

Key ESG Management Issues and Major Implementation Measures



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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	
				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.