



TOPICS

- **Basic Concept** p210
- **Targets** p211
- **System** p211
- **Major Initiatives** p212
- Transforming into an Energized and Engaged Company p213
- Refining the Foundation p221

Human Capital

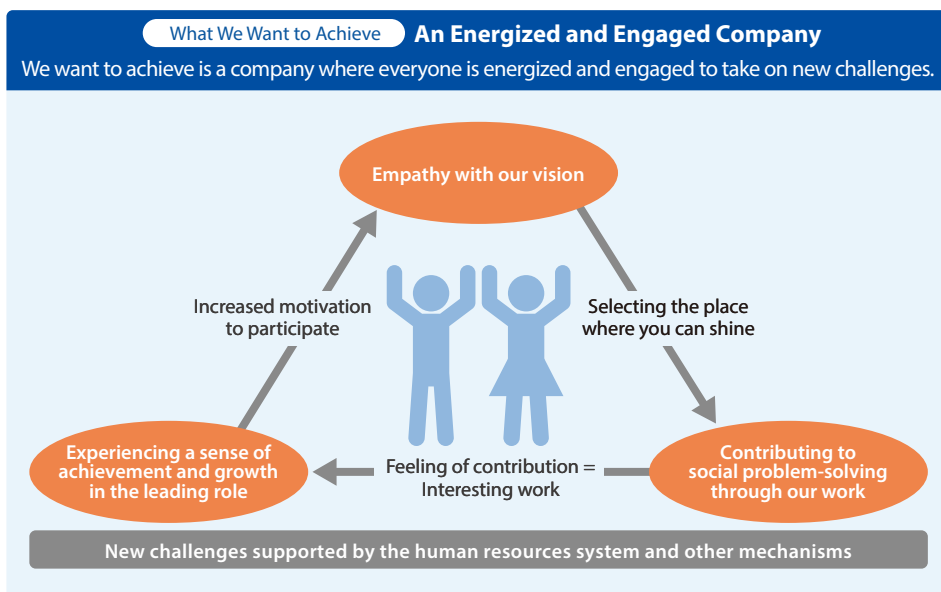
SEKISUI CHEMICAL Group positions human resources as the driving force behind its ability to generate innovation and realize its Long-term Vision. Accordingly, we are working to put in place energized and engaged workplaces that enable diverse human resources to take on challenges and play an active role.

Basic Concept

In an effort to realize Vision 2030, SEKISUI CHEMICAL Group aims to carry out innovation and creation and expand its contribution to solving social issues, in short to serve as a company in which all employees desire to take on challenges. Under the current Medium-term Management Plan, we have worked diligently to build a new foundation that includes undertaking a shift in our approach to human resources management (role-based Human Resources System, promoting challenges) and revising the Group’s philosophy system into a policy for long-term human resources strategies in March 2023 in response to new issues (human capital, retention, and securing of human resources) and changes in the environment,

Note: For details of the revised Human Resources Philosophy and Basic Policy on Human Resources, see p. 341

Under the next Medium-term Management Plan, we will work to establish a new structure that will enable the right people to be in the right places by acquiring and systematically selecting and training personnel who are essential to the realization of our Long-term Vision, and by building a workforce that can respond to rapid business growth and change. In addition, we plan to invest heavily in human capital (¥12 billion over the three years of the next Medium-term Management Plan) in areas that include expanding employee careers and improving working conditions.



Targets

KPI: Employee Challenge Action Rate

Fiscal 2022: Result of 11% vs. the target of 17%

Note: For details of the Employee Challenge Action Rate, see p. 213

System

In order to actualize our human resources strategies, in fiscal 2022 SEKISUI CHEMICAL Group established the Diversity Promotion Committee. This committee serves to oversee and provide advice on the execution of matters involving efforts to ensure diversity among management-related human resources. The participation of Outside Directors with expertise in this area has enabled us to fully promote diversity initiatives. Moreover, clearly defining the division of roles between the supervisory and executive sides has helped to enhance governance.

Under the Sustainability Committee, we established the Human Resources Subcommittee as an executive body chaired by the executive officer and head of the Human Resources Department and comprised of the heads of the human resources departments at each divisional company.

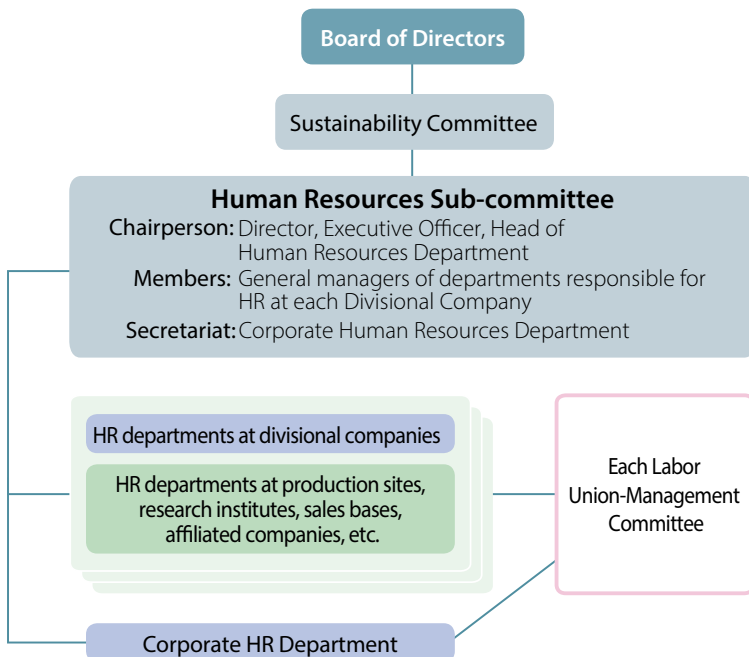
Diversity Promotion Committee

Chairperson: Haruko Nozaki, Outside Director

Members: Outside Directors (five), Chairman of the Board and Director, President and Representative Director, Representative Director Senior Managing Executive Officer, Director and Executive Officer and Head of the Human Resources Department

Secretariat: Human Resources Department

Human Resource / Promotional Structure



Major Initiatives

Transforming into an Energized and Engaged Company	Vision Management	Promoting Challenges (KPI: Employee Challenge Action Rate)	P.213
		Implementing the Long-term Vision	P.214
	People Management	Deepening Engagement	P.215
		Employee Career Development	P.216
	HR (Human Resources) Management	Shift to a role-based management system for human resources	P.218
		Training Human Resources	P.219
Refining the Foundation	Allowing Diverse Human Resources to Excel (Diversity)	Basic Concept of Diversity	P.221
		Gender (women's empowerment, LGBT)	P.221
		Seniors	P.228
		Global	P.229
		People with Disabilities	P.230
		Balanced Support (childcare, nursing care)	P.231
	Work Style Reforms	P.235	
	Health and Productivity Management	P.237	

Transforming into an Energized and Engaged Company

Vision Management

Major Initiatives

● Promoting Challenges (KPI: Employee Challenge Action Rate)

It is important for each and every employee to break free from convention while continuously taking on challenges in order to realize the Long-term Vision. With this in mind, we have set the employee challenge action rate as a human capital KPI. We regularly survey employees to determine whether they are actually taking challenging actions and whether the organization is conducive to this, and we use this information to make improvements at the workplace level.

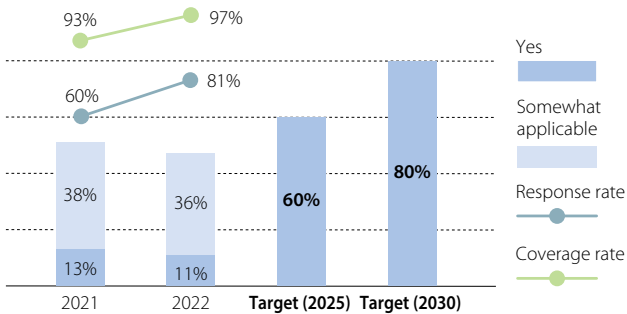
▮ Redefine indicators

In fiscal 2021 and fiscal 2022, the percentage of respondents who answered “yes” from a 4-answer selection consisting of “yes,” “somewhat applicable,” “somewhat not applicable,” and “no” to the question “I am taking concrete actions to engage in challenging behavior to realize Vision 2030” was used as an indicator. In order to more broadly recognize and develop the degree to which a culture of challenge is fostered, this indicator was redefined to include the percentage of respondents who answered “yes” or “somewhat applicable” from fiscal 2023.

The results of the survey and the analysis of comments on the degree of challenging behavior survey are as presented on the next page. Analysis results indicate that many employees are confused about what exactly they need to do to take challenging actions. We will continue to work on communicating our vision and incorporating it into work duties.

Performance Data

Results of Employee Challenge Action Rate Survey



- KPI: Percentage of respondents who answered "Yes" to the question "I am taking concrete actions to engage in challenging behavior to realize Vision 2030" in fiscal 2021 and fiscal 2022. Percentage of respondents who answered "Yes" or "Somewhat applicable" from fiscal 2023.
- Survey scope: All employees (including full-time, non-full-time, and dispatch employees) of 160 of the 165 Group companies surveyed.
- Coverage rate: Percentage of companies surveyed among Group companies
- Response rate: Employees who responded to the survey as a percentage of all employees of the companies where the survey was conducted.

Employee Challenge Action Rate Survey comment analysis

Top 7 factors that hinder concrete actions toward the realization of Vision 2030 and that discourage employees from engaging in challenging behavior.
Lack of sufficient information on what to do
Barriers between organizations
The Company is not working to develop human resources to adapt to change
Employees hold little or no hope of a future career at the Company
The performance evaluation system is not designed to encourage challenging behavior
Daily work is not enjoyable
The vision espoused by management does not engender excitement

● Implementing the Long-term Vision

We are continuing activities to disseminate our Long-term Vision based on dialogue among senior management, line managers, and employees. In fiscal 2022, kick-off meetings were held on developing the next Medium-term Management Plan. Management spoke with key individuals involved in the development of the Medium-term Management Plan about their aspirations for the long term, and used this as a starting point for the development of the Medium-term Management Plan and the promotion of challenges throughout the line.

In addition, workshops for supervisors were held to encourage each employee to incorporate the challenge actions into their work commitments. At the workshop, participants deepened their understanding of the importance of challenges and management methods that lead to challenges for members.

Participation results

- Meeting to kickoff the deployment of the next Medium-term Management Plan held on October 3, 2022 with 230 participants
- Workshops for supervisors held 50 times, with 1,555 participants

People Management

Major Initiatives

● Deepening Engagement

We conduct regular employee surveys to measure "passion for work" and "attachment to the Company" as part of engagement with SEKISUI CHEMICAL and is the foundation for taking on challenges. In fiscal 2022, we conducted the engagement survey concurrently with the Employee Challenge Action Rate survey. Survey results are analyzed at SEKISUI CHEMICAL, Group companies, and each department, and then improvement measures are formulated and implemented.

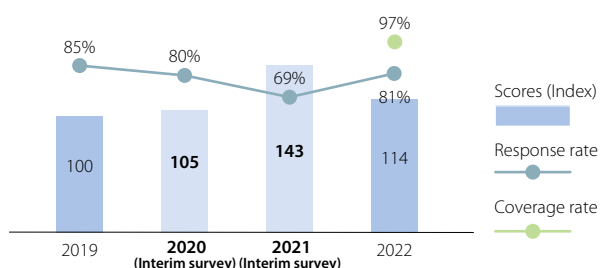
As a cross-organizational initiative, the human resources departments of domestic Group companies have come together to conduct Engagement Drive Project activities. The project includes meetings to share advanced case studies of other companies and good practices internally, as well as seminars on organizational development methods.

Performance Data

Engagement scores are as follows. The Engagement Score is calculated as an index of the percentage of employees with an average score of 4.5 or higher for six engagement-related behavior questions (six-point scale) that measure passion for work and attachment to the Company with fiscal 2019 results set at 100.

Group-wide trends in fiscal 2022 show an increase in response rates against a decrease in scores. Taking into consideration the analysis to identify areas of effectiveness in improving the engagement score, results indicate that recruiting and utilizing human resources is an issue.

Engagement score



- Scores are calculated with fiscal 2019 as 100.
- Survey scope: All employees (including full-time, non-full-time, and dispatch employees) of 160 of the 165 Group companies surveyed.
- Coverage rate: Percentage of companies surveyed relative to the number of Group companies in Japan and overseas
- Response rate: Percentage of employees who responded to the survey relative to the total number of employees of the companies where the survey was conducted.
- Interim surveys were conducted by the organization of choice in fiscal 2020 and fiscal 2021 (reference data).

● Employee Career Development

We began operating the new Career Interview System aimed at promoting autonomous career development and The Right Person in the Right Place for all employees at SEKISUI CHEMICAL. The goal is to use the system to centrally manage past experience, commitment and role fulfillment, and career and work orientation, and to utilize the information in an organized manner.

In addition, we provide training for supervisors and basic training on how to make career plans in order to conduct career interviews more effectively. We also conduct career training when changing roles by shifting career training from the conventional framework based on the axes of age and years of service to one based on the axes of role and occupation.

We continue to implement systems and training programs that support diverse career paths and work styles for employees, as well as an open recruitment system for the right person in the right place within the Group, and common training programs to improve Group-wide human resources capabilities.

Performance Data

■ Career Interview implementation rate (SEKISUI CHEMICAL)

Fiscal 2022 75.4%

Note: Number of career interview records entered into the system / number of employees covered (employees including managers, senior partners)

Career Training Results (SEKISUI CHEMICAL)

Training Program Name	FY2021	FY2022
Career autonomy supervisor training (persons)	393	252
Career plan basic training (persons)	—	77
Career planning training for newly appointed managers (persons)	—	203
Career planning training for those being promoted to Advanced Level (non-managerial) (persons)	—	89
Career planning training for new employees (persons)	—	78

In addition, women's career seminars (see p. 222) and career seminars for employees who have chosen to extend their retirement age (see p. 228).

Career Path Support Results (SEKISUI CHEMICAL)

		FY2018	FY2019	FY2020	FY2021	FY2022
No. of employees who have changed career courses	Men	9	10	14	2	6
	Women	2	1	2	4	3
No. of employees who have converted to permanent, full time employment	Men	3	2	1	4	3
	Women	7	11	14	10	11

Results of Intra-Group Job Postings

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of postings	44	45	31	55	56
Number of employees recruited	140	62	54	80	101
Number of applicants	115	135	155	236	159
Number of employees transferred	26	28	28	70	45

Results of Training for Major Intra-Group Job Postings

Name of Training Program	FY2018	FY2019	FY2020	FY2021	FY2022
Innovation School (persons)	86	69	Not implemented	102	102

Training Results Common throughout the Group

	FY2018	FY2019	FY2020	FY2021	FY2022
No. of New employees receiving induction training	251	243	101*	150	152
No. of newly appointed managers receiving training	210	252	220	199	213

* 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

Major Initiatives

● Shift to a role-based management system for human resources

After undertaking a major renewal of the human resources management system from fiscal 2020, operations commenced in fiscal 2022 as planned.

Qualification system: Introduced a key position grading system for management, abolished appointment probation periods, and started a successor training system.

Retirement extension: Extended from 60 to 65 (implemented by SEKISUI CHEMICAL and specific Group companies from October 2021, implementation completed at all Group companies by fiscal 2025).

Evaluation/career: Introduced a system to evaluate challenges, revamped career interviews.

Bonus payment system: Expanded the indicator ratio that measures the progress and achievement of Group-wide KPIs related to sustainability (approx. 6% → approx. 12%; SEKISUI CHEMICAL management, from fiscal 2023)

System: Started visualizing and utilizing employee qualitative information through a new human resource system.

In fiscal 2022, we included challenging behavior as an evaluation item and strengthened evaluator training to ensure that the system is operated properly.

Performance Data

Evaluator Training Results (SEKISUI CHEMICAL)

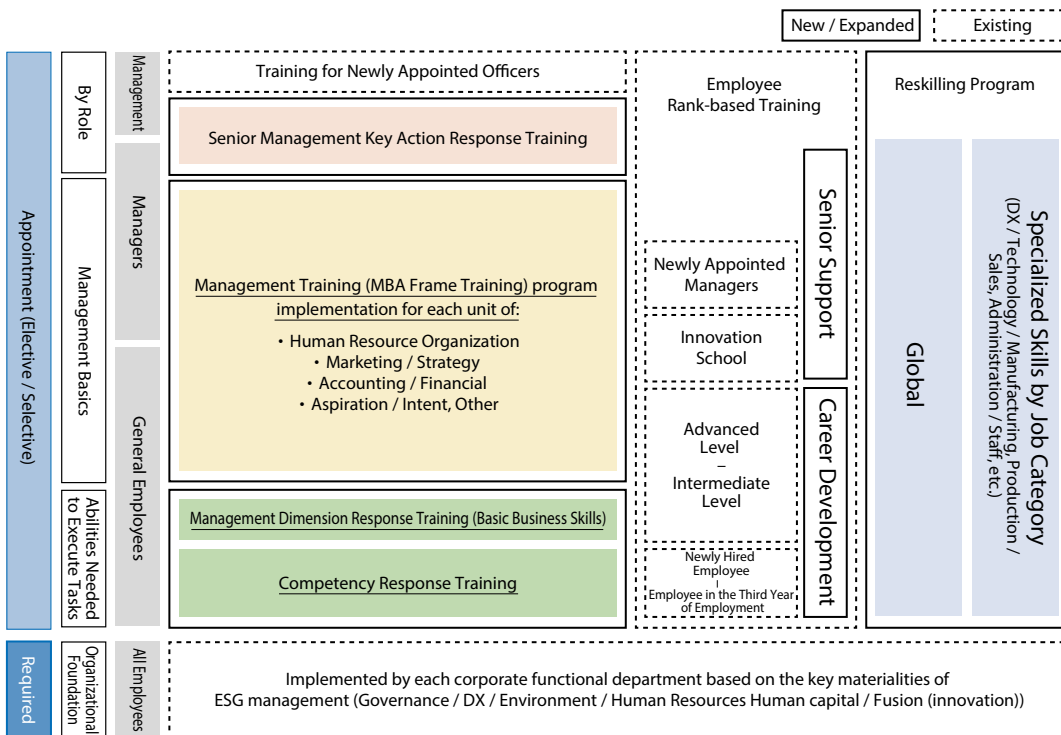
Training Program Name	FY2021	FY2022
Evaluator Training A (understanding the evaluation system) (persons)	941	75
Evaluator Training B (basics of evaluation + understanding the evaluation system) (persons)	493	—
Training to strengthen evaluation skills (1) (basics of evaluation + goal setting) (persons)	—	146
Training to strengthen evaluation skills (2) (daily management + interview training) (persons)	—	148

● Training Human Resources

SEKISUI CHEMICAL Group put in place a training map based on its Basic Policy on Human Resources Policy (see p. 341), and Diversity Management Policy (see p. 342). To become an energized and engaged company where all employees thrive on challenges, SEKISUI CHEMICAL Group is developing human resources who can address the speed of business growth and change. At the same time, we are promoting efforts to successfully place the right person in the right position.

Training Human Resources Map

Shifted from a rank-based capability development approach by year and qualification to a role-based capability development approach that is consistent with placing the right person in the right place.



Performance Data

Hours of Training and Development per FTE (SEKISUI CHEMICAL)

	FY2018	FY2019	FY2020	FY2021	FY2022
Average hours of training and development per FTE	9.4	9.4	6.3	7.1	6.1

Note: Educational programs held at SEKISUI CHEMICAL's Human Resources Department at Corporate Headquarters
 see p. 217 for Group-wide employee rank-based training results.
 see p. 228 for more information on senior support training.
 see p. 216 for more information on career development.

Refining the Foundation

Allowing Diverse Human Resources to Excel (Diversity)

● Basic Concept of Diversity

Based on SEKISUI CHEMICAL Group's Diversity Management Policy (see p. 342), diversity is not only defined in terms of gender, age, race, and other outward differences, but also in terms of careers, values, personality, and other factors. Likewise, we understand, recognize, and utilize the differences between each and every employee as strengths. In fiscal 2022, we established the Diversity Promotion Committee (see p. 211). Moving forward, we will reinforce efforts that allow diverse human resources to excel. In principle, SEKISUI CHEMICAL Group treats non-full-time employees, such as contract employees appropriately. We are working to enhance welfare benefits for non-full-time employees, including health checkups, compensation for disabilities and illnesses that arise at work, and childcare leave. Meanwhile, only indefinite-term employees are eligible to join the Group's insurance, retirement plan, and shareholding programs.

● Allowing Diverse Human Resources to Excel (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.

In fiscal 2022, new Women's Career Seminars were offered with the aim of fostering career awareness among female employees and identifying candidates for promotion.

In addition, the appointments of three female Outside Directors and a female Outside Director as chair of the Diversity Promotion Committee (see p. 211) have created momentum to accelerate the promotion of women's activities.

Targets (SEKISUI CHEMICAL)

Ratio of Women to Total Hires: FY2022 30% (Results 31.4%: new graduate hires as of April 2023), FY2025 35%

Number of Women in Management Positions (Ratio): FY2025 80 (5.0%), FY2030 120 (8.0%)

Ratio of Women Directors: FY2030 30%

External Evaluation

As of October 4, 2021, SEKISUI CHEMICAL has acquired second-stage Eruboshi certification as a company working to encourage the advancement of women.

Publication of action plans and actual results based on Japan's Act on the Promotion of Women's Participation and Advancement in the Workplace.

<https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=352>

**Performance Data****Training Results for Women**

		FY2018	FY2019	FY2020	FY2021	FY2022
Career Development Program for Women (selected participants)	Women (persons)	35	39	52	58	49
	Superiors (persons)	31	24	46	55	46
Women's career seminar (open participation)	Young employees (persons)	–	–	–	–	55
	While raising children (persons)	–	–	–	–	73
	All women employees (persons)	–	–	–	–	67

Exchange meetings and communications

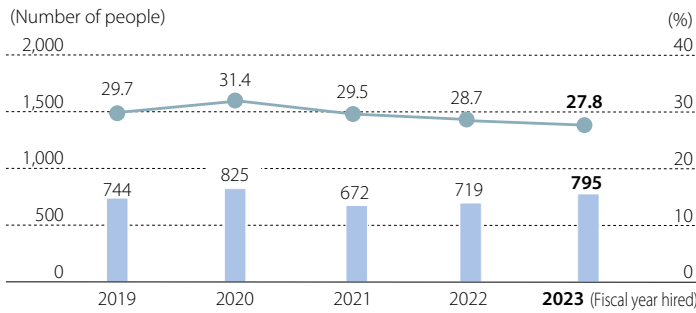
Meeting with the president/top management and women in management positions: October 20, 2022, 57 participants

1. Lecture and question and answer session by a female outside director: "Are you able to work with energy? Support message for everyone in management positions"
2. Round table discussion with top management (president and officers): "On future career planning, raising the next generation, roll models, etc."

Roundtable with female managers published in the Group magazine

Gender does not matter! Plan your own career.

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 Female Directors, Female Ratio (SEKISUI CHEMICAL) ✓

	Directors		Audit and Supervisory Board Members		Total	Executive Officers
	Inside Directors	Outside Directors	Corporate Audit and Supervisory Board Members	Outside Audit and Supervisory Board Members		
Women	0	3	0	1	4	2
Men	7	2	2	2	13	22
Ratio of women (%)	0.0	60.0	0.0	33.3	23.5	8.3

Number of Female Directors and Managers (SEKISUI CHEMICAL Group) ✓

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of Female Directors (SEKISUI CHEMICAL Group)*	2	2	2	2	3
Number of Women in Managerial positions (SEKISUI CHEMICAL Group in Japan)	156	185	187	195	208

* Excluding SEKISUI CHEMICAL

Composition of SEKISUI CHEMICAL Personnel

		FY2018	FY2019	FY2020	FY2021	FY2022
Employees* ¹	Men (persons)	3,331	3,327	3,308	3,250	3,226
	Women (persons)	587	629	652	652	661
	Ratio of womens (%)	15.0	15.9	16.5	16.7	17.0
Permanent, full-time employees* ²	Men (persons)	3,072	3,073	3,060	3,023	3,032
	Women (persons)	532	570	601	607	627
	Ratio of womens (%)	14.8	15.6	16.4	16.7	17.1
Average years of continuous employment* ²	Men (persons)	17.3	17.2	17.2	17.6	17.9
	Women (persons)	13.2	12.6	12.4	12.9	13.1
Managerial positions (managers)	Men (persons)	685	678	672	700	790
	Women (persons)	30	41	44	45	47
	Ratio of womens (%)	4.2	5.7	6.1	6.0	5.6
Managerial positions (department managers and general managers)	Men (persons)	637	642	649	635	558
	Women (persons)	14	15	16	15	17
	Ratio of womens (%)	2.2	2.3	2.4	2.3	3.0
All managerial positions	Men (persons)	1,322	1,320	1,321	1,335	1,348
	Women (persons)	44	56	60	60	64
	Ratio of womens (%)	3.2	4.1	4.3	4.3	4.5
Employees newly appointed to managerial positions	Men (persons)	63	68	58	54	70
	Women (persons)	3	14	6	3	6
	Ratio of womens (%)	4.5	17.1	9.4	5.3	7.9
Deputy (Assistant) Manager / Supervisor level* ³	Men (persons)	806	810	796	795	827
	Women (persons)	71	84	96	113	127
	Ratio of womens (%)	8.1	9.4	10.8	12.4	13.3

*1 Workers with direct employment relationships with the Group (including permanent, full-time employees and non-full-time 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 Employees who are Advanced Level in the Business Career Course

Age Composition of Permanent, Full-time Employees* and Ratio of Women in Fiscal 2022 (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
Men (persons)	386	614	739	1,142	151
Women (persons)	147	170	133	164	13
Ratio of women (%)	27.6	21.7	15.3	12.6	7.9

* 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)

Gender Wage Disparity for Fiscal 2022 (SEKISUI CHEMICAL) ✓

Permanent, full-time employees	Non-permanent, non-full-time employees	Overall
67.6%	101.2%	68.6%

Indicator	Calculation method
Gender Wage Disparity	Average annual wage for women / Average annual wage for men × 100

Note 1: Including workers on loan from the Group to other companies.

Note 2: There is no wage disparity in the human resources system; based on the labor composition (age and qualifications) ratio

Retention Rate (SEKISUI CHEMICAL) ✓

		FY2018	FY2019	FY2020	FY2021	FY2022
Employee turnover (Number of people who left employment)	Men	42	63	48	74	85
	Women	13	10	26	20	25
	Total	55	73	74	94	110
Retention rate (%)	Men	98.6	98.0	98.4	97.6	97.2
	Women	97.6	98.3	95.7	96.8	96.1
	Total	98.5	98.0	98.0	97.5	97.0

Indicator	Calculation method
Retention rate	(1 - (Number of employees who left employment / Number of employees as of April of the fiscal year)) × 100

Hires (SEKISUI CHEMICAL) ✓

		FY2018	FY2019	FY2020	FY2021	FY2022
New-graduate hires* ¹	Men (persons)	114	96	83	63	64
	Women (persons)	39	35	43	18	25
	Ratio of women (%)	25.5	26.7	34.1	22.2	28.1
Mid-career hires	Men (persons)	44	29	21	19	51
	Women (persons)	9	4	2	3	9
	Ratio of women (%)	17.0	12.1	8.7	13.6	15.0
	Recruitment ratio of mid-career appointments (%) ^{*2}	25.7	20.1	15.4	21.4	40.3

*1 New-graduate hires: Employees who joined the Company for the first time after graduation (undergraduate degree, graduate school, etc.) with no working experience

*2 Mid-career hires (experienced personnel hires) ratio: Ratio of mid-career hires to all hires

Retention Rate at Three Years After Employment (SEKISUI CHEMICAL) ✓

	Joined FY2016	Joined FY2017	Joined FY2018	Joined FY2019	Joined FY2020
Retention rate three years after employment (%)	98.2	90.6	88.6	93.1	89.6

Indicator	Calculation method
Retention rate three years after employment (%)	Percentage of new-graduate hires in April of each fiscal year retained after three years of employment

Results of Training for New, Mid-career Hires (SEKISUI CHEMICAL)

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of Program Attendees	60	43	42	35	58

In line with the increase in mid-career hires (experienced personnel hires), SEKISUI CHEMICAL Group is conducting training for newly hired mid-career hires to learn about the Company's history, culture, policies, etc.

Labor union members

The SEKISUI CHEMICAL Labor Union serves as the Company's labor union. Adopting a union shop system, 100% of eligible employees are members (2,349 in fiscal 2022).

Composition of consolidated Group Personnel in Japan

		FY2018	FY2019	FY2020	FY2021
Number of employees	Men (persons)	16,362	16,360	16,062	15,857
	Women (persons)	5,048	5,149	5,100	5,069
	Ratio of womens (%)	23.6	23.9	24.1	24.2
Number of new graduates hired	Men (persons)	572	427	483	405
	Women (persons)	251	176	209	150
	Ratio of womens (%)	30.5	29.2	30.2	27.0
Number of managerial positions (managers)	Men (persons)	2,926	2,924	2,847	2,865
	Women (persons)	130	158	160	168
	Ratio of womens (%)	4.3	5.1	5.3	5.5
Number of managerial positions (department managers and general managers)	Men (persons)	1,588	1,595	1,570	1,533
	Women (persons)	26	24	28	27
	Ratio of womens (%)	1.4	1.5	1.8	1.7
Number of total managerial positions	Men (persons)	4,514	4,519	4,417	4,398
	Women (persons)	156	182	188	195
	Ratio of womens (%)	3.3	3.9	4.1	4.2
Number of management personnel (Global leader)	Men (persons)	204	206	193	183
	Women (persons)	5	4	3	3
	Ratio of womens (%)	2.4	1.9	1.5	1.6
Number of employees newly appointed to managerial positions	Men (persons)	211	241	205	191
	Women (persons)	20	38	12	22
	Ratio of womens (%)	8.7	13.6	5.5	10.3

Note 1: The above table is based on the results of the survey conducted in July 2022.

Note 2: Data for fiscal 2022 currently being compiled in July 2023

● Allowing Diverse Human Resources to Excel (Seniors)

As opportunities to help employees recognize what it looks like to continue to actively work and take on challenges regardless of age, we conduct training programs for employees who have chosen to extend their retirement age.

Performance Data

Training Results for individuals who have extended mandatory retirement age (SEKISUI CHEMICAL)

	FY2021	FY2022
Employees in management positions who took the career plan training after selecting to extend their mandatory retirement age (persons)	51	35
General employees who took the career plan training after selecting to extend their mandatory retirement age (persons)	27	34
Employees of Group companies who took the career plan training after selecting to extend their mandatory retirement age (persons)	–	50
[Required] Employees at age 57 who took the required career plan training before selecting to extend their mandatory retirement age (persons)	–	94
[Elective] Employees between the ages 50 and 56 who took the elective career plan training before selecting to extend their mandatory retirement age (persons)	–	60

Number of Senior Employees Re-employed and Rate of Senior Employee Continued Employment (SEKISUI CHEMICAL)

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of Senior Employees Re-employed	49	46	77	0	0
Rate of Senior Employee Continued Employment (SEKISUI CHEMICAL) (%)	76.6	85.2	83.7	97.5	87.2

Note1: Abolished the rehiring system from the second half of fiscal 2021 due to the extension of the mandatory retirement age. All applicants extended their retirement age in fiscal 2022 (75 applicants).

Note2: Some past figures have been revised.

Indicator	Calculation method
Rate of Senior Employee Continued Employment (SEKISUI CHEMICAL) (%)	((Number of employees who have extended their mandatory retirement ages + Number of senior employees re-employed) / Number who have reached the age of 60) ×100

● Allowing Diverse Human Resources to Excel (Global)

SEKISUI CHEMICAL Group holds Vision Caravans led by the presidents of its local subsidiaries around the world, and conducts ongoing dialogue to promote an understanding of the Long-term Vision and to encourage employees to undertake challenges. Moreover, we deploy human resources training programs that are firmly rooted in each area, thereby enabling employees to make the most of their unique characteristics and talents at their place of work. Domestically, we are focused on hiring, training, and providing retention assistance to foreign nationality employees.

Performance Data

Breakdown of the Number of Employees (SEKISUI CHEMICAL Group)

Number of employees	26,838
Breakdown by region	
Japan	20,015
North America/Latin America	1,989
Europe	1,051
Asia/Pacific	3,783

Number of Japanese Employees Stationed Overseas (SEKISUI CHEMICAL Group)

Breakdown by region	
North America/Latin America	44
Europe	32
Asia/Pacific	83

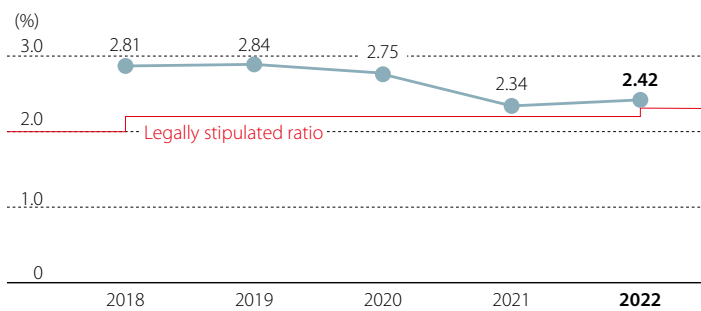
Note: Number of expatriates as of March 31, 2023 (including engineers dispatched overseas and trainees)

● Allowing Diverse Human Resources to Excel (People with Disabilities)

SEKISUI CHEMICAL Group promotes the hiring of people with disabilities, while at the same time working to provide them with career support and to create an environment where people with disabilities can easily 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.

Performance Data

Employment Ratio of People with Disabilities (SEKISUI CHEMICAL)



Note: Including Special Provision Subsidiary (as of March 2022)

Indicator	Calculation method
Employment ratio of people with disabilities	(Number of permanent workers who have physical, intellectual, or mental disabilities / Number of permanent workers) × 100

● 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.

Following revisions to the Child Care and Family Care Leave Act, in fiscal 2022 we introduced the IkuBoss e-learning program (3,237 participants) for managers as part of our efforts to improve the environment for promoting the use of childcare leave among male employees. Similarly, we revised leave systems in accordance with childcare leave at the time of birth and division of childcare leave thereafter. Moreover, in order to support a balance between fertility treatments and work, we approached every employee, and held seminars on fertility and infertility treatment to promote an understanding of the issue among superiors and colleagues (143 participants). In addition, the system for using accumulated annual leave for reasons of infertility treatment has been revised so that it can also be used on an hourly basis.

■ Target values (SEKISUI CHEMICAL)

Ratio of male employees taking childcare leave: 2023 50%, 2025 75%

Publication of action plans and actual results based on Japan's Act on Advancement of Measures to Support Raising Next-Generation Children.

https://ryouritsu.mhlw.go.jp/hiroba/search_dtl.php?cn=42410#actionplan

Support for Balancing Nursing Care 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 time). We disseminate content that is helpful for nursing care and offer nursing care preparatory seminars (video training programs) on the Balanced Support website on the intranet that can be viewed at any time.

Performance Data

Use of childcare-related systems (SEKISUI CHEMICAL)

		FY2018	FY2019	FY2020	FY2021	FY2022
Employees with newly born babies (persons)	Women	21	20	27	31	21
	Men	111	101	104	129	94
	Total	132	121	131	160	115
Employees with newly born babies who took childcare leave (persons)	Women	14	19	23	25	19
	Men	25	39	36	61	64
	Total	39	58	59	86	83
Ratio of those who took childcare leave (%) ^{*1}	Women	100	100	95.8	100	100
	Men	22.5	39.0	34.6	47.3	68.1
Employees on childcare leave in the applicable fiscal year (persons) ^{*2}	Women	32	45	51	55	61
	Men	28	44	49	67	89
	Total	60	89	100	122	150
Average number of childcare leave acquisition days (days) ^{*3}	Women	167.4	259.2	270.3	293.8	358.0
	Men	14.2	24.7	43.3	38.8	29.1
Employees who returned to work after childcare leave (persons)	Women	15	22	21	22	32
	Men	26	39	46	59	81
	Total	41	61	67	81	113
Ratio of those who returned to work after childcare leave (%)	Women	100	100	95.5	91.7	100
	Men	100	100	100	100	100
Retention rate after one year of those who returned to work after having taken childcare leave (%)	Women	100	100	100	88.2	94.6
	Men	94.7	96.2	97.4	98.0	96.4

*1 Ratio of those who took childcare leave: Excludes those who are taking maternity leave

*2 Employees on childcare leave in the applicable fiscal year: Employees who took childcare leave in the subject fiscal year, regardless of the fiscal year of the child's birth (childcare leave is available until the end of the month after the child reaches 3 years of age)

*3 Average number of childcare leave acquisition days: The average number of days of childcare leave taken by employees who completed the period during which they were eligible to take childcare leave in the subject fiscal year in fiscal 2022.

Usage Results for the Balanced Support Policies (SEKISUI CHEMICAL)

(Number of people)

Policy	Main content		FY2018	FY2019	FY2020	FY2021	FY2022
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	41	55	67	64	70
		Men	2	2	1	0	0
		Total	43	57	68	64	70
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	9	10	6	4	0
		Men	4	7	4	3	1
		Total	13	17	10	7	1
Family leave	Three days of special care leave per year granted until the child or grandchild starts high school.	Women	62	62	51	54	68
		Men	146	193	126	156	152
		Total	208	255	177	210	220
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	0	1	0	1	1
		Men	4	4	1	2	1
		Total	4	5	1	3	2
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	0	0	0	0	2
		Men	2	4	1	1	1
		Total	2	4	1	1	3

Usage Results for the Balanced Support Policies (SEKISUI CHEMICAL)

(Number of people)

Policy	Main content		FY2018	FY2019	FY2020	FY2021	FY2022
Accumulated annual leave (for raising children)	Acquired on an hourly basis for children up to the age of 18	Women	44	57	39	37	52
		Men	23	28	21	13	32
		Total	67	85	60	50	84
Accumulated annual leave (for personal injury or illness)	Acquired on a daily basis (10 or more consecutive business days) or hourly basis	Women	5	2	9	13	46
		Men	25	17	25	35	58
		Total	30	19	34	48	104
Accumulated annual leave (for care giving)	Acquired for care giving on a daily or hourly basis for spouses, parents, children, etc.	Women	13	16	10	12	20
		Men	14	9	6	2	10
		Total	27	25	16	14	30
Accumulated annual leave (for health nursing)	Acquired for health nursing on a daily or hourly basis for spouses, parents, children, etc.	Women	19	28	14	24	38
		Men	21	21	14	11	37
		Total	40	49	28	35	75
Accumulated annual leave (for fertility treatment)	Acquired on a daily or hourly basis	Women	1	2	1	1	4
		Men	0	0	0	0	0
		Total	1	2	1	1	4
Accumulated annual leave (for volunteering)	Acquired on a daily or hourly basis	Women	1	3	1	0	0
		Men	4	5	1	0	1
		Total	5	8	2	0	1

Note 1: Accumulated annual leave can be accumulated up to 40 days per year from the expired annual paid leave, and can be taken on a daily or hourly basis depending on the purpose.

Note 2: See page 236 for the status of taking annual paid leave.

Work Style Reforms

In addition to efforts aimed at reducing working hours, SEKISUI CHEMICAL is endeavoring to improve work productivity.

To pursue a highly productive work style that maximizes results in a limited amount of time, it is important for employees to work in a self-directed manner and for managers to engage in self-directed support-type management. To further instill this approach, SEKISUI CHEMICAL Group is rolling out its Work Style Reforms Guidelines and Work Style Reforms e-learning to its employees. In fiscal 2022, the Group conducted training for managers to coach employees' self-support.

To promote the realization of flexible work styles, we have upgraded and expanded Group-wide working from home/flexible hours and other systems. As a result, coexistence between going to an office and working remotely has steadily taken hold.

Moving forward, we will continue to maintain close communication between the Company and labor union, engage in constructive dialogue on issues common to labor and management, and promote revisions to systems related to flexible work styles through the Labor Union - Management Committee.

Performance Data

Training Results (SEKISUI CHEMICAL Group)

Training Program Name	FY2022
Training for managers to coach employees' self-support (persons)	202

Hours worked and paid vacation days taken (SEKISUI CHEMICAL)

	FY2018	FY2019	FY2020	FY2021	FY2022
Monthly average number of overtime hours for per employee (hours)	19.5	18.0	15.6	18.2	19.0
Annual average number of total man-hours worked for per employee (hours)	1,943	1,914	1,903	1,925	1,932
Percentage of paid vacation days taken per person (%)	64.0	71.4	58.2	64.9	66.6
Average number of paid vacation days taken for per employee (days)	12.1	13.6	11.2	12.5	12.8

Note 1: Excluding managers and workers on loan from other companies.

Note 2: The average number of overtime hours per person per month is calculated based on the prescribed working hours of 7.5 hours.

Note 3: Percentage of paid vacation days taken per person (%)

$$= \text{Total number of paid vacation days taken} \div \text{Available paid vacation days} \times 100$$

Note 4: total man-hours worked = 1,800 hours + Average monthly overtime hours × 12 months - Average number of paid vacation days taken × 7.5 hours

Health and Productivity Management

Basic Concept

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.

In March 2019, SEKISUI CHEMICAL Group formulated a philosophy regarding its goals for health and productivity management*1 in a Declaration of Health, and established the Basic Policy for Health and Productivity Management. Under the Declaration of Health, 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 addition, we are using the Health and Productivity Management Strategy Map*2 to resolve health and productivity management issues while addressing expectations and evaluation of measures.



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.

*1 Health and Productivity Management is a registered trademark of the NPO Kenkokeiei.

*2 Health and Productivity Management Strategy Map
https://www.sekisui.co.jp/csr/pdf/csr_strategy_map.pdf

Management Issues (Targets) to be Solved through Health and Productivity Management

- Contribute to greater productivity through healthy minds and bodies
- Address the declining birthrate and aging society
- Contribute to a higher engagement score
- Create and foster a well-being culture

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, and are working to promote better health among such small work sites as well.

Percentage of employees receiving health checkups (fiscal 2021): 98.9%, Percentage receiving a secondary medical examination (fiscal 2021): 67.7%

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 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. Population analysis has been mandatory since fiscal 2019. As such, population analyses have been conducted on a 100% Group-wide basis. In addition, detailed population analyses have been conducted at 91.6% of the Group's workplaces. Moreover, the rate of workplace environment improvement based on stress tests stands at 55.0%, with focused support provided at two sites in two companies.

2. Web-based Stress Management Training

We are conducting stress management training for newly appointed managers, mid-career hires (experienced personnel 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.

3. 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 the 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 so that not only healthy employees, but also employees with illnesses can work with peace of mind in a caring environment.

Initiative 4. Group-wide Initiatives

In order to promote health and productivity management in unison as a group, we are promoting the application of the Group's Health and Productivity Management Organization Recognition Program, in the large enterprise category. Group companies that are engaging in activities aimed at increasing the level of health through pre-assessment are covered under the application. We took steps to initiate information exchange meetings among applicable companies from fiscal 2019. Having established specific health and productivity management targets for each company and putting in place a mechanism to share details regarding the level of achievement, we are promoting activities on an integrated Group-wide basis. In addition, we have appointed people responsible for, and others in charge of health and productivity management at approximately 300 business sites. In this manner, we have established systems that ensure the definitive promotion of health and productivity management.

Initiative 5. Increase Motivation and Productivity

With the intent to establish productivity indicators, we have identified a total of 29 KPIs, including seven main indicators, and are developing health measures for each.

External Evaluation

Certified as a 2023 Health and Productivity Management Organization in the Large Enterprise Category (White 500)

SEKISUI CHEMICAL 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 Management Organization in the large enterprise category (White 500) for the seventh year in a row along with 32 affiliated companies in Japan.



2023
健康経営優良法人
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Companies receiving certification

SEKISUI CHEMICAL Co., Ltd.

Companies certified together with SEKISUI CHEMICAL:

SEKISUI MEDICAL CO., LTD.	Sekisui Famis Kinki Co., Ltd.	Nishinihon Sekisui Industry Co., Ltd.
Hokkaido Sekisui Heim Industry Co., Ltd.	Sekisui Heim Chushikoku Co., Ltd.	Sekisui Home Techno Co., Ltd.
Sekisui Heim Tohoku Co., Ltd.	Sekisui Famis Chushikoku Co., Ltd.	Sekisui Seikei, Ltd.
SEKISUI FAMIS TOHOKU Co., Ltd.	Chushikoku SEKISUI HEIM Real Estate Co., Ltd.	Nara Sekisui Industry Co., Ltd.
Tohoku SEKISUI HEIM Real Estate Co., Ltd.	Chushikoku Sekisui Heim Industry Co., Ltd.	Shikoku Sekisui Co., Ltd.
Sekisui Heim Industry Co., Ltd.	Sekisui Heim Kyushu Co., Ltd.	Kyushu Sekisui Industry Co., Ltd.
Tokyo Sekisui Heim Co. Ltd.	Sekisui famis kyusyu Co., Ltd.	Kyushu Sekisui Shoji Infratec Co., Ltd.
Tokyo Sekisui Famis Co., Ltd.	Kyusyu SEKISUI HEIM Real Estate Co., Ltd.	SEKISUI MUSASHI KAKO CO., LTD.
Sekisui Heim Chubu Co., Ltd.	Kyushu Sekisui Heim Industry Co., Ltd.	Sekisui Material Solutions Co., Ltd.
SEKISUI FAMIS CHUBU Co., Ltd	Chiba Sekisui Industry Co., Ltd.	Sekisui Fuller Company, Ltd.
Sekisui Heim Kinki Co., Ltd.	Yamanashi Sekisui Co., Ltd.	

Note: From the list of corporations certified as 2023 Health and Productivity Management Organizations in the Large Enterprises (White 500) category.

Performance Data

Ratio of employees on prolonged absence due to mental health issues ✓

	FY2019	FY2020	FY2021	FY2022
Ratio of employees on prolonged absence due to mental health issues (%)	0.77	0.98	1.02	1.13

Note: Number of employees who were absent from work for more than one consecutive month due to mental health issues / number of employees covered by health management at SEKISUI CHEMICAL Group domestic business sites

Stress-check Assessment Rate ✓

	FY2018	FY2019	FY2020	FY2021	FY2022
Assessment rate (%)	87.1	92.5	93.9	95.2	95.5

Note: Companies subject to stress check: Companies that are members of the Sekisui Health Insurance Society (excluding some affiliated companies)

Primary KPIs (seven indicators) (see the aforementioned ratio of employees on prolonged absence due to mental health issues)

	FY2020	FY2021	FY2022
Implementation of four or more of the seven health habits (%)	59.0	54.0	63.9
Implementation ratio of workplace environment improvements (%)	64.3	65.5	55.0
Presenteeism (%)	65.5	64.7	57.6
Absenteeism (days)	1.27	1.31	2.29
Employees in an ideal health condition (%)	–	–	33.1
Work engagement (points)	–	–	3.05

Note 1: Presenteeism: The University of Tokyo version one-question-type survey in fiscal 2019 and WHO-HPQ survey from fiscal 2020 and beyond.

Note 2: Absenteeism: Actual calculation from fiscal 2022.

Note 3: Employees in an ideal health condition: Percentage of respondents who answered that their usual subjective mental and physical health was “very good” or “good” based on the survey with questions referenced from the OECD (BLI: Better Life Index).

Note 4: Work engagement: The nine-item average, of the nine-item version of the Utrecht Work Engagement Scale, the most widely used work engagement measurement.