

Realizing Vision 2030

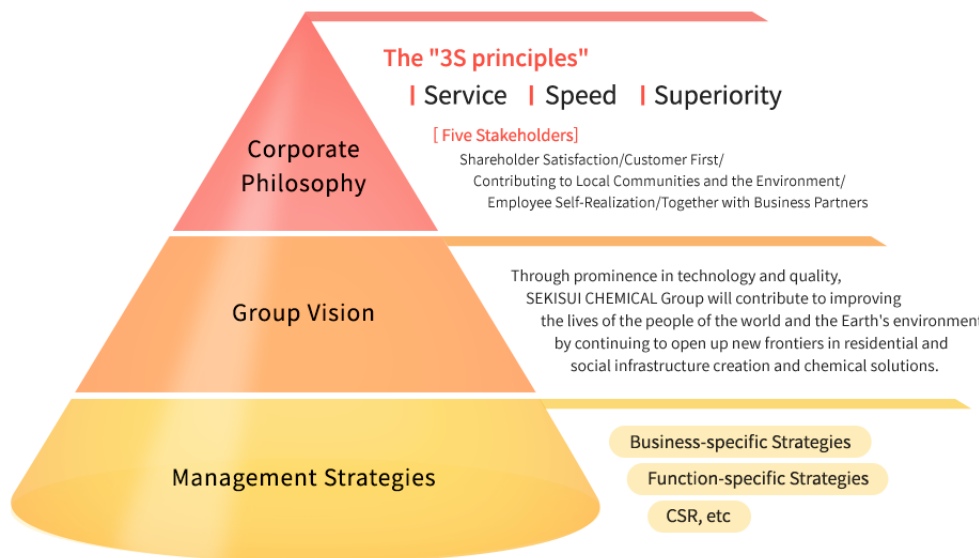


Realizing Vision 2030

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.

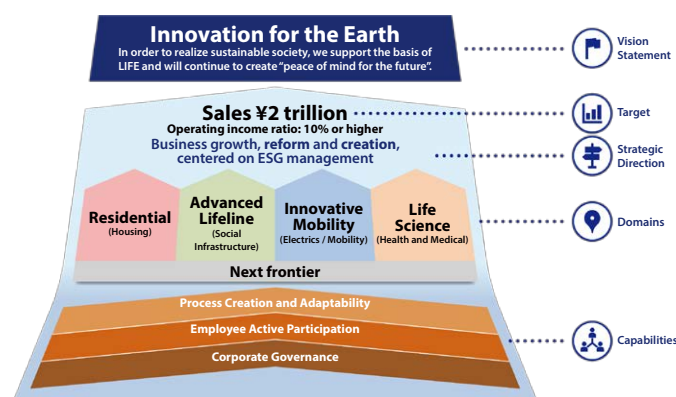
<https://www.sekisuichemical.com/about/outline/vision/principles/>

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

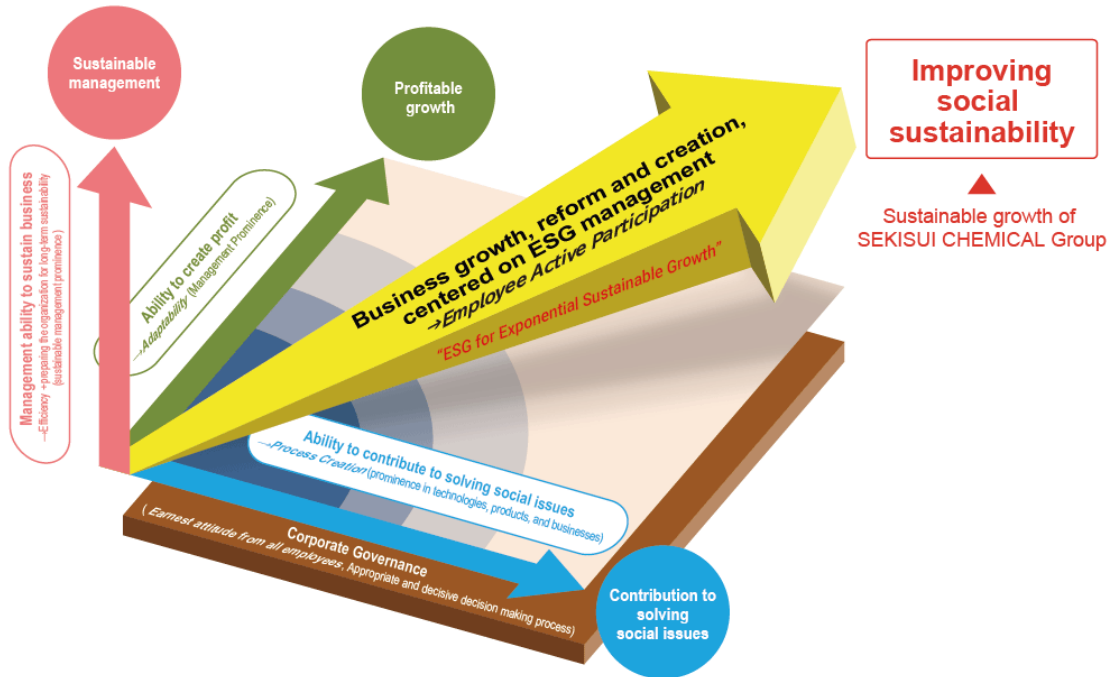
See the following materials for more details on the Long-term Vision, Vision 2030.

- 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.

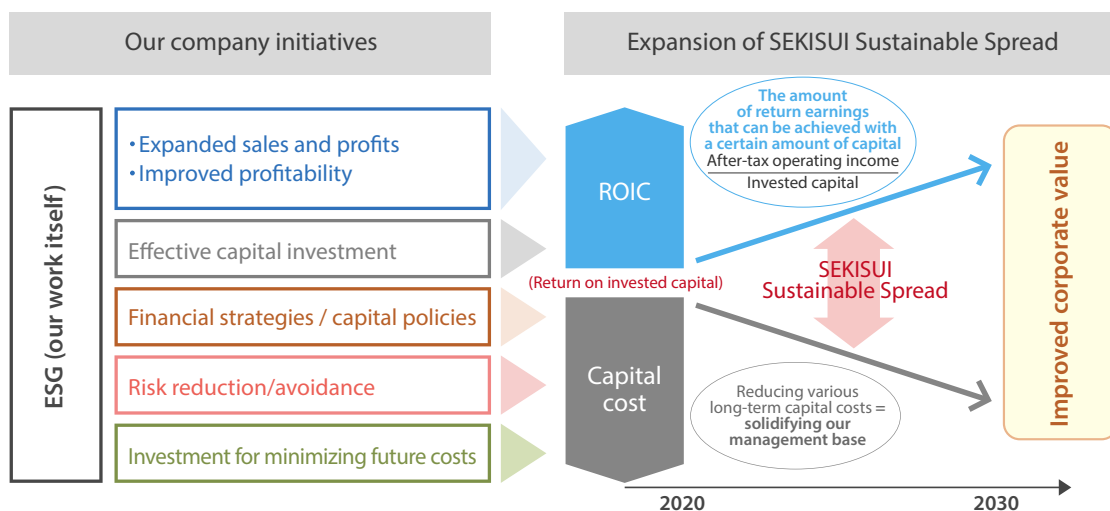
SEKISUI CHEMICAL Group adopted ROIC as an indicator of efficiency and is targeting an improvement of approximately 1% in real terms. To this end, we will improve our profit margin by such measures as expanding marginal profit and improving productivity and increase invested capital turnover through various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