

Other Key Issues



TOPICS

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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.

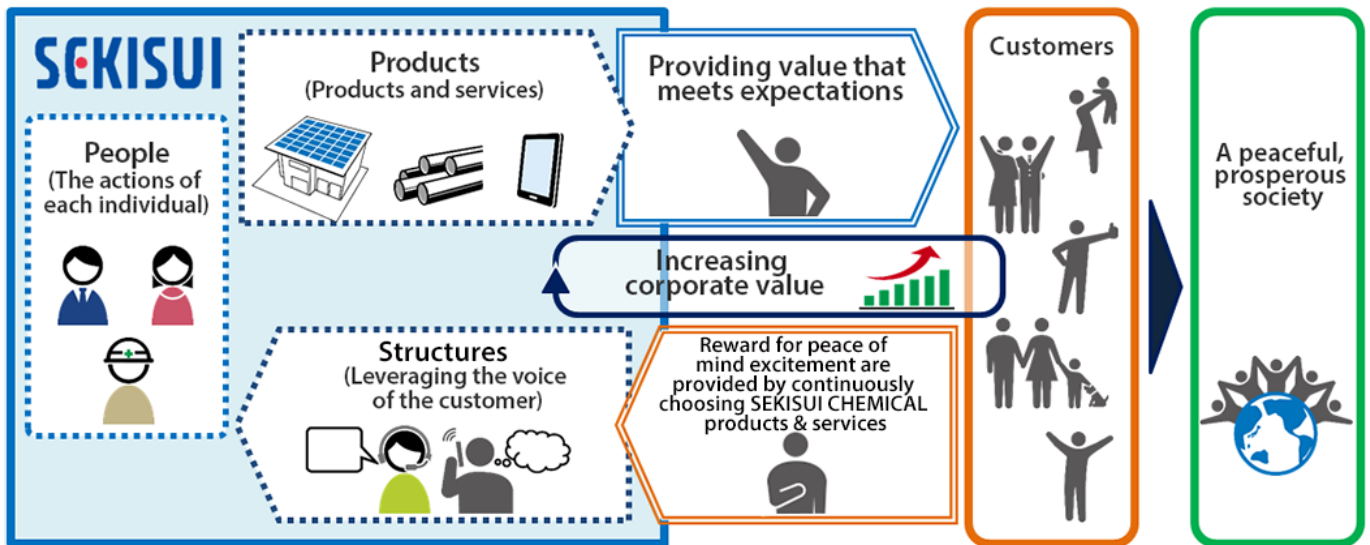
Management Approach

Since 1999, SEKISUI CHEMICAL Group has placed the utmost emphasis on satisfying its customers and has accordingly practiced customer satisfaction (CS) management.

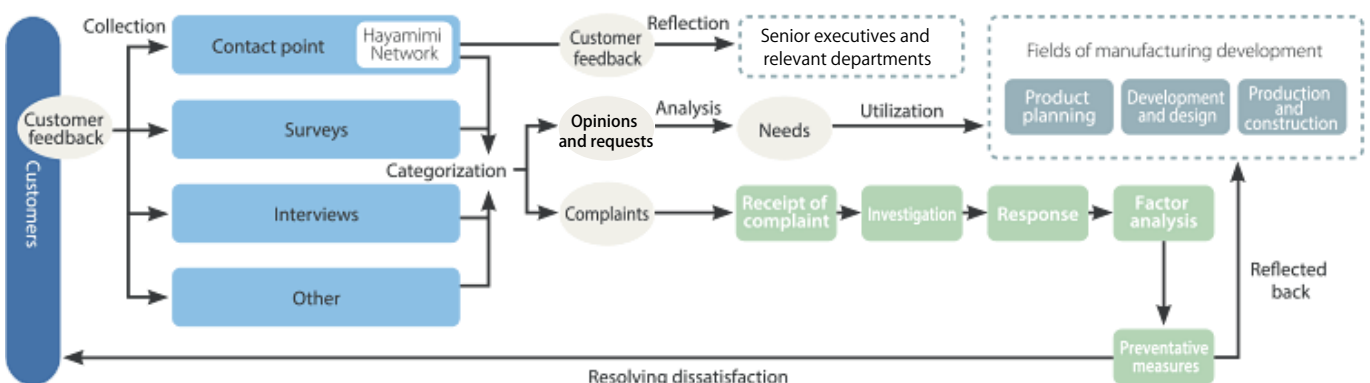
Recognizing that both customer satisfaction and quality are inseparable, we have engaged in CS & Quality management since 2004 in a bid to consistently deliver sufficient value to our customers, ensuring they will continually select our Group's products and services.

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.

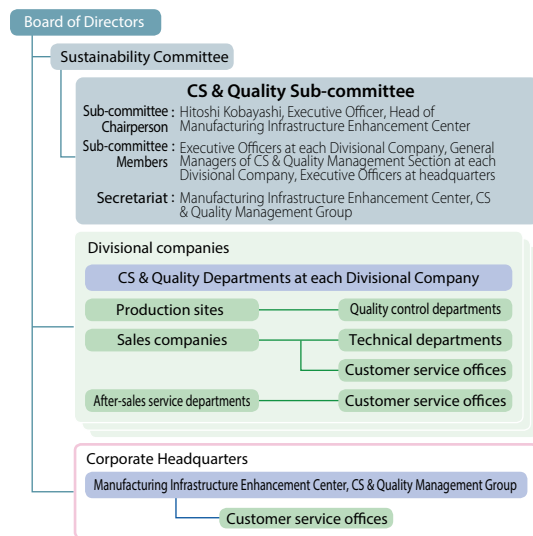
CS & Quality Management Promotion System

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

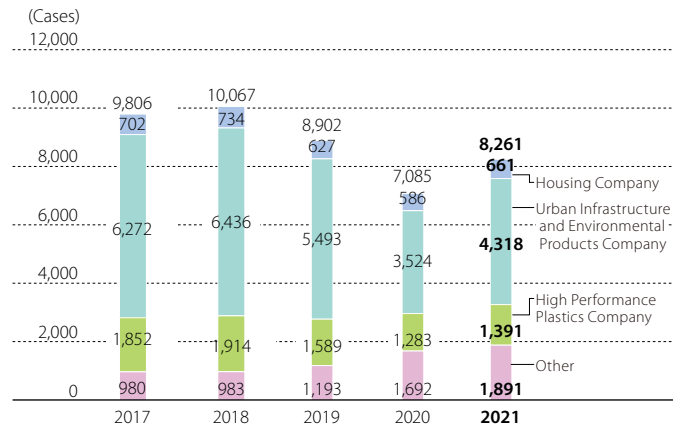
STAR = Leader, 55 = 55th anniversary

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

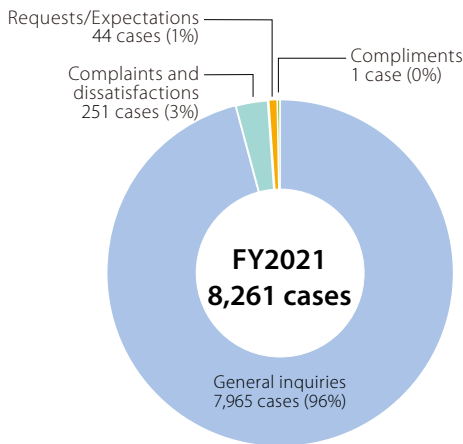
**Data Related to Improvements in the Ability of the
Customer Consultation Office to Address Customer Feedback** ✓

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

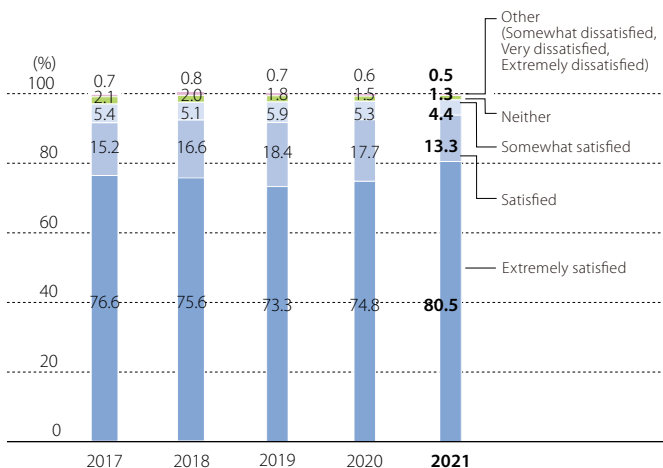
Breakdown of incoming contacts (SEKISUI CHEMICAL)



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

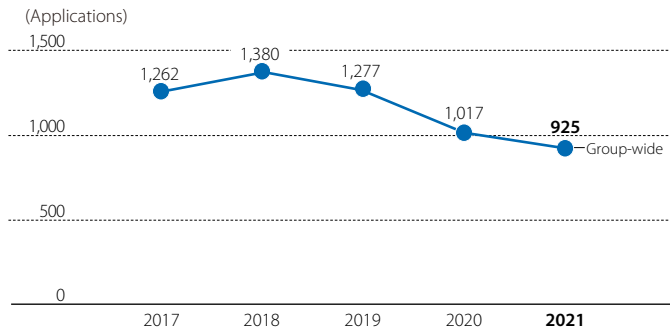
SEKISUI CHEMICAL Group has set up independent intellectual property divisions at its Corporate Headquarters and at each divisional company. This takes into account the Group’s divisional company structure and enables the Group to promptly engage in activities that are attuned to the business environment 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.

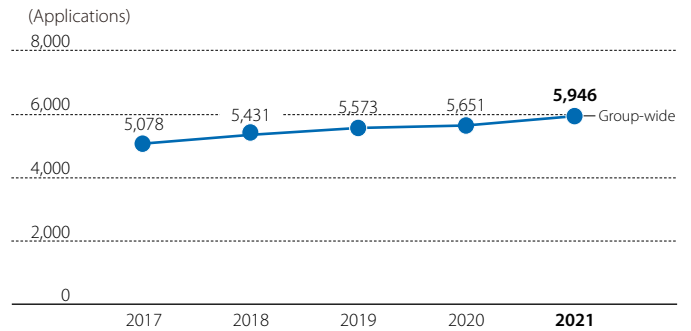
At our Corporate Headquarters, we carry out unified planning and promotion of IP strategy for all Group companies, aiming to optimize their IP resources.

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)	