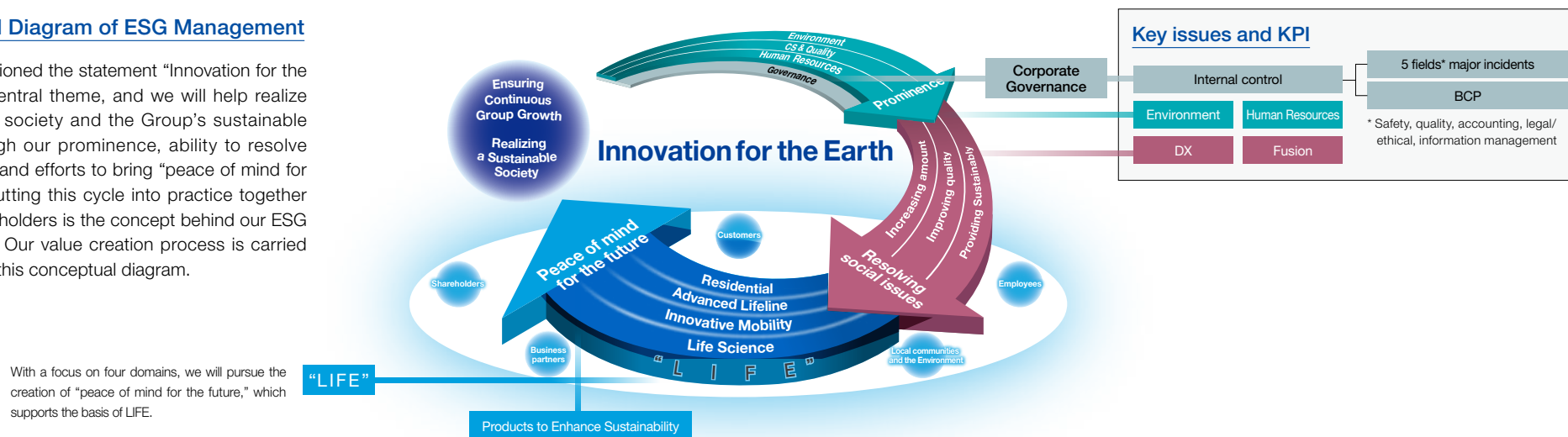


ESG Management at SEKISUI CHEMICAL Group

The efforts of SEKISUI CHEMICAL Group to contribute to resolving social issues directly connect to the greater sustainability of society, while the net sales gained in exchange for these contributions indicate the degree to which the Group helps resolve social issues. By raising this degree of contribution, the Group can ensure its own profitable sustainable growth and in turn enable the further expansion of its contributions to customers, shareholders, employees, business partners, local communities, the environment, and all other stakeholders.

Conceptual Diagram of ESG Management

We have positioned the statement “Innovation for the Earth” as a central theme, and we will help realize a sustainable society and the Group’s sustainable growth through our prominence, ability to resolve social issues, and efforts to bring “peace of mind for the future.” Putting this cycle into practice together with our stakeholders is the concept behind our ESG management. Our value creation process is carried out based on this conceptual diagram.



With a focus on four domains, we will pursue the creation of “peace of mind for the future,” which supports the basis of LIFE.

Key ESG Management Issues (Materiality)

To realize its Long-term Vision, Vision 2030, SEKISUI CHEMICAL Group has identified internal control, digital transformation, environment, human resources, and fusion as key issues (materiality), and is promoting ESG management under the fiscal 2020 to fiscal 2022 Medium-term Management Plan, Drive 2022. To identify key issues, the Group extracts issues from the UN Global Compact and other international guidelines, the ESG/CSR survey, and trends among other companies, and analyzes the opinions and expectations of stakeholders. Moreover, it comprehensively evaluates the candidates and decides upon the key issues from the two axes of Importance to Stakeholders and Importance to SEKISUI CHEMICAL Group management.

				KPI	Fiscal 2021 Results	Fiscal 2022 Targets			
Output	Products to Enhance Sustainability and Premium Framework			Drive the ability to create profit, contribute to solving social problems, and achieve sustainable management	Products to Enhance Sustainability and Premium Framework net sales	¥772.4 billion Includes Premium Framework ¥381.2 billion	¥800 billion Includes Premium Framework ¥440 billion	▶P.43	
Key Issues (Materiality)	Risk reduction/avoidance	Internal control	Reducing major incidents in the 5 fields	Safety Quality Accounting Legal/ethical Information management	Prevent or minimize the impact of major incidents on our corporate value	Number of major incidents in the 5 fields	0	0	▶P.68
			Business Continuity Planning (BCP)		Mitigate the impact of earthquakes, pandemics, and other incidents	BCP operating rate	BCP (initial action) establishment rate 100%	BCP operating rate 100% (Establishment of PDCA)	▶P.67
	Investment for the future (Improving sustainability KPI)	DX		Become the driver that transforms work processes and business models	Direct/indirect net sales per employee	N/A	FY2030: Indirect productivity 40% increase Direct productivity 15% increase (from FY2019)	▶P.28	
		Environment		Address climate change	Renewable energy as a percentage of purchased power	19.7%	20%	▶P.39	
		Human Resources		Aim to be an excellent and vibrant company where employees thrive on challenges	Degree of challenging behavior expression rate	13%	17%	▶P.37	
Fusion		Promote technology and business opportunities through internal and external fusion	Increasing net sales through fusion	+¥29.9 billion (from FY2019)	+¥50.0 billion (from FY2019)	▶P.22			