

**Special Feature**    **New Human Resources Strategy**



Interview with the Director who heads the Human Resources Department

**SEKISUI CHEMICAL Group is committed to ensuring that its challenge-oriented corporate culture continues to take root through HR policies that allow diverse human resources to excel**

**Kazuya Murakami**  
 Director, Executive Officer,  
 Head of the Human Resources Department

**Q Tell us about SEKISUI CHEMICAL Group's approach to human resources management.**

Based on our belief that employees are precious assets bestowed on us by society, we adopt a fundamental five-tier approach: (1) support employees who take it upon themselves to pursue new challenges, (2) value employees who are willing to grow through their own initiatives, and we provide support while expanding education and training programs, (3) prize employees who honor their commitments with fair and equitable evaluations and by providing incentives, (4) acknowledge and respect diverse work styles, and (5) value the well-being of employees by striving to create safe and secure work environments.

Unlike other human resources systems that are subject to periodic review and revision, this approach underpins every facet of our human resources management. Drawing from each of the five tiers, we develop human resources strategies linked to our business activities.

**Q What qualities do you look for in the human resources who will play a central role in the Group?**

SEKISUI CHEMICAL Group comprises roughly 27,000 employees. Around 5,000 of this total serve in key positions and play a central role in advancing the Group's business strategies. Rather than accept the status quo, we would hope that these key leaders will continue to provide the impetus for continuous change. Among these leaders, a smaller group of approximately 300 major line managers are responsible for driving the Group forward. As the core personnel charged with triggering innovation through growth and evolution, we would expect this core group to promote the reform of existing businesses while constantly pursuing opportunities in new frontier fields. As the principal group that unites and leads an organization comprised of diverse human resources, this top tier of managers is also required to strengthen and optimize the Group's organizational prowess while raising employee morale and the level of human resources capabilities.

Since transitioning to a divisional company organization system more than two decades ago in 2000, SEKISUI CHEMICAL Group has worked diligently to fortify its competitive advantage in each of its business market fields. As a processing manufacturer that holds few raw materials, each of the Group's businesses share the same concern of how to provide ongoing added value. Based on the knowledge that the value added now will inevitably become obsolete, top managers frequently communicate to leadership personnel the need to approach business with a healthy sense of crisis and an understanding that remaining stationary will lead to the extinction of value. Taking into consideration the aforementioned, I am convinced that the notion individual business units must continue to refine their prominence is steadily becoming entrenched throughout the entire Group.

**Q What are your thoughts on investing in human capital?**

Turning first to the level of compensation, we have historically incorporated research data on industry standards as well as companies of a similar scale into our human resources structure and systems. I believe we maintain a certain degree of competitiveness at this time. Taking into consideration any impact on the Company's current compensation, we took steps to renew our system in April 2022. Moving forward, we are looking to also position human resources investment as a non-financial indicator in our ESG management, after taking into account total personnel costs and the growth rate of marginal profit per employee.

As far as human resources education and training as an investment in human capital is concerned, the Group already provides a program developed in-house and conducted by employees as instructors, which we believe is reasonably effective. Looking ahead, we will continue to focus on human resources development that enables an increasingly diverse workforce to maximize the potential of their individual strengths, with an eye to both quality and cost.

**Q What led to the renewal of the Group's human resources system in April 2022, and what do you hope to achieve?**

Having initiated steps to consider a renewal of its approach toward human resources from 2020, SEKISUI CHEMICAL Group unveiled a new system in April 2022. In addition to clarifying the various missions and roles required to achieve the ideal forms set forth in the Long-term Vision, our goals in renewing the system are to support and assign our diverse pool of employees, who will take on challenges and improve themselves regardless of their age or year of employment, and to transform the system into one that genuinely puts the right person in the right place at the right time. Turning first to SEKISUI CHEMICAL on a stand-alone basis, we targeted approximately 1,300 key employees. Here, we see certain benefits from various perspectives including organizational management. We believe, for example, that it will be easier for human resources from the younger generation to picture their own career paths and vision of the future in greater detail by clarifying what each individual is committed to when carrying out his or her duties.

Naturally, we can expect a temporary negative effect on the motivation of employees as compensation declines depending on the individual. However, I expect that under the new human resources system, we will be better placed to change the awareness of each and every employee. With this in mind, I am convinced that the growth potential of each individual will become more apparent. Ultimately, we hope to create an environment in which employees are keen to work for a long period of time while experiencing both joy and hope as a member of SEKISUI CHEMICAL Group and contributing to society through the Group's business.

As a company that boasts a diverse and wide range of business fields in which employees can play an active role, I believe that SEKISUI CHEMICAL Group offers considerable appeal. Even as our business evolves with the changing times, I would hope that the Company will continue to provide a place in which

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each and every employee can excel while realizing their full potential through self-improvement.

#### **Q Under the Company's Long-term Vision, SEKISUI CHEMICAL Group is targeting sales growth in the global market. Tell us about the Company's human resources strategies and challenges related to global talent employees.**

Historically, each divisional company has taken the lead in recruiting and training human resources at overseas locations with regard to global talent employees. Currently, there are only a few non-Japanese staff in top management positions at the Group's overseas bases. With this in mind, how to best develop a global human resources strategy that incorporates the Group-wide perspective of corporate headquarters is a major issue. The goal should not be simply to increase the number of non-Japanese employees. Focus should also be placed on promoting the development of local staff with a view toward succession planning while lifting the capabilities of existing key personnel. This is expected to bring the Group one step closer to appointing large numbers of local staff to top management positions at overseas bases in the future.

Certain non-Japanese managers are already taking on top management positions at multiple Group companies overseeing not only a single local subsidiary but also overseas regions as a whole. There is no so-called glass ceiling at SEKISUI CHEMICAL Group. The hope here is that locally hired employees realize that there are ample opportunities for human resources, who have high aspirations and are looking to take on senior roles.

#### **Q Tell us about the degree of employee challenging behavior expression rate, which the Company has identified as a KPI for achieving the Long-term Vision.**

A SEKISUI CHEMICAL Group has set a high bar under its Long-term Vision. In specific terms, the Company is targeting net sales of ¥2 trillion and operating profit of at least ¥200 billion in 2030. These targets are based on the premise that each and every employee will not simply act in accordance with top-down instructions but rather understand and share an affinity with the Company's vision and business strategy. In this regard, employees are expected to act on their own initiative. With its human resources strategy linked closely to the Company's business plans, SEKISUI CHEMICAL Group recognizes the need to clarify the critical role that taking on challenges plays in realizing its goals. For this reason, we have positioned the degree of employee challenging behavior expression rate as a KPI.

To measure this degree of challenging behavior expression, SEKISUI CHEMICAL Group conducts an employee survey. This survey is designed to identify whether each employee recognizes, understands, and shares an affinity with the Company's Vision. In addition to clarifying whether employees are making their own plans while taking action to meet each challenge, the survey looks at whether employees see the outcomes of their actions, sense any change, or are producing results. Through this survey, we understand the degree of employee challenging behavior expression, and place ourselves in a better position to reflect that in our measures.

#### **Q Tell us about your own challenges.**

I moved from the Human Resources Development Division of the HPP Company\* to the Company's Human Resources Department at Corporate Headquarters in October 2020. In carrying out human resources strategies from a Group-wide perspective, it is vital that I understand the strengths and issues of our business as a whole as well as its people and the organization. This applies not only to the HPP Company but also to those divisional companies where I have no experience. On a personal note, one challenge is therefore to fulfill my responsibility and reflect this understanding in what needs to be accomplished going forward. Owing

to COVID-19, concepts regarding human capital are changing at an accelerated pace including the ways in which people work. Conventional Japanese wage and human resources systems that have been based on a predetermined number of working hours might no longer hold sway for certain occupations. Taking the aforementioned into consideration, I continue to think daily about what I should do and constantly stay in motion while feeling a strong sense of responsibility to put in place forward-looking human resources strategies.

\* HPP Company: High Performance Plastics Company

#### **Q What measures are you promoting to ensure work-style reform? How are you working to upgrade and expand diversity?**

We have been promoting steps to set common Group-wide targets for total working hours, yearly days off, and paid leave take-up rates since fiscal 2018. As teleworking has increasingly become the norm amid the COVID-19 era, we have pushed forward measures to improve productivity from the dual perspectives of autonomous work styles by each employee and autonomous management support by superiors under the banner of Work-Style Reforms 2.0 from fiscal 2021.

With a view to upgrading and expanding diversity, we are looking to increase the number of women, which is currently low in absolute terms. This in turn will lift the number of female managers. As far as the hiring of people with disabilities is concerned, our goal is not only to meet statutory requirements but also to put in place a system that leads to permanent employment. From a health management perspective, we are working with employees to improve the seven health habits\* in a bid to maintain sound health. Drawing on employee surveys, we are endeavoring to improve the health of employees while keeping track of the percentage of our workforce that requires care and attention.

SEKISUI CHEMICAL Group has received a certain level of recognition from external organizations for its efforts to upgrade and expand diversity. The Company has, for example, been selected as a Semi-Nadeshiko Brand and certified as a Health and Productivity Stock as well as a White 500 Health and Productivity Management Organization. Moving forward, we will continue to engage in activities that live up to this recognition and pursue measures with a sense of urgency.

\* Seven health habits: The seven items of breakfast, snacks, exercise, weight, sleep, smoking, and drinking considered significant in determining the degree of physical health advocated by Dr. Lester Breslow of the University of California, Los Angeles, in the United States.

#### **Q In closing, do you have a message for stakeholders?**

SEKISUI CHEMICAL Group has a large number of attractive businesses. We believe that many of these businesses offer considerable promise for the future. As far as the human resources strategies that support the human capital required to realize these businesses are concerned, we will continue to adopt the approach that employees are precious assets bestowed on us by society maintaining the Group's unwavering DNA to consistently take on challenges. Having said this, we will not hesitate to make the necessary changes in line with conditions as our business evolves, while adding our own unique brand of innovation.

From a human rights perspective, which for many has been taken for granted in the past, I believe the time has come for us to reexamine our thinking and to communicate our approach both internally and externally throughout the entire supply chain. A decade from now, when the digital native generation takes prominence, I am also convinced that the DX infrastructure that we are currently advancing Group-wide will continue to evolve around that generation's exploits.

More than ever before, I am conscious of the need to cast a wide antenna. In these ever-changing times, I hope to help create an organization in which each and every employee can fully demonstrate his or her unique strengths and continue to take on challenges.

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### Employee Comments

SEKISUI CHEMICAL Group comprises employees with diverse backgrounds who are committed to achieving the Company's Long-term Vision. Rather than simply act in accordance with top-down instructions, employees take proactive steps based on an understanding of the Company's vision and business strategy. SEKISUI CHEMICAL Group has identified the degree of employee challenging behavior expression rate as a KPI to measure whether employees see the outcomes of their actions, sense any change, or are producing results. In the section that follows, we provide details of interviews conducted with employees who are well positioned to comment objectively on SEKISUI CHEMICAL Group, including staff hired mid-career and non-Japanese personnel. We focus on how each employee has embraced and taken ownership of the Long-term Vision.

- Q1** Tell us about your career to date.
- Q2** Why did you decide to join the SEKISUI CHEMICAL Group?
- Q3** What are your thoughts on SEKISUI CHEMICAL Group's corporate culture?
- Q4** How do you perceive the connection between the Company's Long-term Vision and your own work?
- Q5** What challenges would you like to take on going forward?



### Kazunobu Kumeda

Head of Sales Group, Sales Promotion Office  
Town and Community Development Department  
Housing Company

**A1** After working at a housing-related company for approximately 20 years engaging in a wide range of subdivision housing, condominium, detached housing, and other town and community development activities, I joined SEKISUI CHEMICAL Group in April 2021.

**A2** Much like the representative Asaka Lead Town, SEKISUI CHEMICAL Group is working to expand its Town and Community Development business, which is based on the smart and resilient concept, by mobilizing the collective strengths of the Group. I decided to join the Company because I thought it would open the door to a host of opportunities that would allow me to demonstrate my know-how, knowledge, and experience. I have always been attracted to the Company's Housing Business as an industry leader in the energy conservation, energy creation, and other environmentally conscious housing construction fields. Drawing on the Company's Mission, technologies, and attractive products, I hope to participate in Town and Community Development that will bring as much joy as possible to local residents and people in the surrounding area.

**A3** I believe that the Company's insistence on quality and the speed with which it carries out its business is indicative of a corporate culture that is unique to SEKISUI CHEMICAL Group. In addition, each and every employee is highly motivated to take on challenges for the sake of their own and

the Company's growth. By placing myself in this environment, I feel that I am able to take on various challenges and grow every day. Meanwhile, our town and community development activities are still structured under a new business and organization. As such, we remain in a nurturing phase. Making the most of my experience to date, I hope to contribute to the expansion of the business and growth of the organization.

**A4** Town and community development is one pillar of SEKISUI CHEMICAL Group's growth strategy. Despite the pressure that comes with knowing failure is not an option, my goal is to help expand the business, conscious of the need for both a definitive outcome and speed, while accepting the responsibility of ensuring success. Even when considered as a single project, the development of a town and community affects a substantial number of people. The children living in an area or town under development, for example, gain an affinity with the landscape and parks that are created. As these children grow in the developed towns and communities, they come to regard the area as their hometown with all the importance that this entails. I believe this is one social contribution with the responsibility to develop attractive towns and communities while envisioning such a future.

**A5** The Company is looking to expand its town and community development endeavors to many other areas. Looking beyond just the town and community development concept, I believe that our efforts in the town management business are a feature that distinguishes SEKISUI CHEMICAL Group within the industry and a defining strength. Our work does not end with the development of a town. Extending to various areas including the protection of landscapes and creation of safe and comfortable living environments, we have put in place a structure and systems that are designed to satisfy long after taking up residence. My hope is that large numbers of people will feel great joy in living in a SEKISUI CHEMICAL Group town. The Town and Community Development business requires considerable investment including the purchase of land, development, and construction. Adding to this is the long-term nature of each project, I hope to help the Company in fulfilling its responsibility by carrying out uncompromising community development while at the same time contributing to society.

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### Employee Comments



#### Miriam Stadje

Human Resources Development Department  
Urban Infrastructure & Environmental Products Company

**A1** After joining SEKISUI CHEMICAL in 2018, I spent about two years in the Corporate Human Resources Department attending to various HR-related functions including employee language training and recruitment. Since fiscal 2019, I have been working at the UIEP Company, mainly in the area of global human resources development, and have been involved in the development of a career road map for global talent management. In addition, I created a platform on our SEKISUI Communication intranet that enables knowledge sharing and mutual communication among employees of the UIEP Company\* worldwide.

\* UIEP Company: Urban Infrastructure & Environmental Products Company

**A2** Originally from Essen, Germany, I participated in an exchange program in Russia while still at university. At that time, I quickly recognized that traveling abroad and building connections with people paved the way for personal growth. Despite not even knowing the SEKISUI CHEMICAL name before entering the Company, I decided to join because I was attracted by the opportunity to be involved in global talent development and communication on the global stage.

**A3** The Company is full of friendly people. Welcomed as a member of the SEKISUI family from my first day, I feel comfortable in this supportive corporate culture. Every day, I am impressed with the many employees who voluntarily strive to make a positive impact on society. In addition, the number of employees in the UIEP Company, especially of the younger generation, who have studied abroad or have high language skills is far greater than I had imagined. I feel that there is significant potential for global expansion in the future. Meanwhile, diversity encompasses much more than just age, gender or nationality. Take, for example, the wide range of approaches that can be taken to arrive at a solution. A culture that is more flexible and accepts individual differences can help ensure that we become a better company.

**A4** SEKISUI CHEMICAL Group is looking to generate half of its total sales from overseas under its Long-term Vision, Vision 2030. To achieve this goal, I believe my mission is to create a climate in which global human resources can play an even more active role.

**A5** My challenge for the future is to fully utilize the global talent management system and communication platform that we have built so far and establish workshops that lead to mutual exchanges between domestic and foreign employees, as well as set up a system for transferring

personnel from overseas. It is a big challenge to increase active communication, especially with people from countries where there is a time difference and English is not the native language, but I hope to contribute by providing many opportunities and stages for employees in Japan and overseas to interact and learn from each other, so that individual growth will lead to the organization's expansion.



#### Arturo Rios

Deputy General Managing Director  
SEKISUI S-LEC MEXICO S.A. de C.V.  
High Performance Plastics Company

**A1** Since joining SEKISUI S-LEC MEXICO 25 years ago, I have served in a variety of capacities including process engineer and plant manager. Despite these various positions, my duties have consistently revolved around the manufacture and sale of interlayer films, a core product of SEKISUI CHEMICAL Group. Recognizing that I was at a loss due to the language and cultural barriers I encountered when training at the Group's Shiga-Minakuchi Plant in Japan in 1999, Mr. Kato, the Company's current president and S-Lec Production Director/Manager at that time, left a lasting impression through his support from both the work and life perspectives.

**A2** My father worked for a Japanese company, and I had a strong interest in Japanese culture. After six months as a trainee, I received an offer and decided to join the company.

**A3** Despite engaging in a wide array of businesses, the Group shares a corporate philosophy and 3S Principles, which form a common axis across the entire Group. I am also impressed by the Group's ability to generate higher profits while continuing to evolve its management style in tune with the changing times. While promoting global management that incorporates not only domestic but also overseas trends and perspectives, I believe it would be beneficial to further leverage the diversity of the Group's human resources and deepen integration by transferring employees and promoting interaction across companies, countries, and regional boundaries.

**A4** SEKISUI S-LEC's interlayer films are widely used in car windshields and building materials thanks to the company's technological strength and high quality. Interlayer films contribute significantly to society. In addition to enhancing people's safety by preventing glass from shattering, interlayer films help reduce environmental impact due to their sound and heat insulation as well as lightweight properties. I also recognize that the company is contributing to society by creating local employment opportunities.

**A5** My challenge is to put in place a system that ensures that the Group's corporate philosophy and business strategies are firmly entrenched throughout the organization, and not just at the executive and managerial levels. My role is to help develop and strengthen human resources who share these goals, which I believe will lead to profits across the entire Group.



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### Employee Comments



#### Reiko Tanaka

Life Science Strategy Group  
Business Strategy Department  
Headquarters

**A1** After completing my post-graduate studies, I joined a pharmaceutical company thinking that a career in the health-related field would be my life's work. Involved in a wide range of activities including non-prescription drug technology research, product development, and licensing, I joined SEKISUI CHEMICAL in February 2021.

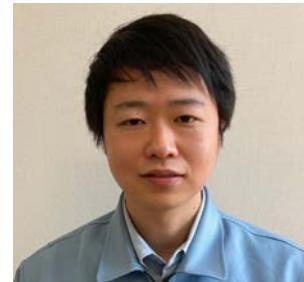
**A2** Pharmaceutical companies in general focus mainly on providing treatments for people who are ill or inflicted with a disease. I believe that the key to extending healthy life spans is to get deeply involved in people's daily lives and prevent illnesses and diseases before they occur. Houses, in particular, where people eat and sleep, provide this close connection and an environment in which to gather considerable health-related information. Through the Housing Company, SEKISUI CHEMICAL Group is engaged in sustainable town and community development, which takes into consideration people's safety and security as well as the environment. With the extension of the Group's activities into the Life Science area, I joined the Company to become involved.

**A3** SEKISUI CHEMICAL Group engages in a wide range of businesses, and the specialized skills of its employees are extremely diverse. In consulting with staff, I have learned and am extremely impressed with the ideas and knowledge that accumulate throughout the Company in unexpected places. I believe that SEKISUI CHEMICAL Group has established an environment that is conducive to innovation.

**A4** I strongly believe that good health is a prerequisite for people to live a happy life that is true to themselves. I can think of nothing better than contributing to people remaining in good health for as long as possible through technologies and services that I have helped to develop. I am also convinced that efforts to extend people's healthy life spans and maintain a sound social security system while reducing Japan's healthcare and long-term care benefit costs will translate and lead to a reduction in each individual's social security payment. In carrying out my daily duties, I hope to help achieve the Company's goal of tripling its business scale in the Life Science Business by 2030, which in turn will contribute to people's health and society as a whole.

**A5** Through involvement in and support of people's daily lives, there are ways that can be expected to improve the treatment effectiveness of certain diseases where there is currently no satisfactory medical reply. While we have initiated steps to cultivate the digital health field using the platform provided by SEKISUI CHEMICAL Group's Housing Business, plans are in place to steadily nurture these steps into

a viable commercial enterprise as a new business pillar in the Life Science Business going forward. The next challenge is to realize town and community as well as housing development where people can lead healthy lives just by living there. This is the dream I had when I joined SEKISUI CHEMICAL, a dream that I will never abandon as I continue to challenge myself.



#### Tatsuhiko Kasai

BR Business Group  
New Business Development Department  
Headquarters

**A1** After completing my post-graduate studies, I worked at a plant engineering company designing and constructing pharmaceutical plants before joining SEKISUI CHEMICAL Group in May 2020. I am currently engaged in the start-up of a biorefinery (BR) plant in Kuji City, Iwate Prefecture.

**A2** I have always had a keen interest in environmental businesses. SEKISUI CHEMICAL Group is not only involved in the planning, design, and construction of plants but also plays an active role after delivery to the customer. This includes every facet through to the plant coming online including test operation and ethanol production. Drawn by the attractive opportunities that this provides, I decided to join the Company.

**A3** The department is built around a flat structure that makes it easy to express one's opinion. Working in the field, each individual is afforded considerable discretion, which I find extremely rewarding. The department itself is still in its infancy, and as such there are a host of details that must be covered. Having said this, I believe that the improvements made will help as we transition to the next phase.

**A4** I believe that the BR business is distinguished by its high sense of social responsibility. In addition to the efficient disposal of unneeded waste, this waste can at the same time be converted into value-added basic chemical products in a manner that has minimal environmental impact. Seeing the plant I helped design come to fruition right in front of my eyes is a source of tremendous excitement. Currently in a position to conduct demonstration trials and to finally contribute to society, I can only expect this excitement will grow as the plant officially comes online and reaches the stage of commercial production.

**A5** As I mentioned, my challenge is to steadily launch the demonstration plant and bring the project through to commercial production. Building on these achievements, the goal is to then embark on the start-up of the next new plant. Based on the experience and knowledge gained from the process of planning and design to commercialization, coupled with the empirical data obtained after the plant comes online, I would like to become a person who can undertake the management of an entire BR plant while coordinating with the customer.