a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by: i. non-renewable materials used; ii. renewable materials used.	<ul style="list-style-type: none"> ■ Materiality > Environment <ul style="list-style-type: none"> • Material Balance 	Data for renewable resources and non-renewable resources are not disclosed because scope of tabulation is vast and complex.
301-2	Recycled input materials used a. Percentage of recycled input materials used to manufacture the organization's primary products and services.	<ul style="list-style-type: none"> ■ Materiality > Environment <ul style="list-style-type: none"> • Usage of Natural Capital > Realizing Resource Recycling > Addressing the Issue of Plastic Waste • Usage of Natural Capital > Realizing Resource Recycling > Promoting Construction Material Recycling • Usage of Natural Capital > Realizing Resource Recycling > Converting External Wall Scraps into Raw Materials for Products • Usage of Natural Capital > Realizing Resource Recycling > Performance Data • Contributing to Return of Natural Capital > Conserving the Environment > Usage of Sustainable Timber and Assurance of Traceability 	We do not disclose the ratio because the scope of tabulation is vast and complex.
301-3	Reclaimed products and their packaging materials a. Percentage of reclaimed products and their packaging materials for each product category. b. How the data for this disclosure have been collected.	<ul style="list-style-type: none"> ■ Materiality > Environment <ul style="list-style-type: none"> • Usage of Natural Capital > Realizing Resource Recycling > Addressing the Issue of Plastic Waste • Usage of Natural Capital > Realizing Resource Recycling > Promoting Packaging Material Reductions • Usage of Natural Capital > Realizing Resource Recycling > Converting External Wall Scraps into Raw Materials for Products • Contributing to Return of Natural Capital > Conserving the Environment > Usage of Sustainable Timber and Assurance of Traceability 	We do not disclose the ratio and other data because the scope of tabulation is vast and complex.

302: Energy

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to energy using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Environment <ul style="list-style-type: none"> • Promotion System > Long-term Environmental Management Vision • Promotion System > Progress under the Environmental Medium-term Plan • Promotion System > Environmental Management > Environmental Management across the Supply Chain • Usage of Natural Capital >Climate Change > Reducing Emissions throughout the Supply Chain • Usage of Natural Capital >Climate Change > Combating Climate Change ■ Key ESG Management Issues and Major Implementation Measures 	
302-1	Energy consumption within the organization a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption d. In joules, watt-hours or multiples, the total: i. electricity sold ii. heating sold iii. cooling sold iv. steam sold e. Total energy consumption within the organization, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used.	<ul style="list-style-type: none"> ■ Materiality > Environment <ul style="list-style-type: none"> • Usage of Natural Capital >Climate Change > Promoting the Use of Renewable Energy • Usage of Natural Capital >Climate Change > Performance Data • Usage of Natural Capital > Material Balance 	Because the scope of tabulation is vast and complex for some data, we have not disclosed these figures.
302-2	Energy consumption outside of the organization a. Energy consumption outside of the organization, in joules or multiples. b. Standards, methodologies, assumptions, and/or calculation tools used. c. Source of the conversion factors used.	—	Understanding the amount of energy used in the supply chain (Scope3) is an issue that should be addressed in the future.
302-3	Energy intensity a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both.	<ul style="list-style-type: none"> ■ Materiality > Environment <ul style="list-style-type: none"> • Usage of Natural Capital >Climate Change > Performance Data 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
302-4	Reduction of energy consumption a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all. c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. d. Standards, methodologies, assumptions, and/or calculation tools used.	<ul style="list-style-type: none"> ■ Materiality > Environment • Usage of Natural Capital >Climate Change > Combating Climate Change • Usage of Natural Capital > Climate Change > ZEB Ready Certified New Research Facility, "MINASE INNOVATION CENTER" • Usage of Natural Capital >Climate Change > Performance Data 	
302-5	Reductions in energy requirements of products and services a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples. b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. c. Standards, methodologies, assumptions, and/or calculation tools used.	<ul style="list-style-type: none"> ■ Products to Enhance Sustainability - Contribution to Solving Social Issues through Products and Services -ment • Usage of Natural Capital >Climate Change > Reducing Greenhouse Gases at Supply Chain Stage 	

303: Water 2018

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to water resources using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Environment • Promotion System >Long-term Environmental Management Vision • Promotion System > Progress under the Environmental Medium-term Plan • Promotion System > Environmental Management > Environmental Management across the Supply Chain • Usage of Natural Capital > Reducing Water-related Risks > The minimization of water-related risks and the resolution of local and supply chain water issues • Usage of Natural Capital > Reducing Water-related Risks > Roadmap to Realize Societies with Abundant Access to Clean Water • Usage of Natural Capital > Reducing Water-related Risks > Assessment of Impact on Business from Water-related Risks • Usage of Natural Capital > Reducing Water-related Risks > Impact of Water-related Risks on Supply Chain • Usage of Natural Capital > Reducing Water-related Risks > Reducing Water-related Risks at Business Sites with High Water Intake Volumes and Discharge Rates ■ Key ESG Management Issues and Major Implementation Measures 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
303-1	<p>Interactions with water as a shared resource</p> <p>a. A description of how the organization interacts with water, including how and where water is withdrawn, consumed, and discharged, and the water-related impacts caused or contributed to, or directly linked to the organization's activities, products or services by a business relationship (e.g., impacts caused by runoff).</p> <p>b. A description of the approach used to identify water-related impacts, including the scope of assessments, their timeframe, and any tools or methodologies used.</p> <p>c. A description of how water-related impacts are addressed, including how the organization works with stakeholders to steward water as a shared resource, and how it engages with suppliers or customers with significant water-related impacts.</p> <p>d. An explanation of the process for setting any water-related goals and targets that are part of the organization's management approach, and how they relate to public policy and the local context of each area with water stress.</p>	<p>■ Materiality > Environment</p> <ul style="list-style-type: none"> • Usage of Natural Capital > Reducing Water-related Risks > Roadmap to Realize Societies with Abundant Access to Clean Water • Usage of Natural Capital > Reducing Water-related Risks > Assessment of Impact on Business from Water-related Risks • Usage of Natural Capital > Reducing Water-related Risks > Impact of Water-related Risks on Supply Chain 	
303-2	<p>Management of water discharge-related impacts</p> <p>a. A description of any minimum standards set for the quality of effluent discharge, and how these minimum standards were determined, including:</p> <ul style="list-style-type: none"> i. how standards for facilities operating in locations with no local discharge requirements were determined; ii. any internally developed water quality standards or guidelines; iii. any sector-specific standards considered; iv. whether the profile of the receiving waterbody was considered. 	<p>■ Materiality > Environment</p> <ul style="list-style-type: none"> • Usage of Natural Capital > Reducing Water-related Risks > Assessment of Impact on Business from Water-related Risks • Usage of Natural Capital > Reducing Water-related Risks > Impact of Water-related Risks on Supply Chain • Usage of Natural Capital > Reducing Water-related Risks > Reducing Water-related Risks at Business Sites with High Water Intake Volumes and Discharge Rates • Usage of Natural Capital > Reducing Water-related Risks > Reduce the Amount of Water Intake Volume, and Discharged Water Chemical Oxygen Demand (COD) Volume • Usage of Natural Capital > Reducing Water-related Risks > Reuse of Water Discharged at Shiga-Minakuchi Plant Started • Usage of Natural Capital > Reducing Water-related Risks > Discharged Water Treatment Capacity at Sekisui Nano Coat Technology Co., Ltd. Increased 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
303-3	<p>Water withdrawal</p> <p>a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; ii. Groundwater; iii. Seawater; iv. Produced water; v. Third-party water. <p>b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; ii. Groundwater; iii. Seawater; iv. Produced water; v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv. <p>c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$mg/L Total Dissolved Solids); ii. Other water ($> 1,000$mg/L Total Dissolved Solids). <p>d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>■ Materiality > Environment</p> <ul style="list-style-type: none"> • Usage of Natural Capital > Reducing Water-related Risks > Performance Data • Usage of Natural Capital > Material Balance 	
303-4	<p>Water discharge</p> <p>a. Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; ii. Groundwater; iii. Seawater; iv. Third-party water, and the volume of this total sent for use to other organizations, if applicable. <p>b. A breakdown of total water discharge to all areas in megaliters by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). <p>c. Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). <p>d. Priority substances of concern for which discharges are treated, including:</p> <ul style="list-style-type: none"> i. how priority substances of concern were defined, and any international standard, authoritative list, or criteria used; ii. the approach for setting discharge limits for priority substances of concern; iii. number of incidents of non-compliance with discharge limits. <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>■ Materiality > Environment</p> <ul style="list-style-type: none"> • Usage of Natural Capital > Reducing Water-related Risks > Reduce the Amount of Water Intake Volume, and Discharged Water Chemical Oxygen Demand (COD) Volume • Usage of Natural Capital > Reducing Water-related Risks > Discharged Water Treatment Capacity at Sekisui Nano Coat Technology Co., Ltd. Increased • Usage of Natural Capital > Reducing Water-related Risks > Water Recycling • Usage of Natural Capital > Reducing Water-related Risks > Performance Data • Usage of Natural Capital > Material Balance 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
303-5	<p>Water consumption</p> <p>a. Total water consumption from all areas in megaliters.</p> <p>b. Total water consumption from all areas with water stress in megaliters.</p> <p>c. Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact.</p> <p>d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modeled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors.</p>	<p>■ Materiality > Environment</p> <p>• Usage of Natural Capital > Reducing Water-related Risks > Performance Data</p>	

304: Biodiversity

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	<p>Reporting management approach relating to biodiversity using “GRI 103: Management Approach.”</p>	<p>■ ESG Management</p> <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs <p>■ Materiality > Environment</p> <ul style="list-style-type: none"> • Promotion System > Long-term Environmental Management Vision • Promotion System > Progress under the Environmental Medium-term Plan • Promotion System > Environmental Management > Environmental Management across the Supply Chain • Contributing to Return of Natural Capital > Conserving the Environment > Lessening the Impact of Business Activities on Biodiversity • Contributing to Return of Natural Capital > Conserving the Environment > Biodiversity Assessments <p>■ Key ESG Management Issues and Major Implementation Measures</p>	
304-1	<p>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</p> <p>a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information:</p> <ol style="list-style-type: none"> Geographic location; Subsurface and underground land that may be owned, leased, or managed by the organization; Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas; Type of operation (office, manufacturing or production, or extractive); Size of operational site in km2 (or another unit, if appropriate); Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem); Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation). 	—	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
304-2	<p>Significant impacts of activities, products, and services on biodiversity</p> <p>a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following:</p> <ul style="list-style-type: none"> i. Construction or use of manufacturing plants, mines, and transport infrastructure; ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources); iii. Introduction of invasive species, pests, and pathogens; iv. Reduction of species; v. Habitat conversion; vi. Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level). <p>b. Significant direct and indirect positive and negative impacts with reference to the following:</p> <ul style="list-style-type: none"> i. Species affected; ii. Extent of areas impacted; iii. Duration of impacts; iv. Reversibility or irreversibility of the impacts. 	<ul style="list-style-type: none"> ■ Materiality > Environment • Usage of Natural Capital > Realizing Resource Recycling > Addressing the Issue of Plastic Waste • Usage of Natural Capital > Reducing Water-related Risks > Assessment of Impact on Business from Water-related Risks • Usage of Natural Capital > Reducing Water-related Risks > Impact of Water-related Risks on Supply Chain • Usage of Natural Capital > Environmental Impact Assessment 	<p>Some information is not disclosed because the scope is vast. This is an issue to be considered in the future.</p>
304-3	<p>Habitats protected or restored</p> <p>a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals.</p> <p>b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.</p> <p>c. Status of each area based on its condition at the close of the reporting period.</p> <p>d. Standards, methodologies, and assumptions used.</p>	<ul style="list-style-type: none"> ■ Products to Enhance Sustainability > Environment • Woodland conservation and afforestation activities ■ Materiality > Environment • Contributing to Return of Natural Capital > Conserving the Environment > Initiatives to Improve Green Space Quality at All Domestic Production Sites and Laboratories • Contributing to Return of Natural Capital > Conserving the Environment > Maintenance Activities in Wetlands Where Japanese Rice Fish Live • Contributing to Return of Natural Capital > Conserving the Environment > Promoting Biodiversity in the Housing Business • Contributing to Return of Natural Capital > Conserving the Environment > Cooperation with External Organizations 	
304-4	<p>IUCN Red List species and national conservation list species with habitats in areas affected by operations</p> <p>a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk:</p> <ul style="list-style-type: none"> i. Critically endangered IA (CR) ii. Endangered IB (EN) iii. Vulnerable II (VU) iv. Near threatened (NT) v. Least concern 	<p style="text-align: center;">—</p>	

305: Emissions

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to emissions into the atmosphere using “GRI 103: Management Approach.”	<ul style="list-style-type: none"> ■ ESG Management <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Environment <ul style="list-style-type: none"> • Promotion System > Long-term Environmental Management Vision • Promotion System > Progress under the Environmental Medium-term Plan • Promotion System > Environmental Management > Environmental Management across the Supply Chain • Usage of Natural Capital >Climate Change > Reducing Emissions throughout the Supply Chain • Usage of Natural Capital >Climate Change > Combating Climate Change • Usage of Natural Capital >Climate Change > Risks and Opportunities Posed by Climate Change to Our Businesses • Usage of Natural Capital > Chemical Substance Management ■ Key ESG Management Issues and Major Implementation Measures 	
305-1	Direct (Scope 1) GHG emissions a. Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent. b. Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. c. Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent. d. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	<ul style="list-style-type: none"> ■ Materiality > Environment <ul style="list-style-type: none"> • Usage of Natural Capital >Climate Change > Performance Data • Usage of Natural Capital > Material Balance 	
305-2	Energy indirect (Scope 2) GHG emissions a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent. c. If available, the gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all. d. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used.	<ul style="list-style-type: none"> ■ Materiality > Environment <ul style="list-style-type: none"> • Usage of Natural Capital >Climate Change > Performance Data 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
305-3	<p>Other indirect (Scope 3) GHG emissions</p> <p>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.</p> <p>d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.</p> <p>e. Base year for the calculation, if applicable, including:</p> <p>i. the rationale for choosing it;</p> <p>ii. emissions in the base year;</p> <p>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>■ Materiality > Environment</p> <ul style="list-style-type: none"> • Usage of Natural Capital >Climate Change > Reducing Greenhouse Gases at Supply Chain Stage • Usage of Natural Capital >Climate Change > Performance Data 	
305-4	<p>GHG emissions intensity</p> <p>a. GHG emissions intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>d. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p>	<p>■ Materiality > Environment</p> <ul style="list-style-type: none"> • Usage of Natural Capital >Climate Change > Performance Data 	
305-5	<p>Reduction of GHG emissions</p> <p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.</p> <p>b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Base year or baseline, including the rationale for choosing it.</p> <p>d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>e. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>■ Materiality > Environment</p> <ul style="list-style-type: none"> • Usage of Natural Capital >Climate Change > Acquisition of Certification under the SBT Initiative for Greenhouse Gas Reduction Targets • Usage of Natural Capital >Climate Change > Performance Data 	
305-6	<p>Emissions of ozone-depleting substances (ODS)</p> <p>a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.</p> <p>b. Substances included in the calculation.</p> <p>c. Source of the emission factors used.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>■ Materiality > Environment</p> <ul style="list-style-type: none"> • Usage of Natural Capital > Chemical Substance Management > Controlling VOC Emissions • Usage of Natural Capital > Chemical Substance Management > Disposal and Storage of Devices Containing PCBs and Management of Equipment That Uses Fluorocarbons 	
305-7	<p>Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions</p> <p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <p>i. NOx</p> <p>ii. SOx</p> <p>iii. Persistent organic pollutants (POP)</p> <p>iv. Volatile organic compounds (VOC)</p> <p>v. Hazardous air pollutants (HAP)</p> <p>vi. Particulate matter (PM)</p> <p>vii. Other standard categories of air emissions identified in relevant regulations</p> <p>b. Source of the emission factors used.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>■ Materiality > Environment</p> <ul style="list-style-type: none"> • Usage of Natural Capital > Chemical Substance Management > Performance Data • Usage of Natural Capital > Material Balance 	

306: Waste 2020

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to waste using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Environment <ul style="list-style-type: none"> • Promotion System > Long-term Environmental Management Vision • Promotion System > Progress under the Environmental Medium-term Plan • Promotion System > Environmental Management > Environmental Management across the Supply Chain • Usage of Natural Capital > Realizing Resource Recycling > Promoting resource recycling in aims of achieving a circular economy • Usage of Natural Capital > Realizing Resource Recycling > Promoting Efforts Based on the Resource Recycling Policy ■ Key ESG Management Issues and Major Implementation Measures 	
306-1	Waste generation and significant waste-related impacts a. For the organization's significant actual and potential waste-related impacts, a description of: i. the inputs, activities, and outputs that lead or could lead to these impacts; ii. whether these impacts relate to waste generated in the organization's own activities or to waste generated upstream or downstream in its value chain.	<ul style="list-style-type: none"> ■ Materiality > Environment <ul style="list-style-type: none"> • Usage of Natural Capital > Realizing Resource Recycling > Promoting resource recycling in aims of achieving a circular economy • Usage of Natural Capital > Realizing Resource Recycling > Promoting Efforts Based on the Resource Recycling Policy 	
306-2	Management of significant waste-related impacts a. Actions, including circularity measures, taken to prevent waste generation in the organization's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated. b. If the waste generated by the organization in its own activities is managed by a third party, a description of the processes used to determine whether the third party manages the waste in line with contractual or legislative obligations. c. The processes used to collect and monitor waste-related data.	<ul style="list-style-type: none"> ■ Materiality > Environment <ul style="list-style-type: none"> • Usage of Natural Capital > Realizing Resource Recycling > Promoting Efforts Based on the Resource Recycling Policy • Usage of Natural Capital > Realizing Resource Recycling > Addressing the Issue of Plastic Waste • Usage of Natural Capital > Realizing Resource Recycling > Promoting Packaging Material Reductions • Usage of Natural Capital > Realizing Resource Recycling > Promoting Construction Material Recycling • Usage of Natural Capital > Realizing Resource Recycling > Converting External Wall Scraps into Raw Materials for Products 	
306-3	Waste generated a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste. b. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	<ul style="list-style-type: none"> ■ Materiality > Environment <ul style="list-style-type: none"> • Usage of Natural Capital > Realizing Resource Recycling > Performance Data • Usage of Natural Capital > Chemical Substance Management > Performance Data • Usage of Natural Capital > Material Balance 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
306-4	<p>Waste diverted from disposal</p> <p>a. Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste.</p> <p>b. Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations:</p> <p>i. Preparation for reuse;</p> <p>ii. Recycling;</p> <p>iii. Other recovery operations.</p> <p>c. Total weight of non-hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations:</p> <p>i. Preparation for reuse;</p> <p>ii. Recycling;</p> <p>iii. Other recovery operations.</p> <p>d. For each recovery operation listed in Disclosures 306-4-b and 306-4-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste diverted from disposal:</p> <p>i. onsite;</p> <p>ii. offsite.</p> <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>■ Materiality > Environment</p> <p>• Usage of Natural Capital > Realizing Resource Recycling > Performance Data</p>	
306-5	<p>Waste directed to disposal</p> <p>a. Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste.</p> <p>b. Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations:</p> <p>i. Incineration (with energy recovery);</p> <p>ii. Incineration (without energy recovery);</p> <p>iii. Landfilling;</p> <p>iv. Other disposal operations.</p> <p>c. Total weight of non-hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations:</p> <p>i. Incineration (with energy recovery);</p> <p>ii. Incineration (without energy recovery);</p> <p>iii. Landfilling;</p> <p>iv. Other disposal operations.</p> <p>d. For each disposal operation listed in Disclosures 306-5-b and 306-5-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste directed to disposal:</p> <p>i. onsite;</p> <p>ii. offsite.</p> <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>■ Materiality > Environment</p> <p>• Usage of Natural Capital > Realizing Resource Recycling > Performance Data</p>	

307: Environmental Compliance

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to environmental compliance using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management • Identifying Key ESG Issues ■ Materiality > Environment • Promotion System > Environmental Management System > Setting Self-management Targets That Are Tougher than Environmental Laws and Regulations 	
307-1	Non-compliance with environmental laws and regulations a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.	<ul style="list-style-type: none"> ■ Materiality > Environment • Promotion System > Environmental Management System > Setting Self-management Targets That Are Tougher than Environmental Laws and Regulations 	

308: Assessments of Suppliers in Environmental Terms

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to suppliers' environmental assessments using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management • Identifying Key ESG Issues ■ Materiality > Environment • Promotion System > Environmental Management System > Environmental Management Across the Supply Chain 	
308-1	New suppliers that were screened using environmental criteria a. Percentage of new suppliers that were screened using environmental criteria.	When selecting new suppliers, SEKISUI CHEMICAL Group comprehensively evaluates candidate companies from the perspectives of quality, environmental factors, health and safety, and compliance with laws, regulations, and social standards. As a result, all new suppliers now clear every environmental standard required by the Group.	
308-2	Negative environmental impacts in the supply chain and actions taken a. Number of suppliers assessed for environmental impacts. b. Number of suppliers identified as having significant actual and potential negative environmental impacts. c. Significant actual and potential negative environmental impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	—	We do not disclose information because the suppliers are different for each Divisional Company and it is difficult to collect information.

Society

401: Employment

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to employment using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Human Resources <ul style="list-style-type: none"> • Human Resources Management Principles > Our Philosophy • Transforming into a Vibrant Company > Promotion System • Transforming into a Vibrant Company > Vision Management > Implement the Long-term Vision • Transforming into a Vibrant Company > People Management > Employee Career Development • Refining the Foundation > Allowing Diverse Human Resources to Excel > Diverse Human Resources (Diversity Initiatives) > Basic Concept • Refining the Foundation > Allowing Diverse Human Resources to Excel > Diverse Human Resources (Diversity Initiatives) > Organization-wide Initiatives • Refining the Foundation > Work Style Reforms ■ Key ESG Management Issues and Major Implementation Measures 	
401-1	New employee hires and employee turnover a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.	<ul style="list-style-type: none"> ■ Materiality > Human Resources <ul style="list-style-type: none"> • Refining the Foundation > Allowing Diverse Human Resources to Excel > Diverse Human Resources (Gender) > Performance Data • Refining the Foundation > Allowing Diverse Human Resources to Excel > SEKISUI CHEMICAL • Refining the Foundation > Allowing Diverse Human Resources to Excel > Allowing Diverse Human Resources to Excel (Entrenching Support) > Performance Data 	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or parttime employees, by significant locations of operation. These include, as a minimum: <ol style="list-style-type: none"> i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others. b. The definition used for "significant locations of operation."	<ul style="list-style-type: none"> ■ Materiality > Human Resources <ul style="list-style-type: none"> • Refining the Foundation > Allowing Diverse Human Resources to Excel > Diverse Human Resources (Diversity Initiatives) > Enhancing Adequate Benefits and the Welfare Benefits System for Non-full-time Employees Note: Significant locations of operation are defined for "SEKISUI CHEMICAL" on a nonconsolidated basis	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
401-3	<p>Parental leave</p> <p>a. Total number of employees that were entitled to parental leave, by gender.</p> <p>b. Total number of employees that took parental leave, by gender.</p> <p>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.</p> <p>d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.</p> <p>e. Return to work and retention rates of employees that took parental leave, by gender.</p>	<p>■ Materiality > Human Resources</p> <p>• Refining the Foundation > Allowing Diverse Human Resources to Excel > Allowing Diverse Human Resources to Excel (Balanced Support) > Performance Data</p>	

402: Labor-management Relations

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
402-1	<p>Minimum notice periods regarding operational changes</p> <p>a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.</p> <p>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>	<p>■ Materiality > Human Resources</p> <p>• Refining the Foundation > Work Style Reforms > Notifications of Major HR-related Changes</p>	

403: Occupational Health and Safety 2018

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	<p>Reporting management approach relating to occupational health and safety using "GRI 103: Management Approach."</p>	<p>■ ESG Management</p> <p>• Identifying Key ESG Issues</p> <p>• Key ESG Management Issues and KPIs</p> <p>■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Safety</p> <p>• Each and Every Employee Has the Ability to Identify Dangerous Situations</p> <p>• Activity Policy and Promotion System</p> <p>• Occupational Safety Committee Held</p> <p>• Implementation of Safety Audits</p> <p>• Implementation of Occupational Safety Assessments</p> <p>• Implementation of medical examinations</p> <p>• Safety Management Along Supply Chains</p> <p>■ Key ESG Management Issues and Major Implementation Measures</p>	
403-1	<p>Occupational health and safety management system</p> <p>a. A statement of whether an occupational health and safety management system has been implemented, including whether:</p> <p>i. the system has been implemented because of legal requirements and, if so, a list of the requirements;</p> <p>ii. the system has been implemented based on recognized risk management and/or management system standards/guidelines and, if so, a list of the standards/guidelines.</p> <p>b. A description of the scope of workers, activities, and workplaces covered by the occupational health and safety management system, and an explanation of whether and, if so, why any workers, activities, or workplaces are not covered.</p>	<p>■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Safety</p> <p>• Activity Policy and Promotion System</p> <p>• Occupational Safety Committee Held</p>	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
403-2	<p>Hazard identification, risk assessment, and incident investigation</p> <p>a. A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including:</p> <p>i. how the organization ensures the quality of these processes, including the competency of persons who carry them out;</p> <p>ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system.</p> <p>b. A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals.</p> <p>c. A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.</p> <p>d. A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.</p>	<p>■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Safety</p> <ul style="list-style-type: none"> • Implementation of Occupational Safety Assessments • Review of Equipment Design Safety Standards • Increasing Risk Discovery Opportunities and Deploying Best Practices through Mutual On-site Inspections • Measures to Prevent Fires and Explosions 	
403-3	<p>Occupational health services</p> <p>a. A description of the occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, and an explanation of how the organization ensures the quality of these services and facilitates workers' access to them.</p>	<p>■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Safety</p> <ul style="list-style-type: none"> • Declaration of Commitments to Safe Business Practices by the Leadership of Each Division • Review of Equipment Design Safety Standards • Increasing Risk Discovery Opportunities and Deploying Best Practices through Mutual On-site Inspections • Measures to Prevent Fires and Explosions • Safety Awards 	
403-4	<p>Worker participation, consultation, and communication on occupational health and safety</p> <p>a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.</p> <p>b. Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.</p>	<p>■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Safety</p> <ul style="list-style-type: none"> • Occupational Safety Committee Meeting Held 	
403-5	<p>Worker training on occupational health and safety</p> <p>a. A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.</p>	<p>■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Safety</p> <ul style="list-style-type: none"> • Development of Human Resources to Take the Initiative in Safety Activities • Enhancement of Emergency Response Skills • Safety Management Along Supply Chains 	
403-6	<p>Promotion of worker health</p> <p>a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.</p> <p>b. A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.</p>	<p>■ Materiality > Human Resources</p> <ul style="list-style-type: none"> • Refining the Foundation > Health Management • Refining the Foundation > Health Management >Seven Health Habits Support Program • Refining the Foundation > Health Management >Workplace Environment Improvement Activities 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
403-7	<p>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p> <p>a. A description of the organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to its operations, products or services by its business relationships, and the related hazards and risks.</p>	<p>■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Safety</p> <ul style="list-style-type: none"> • Occupational Safety Committee Meeting Held • Deepening Understanding of the Basic Safety Principles • Overseas Business Site Safety Audits • Safety Management Along Supply Chains 	
403-8	<p>Workers covered by an occupational health and safety management system</p> <p>a. If the organization has implemented an occupational health and safety management system based on legal requirements and/or recognized standards/guidelines:</p> <ol style="list-style-type: none"> i. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system; ii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited; iii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been audited or certified by an external party. <p>b. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>c. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Safety</p> <ul style="list-style-type: none"> • Activity Policy and Promotion System • Occupational Safety Committee Meeting Held 	
403-9	<p>Work-related injuries</p> <p>a. For all employees:</p> <ol style="list-style-type: none"> i. The number and rate of fatalities as a result of work-related injury ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <ol style="list-style-type: none"> i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked. <p>c. The work-related hazards that pose a risk of high-consequence injury, including:</p> <ol style="list-style-type: none"> i. how these hazards have been determined; ii. which of these hazards have caused or contributed to high-consequence injuries during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. <p>d. Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls.</p> <p>e. Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked.</p> <p>f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>g. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Safety</p> <ul style="list-style-type: none"> • Performance Data 	

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
403-10	<p>Work-related ill health</p> <p>a. For all employees:</p> <ul style="list-style-type: none"> i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. <p>b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</p> <ul style="list-style-type: none"> i. The number of fatalities as a result of work-related ill health; ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health. <p>c. The work-related hazards that pose a risk of ill health, including:</p> <ul style="list-style-type: none"> i. how these hazards have been determined; ii. which of these hazards have caused or contributed to cases of ill health during the reporting period; iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls. <p>d. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>e. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	<p>■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Safety</p> <ul style="list-style-type: none"> • Performance Data 	

404: Training and Education

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)		<ul style="list-style-type: none"> ■ ESG Management <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Human Resources <ul style="list-style-type: none"> • Transforming into a Vibrant Company > People Management >Employee Career Development > Basic Concept ■ Key ESG Management Issues and Major Implementation Measures 	
404-1	Average hours of training per year per employee Reporting management approach relating to training and education using “GRI 103: Management Approach.”	<ul style="list-style-type: none"> ■ Materiality > Human Resources <ul style="list-style-type: none"> • Transforming into a Vibrant Company > People Management > Employee Career Development > Performance Data • Transforming into a Vibrant Company > Human Resources Management >Human Resource Development> Training Systems to Support Our Businesses 	
404-2	Programs for upgrading employee skills and transition assistance programs a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	<ul style="list-style-type: none"> ■ Materiality > Human Resources <ul style="list-style-type: none"> • Transforming into a Vibrant Company > People Management > Employee Career Development > Allowing Diverse Human Resources to Excel (Career Autonomy) • Transforming into a Vibrant Company > People Management > Employee Career Development > Performance Data • Transforming into a Vibrant Company > Human Resources Management >Human Resource Development > Developing Business Leaders • Transforming into a Vibrant Company > Human Resources Management > Human Resource Development > Training Human Resources to Support the Workplace • Transforming into a Vibrant Company > Human Resources Management >Human Resource Development > Performance Data • Refining the Foundation > Allowing Diverse Human Resources to Excel > Allowing Diverse Human Resources to Excel (Gender) • Refining the Foundation > Allowing Diverse Human Resources to Excel > Allowing Diverse Human Resources to Excel (Gender) >Promoting Female Empowerment • Refining the Foundation > Allowing Diverse Human Resources to Excel > Allowing Diverse Human Resources to Excel (Gender) >Conducting Open Seminars • Refining the Foundation > Allowing Diverse Human Resources to Excel >Allowing Diverse Human Resources to Excel (Seniors) • Refining the Foundation > Allowing Diverse Human Resources to Excel >Allowing Diverse Human Resources to Excel (Global)) • Refining the Foundation > Allowing Diverse Human Resources to Excel > Allowing Diverse Human Resources to Excel (Entrenching Support) 	
404-3	Percentage of employees receiving regular performance and career development reviews a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	<ul style="list-style-type: none"> ■ Materiality > Human Resources <ul style="list-style-type: none"> • Transforming into a Vibrant Company > People Management >Employee Career Development > Career Interview Program 	

405: Diversity and Equal Opportunity

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Report management approach relating to diversity and equal opportunity using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Human Resources <ul style="list-style-type: none"> • Human Resources Management Principles > Our Philosophy • Transforming into a Vibrant Company > Promotion System • Transforming into a Vibrant Company > Vision Management > Implement the Long-term Vision • Transforming into a Vibrant Company > People Management > Employee Career Development • Refining the Foundation > Allowing Diverse Human Resources to Excel > Allowing Diverse Human Resources to Excel (Diversity Initiatives) > Basic Concept • Refining the Foundation > Allowing Diverse Human Resources to Excel > Allowing Diverse Human Resources to Excel (Diversity Initiatives) > Organization-wide Initiatives • Refining the Foundation > Work Style Reforms ■ Key ESG Management Issues and Major Implementation Measures ■ ESG Management >Corporate Governance <ul style="list-style-type: none"> • Board of Directors 	
405-1	Diversity of governance bodies and employees a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	<ul style="list-style-type: none"> ■ Materiality > Human Resources <ul style="list-style-type: none"> • SEKISUI CHEMICAL ■ ESG Management >Corporate Governance <ul style="list-style-type: none"> • About the Age-group Composition of Officers 	
405-2	Ratio of basic salary and remuneration of women to men a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for "significant locations of operation."	<ul style="list-style-type: none"> ■ Materiality > Human Resources <ul style="list-style-type: none"> • Refining the Foundation > Allowing Diverse Human Resources to Excel > Allowing Diverse Human Resources to Excel (Diversity Initiatives) Enhancing Adequate Benefits and the Welfare Benefits System for Non-full-time Employees 	The ratio of total remuneration is not disclosed due to the large number of employees and the difficulty of collecting data.

406: Non-discrimination

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
406-1	<p>Incidents of discrimination and corrective actions taken</p> <p>a. Total number of incidents of discrimination during the reporting period.</p> <p>b. Status of the incidents and actions taken with reference to the following:</p> <p>i. Incident reviewed by the organization;</p> <p>ii. Remediation plans being implemented;</p> <p>iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;</p> <p>iv. Incident no longer subject to action.</p>	Not applicable for the fiscal year under review	

407: Freedom of Association and Collective Bargaining

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
407-1	<p>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</p> <p>a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of:</p> <p>i. type of operation (such as manufacturing plant) and supplier;</p> <p>ii. countries or geographic areas with operations and suppliers considered at risk.</p> <p>b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.</p>	<p>■ ESG Management > Respect for Human Rights</p> <ul style="list-style-type: none"> • Initiatives aimed at building a human rights due diligence framework • Human rights interviews implemented at domestic production sites • Conducted comprehensive global human rights risk assessments • Business Activities That Respect Human Rights with Business Partners • Caring About Human Rights Issues Across the Entire Supply Chain • Conducting CSR Procurement Surveys for Business Partners 	We do not disclose information about suppliers because it is difficult to obtain information.

408: Child Labor

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
408-1	<p>Operations and suppliers at significant risk for incidents of child labor</p> <p>a. Operations and suppliers considered to have significant risk for incidents of:</p> <p>i. child labor;</p> <p>ii. young workers exposed to hazardous work.</p> <p>b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of:</p> <p>i. type of operation (such as manufacturing plant) and supplier;</p> <p>ii. countries or geographic areas with operations and suppliers considered at risk.</p> <p>c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.</p>	<p>■ ESG Management > Respect for Human Rights</p> <ul style="list-style-type: none"> • Initiatives aimed at building a human rights due diligence framework • Human rights interviews implemented at domestic production sites • Conducted comprehensive global human rights risk assessments • Business Activities That Respect Human Rights with Business Partners • Caring About Human Rights Issues Across the Entire Supply Chain • Conducting CSR Procurement Surveys for Business Partners 	

409: Forced or Compulsory Labor

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
409-1	<p>Operations and suppliers at significant risk for incidents of forced or compulsory labor</p> <p>a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of:</p> <p>i. type of operation (such as manufacturing plant) and supplier;</p> <p>ii. countries or geographic areas with operations and suppliers considered at risk.</p> <p>b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.</p>	<p>■ ESG Management > Respect for Human Rights</p> <ul style="list-style-type: none"> • Initiatives aimed at building a human rights due diligence framework • Human rights interviews implemented at domestic production sites • Conducted comprehensive global human rights risk assessments • Business Activities That Respect Human Rights with Business Partners • Caring About Human Rights Issues Across the Entire Supply Chain • Conducting CSR Procurement Surveys for Business Partners 	

410: Security Practices

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
410-1	<p>Security personnel trained in human rights policies or procedures</p> <p>a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.</p> <p>b. Whether training requirements also apply to third-party organizations providing security personnel.</p>	—	

411: Rights of Indigenous Peoples

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
411-1	<p>Incidents of violations involving rights of indigenous peoples</p> <p>a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.</p> <p>b. Status of the incidents and actions taken with reference to the following:</p> <p>i. Incident reviewed by the organization;</p> <p>ii. Remediation plans being implemented;</p> <p>iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;</p> <p>iv. Incident no longer subject to action</p>	Not applicable for the fiscal year under review	

412: Human Rights Assessment

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to human rights assessments using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management > Respect for Human Rights <ul style="list-style-type: none"> • Respect the Human Rights of All Individuals Affected by Business Activities • Understanding and Acceptance of the SEKISUI CHEMICAL Group Human Rights Policy • Actions in regard to the UK Modern Slavery Act 	
412-1	Operations that have been subject to human rights reviews or impact assessments a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	<ul style="list-style-type: none"> ■ ESG Management > Respect for Human Rights <ul style="list-style-type: none"> • Initiatives aimed at building a human rights due diligence framework • Human rights interviews implemented at domestic production sites • Conducted comprehensive global human rights risk assessments • Conducting CSR Procurement Surveys for Business Partners 	
412-2	Employee training on human rights policies or procedures a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations. b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Legal and Ethical Issue <ul style="list-style-type: none"> • List of Results Relating to Compliance Training ■ Materiality > Human Resources <ul style="list-style-type: none"> • Transforming into a Vibrant Company > People Management > Employee Career Development > Performance Data ■ ESG Management > Respect for Human Rights <ul style="list-style-type: none"> • Engagement with External Stakeholders • Human Rights Training and Education for Employees 	The total number of hours of training and the percentage of employees who have undergone training are not disclosed due to the difficulty of obtaining information at this time.
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. b. The definition used for "significant investment agreements.	—	

413: Local Communities

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to local communities using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Products to Enhance Sustainability - Contribution to Solving Social Issues through Products and Services - <ul style="list-style-type: none"> • Social and SDG Contribution Activities ■ Key ESG Management Issues and Major Implementation Measures 	
413-1	Operations with local community engagement, impact assessments, and development programs a. Percentage of operations that implemented local community engagement, impact assessments, and/or development programs, including the use of: <ol style="list-style-type: none"> i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programs based on local communities' needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes. 	—	We are currently considering evaluation methods for measuring impacts on local communities.
413-2	Operations with significant actual and potential negative impacts on local communities a. Operations with significant actual and potential negative impacts on local communities, including: <ol style="list-style-type: none"> i. the location of the operations; ii. the significant actual and potential negative impacts of operations. 	—	We are currently considering evaluation methods for measuring impacts on local communities.

414: Supplier Assessment for Impacts on Society

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to society-focused assessments of suppliers using “GRI 103: Management Approach.”	<ul style="list-style-type: none"> ■ ESG Management • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Key ESG Management Issues and Major Implementation Measures ■ ESG Management > Respect for Human Rights • Business Activities That Respect Human Rights with Business Partners • Caring About Human Rights Issues Across the Entire Supply Chain • Conducting CSR Procurement Surveys for Business Partners ■ SEKISUI CHEMICAL Group’s various policies • Basic Procurement Policy 	
414-1	New suppliers that were screened using social criteria a. Percentage of new suppliers that were screened using social criteria.	When selecting new suppliers, SEKISUI CHEMICAL Group comprehensively evaluates candidate companies from the perspectives of quality, environmental factors, health and safety, and compliance with laws, regulations, and social standards. As a result, all new suppliers now clear every social standard required by the Group.	
414-2	Negative social impacts in the supply chain and actions taken a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	—	

415: Public Policy

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to public policy using “GRI 103: Management Approach.”	—	We have decided not disclose information due to business strategy reasons.
415-1	Political contributions a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. b. If applicable, how the monetary value of in-kind contributions was estimated.	<ul style="list-style-type: none"> ■ Materiality > Governance > Legal and Ethical Issues • Donations to political group 	

416: Customer Health and Safety

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to customer health and safety using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Governance > Reducing Serious Incidents > Quality <ul style="list-style-type: none"> • Adhering to Quality Compliance • Building Quality Assurance Systems That Reflect Business Characteristics • Rebuilding Quality Management Systems • Formulating Quality Guidelines ■ Key ESG Management Issues and Major Implementation Measures ■ Other Key Issues > Quality <ul style="list-style-type: none"> • Management Approach • Establishing the CS & Quality Subcommittee that reports to the Sustainability Committee • Initiatives Under the CS & Quality Medium-term Plan (FY2020-FY2022) • Follow-up Activities for the Self-declaration for Customer-oriented Management 	
416-1	Assessment of the health and safety impacts of product and service categories a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Quality <ul style="list-style-type: none"> • Initiatives to Prevent Quality Data Irregularities and Falsification 	Since it is currently difficult to calculate percentages in this area, we plan to consider disclosure of this information from the next fiscal year.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Quality <ul style="list-style-type: none"> • Initiatives to Prevent Quality Data Irregularities and Falsification • Compliance with Laws and Internal Rules for Product Safety • Compliance with Laws and Internal Rules Relating to Product Information Disclosure 	

417: Marketing and Labeling

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to marketing and labeling using “GRI 103: Management Approach.”	<ul style="list-style-type: none"> ■ ESG Management <ul style="list-style-type: none"> • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Quality <ul style="list-style-type: none"> • Compliance with Laws and Internal Rules Relating to Product Information Disclosure ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Legal and Ethical Issues <ul style="list-style-type: none"> • Legal Compliance with Antitrust Laws as well as Statutory and Regulatory Requirements Relating to Advertising and Labeling ■ Key ESG Management Issues and Major Implementation Measures 	
417-1	Requirements for product and service information and labeling a. Whether each of the following types of information is required by the organization’s procedures for product and service information and labeling: i. The sourcing of components of the product or service; ii. Content, particularly with regard to substances that might produce an environmental or social impact; iii. Safe use of the product or service; iv. Disposal of the product and environmental or social impacts; v. Other (explain in detail). b. Percentage of significant product and service categories for which organization procedures are defined and compliance with said procedures is assessed.	—	Currently, it is difficult to ascertain each information about all products and calculate the compliance evaluation of the procedure as a percentage. so we do not disclose it. We plan to consider disclosure of this information from the next fiscal year.
417-2	Incidents of non-compliance concerning product and service information and labeling a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Quality <ul style="list-style-type: none"> • Compliance with Laws and Internal Rules Relating to Product Information Disclosure ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Legal and Ethical Issues <ul style="list-style-type: none"> • Legal Compliance with Antitrust Laws as well as Statutory and Regulatory Requirements Relating to Advertising and Labeling 	
417-3	Incidents of non-compliance concerning marketing communications a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	<ul style="list-style-type: none"> ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Legal and Ethical Issues <ul style="list-style-type: none"> • Legal Compliance with Antitrust Laws as well as Statutory and Regulatory Requirements Relating to Advertising and Labeling 	

418: Customer Privacy

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to customer privacy using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Information Management • Protecting Personal Information ■ Key ESG Management Issues and Major Implementation Measures 	
418-1	<p>Substantiated complaints concerning breaches of customer privacy and losses of customer data</p> <p>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <p style="margin-left: 20px;">i. complaints received from outside parties and substantiated by the organization;</p> <p style="margin-left: 20px;">ii. complaints from regulatory bodies.</p> <p>b. Total number of identified leaks, thefts, or losses of customer data.</p> <p>c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	Not applicable for the fiscal year under review	

419: Socioeconomic Compliance

Code No.	Disclosure Items	Locations Posted	Reason for Omitting
DMA (103)	Reporting management approach relating to compliance in relation to socioeconomic matters using "GRI 103: Management Approach."	<ul style="list-style-type: none"> ■ ESG Management • Identifying Key ESG Issues • Key ESG Management Issues and KPIs ■ Materiality > Governance (Internal Control) > Reducing Serious Incidents > Legal and Ethical Issues • Compliance Management • Prevent Major Compliance Issues • Growing Awareness Toward Compliance • Putting Compliance Management Efforts into Practice • Compliance Training ■ Key ESG Management Issues and Major Implementation Measures 	
419-1	<p>Non-compliance with laws and regulations in the social and economic area</p> <p>a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:</p> <p style="margin-left: 20px;">i. total monetary value of significant fines;</p> <p style="margin-left: 20px;">ii. total number of non-monetary sanctions;</p> <p style="margin-left: 20px;">iii. cases brought through dispute resolution mechanisms.</p> <p>b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.</p> <p>c. Progression of events leading to the levying of fines above a certain amount, as well as non-monetary sanctions.</p>	Not applicable for the fiscal year under review	

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Date of issue: July 2022 (annual)

(Previous report published July 2021 / Next report scheduled to be published in July 2023)