



## Sekisui Chemical Group Modern Slavery Statement for Financial Year (FY) 2020

This Statement sets out the steps taken by Sekisui Chemical Co., Ltd. in FY2020, ending March 31, 2021, as well as steps planned for in FY2021 and beyond.

This Statement additionally reports on the effect of the COVID-19 pandemic and the current situation at the time of writing.

### 1. About this statement

Sekisui Chemical Co., Ltd. (hereafter referred to as the “Company”) makes this statement pursuant to section 54 (1) of the UK Modern Slavery Act 2015 (hereafter referred to as the “Slavery Act”). It sets out the actions taken by Sekisui Chemical Group, which is a corporate conglomerate managed by the Company as the parent company, to prevent any forms of modern slavery and human trafficking in any part of its business or its supply chains.

The Company hereby declares that it remains fully committed to opposing slavery and human trafficking in any part of its business or its supply chains. The concepts of slavery and human trafficking used in this statement are as defined in the Slavery Act.

### 2. Outlines of our business and structure

Since its establishment in 1947, Sekisui Chemical Group has continued to open up new frontiers of “residential and social infrastructure creation” and “chemical solutions,” utilizing its prominent technology and quality, thereby contributing to enrich people’s lives and the social infrastructure. In 2001, we adopted the Divisional Company Organization System, which consists of three Divisional Companies and Headquarters.

Sekisui Chemical Group’s products are sold around the world. The Group, which has its head office in Japan, has 182 Group companies in 20 countries and regions. It has 26,577 employees and consolidated sales of 1 trillion 56.56 billion yen.

- Divisional Companies and Major lines of business

- Housing Company

Major lines of business:

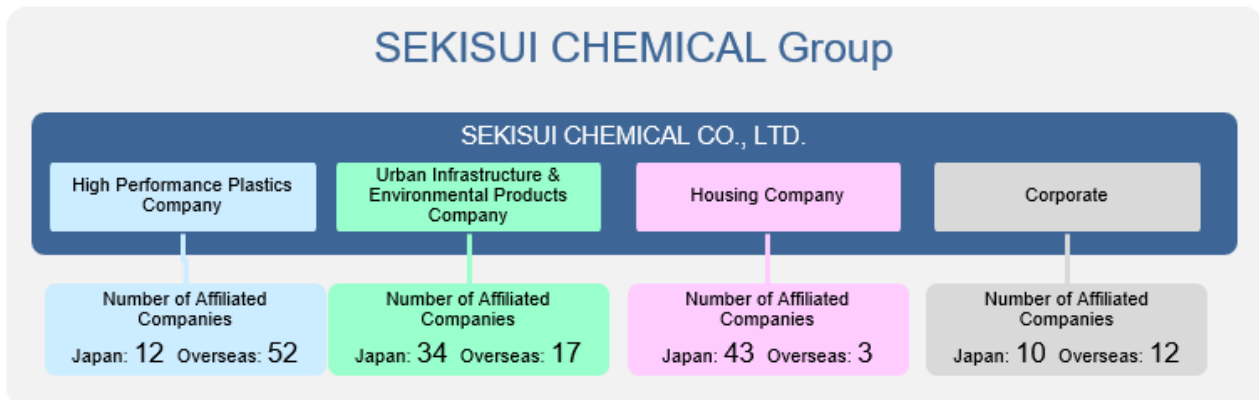
Housing, Stock business, Town and community development, Residential services

- Urban Infrastructure & Environmental Products Company

Major lines of business:

Piping and infrastructure, Building and living environment, Advanced materials

- High Performance Plastics Company  
Major lines of business:  
Electronics, Mobility, Building and infrastructure materials
- Headquarters  
Supervision over life science and other businesses



- Business in the UK

In the United Kingdom, multiple companies that are part of Sekisui Chemical Group, including Sekisui Diagnostics (UK) Limited, are operating businesses.

Major lines of business: Manufacture and sales of enzymes, Clinical Chemistry and Coagulation systems & reagents, Infectious Disease Rapid Tests, Sales of polyolefin foam, etc.

### 3. Outline of our supply chains

We source raw materials from suppliers across the world based on our [Basic Procurement Policy](#), which we have drawn up and implemented founded on five key concepts of openness, impartiality and fairness, compliance with laws and regulations, mutual trust, and environmental considerations.

In addition, we specifically request the cooperation of our first-tier suppliers in implementing concrete steps in the four focal areas of Securing superior product quality, Environmental considerations, Compliance with laws, regulations and social customs and Safety and hygiene. Guidelines have been prepared for the suppliers, and questionnaires and other surveys are regularly conducted for this purpose. The guidelines and surveys include items on “compliance with the concepts and definitions of the Slavery Act”.

Furthermore, we ask our suppliers to take additional steps concerning risks that have been identified in relation to procurement of raw materials.

- Procured materials

As for raw materials, we conduct the CSR Status Survey on our first-tier suppliers. The coverage rate is approximately 80% (based on the monetary purchased value).

- Timber  
We only use legally harvested timber and recycled timber. With the cooperation of 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.
- Conflict minerals  
We are working to eliminate conflict minerals (Gold, Tantalum, Tungsten, and Tin, known as 3TG), which are associated with inhumane activities.

- CSR procurement survey for business partners

[CSR Report Topic: Foundation Underpinning ESG Management > Respect for Human Rights > Conducting CSR Procurement Surveys for Business Partners](#)

- Implementation of the Conflict Minerals Survey Guidelines

[CSR Report Topic: Foundation Underpinning ESG Management > Respect for Human Rights > Addressing the Issue of Conflict Minerals](#)

- Timber Procurement

[CSR Report Topic: Basic Policies > Sekisui Chemical Group "Basic Procurement Policy" \(Timber Procurement\)](#)

#### 4. Policies related to prevention of slavery and human trafficking

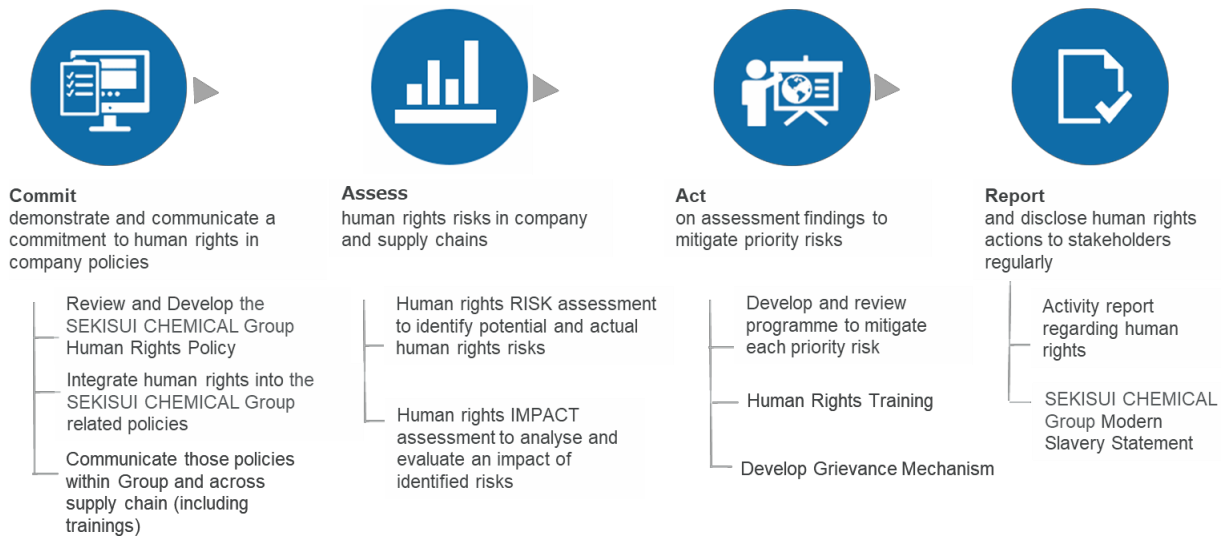
In May 2019, Sekisui Chemical Group drew up the Sekisui Chemical Group “Human Rights Policy”, based on the United Nations Guiding Principles on Business and Human Rights, to prevent all forms of slavery and human trafficking in our business and supply chains. The “Human Rights Policy” was adopted by the Board of Directors of the Company and signed by the President and Representative Director of the Company. The next steps will include thoroughly informing all employees and business partners of Sekisui Chemical Group about the “Human Rights Policy” and fully implementing the Policy.

[Sekisui Chemical Group “Human Rights Policy”](#)

In March 2009, Sekisui Chemical Group signed the United Nations Global Compact and, together with all of our Group companies, is supporting the Ten Principles of the UN Global Compact.

#### 5. Our due diligence process

The Company will establish a mechanism for human rights due diligence as shown below, in accordance with the processes detailed in the United Nations Guiding Principles on Business and Human Rights. This mechanism will guide our future actions.



## 6. Analysing potential human rights risks

In FY2018, the Company conducted a human rights impact assessment of the major business domains of Sekisui Chemical Group. Using Verisk Maplecroft's social and environmental risk data, we analysed potential human rights risks in the four major business domains of Homebuilder, Auto Parts, Industrial Machinery and Goods, and Pharmaceuticals. In particular, we focused on ten major human rights issues, including modern slavery (namely, (1) slavery, servitude, forced or compulsory labor, (2) human trafficking, and (3) exploitation (sexual exploitation, organ harvesting, etc.)).

[CSR Report Topic: Respect for Human Rights > Identifying Human Rights Risks Within the Group](#)

### ● Interviews to related internal staff

Starting in February 2019, Caux Round Table Japan (CRT Japan), as a third party, conducted interviews on the related internal staff of the Group companies regarding countries and issues with high potential human rights risks. Through the interviews, we confirmed whether there was any gap between the results of the human rights impact assessment and actual business conditions at the Company.

- Interviewees: staff members with prior experience of being stationed at any of the Group companies in Thailand, China, and India and other related internal staff members
- Number of interviews and interviewees: Nine interviews for 13 interviewees
- Period and location: February to March 2019 in Tokyo

- Interview Results (excerpts)

- The level of awareness of safety at overseas production companies is high, and safety activities have taken hold. However, those safety activities were not intended as a means to manage human rights risks.
- Migrant laborers, foreigners, and women working at the Group companies involved in the interviews were not discriminated against.
- Although the Headquarters-led CSR procurement survey is implemented for suppliers, no supplier checks were performed from the perspective of human rights at the site level.
- Some overseas production companies have factories that use a large number of temporary workers (fixed-term employees).

As per above, some of the findings indicated issues requiring further confirmation of on-site conditions. We accordingly considered it critical to conduct interviews at our production sites in Japan and overseas with the aim of listening to the opinions of our employees to confirm if our business activities are adversely impacting human rights and to better understand how seriously those rights are being impacted. In fiscal 2020, we conducted interviews at Higashi Nihon Sekisui Industry Co., Ltd., an Urban Infrastructure & Environmental Products Company.

- Human rights interviews implemented at domestic production sites

- Targets

- 1) Foreign nationality employees working at Higashi Nihon Sekisui Industry Co., Ltd. an Urban Infrastructure & Environmental Products Company (including contract and dispatch employees)
- 2) Personnel and labor management supervisors for these foreign nationality employees

- Reason for selecting this site

Organizations both inside and outside of Japan have frequently indicated a high level of human rights risks in Japan related to the general labor environment for foreign nationality employees while Japan is not considered a country with high latent risks based on the aforementioned risk assessment. Since this production site has relatively higher ratio of foreign nationality employees compared to other Group domestic locations, we considered that implementing the interview here would be meaningful.

- Implementation method

It was conducted remotely due to COVID-19 pandemic.

- 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 evaluation related to handling of these issues, we will also carry out similar human rights interviews at overseas locations in the future. In this way, we will develop a framework for human rights due diligence.

## 7. Engagement with external stakeholders

The Company participates in the Human Rights Due Diligence Workshop, organized by Nippon CSR Consortium with CRT Japan serving as the secretariat, to discuss human rights issues in each business sector. In FY2020, we participated in the workshop from May to July 2020. The workshop brings together different stakeholders, including companies, NGOs, NPOs, learned persons and experts, to exchange views on ways to promote human rights due diligence. After issues are raised by NGOs, NPOs, and experts, the participating firms discuss and identify [sector-specific human rights issues](#), using as a reference the Human Rights Guidance Tool developed by the United Nations Environment Programme Finance Initiative (UNEP FI). The results of the discussions inform the Company's human rights activities.

In October 2020, we held a separate dialogue with human rights experts from abroad who had been invited to attend the [2020 Business and Human Rights Conference in Tokyo](#), which was hosted by CRT Japan. In the dialogue, we briefed the experts on the Company's human rights efforts (the experts were from the Danish Institute for Human Rights and the United Nations Development Programme (UNDP)), and had their advice on how the Group should develop activities in the future.

We will systematically promote human rights activities in accordance with the Guiding Principles on Business and Human Rights, while taking into consideration the views of external experts obtained from the above engagements.

## 8. Measuring with appropriate performance indicators

- CSR Procurement Surveys

Since 2007, we have been conducting the CSR Procurement Survey on business partners based on our procurement policy. (These efforts are led by the procurement departments at the Divisional Companies and Group companies.) The use of the survey was expanded overseas in 2015.

Past results: Survey so far conducted on 529 companies (58 companies in North America; 350 companies in Japan; 100 companies in China and other Asian countries; and 21 companies in Europe)

In FY 2020, we have worked on formulating sustainable procurement guidelines that cover the UN Global Compact 10 Principles in order to enhance sustainable procurement. For the fiscal 2021 survey, we plan to significantly revise survey content to confirm guideline compliance status and substantially increase survey categories. We will also add suppliers of electric power and production equipment manufacturers to our business partner surveys and expand the overall scope.

- Surveys on raw materials (timber, conflict minerals)
  - Timber Procurement Survey:
    - Year surveyed (latest): FY2020 (Housing Company, Urban Infrastructure & Environmental Products Company, High Performance Plastics Company)
    - Scope: Main structural materials, semi-structural materials, nonstructural materials, fixtures and fittings, kitchens, vanities, interior decorative finishing materials, paper
    - Purchase volume (m3): <Housing Company> Approx. 141,000m3  
<Urban Infrastructure & Environmental Products, High Performance Plastics Company> Approx. 20m3, approx. 4,532 t
    - Results: <Housing Company> 55% certified, 10% certified for legality, 35% recycled timber  
<Urban Infrastructure & Environmental Products, High Performance Plastics Company> 99.8% certified, 0.1% certified for legality, 0.1% recycled timber
  - Conflict Minerals Survey:
    - Year surveyed: FY2020 (efforts led by the quality control division in each Divisional Company)
    - Scope: Urban Infrastructure & Environmental Products Company, High Performance Plastics Company, and their Group companies (all located in Japan, 471 surveys requested)
    - Results: Non-use of 3TG (408 cases), registration to RMI (62cases), , smelting facility uncertainty (1 case). We will continue to conduct these surveys in fiscal 2021.
- Establishment of a supplier hotline

In 2002, Sekisui Chemical Group established the in-house whistleblower system called Sekisui Compliance Assist Network (S.C.A.N.), which can be used by any employee of the Group. In FY2015, access to S.C.A.N. was also expanded to

executive officers and employees of business partners in Japan that transact with the Group.

[CSR Report Topic: Legal and Ethical Issues > Responses to External Notifications\)](#)

## 9. Education about slavery and human trafficking

- Human rights training programmes for Group employees

CSR training programmes for new hires and newly promoted employees also include contents aimed at raising employees' awareness about human rights issues, such as forced labor, child labor, and harassment. As part of human rights education for employees from fiscal 2020, we began our Business and Human Rights E-Learning course, which is available on the company intranet. Formulating content for domestic and overseas employees, we foster attitudes oriented towards respecting the human rights of everyone affected by business activities.

In addition, the compliance manual for domestic Group companies and the global compliance manual for overseas Group companies outline respect for human rights and measures for the prevention of harassment. Moreover, training programs that aim to prevent all forms of harassment are held every year, with 367 individuals taking part in fiscal 2020.

[CSR Report Topic: Foundation Underpinning ESG Management > Respect for Human Rights > Human Rights Training and Education for Employees](#)

## 10. Plans for the future

Based on the perspectives of the United Nations Guiding Principles on Business and Human Rights, we will make efforts to prevent and not to take part in human rights violations in any part of our business or our supply chains. Specifically, we will take the following steps:

- Implementation of human rights risk assessment and impact assessment

We will implement SEKISUI CHEMICAL Group's human rights risk assessment based on the result of potential human rights risk analysis of Verisk Maplecroft which we conducted in FY 2018.



- Implementation method: Survey (We conduct 2 surveys- for managers and non-managerial employees)
- Target: Managers and Non managerial employees of SEKISUI CHEMICAL Group and affiliated companies of all areas where the group is located (North & Central America, Europe, Asia, and Australia). Non managerial employees are chosen based on the guidance of CRT Japan.
- Aim: Identify human rights topics to be prioritized by conducting a comprehensive survey and gathering the opinions of both management and non-managerial employees.

Based on the topics identified here, we plan to formulate action plan on SEKISUI CHEMICAL Group's human rights initiatives. Moreover, when we determine that further investigation is needed for certain business sites, plants, etc., based on the survey, we will confirm actual situation by conducting interviews (impact assessment).

- Education about slavery and human trafficking

We will put continuous efforts into education of “business and human rights” for group employees, based on the Human Rights Policy. We include contents aimed at raising employees' awareness about human rights issues, such as forced labor, child labor, and harassment, in trainings for new hires and newly promoted employee trainings, and will continuously update its contents, based on changes in social demand.

- Establishment of a grievance mechanism

To meet the requirements of the grievance mechanism detailed in the United Nations Guiding Principles on Business and Human Rights, we will consider expanding our current reporting system/hotline.

- Addendum: On the effect of COVID-19

Although not required under the scope of the Statement, this section has been added as an addendum to the Statement. COVID-19, which was declared a pandemic by WHO in March 2020, has had an impact on our business activities as well as our supply chains. Sekisui Chemical Co., Ltd. and its Group companies in Japan are following the guidelines of the Japanese Government, while overseas business sites follow guidelines of their respective governments, working to ensure the safety of all of our workers and to sustain and continue our business activities.

As the end of the pandemic is not yet in sight, our current forecast is that its effect will be felt over the long term and that its impact on our supply chains will increase. We intend to uphold the spirit of the Modern Slavery Act in our handling of the effects of COVID-19.

This statement was adopted by the Board of Directors of the Company and signed by Keita Kato, President and Representative Director of the Company.

September 9<sup>th</sup>, 2021  
Keita Kato

A handwritten signature in black ink that reads "Keita Kato". The signature is written in a cursive, flowing style.

President and Representative Director  
Sekisui Chemical Co., Ltd.