

# Stakeholder Engagement

To build relationships of trust with its five stakeholders —customers, shareholders, employees, business partners as well as local communities and the environment—SEKISUI CHEMICAL Group considers that it is important to improve corporate value through constructive dialogue. Positioning its stakeholders as partners in improving corporate value, having constructive dialogue with them, and assessing their expectations and requests, as well as resolving society-wide issues together with them, leads to great opportunities for SEKISUI CHEMICAL Group. We will create a relationship of mutual prosperity with our stakeholders while continuing to promote sustainable growth.

## Promoting Constructive Dialogue with Stakeholders

### Dialogue with Stakeholders

Rallying to the catchphrase “we consider customer feedback as the beginning of our manufacturing,” we have worked diligently to realize quality that is always specified by customers. In this regard, SEKISUI CHEMICAL Group conducted Customer And Top (CAT) meetings (held for approximately 50 houses in fiscal 2020), which featured Housing Company executives listening to customer feedback directly.

### Dialogue with Employees

Believing that dialogue between management and employees is essential in resolving the problems faced by the Company as well as work-related issues, SEKISUI CHEMICAL Group has been providing opportunities for direct dialogue between employees and top management since fiscal 2002.

In fiscal 2020, we held eight online Vision Caravan 2020 meetings in Japan and five overseas (East Asia, ASEAN, India, Australia, North America, and Europe) to promote awareness of our newly formulated



Vision Caravan 2020 event held online

Vision 2030 and ESG management, the key to realizing our Long-term Vision, among all employees throughout the Group. The president and directors outlined their personal thoughts on how to realize Vision 2030 while also explaining the Group's ESG management. In response, employees discussed among themselves and deepened their understanding toward how they should approach each business activity in order to realize Vision 2030. Taking into consideration a variety of factors, employees also looked into how they can link individual operations to the Group's ESG management. In response to questions and presentations that arose from deliberations among employees, the president and directors provided comments and feedback, while promoting lively interactive dialogue.

### Dialogue with Shareholders and Investors

SEKISUI CHEMICAL Group believes it is important to actively disclose information in a timely and appropriate manner. On the SEKISUI CHEMICAL Group website, we established the Corporate Information Disclosure Regulations, which specify the content and system of disclosure as part of our effort to strengthen our internal information disclosure framework, based on the Principle of Corporate Information Disclosure. Taking full consideration of fair disclosure, SEKISUI CHEMICAL Group posts its financial statements and results briefings on its website in Japanese and English simultaneously and provides recordings of each briefing and a transcript of the question-and-answer sessions. In fiscal 2020, management held online presentations of the Long-term Vision and Medium-term Management Plan, as well as quarterly financial results briefings.

With its business domains so diverse, SEKISUI CHEMICAL Group believes it is important to give clear explanations of its actions to individuals to deepen understanding of the Group's overall business characteristics and ESG management initiatives. Among a host of initiatives, the Company actively conducts meetings with institutional investors and sell-side analysts. In fiscal 2020, we held a small meeting for sell-side analysts covering the HPP Company's growth strategy together with each business strategy.

We view active engagement between investors and management as one of our key points of focus, and are actively engaging in constructive dialogue with investors and shareholders, with the feedback reflected in our management efforts. We are also working to improve our IR materials, including the Integrated Report, based on the opinions and questions we receive. In fiscal 2020, we were ranked second in the chemicals and textiles industry in the annual Securities Analysts' selected companies performing excellent

disclosure conducted by the Securities Analysts Association of Japan (SAAJ). This is in recognition of the Company's proactive approach to the disclosure of ESG and other non-financial information.

We intend to continue focusing on the voice of the capital markets moving forward, and will promote measures aimed at bolstering corporate value and ensuring sustainable growth by providing clear and detailed explanations.

### Local Communities and the Environment

SEKISUI CHEMICAL Group emphasizes a perspective that encompasses contributions to the development of communities through our business, coexistence with communities, and environmental conservation. We are collaborating with local communities and working to convey to the next generation the importance of conserving the natural environment. In addition to implementing career educational programs for elementary, middle, and high school students that leverage the characteristics of our business activities, we are promoting a wide range of activities including various environmental preservation activities in an effort to safeguard the natural environment conducted by Group business sites while providing support and assistance for research based on innovations inspired by nature.



Kyusyu Sekisui Children's Nature Academy

### Distributing Value to Stakeholders (Fiscal 2020)

SEKISUI CHEMICAL Group calculates the status of distribution based on financial statements by stakeholder, using GRI and other standards as a reference.

(Millions of yen)

Stakeholders	Method of Calculating Amounts	
Shareholders	Dividends	22,193
Business partners	Cost of Sales, Selling Costs / General Administrative Costs (Excluding Personnel Costs)	778,554
Employees	Labor costs, Salaries and allowances as part of sales costs and general administrative costs, Provisions for bonuses, Provisions for retirement pay	210,705
Local communities	Donations	218
Global environment	Environmental conservation costs	16,207
Government and administrative bodies	Corporate taxes, local taxes, business taxes	19,902
Creditors	Interest paid as part of costs apart from sales	861