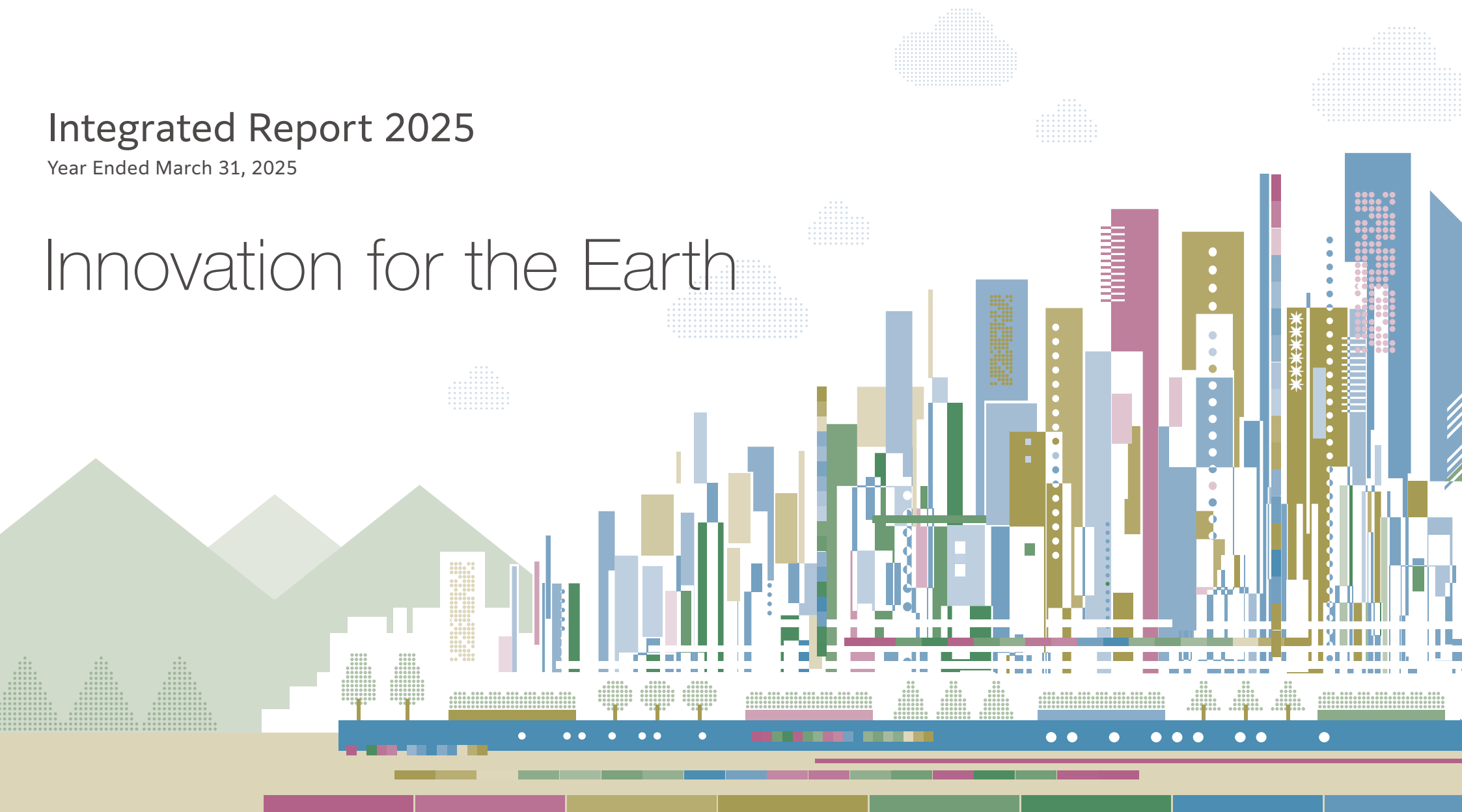


## Integrated Report 2025

Year Ended March 31, 2025

# Innovation for the Earth



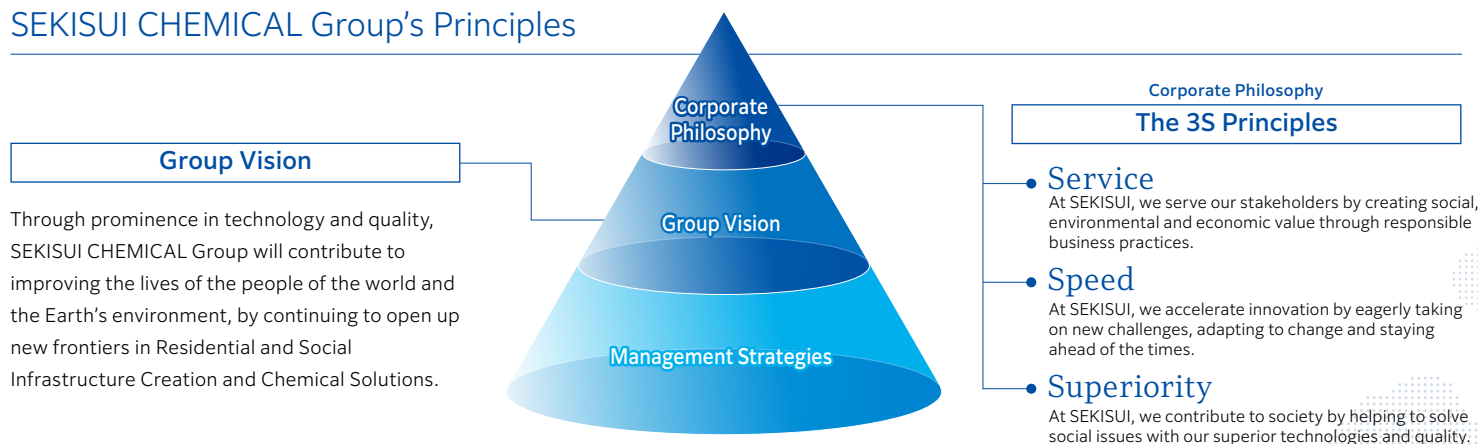
# Innovation for the Earth

**To realize a sustainable society, we support the basis of LIFE and will continue to create peace of mind for generations to come.**

Viewing changes in the social environment as a business opportunity, SEKISUI CHEMICAL Group is working to continuously generate innovation to help resolve social issues drawing on the solutions created by its varied and diverse technologies as well as the trust it enjoys with its stakeholders.

By contributing to the Earth and people's lives, we are endeavoring to enhance the sustainability of society in concert with efforts to secure our sustainable growth as a company.

## SEKISUI CHEMICAL Group's Principles



### Five stakeholders for SEKISUI CHEMICAL Group: Customers, Shareholders, Employees, Business Partners, Local Communities and Environment

Positioning its five stakeholders as partners in improving corporate value 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.



SEKISUI CHEMICAL Group's Principles

<https://www.sekisuichechemical.com/about/outline/vision/principles/>

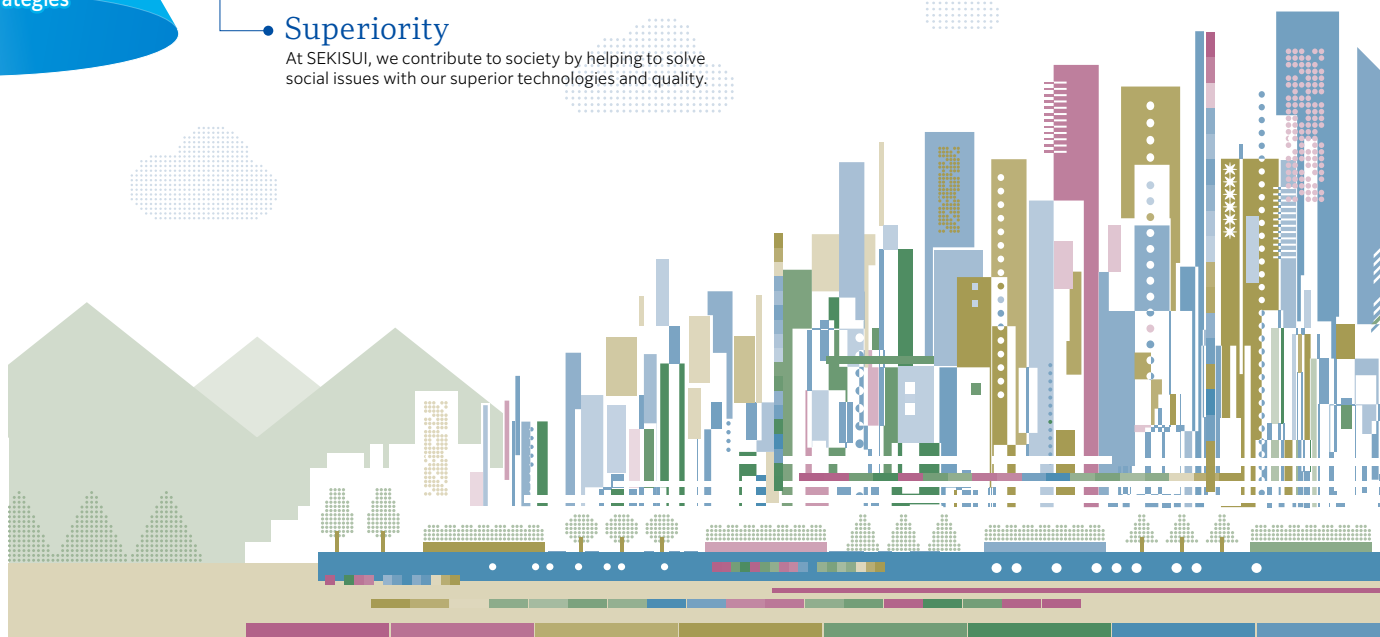
## Feedback on the 2024 Integrated Report and key improvements in the 2025 Integrated Report

### Feedback

- "Could you give a more specific explanation of the business portfolio strategy?"
- "Could you provide a more detailed explanation of the DuPont analysis of ROE?"

### Improvements

- The CEO Message touches on the concepts of ROE analysis and portfolio management.  
**P.04**
- The interview on innovation with the director in charge touches on management of progress in new businesses and criteria for their selection and withdrawal.  
**P.43**
- The Report includes an interview with employees involved in the development of perovskite solar cells, which are attracting increasing attention.  
**P.31**



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This report is available in PDF format in Japanese and English and can be downloaded from the following URL.

**Japanese Edition**  
<https://www.sekisui.co.jp/ir/document/annual/>

**English Edition**  
<https://www.sekisuichechemical.com/ir/report/annual/>

### Organizations Covered

In principle, this report covers SEKISUI CHEMICAL CO., LTD. and its consolidated subsidiaries.

### Applicable Period

Includes FY2024 (April 1, 2024 to March 31, 2025) and other details to August 2025.

### In Editing This Report

In editing this report, we referred to the International Integrated Reporting Framework recommended by the IFRS Foundation and the Guidance for Collaborative Value Creation of Japan's Ministry of Economy, Trade, and Industry (METI), and Guidelines for Intellectual Property and Intangible Asset Governance of Cabinet Office.

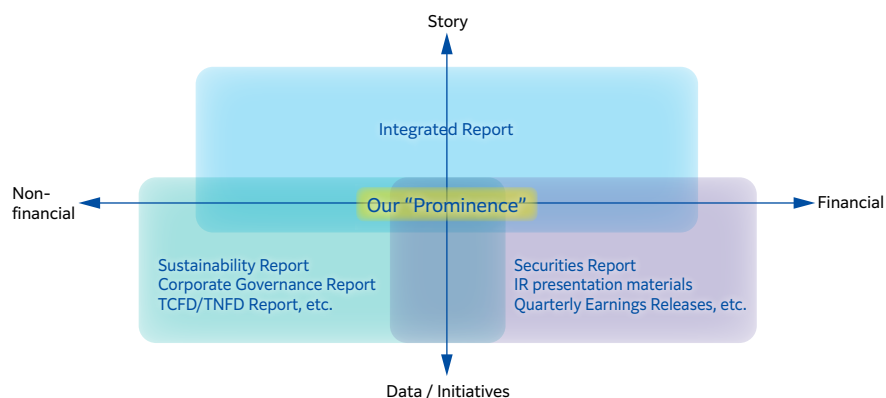


### Cautionary Notes

The forecasts, plans, outlooks, and other forward-looking statements in this report are based on management's judgment of information available at the time this report was produced. Changes in key factors could cause actual performance results to differ materially from these forward-looking statements. Figures denominated in billions of yen in this integrated report are rounded off to the nearest first decimal place.

In addition, those denominated in millions of yen are rounded down to the nearest million yen.

## SEKISUI CHEMICAL Group Information Disclosure System



SEKISUI CHEMICAL Group reports on its management strategies aimed at creating corporate value, its financial and non-financial approach as well as related data and initiatives in a comprehensive manner in its Integrated Report.

Moreover, we continuously disclose explanatory materials on our management strategy, including financial results and non-financial data, in our Annual Securities Report and IR financial results presentation materials.

Details of the Group's ESG management and sustainability activities as well as comprehensive non-financial information are disclosed in the Sustainability Report.

Our "Prominence," the reference materials for Investors explains the competitive strengths and basic strategies of SEKISUI CHEMICAL Group's major businesses.

## Website Information

**Investor Relations**  
<https://www.sekisuichechemical.com/ir/>

**Securities Report**  
[https://www.sekisuichechemical.com/ir/report/financial\\_report/](https://www.sekisuichechemical.com/ir/report/financial_report/)

**Presentations**  
<https://www.sekisuichechemical.com/ir/presentations/>

**Reference Materials for Investors Our "Prominence"**  
<https://www.sekisuichechemical.com/ir/report/prominence/>

**Sustainability**  
[https://www.sekisuichechemical.com/sustainability\\_report/](https://www.sekisuichechemical.com/sustainability_report/)

**Sustainability Report**  
[https://www.sekisuichechemical.com/sustainability\\_report/report/](https://www.sekisuichechemical.com/sustainability_report/report/)

**TCFD/TNFD Report**  
[https://www.sekisuichechemical.com/sustainability\\_report/report/#tcf](https://www.sekisuichechemical.com/sustainability_report/report/#tcf)

## Message from the President & CEO



### CEO MESSAGE

# Maintaining a healthy sense of urgency and an even greater ability to take on new challenges to achieve Vision 2030

President & CEO

### Reflecting on the Previous Fiscal Year

In spite of the unstable global situation and increasing uncertainties, SEKISUI CHEMICAL Group has reached its long-standing goal of achieving an operating profit of over 100 billion yen in FY2024. We twice revised our earnings outlook upward during the fiscal year, and the final result of 108.0 billion yen was very well received in the Europe IR meeting that we conducted from the end of May to June. I feel that this has further deepened the understanding of our Group's strength and growth potential. I also believe that this record achievement is the result of our Long-term Vision, the formulation of a Medium-term Management Plan to realize that vision, and the steady promotion of the Plan.

In particular, during the period of the previous Medium-term Management Plan, Drive 2022, we faced deteriorating business performance due to the COVID-19 pandemic. However, we did not panic, but instead proceeded with structural reforms based on the assumption that the uncertain outlook would continue, and we have concurrently improved profitability by shifting to high-performance products and invested in the development of new businesses. The ongoing Medium-term Management Plan, Drive 2.0, is an important period that marks the turning point toward achieving our Long-term Vision. I feel that the results were achieved because we once again clarified what we wanted to be as a company, and all employees shared and grasped this with a clear understanding of what we were trying to accomplish.

I personally feel confident that the direction of our Long-term Vision and Medium-term Management Plan was the right one. KPIs that encourage employees to take on challenges have also steadily improved, and I believe that the results of the challenges we have embraced in the five years since the announcement of our Long-term Vision have led to these achievements.



## Message from the President & CEO

### The Value That SEKISUI CHEMICAL Group Provides to Society

Since its establishment, our Group has consistently worked to “solve problems that are at the root of life,” including social issues that affect the safety and health of people around the world, as well as global environmental changes, such as climate change and natural disasters, that have a serious impact on the survival of society. The ultimate outcome of the value creation process in our Group is “peace of mind for generations to come.” I believe that the Group’s social role is to ensure that we will not leave current social issues to future generations, so that people can continue to live with peace of mind, not only today, but also for the next generation and the future.

Although we have a diverse range of businesses, we have consistent strengths in Strategic Foresight, Processing, and Value Transformation. **P.10** Our sources of value are our human capital, mainly our people who continue to embrace challenges, and our intellectual capital, including our technology platform and patents. We create value based on these strengths and work together with our stakeholders to make unique innovations.

The year 2025 marked the year of Expo 2025 in Osaka, Kansai, Japan, and the perovskite solar cells that we developed are being utilized at the venue, attracting great attention both in Japan and abroad. Our Group continues to take on the challenge of anticipating the needs of the market and social issues (Strategic Foresight), creating unique solutions by combining internal and external technologies (Processing), and transforming society by building new values and systems (Value Transformation).

At the same time, since we specialize in processing and do not own raw materials, we are working on development with a strong awareness that we cannot survive unless we create higher added value than our competitors. The concrete result of this effort is the continuous creation of “Products to Enhance Sustainability”. **P.14** I believe that solving social issues means adding value to products, and, by increasing the number of Products to Enhance Sustainability, we will continue to strive to achieve a sustainable society with peace of mind for generations to come, while simultaneously improving corporate value.

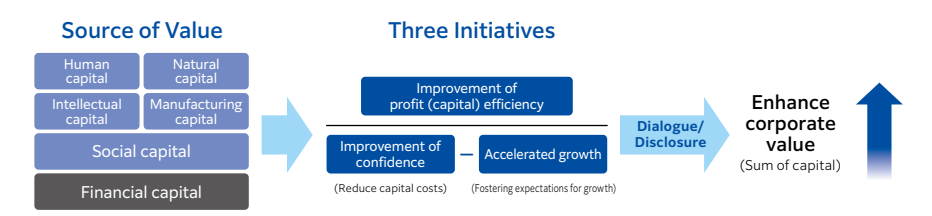
### Strategic Foresight by Matching Needs with Seeds

The Group’s greatest strength lies in Strategic Foresight. The phrase “Strategic Foresight” may suggest antennae fully extended to detect social issues, but other companies are equally aware of social issues. What is important is the kind of solutions that are provided to address those issues. Our Group is unique in that we place the highest priority on precisely matching the “needs of the world” (i.e., social issues) with the “strong seeds of our Group” (i.e., core technologies).

We have a number of competitive, world-class technologies, which we have inventoried and

systematized into a technology platform. We combine these core technologies and, when necessary, integrate them with external technologies from other companies and universities, or develop them through open innovation. The Group also has significant strengths in intellectual property. We are focusing not only on adding value and improving profit margins, but also on efforts to leverage our intellectual property capabilities to sustain profits over the long term.

### Current Status of Management That is Aware of Capital Costs and Stock Prices



We are promoting three initiatives to improve corporate value: improvement of capital efficiency, improvement of confidence, and accelerated growth. I believe that the most important thing for improvement of capital efficiency is to grow existing businesses. In order to foster expectations for growth, the “creation of new business areas” specified in the strategic area map is key, and we must set milestones for the commercialization of high-focus Innovation Areas in recent years, such as perovskite solar cells. With regard to reducing capital costs, I believe it is important to interpret this in a slightly broader sense, while also enhancing corporate governance. We will emphasize preventing the occurrence of incidents, such as serious misconduct that will damage corporate value if it occurs, while also evolving environmental management and human capital investment, and respecting human rights throughout the supply chain.



## Message from the President & CEO

Our PBR has been stable at more than 1 over the past 10 years, and, with the exception of FY2020 and FY2021, which were affected by the COVID-19 pandemic, our PER has remained at a level of more than x10, while ROE has been stable above 10%. With regard to ROE, which is positioned as a particularly important management indicator, I am aware of the equity spread, which is the difference versus shareholders' equity cost, and, except for during the COVID-19 pandemic, ROE has consistently exceeded our shareholders' equity cost (7–9%). However, we will not be satisfied with the status quo, but, while remaining aware of capital efficiency, will aim to further improve profitability in order to achieve the 10% operating profit margin set forth in Vision 2030.

### Shareholders' equity cost

Estimated by CAPM (Capital Asset Pricing Model)

$$\text{Risk-free rate} + \beta \times \text{Market risk premium} = \text{Shareholders' equity cost}$$

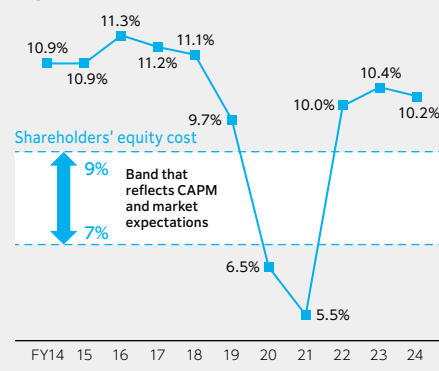
About 1% + 1.2 (Last 5-year average (Bloomberg)) × 5%–6% = 7%–9%

Estimates based on equity yields

$$\text{The inverse of PER by assuming a growth rate of 0\%} = \text{Shareholders' equity cost}$$

7%–9%

### ROE



	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
ROE	9.7%	6.5%	5.5%	10.0%	10.4%	10.2%
II						
Net profit margin	5.2%	3.9%	3.2%	5.6%	6.2%	6.3%
×						
Total assets turnover	1.06	0.94	0.99	1.02	0.98	0.98
×						
Financial leverage	1.81	1.72	1.78	1.74	1.67	1.65

Breaking down ROE also reveals important challenges. Total assets turnover has remained below 1, but this is a temporary effect due to land purchases for town and community development, as well as for ready-built housing sales, and also due to growth investments in growth-driving businesses and new businesses, including perovskite solar cells. We will strive to translate these investments into results and improve our total assets turnover. In order to prevent assets from growing beyond necessity, investment projects are subject to preliminary screening and continuous effectiveness verification, and land and buildings are strictly monitored with turnover as a key KPI. Our financial leverage has maintained a level of efficiency and safety. Also, past trends show that the decline in net profit margin was directly related to the decline in ROE. I believe that in order to strengthen profitability in the future, accelerating growth and improving

asset efficiency are important.

I hope that stakeholders will continue to focus on whether we can maintain a stable ROE of more than 10% over the medium to long term, and whether we are on a trend of further improvement.

## Addressing Portfolio Management

The Group consists of three divisional companies: Housing, Urban Infrastructure & Environmental Products, and High Performance Plastics, as well as a Medical Business, each of which is steadily increasing its performance. Broadly speaking, High Performance Plastics is driving growth, while Housing and Urban Infrastructure & Environmental Products are generating stable earnings, and the Medical Business is a business with future growth potential.

Through portfolio management, we have developed strategies for all 33 businesses of the divisional companies and the Medical Business, classifying them into four quadrants from the perspective of "profitability, ROIC, and growth potential." These four quadrants are: "Growth-driving," "Growth potential," "Revenue base," and "Improvement." **P.33** Given the policy of allocating capital in a rational manner for sustainable growth, 60% or more of the total capital under the Medium-term Management Plan shall be allocated to the businesses in the two quadrants of "Growth-driving" and "Growth potential." We expect to earn 90% or more of the increase in cash (EBITDA) out to 2025 from these two quadrants.

In order to support this growth, the "Revenue base" businesses will leverage existing strengths and buttress operations just as the name implies: by steadily creating a cash base. For businesses positioned as "Improvement" businesses, we will promote profitability transformation through bold structural reforms.

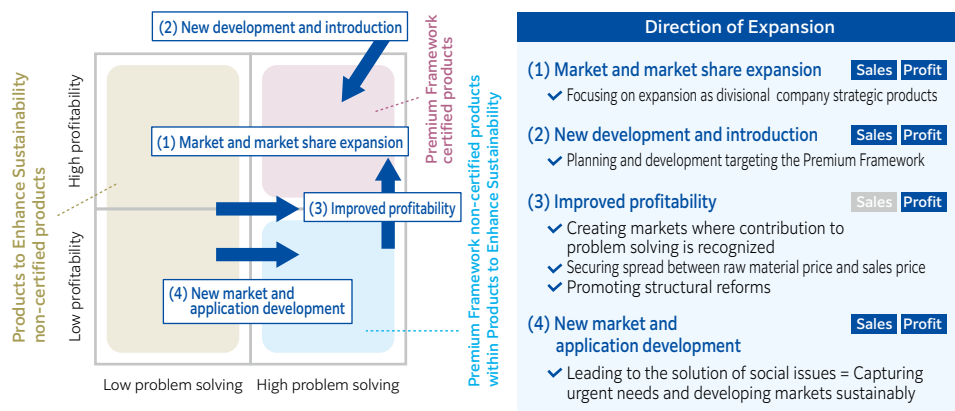


## Message from the President & CEO

Firmly fulfilling the role of the businesses in each of these stages, we aim to increase corporate value by expanding the ROIC spread, as well as improving ROE. Our WACC is expected to be around 6–8%, which we use as a minimum hurdle when examining existing businesses and identifying investments.

Additionally, Products to Enhance Sustainability are indispensable for the Group's growth. Each business department is particularly focused on expanding its Premium Framework, and also emphasizes a product portfolio with social contribution and profitability as evaluation factors for each product. By creating new markets that contribute to solving social issues, we will increase the profitability of Products to Enhance Sustainability and push them into the Premium Framework.

### Premium Framework Expansion Strategy



### The Significance of Owning a Housing Business

I have great confidence in the level of quality of the Group's housing, which has earned a reputation for high quality and high added value, especially as "disaster-resistant houses." Not limited to the Housing business alone, synergies are being demonstrated with the Town and Community Development business as a whole—including plumbing, unit baths, CROSS-WAVE (a rainwater storage/recharge system), and construction that eliminates utility poles, which are Urban Infrastructure & Environmental Products. These synergies play important roles in the realization of our Long-term Vision of contributing to people's lives.

The technologies developed in the Housing business also contribute to the creation of new businesses for the Group. For example, the knowledge of our engineers in the Housing business was utilized in the development of roof installation technology for perovskite solar cells [P.29](#), and we envision future deployment on residential roofs, which means that owning the Housing business will also augment the strength of the Perovskite business.

Furthermore, although it requires a certain amount of investment and ingenuity, the Housing business continues generating cash on a stable basis without major additional capital investment, contributing to the Group's operational stability and the maintenance of a high external rating of AA-. I believe that this stability will have a positive effect on borrowing for future investment in perovskite solar cells, leading to the active use of interest-bearing debt and management with an awareness of capital efficiency.

The Housing business is a high-ROIC business with robust profit that is significantly higher than WACC, which also strongly contributes to improving corporate value. Although market conditions are challenging, the high plant-production ratio makes this business less susceptible to changes in the external environment, such as a shortage of carpenters and soaring construction labor costs, and it is expected to continue to grow in the future. We will maintain our efforts in order to convey to investors and other stakeholders this steady sense of growth.

### Creating New Businesses That Are the Key to Accelerating Growth

The Group has created a strategic area map [P.21](#) as a compass for our business strategy, and has designated areas to expand out from existing businesses as "Enhancement Areas," while areas to create new innovations based on future trends are "Innovation Areas." Particularly in Innovation Areas, we will accelerate progression to the commercialization phase by leveraging internal and external collaboration and M&A based on our core technologies. For example, with regard to perovskite solar cells, a new company was established in January 2025, and a 100 MW-scale production line is being set up, while cell adhesion polymer [P.13](#) for use in stem cell cultures, including iPS cells, was launched in June. These pioneering efforts are progressing steadily.

With regard to investment, strategic capital investment is expected to exceed the budget set in the Medium-term Management Plan due to an increase in growth investment projects, such as production capacity expansion in High Performance Plastics and capital investment for the start-up of mass production lines for perovskite solar cells. We will continue to consider a wide range of M&A opportunities, with a focus on Innovation Areas. At the same time, since DX at development sites is indispensable for efficiently creating new products, our Group is focusing on improving the speed of R&D by utilizing materials informatics (MI). [P.57](#) This is an effort to dramatically increase the efficiency of materials development through the use of machine learning and other information sciences, and significant results are beginning to emerge. For example, in the study of formulations for film products, a process that previously took five months to design a formulation was reduced to four hours, and, in the development of adhesives for tapes used in electronic materials, a process that previously took one month was reduced to 16 hours.

## Message from the President & CEO

### Enhancing Governance with an Awareness of Reducing Capital Costs

I believe that enhancing corporate governance is the most important factor in improving confidence. Our basic policy is to aim for sustainable growth and medium- to long-term enhancement of corporate value by increasing management transparency and fairness, while pursuing swift decision-making.

In terms of risk management, the Sustainability Committee [P.69](#) identifies risks and opportunities that the Group may face in the future, including climate change, urban concentration, aging populations, and the rise of AI technologies.

I also believe it is important to set internal control as a key issue and to curb the occurrence of serious misconduct and other incidents that could significantly damage corporate value. We are working to improve our ability to prevent, detect, and respond to incidents at an early stage in five key areas: Safety, Quality, Legal/Ethical, Accounting, and Information Management. Regarding quality in particular, we are accelerating the DX of processes, from measurement to shipment determination, that do not involve any human intervention. Furthermore, we are promoting awareness of the need to reduce capital costs, and are reflecting awareness of financial and non-financial capital costs [P.24](#) in human resource evaluations of management positions. In the non-financial sphere, we have put in place a system to quantify the impact of incidents and reflect it in evaluations as an impact on capital costs, which is also linked to bonuses.

### Initiatives to Tackle Ambitious Environmental Goals

We are proud to be one of the leading industry companies in terms of environmental initiatives, having been the first chemical manufacturer in the world to acquire SBT certification and reacquire SBT certification with an even higher GHG emission reduction rate target. I believe that this is the result of not only our approach to reduce GHG emissions in our own production processes, but also our approach to reduce environmental impact with an awareness of Scope 3 emissions through the development and promotion of Products to Enhance Sustainability. Both are closely related to our initiatives on climate change and resource recycling, which we have set as key issues.

Regarding climate change, the Company's GHG emissions reductions are on track, with a 37.9% reduction in FY2024, and a reduction target of 50% in FY2030 (versus FY2019 levels). Among other things, we have obtained SBT certification for our percentage of renewable energy to purchased electricity, with the goal of achieving 100% by 2030. At the same time, a large portion of the breakdown of GHG emissions during production is fuel-derived, such as gas and steam. With regard to the reduction of fuel-derived GHG emissions, we are moving forward with production innovations such as reviewing the distillation process and studying the use of

next-generation carbon fuels, such as hydrogen and e-methane, with the aim of achieving net-zero emissions by 2050.

Resource recycling is an approach that contributes to the reduction of Scope 3 GHG emissions. We are actively working to expand sales of products made from recycled raw materials and to recycle waste plastic into new materials, which is a standard for certifying Products to Enhance Sustainability, and is also included in our evaluation indices. We are working toward the ambitious target of a 100% waste recycling rate by 2030, with a view to utilizing new technologies.

### Human Capital Strategies for Fostering Employees Who Embrace Challenges

Based on the philosophy that “employees are precious assets bestowed on us by society,” our Group places importance on “human resources that embrace challenges” and strives to create a vibrant organization where everyone is willing to take on challenges. Since the formulation of our Long-term Vision, we have been reforming our human resources system and have put in place programs to encourage embracing challenges, while at the same time securing a budget line for human capital investment and aggressively investing in reskilling and other activities.

In addition, in order to encourage each employee to continue to take on the challenge of “creation, innovation, and improvement” in the workplace, we are emphasizing human capital in terms of both investment and structure by including the Employee Challenge Action Rate in the KPIs and by establishing a system to actively promote personnel who are willing to take on such challenges. The accumulation of such efforts is the driving force behind our operating profit of over 100 billion yen, and I feel that the challenges taken by each and every employee are leading to results.

In securing human resources, we are putting forth the idea that we are not a company that people join for the sake of stability, but rather a company where they can experience personal growth through embracing challenges. We have also prepared a commercial for recruitment to convey that we are a “company where you can take on interesting challenges and experience growth,” while simultaneously communicating the message that, “We will not leave current social issues to future generations.” In the second round of recruitment messages, we highlighted our engagement in the development of perovskite solar cells, and, particularly in terms of the degree of employment interest from science students, this has steadily produced positive results.

We will continue to actively communicate our corporate stance and practical approaches to growth through solving social issues as we strive to secure and develop excellent human resources who are highly motivated to take on challenges.



## Message from the President & CEO

### A Leadership Ideal of “Leaders Who Take on Challenges with Us”

As was the case with our Group's Long-term Vision, which was created through thorough team discussions, even though the final decision is made by the leaders, I believe that it is extremely important for all members to understand the process and share the vision of what we should be aiming for. If we can share a vision, each of us will voluntarily take up the challenge. Together with our members, we will clarify what is ideal for our organization, and, in the process of challenging ourselves to realize it, we will grow as members ourselves. The role of leaders is to encourage that growth.

Imposing on people only to “do as you're told,” will not yield a proactive embrace of challenges. I believe that the ideal leader is one who creates an environment in which members can challenge themselves and grow, while that leader works with them to embrace challenges together.

### Respecting Human Rights as Part of Responsible Global Management

The Group, which operates globally, is committed to being responsible for respecting the human rights of all people affected by its business activities, as globalization is further accelerating in the procurement of raw materials, especially those for the High Performance Plastics Company. In order to strengthen a sustainable management foundation, we regard respect for human rights as the foundation of management and are pursuing initiatives not only for employees, but throughout the supply chain, including business partners. Furthermore, since human rights violations carry the risk of significantly damaging corporate value, we are further strengthening our efforts with the earnest intention of preventing serious problems before they occur.

Based on this mindset, we established a Human Rights Subcommittee in FY2022 under the Sustainability Committee, which I chair, and this subcommittee is responsible for formulating Group-wide policies on human rights. Through the four working groups under the Human Rights Subcommittee, we established mechanisms for human rights due diligence within the Group and for human rights due diligence of business partners, as we work to identify and correct issues. Furthermore, we provide human rights education, and established whistleblower and consultation contact points accessible to a wider range of stakeholders, including foreign employees.

### Shareholder Dialogue That Leads to Increased Corporate Value

I believe that dialogue with shareholders, investors, and other stakeholders is extremely important. Just as in the past, I conscientiously take the opinions and suggestions received through these dialogues and use them in management. Recently, we have received many questions and opinions from shareholders, especially those with long-term holdings, on issues such as growth strategies, capital policies, our business portfolio, and ESG management.

I believe that increasing the number of shareholders who become fans of our Group is the most important factor for sustainable enhancement of corporate value. Based on sound management with effective governance, we will steadily build up our business performance, disclose appropriate information, and continue to place importance on dialogue with our shareholders and investors. Although I sometimes receive unfiltered opinions in the course of dialogue, I believe that frank and honest opinions are what we should appreciate, as they often provide hints for future improvement in our efforts to enhance corporate value over the medium to long term.

### SEKISUI CHEMICAL Group Today and the Challenges I Embrace as President

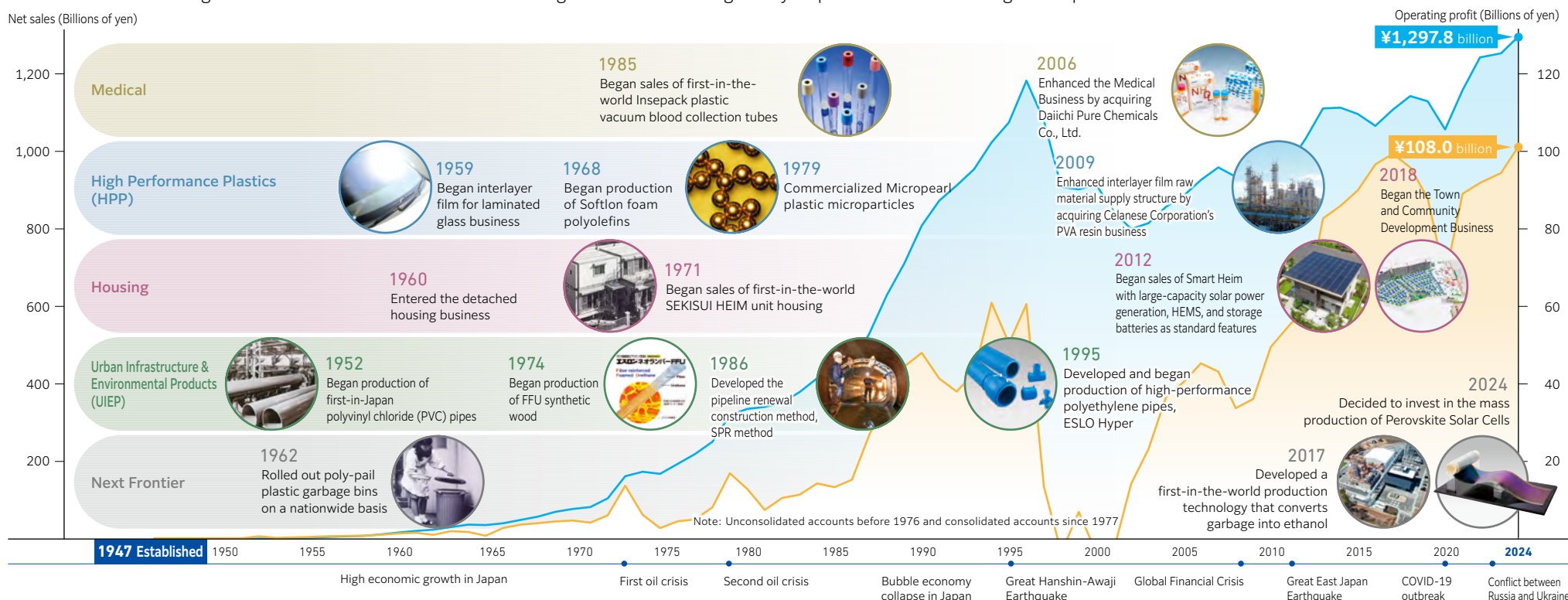
Are we able to maintain a “healthy sense of urgency?” I feel that this question captures the current challenge facing the Group. Although we achieved record performance in FY2024, it is easy to become more complacent when things are going well. Becoming satisfied with the status quo is the beginning of the descent. Performance begins to deteriorate, the Company goes on the defensive, and we lapse into a contractionary equilibrium. That is the situation that should be avoided most for companies seeking sustainable growth. It is precisely when things are going well that we need to have a sense of urgency and be ready for the next round of preparation.

What I must do now, then, is foster and instill a “culture of challenge” throughout the Group. The percentage of employees who said they “embraced challenge” in FY2024 is still in the 50% range, albeit up 8 percentage points from the previous year. If this number increases to 70% or 80%, I am confident that we can evolve into a company with overwhelming growth potential.

My greatest challenge is to instill a culture of continuous openness toward embracing challenges. I remain fully committed to the sustainable growth of our Group and our employees.

# SEKISUI CHEMICAL Group Accomplishments

With its roots in Nippon Chisso Hiryo K.K., founded by Shitagau Noguchi, SEKISUI CHEMICAL Group was established in 1947 by seven young employees aiming to comprehensively launch a business based on plastics, a new miracle material at the time. Guided by our 3S Principles (Service, Speed, Superiority) over the ensuing period, we have dared to challenge new businesses and frontiers while ushering in a new era focusing mainly on plastic-related technologies and products.



## 1947- Foundation

### Established Process Creation Business as Pioneers in Plastics

SEKISUI CHEMICAL Group took on the challenge of being the first in Japan to engage in plastic processing using domestically produced injection molding machines. We contributed to Japan's postwar reconstruction by bringing new changes to people's lives through plastic products such as daily necessities, tapes and films, PVC pipes, and poly-pail plastic garbage bins. We entered the housing sector in 1960, then later spun it off as a separate company, now called Sekisui House, Ltd. In 1963, we aggressively expanded operations, which included becoming the first Japanese manufacturer to make a foray into the United States.

## 1966- Development

### Improved Management Framework and Developed Next-generation Businesses

With high economic growth in Japan drawing to a close, we implemented structural reforms and improved our management framework based on our basic philosophy of respecting employees and business partners, while contributing to society through plastics. We began SEKISUI HEIM industrialized modular houses and the Medical Business as the next wave of growth businesses. The Company was awarded the Deming Prize, the highest honor for TQC,\* in 1979 for company-wide TQC activities.

\* TQC: Total Quality Control

## 1980- Growth

### Launched High-performance Products and Expanded the Housing Business

With commercialization of next-generation products progressing since the late 1970s, we saw growth particularly in the social infrastructure-related, housing, and medical fields. We implemented organizational reforms to enhance our ability to meet customer needs, while launching new materials, technologies, and products to address more sophisticated user needs and social issues. The Housing Business enhanced after-sales services, significantly grew, and drove overall company earnings. In 1997, we were the first in the industry to begin selling houses equipped with solar-power generation systems.

## 1999- Resurgence

### Adopted a Three Company System and Initiated CSR Management

The Company reorganized from a seven-division to a three-company system (P.25), engaged in business selection and concentration, as well as globalization, to overcome the business crisis following the collapse of the bubble economy in Japan. At the same time, we promoted CSR management under the Three Prominences: Environment to achieve sustainable growth by balancing the economy and ecology; CS & Quality to improve CS (customer satisfaction) together with enhancing quality; and Human Resources to support the growth of employees to maximize their strengths.

## 2008- Transformation

### Proactively Pursuing Strategic Investment and Evolving from CSR to ESG Management

We are improving profitability along with expanding our businesses by pursuing investment strategies that clarify strategic fields and by enhancing our business structure. We have significantly increased sales of the High Performance Plastics Company by expanding our lineups of high-performance products. In 2020, we formulated our new Long-term Vision. As part of this, we are pursuing the evolution of CSR management—an integral part of our operations—into ESG management to realize social and corporate sustainability by taking a more strategic approach to environmental and social issues.

# SEKISUI CHEMICAL Group's Business Domains

SEKISUI CHEMICAL Group is active in the Residential and Social Infrastructure Creation and Chemical Solution business. We have developed business in the four domains of "Residential," "Advanced Lifeline," "Innovative Mobility," and "Life Science." We produce a large number of Products to Enhance Sustainability by making a high degree of contribution to solving natural and social environmental issues, and the ratio of these products to total company sales has risen to nearly 80%. The current business consists of four segments and the three divisional companies of Housing, Urban Infrastructure & Environmental Products (UIEP), and High Performance Plastics (HPP), as well as the Medical Business.



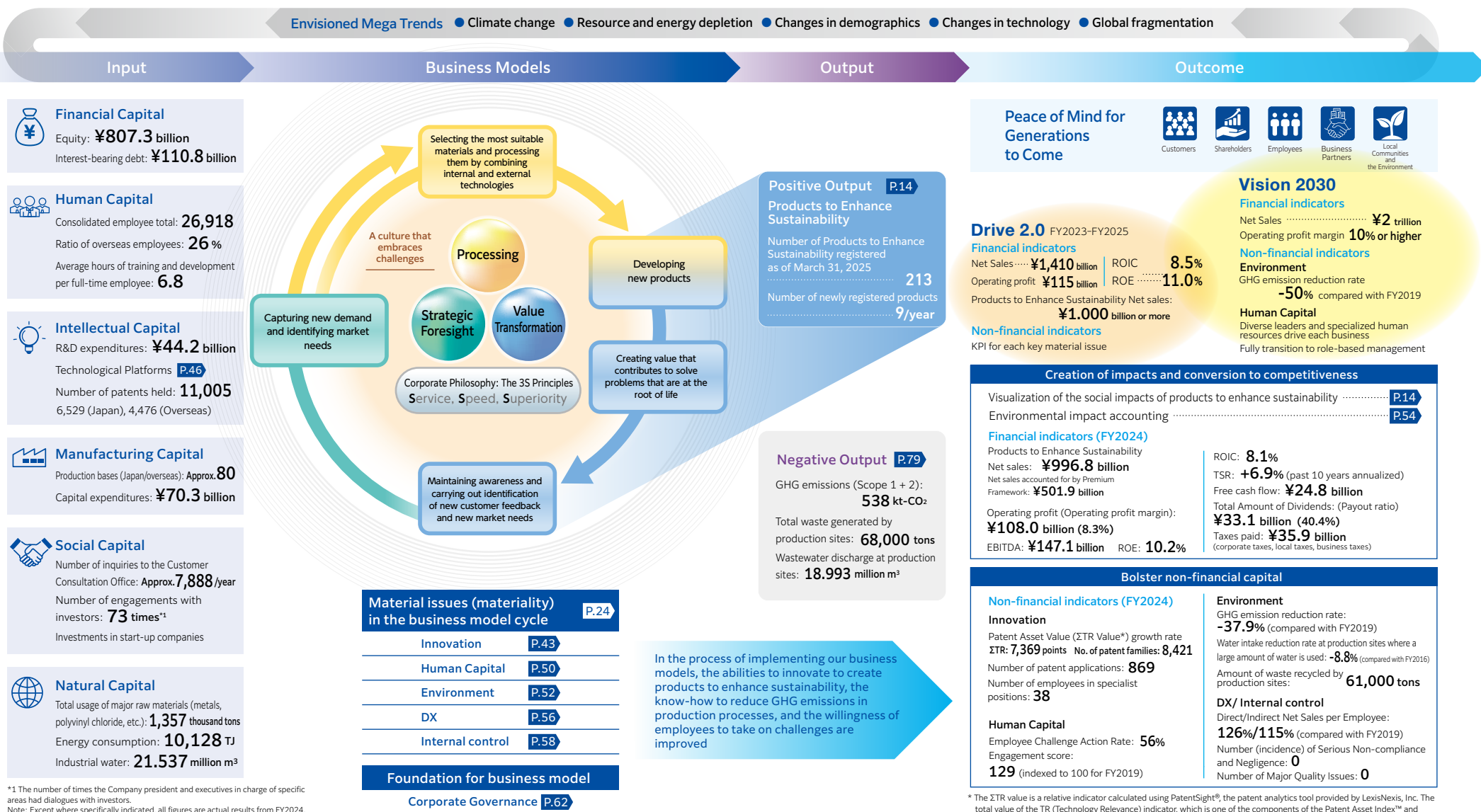
While generating synergies among our existing businesses, we aim to continuously create Products to Enhance Sustainability and support the sustainable growth of the Company and society in these four domains. **P.21**



## Value Creation Process

SEKISUI CHEMICAL Group provides Products to Enhance Sustainability, which are products and services that help improve people's lives and the global environment, strategically addressing social issues based on relationships of trust with stakeholders and myriad technologies. By effectively utilizing the six forms of capital and implementing our business models, we will create Products to Enhance Sustainability and convert their impact into competitiveness, as well as increase our non-financial capital to improve the sustainability of society and achieve sustainable growth as a company.

We will continue to take on the challenge of realizing a sustainable society by delivering to society "peace of mind for generations to come," which means that "peace of mind for living will continue not only for us living now, but also for the next generation and into the future."



\* The ΣTR value is a relative indicator calculated using PatentSight®, the patent analytics tool provided by LexisNexis, Inc. The total value of the TR (Technology Relevance) indicator, which is one of the components of the Patent Asset Index™ and reflects patent asset value based on the number of citations, is defined as the technical value (ΣTR) of our entire portfolio.



## Commentary Value Creation Process Value co-creation with stakeholders through business models

SEKISUI CHEMICAL Group's strengths are Strategic Foresight, Processing and Value Transformation.

Through collaboration with varied and diverse stakeholders, the Company practices a business model centered on these three strengths in a way that creates products and services that contribute to the solutions for environmental and social issues.

Through this cycle, we will create a positive impact on the environment and society, convert this into competitiveness, increase non-financial capital, and strive to sustainably increase corporate value and maximize shareholder value.

### Strategic Foresight

The ability to anticipate market change and society's needs and determine whether the strengths of the Group's core technologies can be leveraged

### Processing

The ability to combine internal and external technologies to deliver original solutions

### Value Transformation

The ability to create new value and transform society through our products and services

#### Selecting the most suitable materials and processing them through the combination of technology-driven creation



- Since it has almost no in-house raw materials, SEKISUI CHEMICAL Group is able to select the most suitable materials according to customer requirements. In addition, we have established competitive technologies as "technology platforms" (TPFs) and are continuously working to strengthen our technologies. In turn, we are developing products that anticipate changes in the social environment by combining multiple TPFs. In addition, based on these TPFs, employees with special expertise that can be used both inside and outside the company are appointed to specialist positions (S positions) and compensated appropriately. [P.46, 47](#)

- We conduct all transactions in accordance with the basic policies and guidelines of sustainable procurement. In order to achieve more appropriate procurement throughout supply chains, we are working with our Tier 1 suppliers to achieve and maintain a socially responsible procurement at our Tier 2 and Tier 3 suppliers. [P.72](#)

#### Employee ambition



- Through the Vision Caravan, which serves as an opportunity for dialogue between management and employees, SEKISUI CHEMICAL Group encourages employees to empathize with the Corporate Philosophy and Vision, and to take the initiative in changing their own behavior.
- In order to appropriately assess the actions taken by employees to undertake the challenge of achieving the Long-term Vision, SEKISUI CHEMICAL Group established a new human resources system in FY2021. [P.50](#)
- We have launched an intrapreneur training program to equip employees with the skills to commercialize the products to enhance sustainability that they have created. [P.44](#)

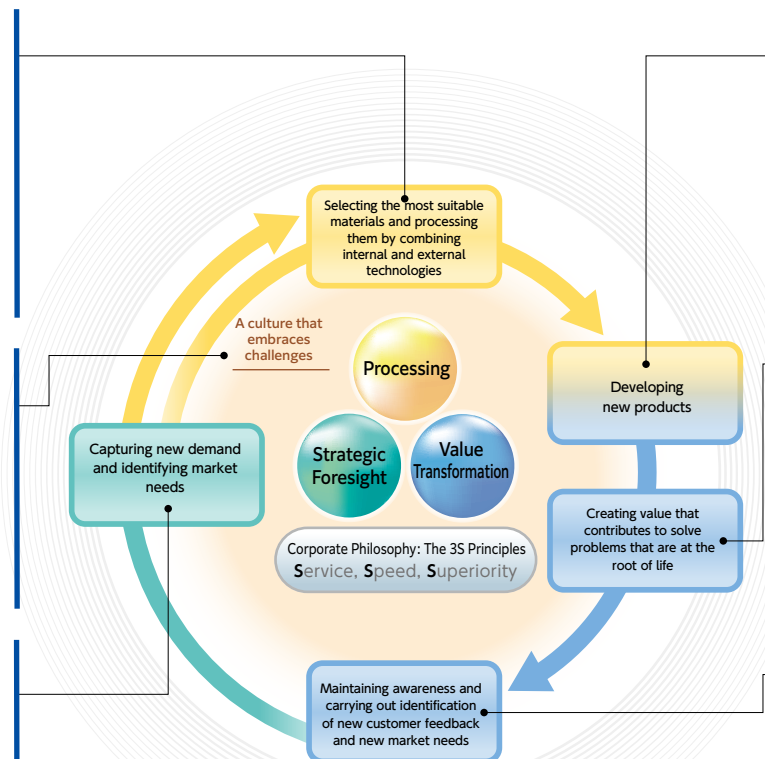
#### Initiatives that enable strategic foresight



- For the second year in a row, our Group was introduced as a company highly evaluated for its efforts in multifaceted rule-making activities, as publicized by the Ministry of Economy, Trade and Industry. In addition, we are actively involved in the development of standards for perovskite solar cells, and participate in various initiatives and rule-making efforts in the environmental field (climate change, resource recycling, etc.). Our leadership in shaping industry rules and our involvement in the formulation and standardization of criteria has helped us to create demand ahead of our competitors and subsequently increase our competitiveness.

A company highly evaluated (by the Ministry of Economy, Trade and Industry) for its efforts in multifaceted rule-making activities (Japanese only)

<https://www.eslontimes.com/news/detail/1697/>



#### Create products to enhance sustainability



- SEKISUI CHEMICAL Group regards intellectual property as an important management resource and promotes strategic intellectual property activities, such as strategy development based on analysis of the competitive environment using intellectual property information, market and competitive information, and portfolio management of intellectual property. [P.49](#)
- SEKISUI CHEMICAL Group emphasizes quality compliance. In particular, the Company has established a quality management system to eradicate the root causes of incidents of quality irregularities and data falsification. The Company has also built a quality assurance system for goods purchased from suppliers, and engages in activities to ensure quality. [P.59](#)

#### Create impacts that contribute to solving social and environmental issues



- SEKISUI CHEMICAL Group receives advice and recommendations from the External Advisory Board regarding products that contribute to solutions for issues faced by both the natural and social environments in an effort to certify Products to Contribute Sustainability and to expand sales of these. [P.14](#)
- SEKISUI CHEMICAL Group searches for start-ups and holds workshops on new technologies and prior cases for each issue aimed at technologies, development, and market transformations necessary to achieve long-term goals related to carbon neutrality and the circular economy. In addition, we hold the innovation roundtable initiative as a forum for cross-organizational discussion of solutions to problems that are rooted in social issues.

#### Transforming impacts into competitiveness and capturing new needs



- We calculate the carbon footprint of our products based on life cycle assessments in order to convey to our customers the value of low-carbon and decarbonized products that help mitigate climate change. In business areas where low-carbon value is growing, being ahead of the curve can set our business apart and turn risks into opportunities. [P.17](#)
- Building a manufacturing system close to our customers through investment enables us to respond to customer requests in a timely manner. It also represents the foundation for gaining customer trust and capturing new demand. [P.26](#)

#### Distribution of value to stakeholders

[https://www.sekisuichechemical.com/sustainability\\_report/pdf/report\\_2025/sustainability\\_report2025e.pdf#page=135](https://www.sekisuichechemical.com/sustainability_report/pdf/report_2025/sustainability_report2025e.pdf#page=135)

SEKISUI CHEMICAL Group calculates the value provided to each stakeholder based on financial statements and while referring to the GRI Standards and other standards.

## Commentary Value Creation Process Business Model: Case Study



Strategic Foresight



Processing



Value Transformation

## Microparticles

We provide distinctive microparticles by controlling particle size and engineering functional features.

## ■ New business exploration

In the 1970s, amid the deteriorating business environment caused by the oil crisis, our Central Research Laboratory sought to develop new businesses, and in 1977, two major themes, electronics and medical, were established.

## ■ Human resources supporting technology

Microparticle technology is enhanced and passed down by highly specialized personnel (Specialist Positions\*). P.47 We can create new functions by microparticulating materials that could not previously be microparticulated, or by creating unique shapes and structures, while responding to the changing needs of our customers over time.

\* Specialist Positions (S positions): Company personnel with a high level of expertise, recognized both internally and externally, in the technologies that drive our competitiveness, and who are committed to deepening their expertise and playing a role in training the next generation of technical leaders. Appointments are made based on factors including the level of expertise, contribution to business, ability to drive technological enhancement, and ability to communicate externally.

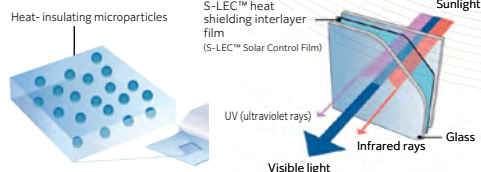
## Flow of EV Conversion

Reduced CO<sub>2</sub> emissions volume  
(through ZEV regulations, etc.)

Achieving carbon neutrality

## ■ Development of technology applications

Heat insulation interlayer films use SEKISUI CHEMICAL Group's proprietary fine particle dispersion technology to uniformly disperse heat-shielding fine particles in the interlayer film resin, and this technology has been established based on patents obtained by the Group. This contributes to improved cabin comfort by significantly blocking not only ultraviolet rays but also infrared rays.



Selecting the most suitable materials and processing them by combining internal and external technologies

## Technological Platform Diagram

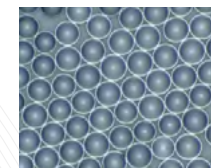
Capturing new demand and identifying market needs

Developing new products

Creating value that contributes to solve problems that are at the root of life

Maintaining awareness and carrying out identification of new customer feedback and new market needs

## ■ New product development utilizing core technologies



## 1979: Commercialized Micropearl plastic microparticles

Our unique technology has made it possible to produce plastic microparticles with a uniform particle size. This contributes to the high image quality of LCDs.



## Capturing antigens as latex in diagnostic drugs for tests

Microparticles equipped with antibodies on their surface quickly react to antigens, which are foreign matter that enters the body. A single antigen is captured by multiple antibodies, causing microparticles to agglutinate and precipitate. Disease diagnosis is conducted based on their precipitation patterns (turbidity). This contributes to the early detection of diseases.

## ■ High value-added through the use of patents

Due to changes in market trends, the material used for metal wiring has changed, necessitating penetration through the insulation layer. Conventional microparticles could not penetrate the insulation layer reliably, resulting in poor conduction. However, by forming protrusions in these microparticles, it has become possible to reliably penetrate the insulating layer and achieve vertical conductivity. This protrusion formation technology is protected by a patent, and the invented technology has met with strong assessments.

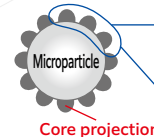
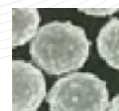
## Conductive fine particles



## Invention details

## New invention

Projection formation using core material



Particle diameter: 3 to 5  $\mu\text{m}$ ,  
core protrusion diameter: 0.1  $\mu\text{m}$

## Feature 1

(A) Many and uniform protrusions on the surface of fine particles  
→Protrusions securely contact the insulation layer and can penetrate

## Feature 2

(B) Large protrusions on the surface of fine particles with high strength  
→Reliably penetrates even thick insulation layers

## New invention and top-to-bottom conductivity

Enables top-to-bottom conductivity  
Penetration possible

Reliably penetrates the insulation, enabling top-to-bottom conduction

## Commentary Value Creation Process Business Model: Case Study

Strategic Foresight Processing Value Transformation

### Functional resin materials

We provide a variety of high-performance plastics through resin design, modification, and compounding.

#### Development of new technologies

The various PVB (polyvinyl butyral) resins that are currently the raw materials for many of our mainstay products were developed based on PVA (polyvinyl alcohol) technology, for which production began in 1952. At the time, the Company expected to expand its applications to include raw materials for coatings and interlayer films for laminated glass.

#### Expanding applications into the life science field

**2025: Launched the Ceglu™ brand of regenerative cell culture material for the industrialization of regenerative medicine**

Regenerative medicine is a promising medical treatment of the future that has the potential to treat diseases that have not been treated until now. Processing and culturing cells according to the purpose of treatment, and transplanting the cells themselves and cell products, brings the possibility that lost body functions can be restored and diseases treated. This cell culture process requires a "scaffold" that adheres the cells to the surface of the culture vessel. However, the conventional protein scaffold posed multiple challenges in terms of industrialization, including low reproducibility and quality inconsistencies due to raw materials of animal origin. SEKISUI CHEMICAL Group leverages its expertise in resin processing technology and PVB resin technology to create cell culture scaffolds suitable for industrialization through chemical synthesis.



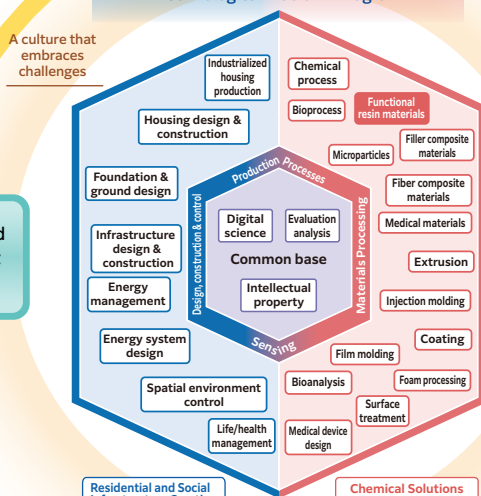
#### The growing importance of achieving healthy lifestyles in an aging society

#### Expanding applications into the electronics field

In the late 1970s, as the needs of advanced industries such as magnetic recording materials and IC substrate ceramics increased, so did the demand for higher functionality in materials, and our resin materials developed in response to such customer needs. Today, these materials are used in a wide range of applications, including binders for various ceramics, mainly MLCCs, dispersants for pigments and carbon and other materials, as well as adhesives. The well-balanced expression of the signature functions of toughness, adhesiveness, and dispersibility provides ideal physical properties and handling in products and manufacturing processes for a variety of applications.

Selecting the most suitable materials and processing them by combining internal and external technologies

#### Technological Platform Diagram



A culture that embraces challenges

Capturing new demand and identifying market needs

Developing new products

Creating value that contributes to solve problems that are at the root of life

#### The birth of new products

**1960: Started manufacturing S-LEC™ Film, interlayer film for automotive laminated glass**

Around 1975, demand for automotive interlayer films began to grow significantly as the production of export automobiles increased. In addition, the demand for safety glass continued to further increase with the decision to legally mandate safety glass in Japan in 1987. SEKISUI CHEMICAL Group has been working to improve quality and develop proprietary production technologies to meet the demands of our customers.

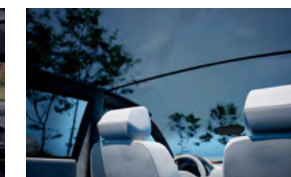
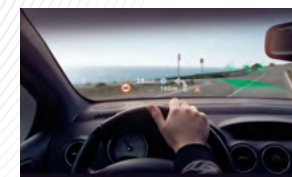


Better safety, environmental performance, design, and comfort

#### Surfacing new needs and adding functionality to products

Surfacing new needs and adding functionality to products

Colored/designed films



Binder resins for MLCCs



Dispersants for inks and pigments





## Products to Enhance Sustainability

### Basic Concept

SEKISUI CHEMICAL Group has positioned Products to Enhance Sustainability as the most appropriate conduit through which to realize both a sustainable society and the sustainable growth of the Group itself. Through the creation and expansion of Products to Enhance Sustainability, the Group aims to help achieve the SDGs while improving its contributions and ability to solve social issues as well as grow as a company.

### Product Assessment System Evolution

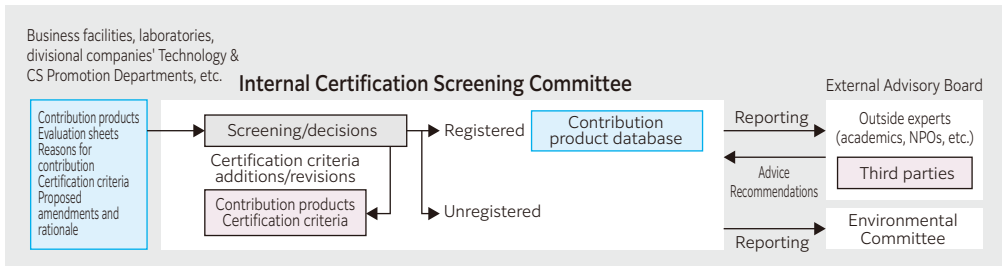
In 2017, the scope of SEKISUI CHEMICAL Group's Environment-Contributing Products system, which was launched in 2006 based on the Group's own evaluation and certification, was expanded to include products that contribute to solving issues in the social environment in addition to the natural environment. In FY2020, we changed the name to "Products to Enhance Sustainability" and established the "Premium Framework" [P.15](#) to strategically expand products that contribute to solving social issues.

### Certification Method

Products to Enhance Sustainability are products that make a significant contribution to solving social issues in the natural and social environments and are certified based on internal criteria. We accept the opinions and advice of outside advisors with various backgrounds in industry, government, and academia regarding these criteria, approaches, and the validity of results to ensure high standards and transparency. On the External Advisory Board, external committee members provide opinions and advice on the significance of the contributions that newly registered products make to the natural and social environments, as well as how to communicate these contributions, and their expectations for the future.

In FY2023, we introduced negative checks at the time of registration to confirm whether or not the product has a negative impact on multiple environmental issues, or what measures we are considering to prevent the negative impacts.

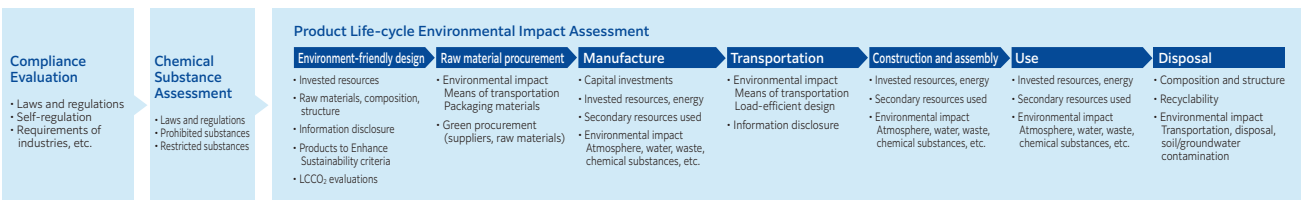
### Products to Enhance Sustainability System Operation/Certification Method



Internal Certification Screening Committee: Chaired by the Head of the ESG Management Department, this committee is composed of those responsible for related departments at the Corporate Headquarters, as well as for technology and business at the divisional companies

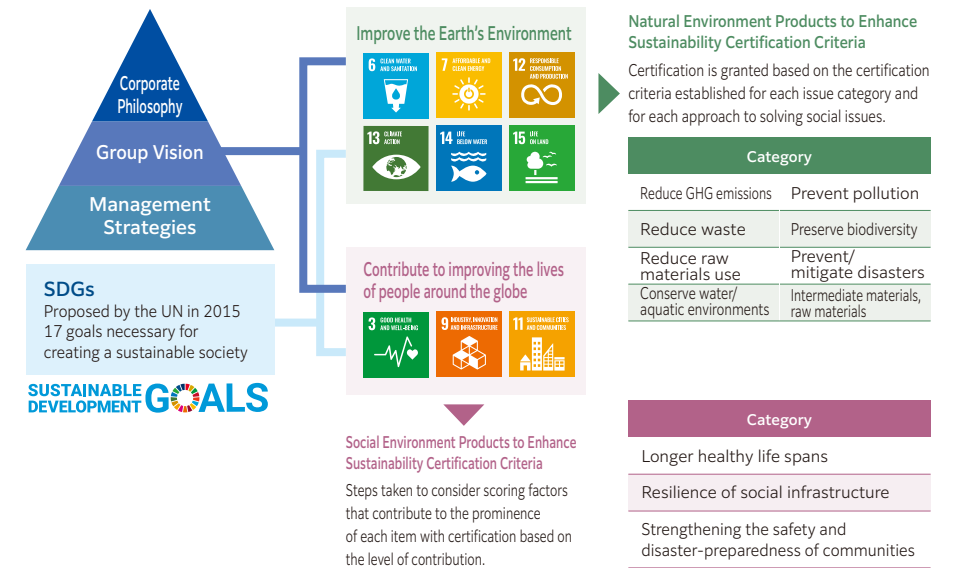
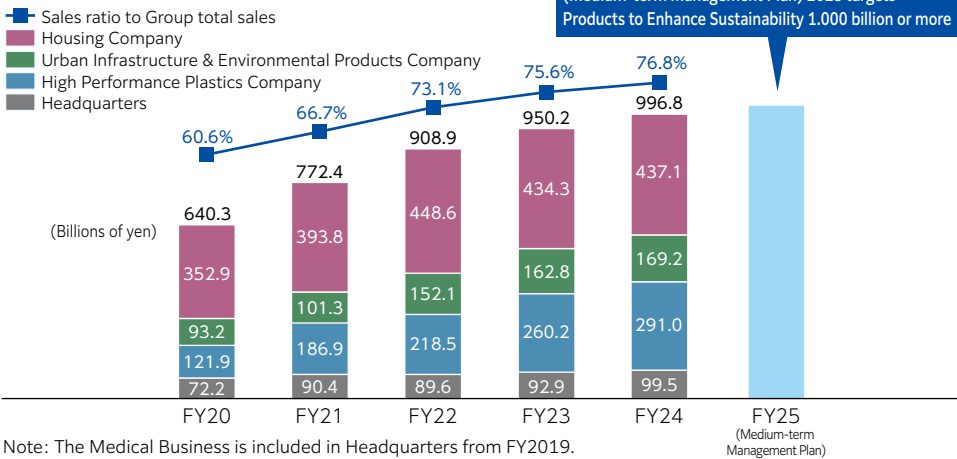
### Product Development Method

SEKISUI CHEMICAL Group conducts design reviews during the development and modification of product processes, while also carrying out environmental impact assessments at all product life-cycle stages.



### Products to Enhance Sustainability Net Sales

#### Products to Enhance Sustainability Net Sales/Sales Ratio





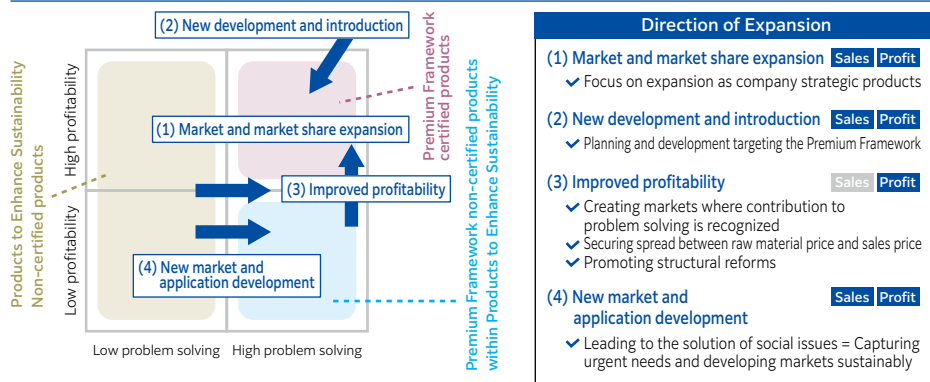
## Products to Enhance Sustainability

### About the Premium Framework

The Premium Framework is a strategic framework that combines social issue resolution and profitability.

Excluding the Housing Business (revenue base), which aims to generate stable cash, approximately 70% of Premium Framework net sales are composed of products from businesses in the Growth Driving Business and Growth Potential Business categories. We will accelerate the expansion of the Premium Framework by aggressively allocating capital to these two categories.

### Premium Framework Expansion Strategy (Illustration)



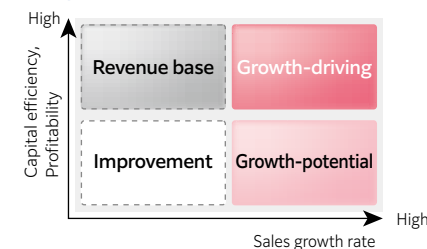
The above Premium Framework expansion strategy provides a visual illustration of our strategy for Products to Enhance Sustainability and the Premium Framework. In the first phase, we will target the lower right-hand area and grow Products to Enhance Sustainability and in the second phase, we will grow the upper right-hand area, which is the Premium Framework.

### Product Environmental Impact Assessment

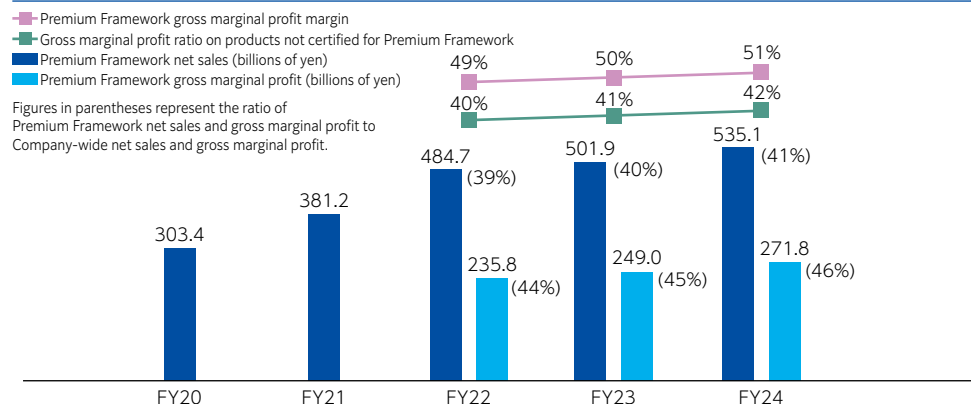
We are aiming to quantify and disclose the social impact of products certified as Products to Enhance Sustainability, and we are evaluating their environmental impact from the perspectives listed on the right. We are using the LIME2 (life cycle assessment/LCA evaluation\*) method to quantitatively evaluate the environmental and social impact of more than 50% of the total net sales of registered Products to Enhance Sustainability. Although we do not disclose the results of this impact assessment for each product, we do ascertain the ratio of negative and positive impacts for all company products, and we calculate and disclose the SEKISUI Environment Sustainability Index. **P.52** Through this, we will promote activities that reduce negative impacts and increase positive impacts.

\*The SEKISUI Environmental Sustainability Index has been calculated using the updated version of IDEA database for LCA since FY2023. The MILCA ver. 3.1 LCA calculation system, which incorporates IDEA ver. 3.1, reflects insights further clarifying impacts on biodiversity. By using this system as a new benchmark, we aim to accurately ascertain the impact of our activities on biodiversity.

## Business Portfolio Management in the Medium-Term Plan **P.33**



### Premium Framework Profitability



In FY2024, Premium Framework net sales were ¥535.1 billion, accounting for 41% of total Company net sales, while the gross marginal profit for the Premium Framework was 46% of the gross marginal profit of the entire Company. In addition, the gross marginal profit rate for Premium Framework certified products in the same fiscal year was approximately 10% higher than that of non-certified products, indicating high profitability.

### Assessment of Environmental Areas with Product Contributions

We utilize the LIME2\* methodology to objectively evaluate the contribution of sustainability products to various environmental areas. This calculates the impact of environmental load substances such as CO<sub>2</sub> (inventory) by dividing the area of impact (e.g., air pollution) into four specifically affected categorical endpoints (e.g., respiratory diseases) to be protected.

#### 【Four Protection Areas】

- (1) Biodiversity: Predicted increase in the number of extinct species of living organisms; determining equivalent increase in extinct species
- (2) Primary production: Ecosystem and plant growth guidelines; determining equivalent to the amount of biomass produced by plants in a year
- (3) Social assets: Amount of impact on agricultural and fishery products, land, and resources; determining equivalent to the amount of damage and the amount needed for recovery
- (4) Human health: Lost life expectancy affecting health; determining equivalent to years of lost life expectancy \*Determine if measurements are possible for GHG emissions as well

We will prevent what is called ESG-washing and use this evidence-based method to visualize the environmental areas to which each of our Products to Enhance Sustainability contributes, making it easier to understand the characteristics of the products.

\*LIME2: Impacts on four areas (endpoints) determined by a damage calculation-style impact assessment method

## Examples of the Environmental Impact of Products to Enhance Sustainability

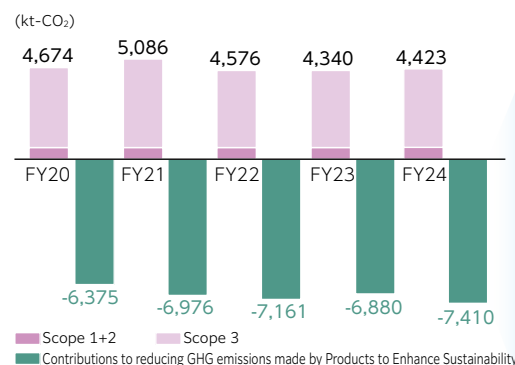
### Promoting the Environmental Value of Products

In response to, or ahead of, the demands of society and customers, SEKISUI CHEMICAL Group is promoting the value of low-carbon and decarbonized products that contribute to mitigating climate change issues. In order to convey to customers the value of low-carbon and decarbonized products, we calculate the carbon footprint of our products based on carbon life cycle assessments (C-LCA). Calculations are made by setting parameters according to each objective and product. For raw materials, at present, calculations are based on a database (IDEA) with publicly available average GHG emission coefficients. We believe that as progress is made with initiatives at raw material manufacturers and coordination with the supply chain, we will be able to leverage the low-carbon value of each company's efforts. The amount of raw materials used, energy used in production, and other data are calculated using actual measurement data from production plants.



### Products and services which contribute to the environment, primarily through GHG emission reductions which help to mitigate climate change

#### GHG Emissions from Corporate Activities and Contributions to Reducing GHG Emissions Made by Products to Enhance Sustainability



Contributions to reducing GHG emissions made by Products to Enhance Sustainability are calculated using general-purpose products as a comparison, where the calculation indicates the contribution to reduction as the difference from comparison products given by MilCA (Japan Environmental Management Association for Industry), a calculation system based on the concept of LIME2.

For details on the calculation methods used for Scope 1, 2, and 3, see the [Sustainability Report](#)

#### Contributions to GHG Emissions Reduction in the Mobility and Electronics Fields Account for Nearly 70% of the Total

The High Performance Plastics Company's contribution to GHG reductions in the electronics and mobility fields accounts for approximately 70% of the total. We will further expand our contribution by promoting the use of renewable energy for electricity used at production plants, and the resource conversion of raw materials.

#### Disclosure of products' contribution to greenhouse gas emissions reduction (FY2024)

Field	Form of Contribution	CO <sub>2</sub> Reductions (kt-CO <sub>2</sub> )
Electronics	Interlayer materials, etc. contribute to the energy-saving features of LEDs	688
Mobility	Interlayer films for laminated glass used in vehicle windshields. High-performance membranes with heat shielding and sound insulation contribute to lower fuel consumption by reducing vehicle weight and improving the efficiency of car air conditioners.	4,755
Housing	Solar panels, HEMS, and storage batteries are installed to solve energy problems from the perspectives of energy creation, energy conservation, and energy storage.	1,349
Infrastructure	In addition to reducing resources and waste, the SPR pipeline renewal method for aging pipes (which does not require road excavation) improves fuel efficiency for vehicles by reducing traffic congestion because it reduces the extent to which vehicle traffic is stopped during construction.	418
Others	—	200
<b>Total</b>	—	<b>7,410</b>

### Mobility Field

In these fields, we contribute to reducing GHG emissions at the production and usage stages of our customers' products.

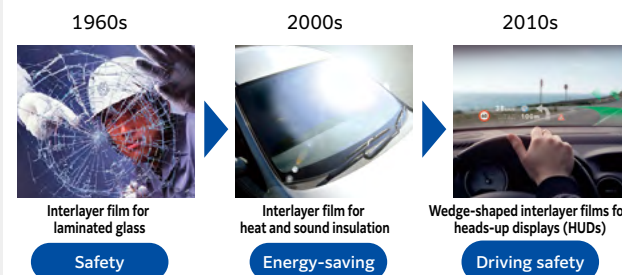
Reduce fuel consumption and CO<sub>2</sub> by decreasing vehicle weights and through heat insulation

- Sound and heat insulation interlayer films
- Alveosoft vehicle floor material, etc.



#### Product Example: Automotive Interlayer Film

- 1960s: "Shatterproof" reinforced windshields dramatically increase automobile **safety**
- 2000s: Contributing to **energy conservation and comfort** by adding heat and sound insulation performance
- 2010s: Projecting information on windshields reduces diversion of driver focus and **improves safety**



**Lighter weight, more efficient air conditioning**  
 → **Reduced fuel consumption**

#### Contribution to the four environmental areas P.15

##### (1) Contribution to human health (GHG emission reduction)

Thinner glass makes vehicles lighter  
 => Improves fuel efficiency, curbing global warming

##### (2) Contribution to social asset

Thermal barrier performance improves vehicle air conditioning efficiency  
 => **Contributes to reduced energy use**  
 Reduces global warming with improved fuel efficiency  
 => **Helps to protect agricultural and marine products**

#### What is an interlayer film?



### Electronics Field

In these fields, we contribute to reducing GHG emissions at the production and usage stages of our customers' products.

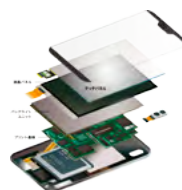
Contribute to the performance of energy-efficient products and reduce CO<sub>2</sub>

- Micropearl
- Conductive fine particles
- UV sealants
- Heat-release materials



Improve product durability and reduce CO<sub>2</sub> over the life cycle

- Foam tape
- Double-faced adhesive tape for fixing of LCD components etc.



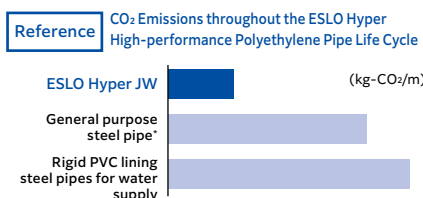
## Examples of the Environmental Impact of Products to Enhance Sustainability



Products and services which contribute to the environment, primarily through GHG emission reductions which help to mitigate climate change

### Infrastructure

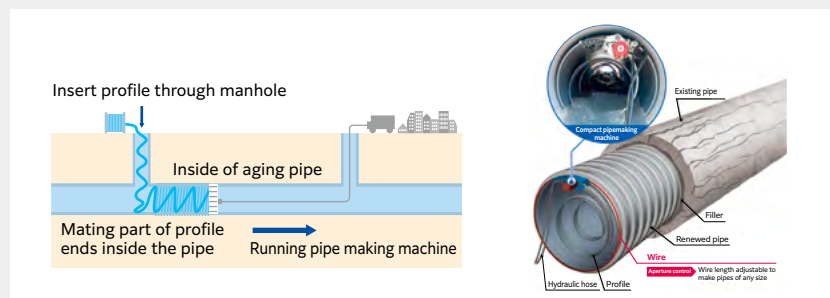
In this field, we contribute to mitigating environmental impact by reducing CO<sub>2</sub> throughout life cycles, from raw materials to production, by replacing conventional materials with plastic and by reducing waste, for example, through the SPR pipeline renewal method that eliminates the need to excavate roads during construction.



Notes: 1. Figures for metal pipes are inferred from publicly available information. These figures are for reference purposes only, and are not collected as data from the production process.  
2. CO<sub>2</sub> emissions by material and product are calculated using impact assessment coefficients (GHG emissions per unit production) cited from IDEAv2 of the National Institute of Advanced Industrial Science and Technology and the Sustainable Management Promotion Organization.

#### Product Example: SPR Method (Pipeline Renewal)

- Renews old sewage pipes to equal or better condition than new pipes without excavating the road and while allowing water to flow through without stoppage
- Safer, lower-noise, and faster installation
- SPR-NX was launched in 2019, achieving more compact pipe making machinery and resulting in virtually no flow obstruction



### Contribution to the four environmental areas **P.15**

- (1) Contribution to mitigating climate change**  
No need to transport raw materials or waste  
Shorter construction times, relieving traffic congestion  
=> Improves fuel efficiency, curbing global warming
- (2) Contribution to biodiversity**  
No excavation of land  
=> No destruction of living organism habitats
- (3) Contribution to primary production**  
No landfill waste  
No need for new sediment  
=> Does not disturb plant growth environments

### Topic Sales activities that promote the low-carbon value of products by utilizing carbon footprints

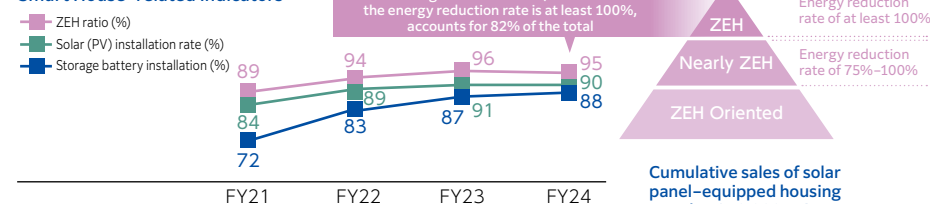
The Urban Infrastructure & Environmental Products Company, which handles many resin infrastructure products, has developed material describing the calculated carbon value of resin pipes and other products to customers, and also conducts training for sales staff. More than 500 trained employees have been engaged in sales activities promoting the value of low carbon since FY2021. Given these activities, the Urban Infrastructure & Environmental Products Company is ready to present material in response to requests from customers whenever needed.

**WEB** Press Release: Commencing disclosure of LCA data (CFP data) for the Urban Infrastructure & Environmental Products Company (Japanese only)  
[https://www.sekisui.co.jp/news/2025/1433652\\_41954.html](https://www.sekisui.co.jp/news/2025/1433652_41954.html)

### Housing

As one of the first companies to tackle environmental issues, we began selling houses equipped with solar panels in 1997. In 2012, we began contributing to energy creation, conservation, and storage through solar panels, HEMS (home energy management system), and storage battery-equipped housing. By utilizing high-capacity storage batteries and large-capacity solar panels, we propose advanced lifestyles that eliminate electricity purchases wherever possible.

#### Smart House-related Indicators\*1



\*1 Rate of installation for detached housing orders

Reference: Company data*	FY21	FY22	FY23	FY24
Installed solar panel area	400,000 m <sup>2</sup>	428,000 m <sup>2</sup>	367,000 m <sup>2</sup>	390,000 m <sup>2</sup>
Total installed solar panel capacity*2	60 MW	60 MW	55 MW	55 MW

\*2 Cumulative installed solar panel capacity now exceeds 1,300 MW. As a result, total annual electricity generation is equivalent to the electricity consumed by a city with a population of 500,000 people.

**Visit** <https://www.sekisuiheim.com/info/press/20240423.html>

Cumulative sales of solar panel-equipped housing stood at 250,000 units (approx.) as of March 31, 2023



#### Product Example: SEKISUI HEIM ZEH Housing

##### Contribution to the four environmental areas **P.15**

- (1) Contribution to mitigating climate change**  
Solar panels/storage batteries & high-insulation housing  
=> Self-sufficiency with clean energy, and deterrence of global warming through efficient heating and cooling
- (2) Contribution to human health**  
Improvement of indoor air quality, reduction of temperature differences => Deterrence of disease morbidity
- (3) Contribution to social assets**  
Private solar power generation => Creation of clean energy



## Examples of Products to Enhance Sustainability



### Promoting Resilient Infrastructure, Cities as well as Living and Communications Environments

#### Spreading and Promoting Resilient Social Infrastructure and Safe, Secure Lifelines

We provide products and construction methods that contribute to solutions for social issues, including aging structures, disaster prevention and mitigation, and labor shortage countermeasures, as part of water supply and sewage lines, agriculture, electric power, and other aspects of social infrastructure. We also provide lightweight, highly durable, high strength materials in the aircraft, railway, and other transportation infrastructure fields in order to contribute to building safe, secure lifelines.



Polyethylene pipes for earthquake resistant water supply



SPR Method contributes to aging infrastructure, including sewage pipes



Reinforced plastic composite pipes are also used as rainwater storage pipes

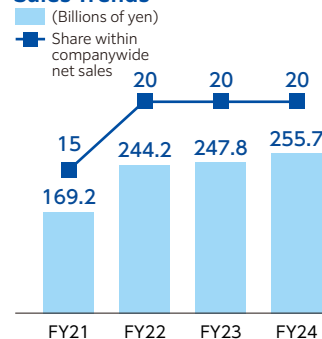


Rainwater storage systems contribute to torrential rain countermeasures



Synthetic sleepers for railroads have exceptional water resistance and durability

#### Water-related Business Net Sales Trends



\* The water-related business was redefined in FY2022.



High flowrate drainage systems contribute to torrential rain countermeasures, etc.



Fire-resistant VP Rigid PVC pipes for buildings



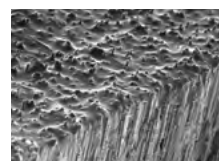
Drinking water storage system



Non-combustible certified material, thermal insulating urethane foam material for onsite use

#### Resilient Communications Infrastructure

Products that contribute to improving the durability and performance of ICT-related parts, which are becoming increasingly important with the development of 5G connectivity, also contribute to more sophisticated ICT.



**MANION high thermal conductivity heat release sheet**

Contributes to the performance of high-speed communication and high-density semiconductors



**Selfa semiconductor processing material**

Contributes to realizing high density, ultra-thin wafers

#### Providing Smart, Resilient Living Environments, and Town and Community Development



SEKISUI HEIM are made from high durability structures that are resistant to natural disasters as the result of a highly industrialized unit construction method



**New e-PocketGREEN high-capacity storage battery**

A high-capacity, compact storage battery that can be installed indoors

In addition to communities where all residences are equipped with storage batteries and built to zero energy house (ZEH) specifications, we are deploying smart, resilient town and community development throughout Japan by bringing to bear the infrastructure materials of the Group that stand strong against disasters, including rainwater storage systems that provide countermeasures to torrential downpours and drinking water systems capable of securing days of potable water, even when water services are suspended.

SEKISUI CHEMICAL Group  
Infrastructure Technologies



### Support for Health and Longevity

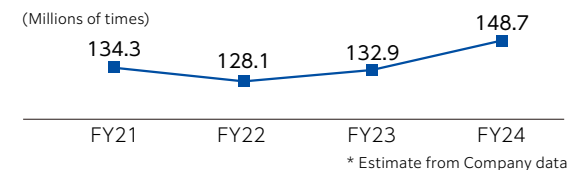
#### Contributing to the Early Detection of Diseases

We support healthy lifestyles by detecting illness and infectious diseases early on through our product lineups of clinical reagents for diabetes and infectious diseases, analysis equipment, and plastic blood collection tubes.



#### Reference Image

Number of tests made using SEKISUI CHEMICAL Group diagnostic reagents in the clinical chemistry (HDL, LDL), diabetes, and POCT fields\*



#### Lightens the Burden on Those Receiving and Providing Elderly Care



Large-scale prefabricated bath for independence support and nursing care



Monitoring Sensor ANSIEL

#### Proposing Lifestyles with Little Temperature Difference Risk



Comfortable air ventilation and air-conditioning systems

#### Addressing the New Normal



Virus removal spray with a virus removal effect that lasts approximately one month



## Long-term Vision, Vision 2030

### Aiming to Double the Group's Business by 2030 Centered on ESG Management

Vision 2030, the Group's Long-term Vision, presents the vision statement of Innovation for the Earth, which incorporates the Group's resolute will to continuously drive innovation as a means of supporting the basis of LIFE and continuing to create peace of mind for generations to come to realize a sustainable society.

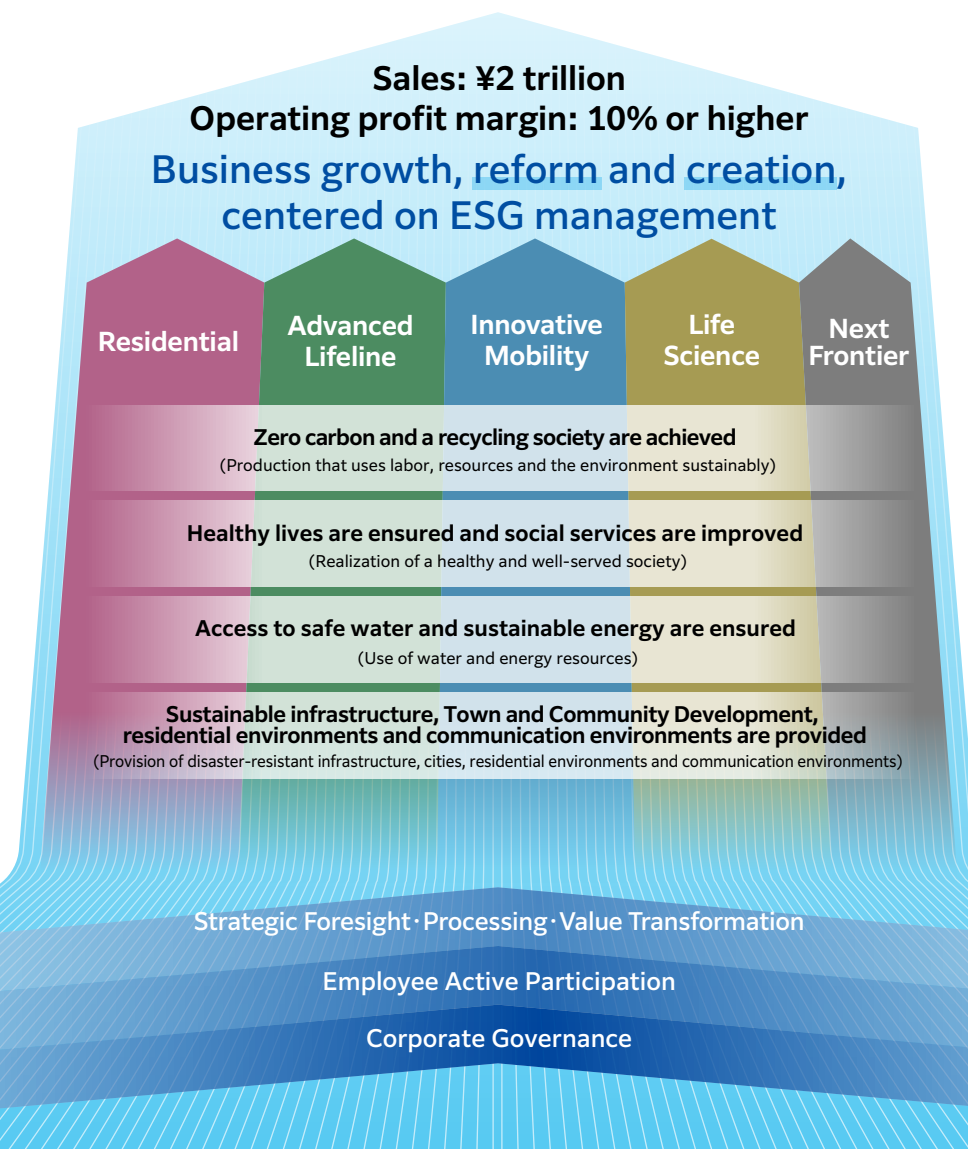
This Vision lays down the four domains of Residential (Housing), Advanced Lifeline (Social Infrastructure), Innovative Mobility (Electric/Mobility), and Life Science (Health and Medical), and aims to double the scale of our business by 2030 through the expansion of existing business while taking on the challenge of new domains along the strategy axis of business growth, reform, and creation centered on ESG management.

Working to double the Group's business, we will seek to increase sales and operating profit based on our contribution to solving social issues in each domain, and endeavor to deliver more sustainable contributions by engaging in operations that take into consideration the Group's management capability to sustain business.

Expand contributions to solving social issues through expansion of existing businesses and new business creation through business growth, reform and creation, centered on ESG management

## Innovation for the Earth

To realize a sustainable society, we support the basis of LIFE and will continue to create "peace of mind for generations to come."



#### ◀ Vision Statement

#### ◀ Targets

(Numerical Targets)  
(Strategic Direction)

#### ◀ Business Domain

#### ◀ Social Issues

#### ◀ Capability

## Long-term Vision, Vision 2030

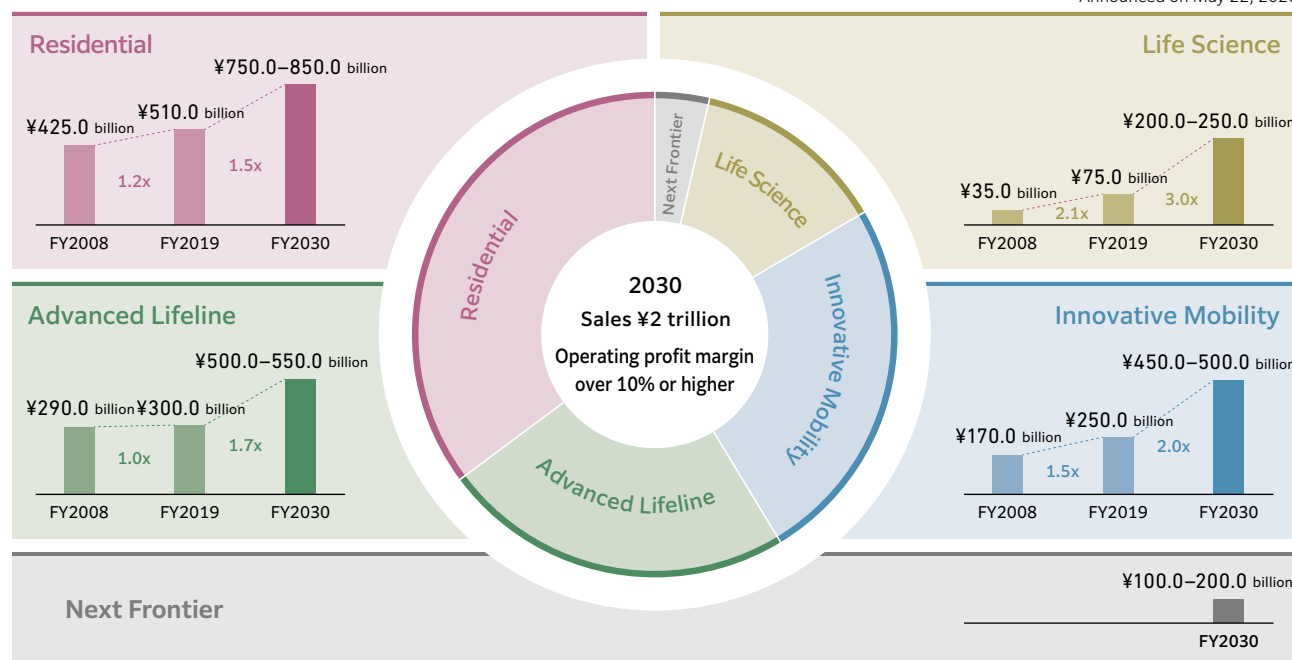
### Growth Image and Strategic Investment

The expansion of business for which the Long-term Vision, Vision 2030, aims can only be achieved through substantial growth rather than the extension of existing businesses. Working to double its business and achieve net sales of ¥2 trillion by 2030, the Group will grow sales in each domain and transform into an attractive company with diverse growth engines and a strong presence. By taking up the challenge of pursuing innovation as an extension of core technologies in each domain, the Group will create new business domains and the next frontier in anticipation of major paradigm shifts. As far as the status of each domain, we conduct rolling planning within the Group.

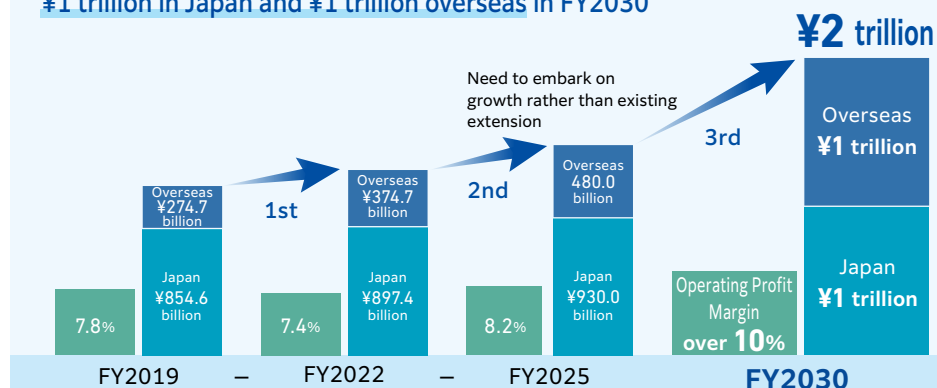
Along with aiming to achieve a scale of ¥1 trillion through domestic growth, the Group will accelerate efforts to cultivate frontier businesses without slowing its current pace of growth overseas as part of a plan to expand the scale of overseas business to ¥1 trillion, more than double that of today. When executing new investments including capital expenditures aimed at growth, the Group considers financial soundness and steps to increase the probability of return in anticipation of making investments exceeding ¥2 trillion in total value over the 10 years through 2030.

Under the FY2020 to FY2022, Drive 222, Medium-term Management Plan, which the Group put in place as the first phase of its Vision 2030, energies were directed toward implementing structural reforms and strengthening profitability in the face of the prolonged impact of COVID-19. While trends in net sales surpassed plans over this period, growth investments were held to a certain level. Under the Drive 2.0 Medium-term Management Plan, a crucial second phase toward further growth, we will proactively expand strategic investments.

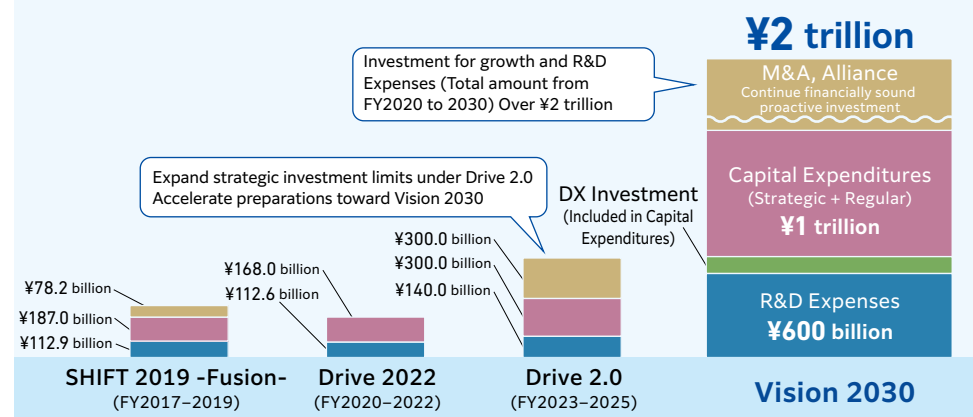
\* Announced on May 22, 2020



Accelerate efforts to cultivate frontier businesses overseas; expand sales to **¥1 trillion in Japan and ¥1 trillion overseas in FY2030**



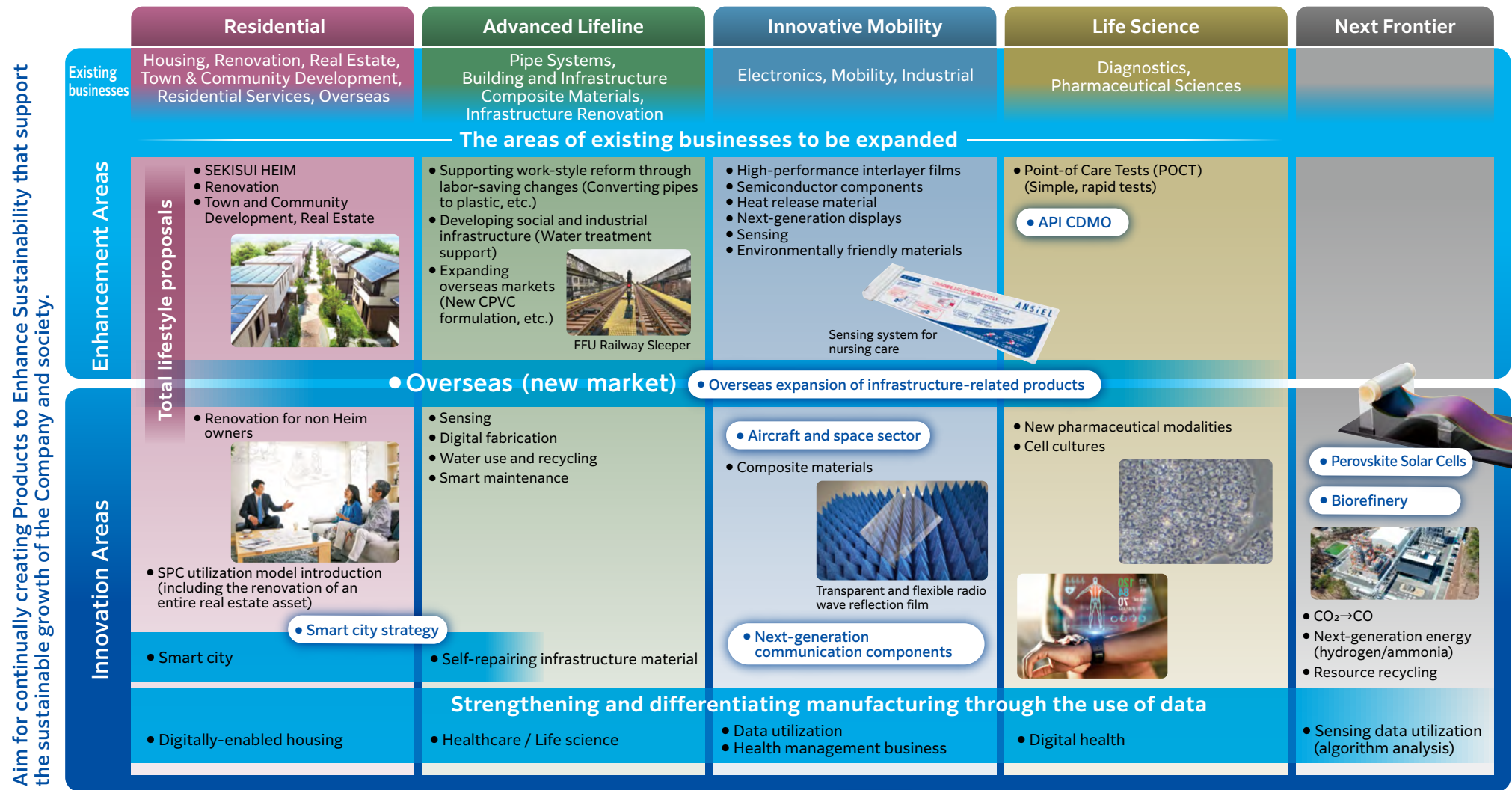
Proactive investment to double the size of business



Long-term Vision, Vision 2030

Medium- to Long-Term Strategies for Growth —Strategic area map

We have drawn up a strategic area map to act as a compass for business strategies so we can realize our long-term vision, Vision 2030. Areas that are extensions of existing businesses and will be expanded on a priority basis are called Enhancement Areas and areas that will create new innovations through fusion of different areas are called Innovation Areas. We have clarified the themes to be targeted in the four domains of Residential, Advanced Lifeline, Innovative Mobility, and Life Sciences. In our allocation of capital, we are focusing on expanding the Enhancement Areas and creating new innovations in the Innovation Areas of each domain. In particular, for the themes in the Innovation Areas, we are working not only with internal resources, but also with external resources through M&A and Corporate Venture Capital (CVC). Of these, we have defined seven key themes that we should focus on in particular during the current medium-term plan, and are strengthening R&D and external collaboration in order to accelerate the progression to the commercialization phase.



## Risks and Opportunities

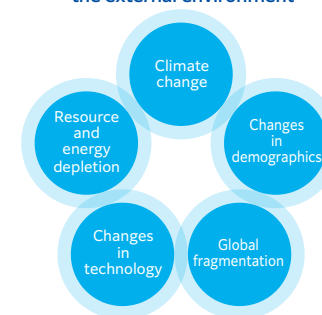
SEKISUI CHEMICAL Group believes that it is important to appropriately control enterprise risks from short-term and medium- to long-term perspectives, seize opportunities, and establish an environment conducive to taking on risk for growth.

Therefore, we have established a system in which the Board of Directors evaluates and monitors risks and opportunities from the perspective of their impacts on the business environment, strategy, and operations, based on short-term changes in the external environment and megatrends (climate change, resource and energy depletion, demographic changes, etc.), and then evaluates the impact on our business activities and throughout the entire value chain, both upstream and downstream.

Particularly serious risk items are deliberated on by the Board of Directors and the Sustainability Committee, where countermeasures are determined and incorporated into management plans and action plans.

To respond quickly to changes in the business environment and formulate and implement strategies that seize opportunities, we hold discussions and make decisions at monthly meetings of the Board of Directors and quarterly budget meetings, in an effort to review and disclose indicators in the management plan and financial conditions in a timely and appropriate manner. [P.71 Risk Management](#)

### Major megatrends in the external environment



	Main content	Risks and Opportunities	Main response by the Group
Business environment	Economy and product market trends	<b>Risk</b> <ul style="list-style-type: none"> <li>Trends in the economic environment and demand fluctuations in the areas where we do business</li> <li>Slowing growth or contraction in markets such as mobility, electronics, housing, construction, and infrastructure</li> </ul> <b>Opportunity</b> <ul style="list-style-type: none"> <li>Propose products and services that meet market needs</li> </ul>	<ul style="list-style-type: none"> <li>Globalize expansion regions</li> <li>Strengthen competitiveness by launching products of high added value</li> <li>Change portfolios to match demand and cut costs</li> </ul> <a href="#">Financial Results Briefing Materials</a>
	Raw material price volatility and procurement	<b>Risk</b> <ul style="list-style-type: none"> <li>Tight or delayed supply of raw materials and price fluctuations due to changes in the balance of supply and demand</li> <li>Risks related to stable procurement of scarce raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Diversify raw material sources, and apply measures for ongoing cost reductions</li> <li>Maintain the margin between selling and raw material prices</li> </ul>
	Foreign currency, interest rate, and owned asset price fluctuation	<b>Risk</b> <ul style="list-style-type: none"> <li>Impact on changes of the value exchanged to yen due to the yen exchange rate fluctuations</li> <li>Impact on the amounts of interest income and interest expense due to interest rate fluctuations</li> <li>Changes in holding asset due to changes of the market and economic environment</li> </ul>	<ul style="list-style-type: none"> <li>Periodically review internal exchange rates for foreign currency transactions (avoid deviation from actual rates)</li> <li>Transitioning businesses deployed globally to local production</li> </ul>
	Major earthquakes, natural disasters, etc.	<b>Risk</b> <ul style="list-style-type: none"> <li>Business interruption (production stoppage due to the disaster, supply chain disruption, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Engage in risk management and put in place the crisis management system</li> <li>Implement business continuity plans (BCPs)</li> </ul>
	Politics and Society	<b>Risk</b> <ul style="list-style-type: none"> <li>Tariff retaliatory measures, policy changes, amendments to laws and ordinances, and social and political turmoil (War and terrorism, racism, boycotts, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Regional headquarters track trends and gather information in each country</li> <li>Establish swift response measures</li> </ul>
Strategy	Partnerships, mergers and acquisitions with third parties, and R&D activities	<b>Risk</b> <ul style="list-style-type: none"> <li>Manifestation of business environment risks</li> <li>Delays in development and business launch</li> </ul> <b>Opportunity</b> <ul style="list-style-type: none"> <li>Expanded business scale and manifestation of synergy</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced preliminary surveys and post-execution monitoring</li> <li>Accelerate development through internal and external technology fusion</li> <li>Effectively conduct business reviews and design reviews</li> </ul>
Operation	Safety and health, industrial accidents	<b>Risk</b> <ul style="list-style-type: none"> <li>Fire, explosion, or hazardous substance leaks</li> <li>Incidence of major workplace accidents</li> </ul>	<ul style="list-style-type: none"> <li>Identify risks to prevent any incidents and provide corrective guidance through regular onsite audits and emergency preparedness audits.</li> </ul> <a href="#">P.58 Safety</a>
	Products / Quality	<b>Risk</b> <ul style="list-style-type: none"> <li>Incidence of serious product accidents</li> <li>Product recalls or discontinuation due to questions over safety, the environment, or statutory and regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Prevent quality issues through preliminary reviews at the development stage</li> </ul> <a href="#">P.59 Quality</a>
	Compliance	<b>Risk</b> <ul style="list-style-type: none"> <li>Unethical or criminal behavior</li> <li>Violations of the Monopolies Act or fraudulent transactions</li> <li>Unauthorized overwriting of data</li> <li>Bribery</li> <li>Harassment</li> </ul>	<ul style="list-style-type: none"> <li>Build and employ a whistleblowing system for internal and external use</li> <li>Provide ongoing compliance training by theme</li> </ul> <a href="#">P.60 Legal/Ethical, Accounting</a>
	Information management	<b>Risk</b> <ul style="list-style-type: none"> <li>Customer, technology, and other information leaks</li> <li>System failures and compensation for damages resulting from cyberattacks or natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>Monitor incidents constantly and systematically</li> <li>Disperse data center construction and provide complete redundancy for key business systems</li> </ul> <a href="#">P.61 Information Management</a>
	Intellectual property	<b>Risk</b> <ul style="list-style-type: none"> <li>Intellectual property disputes (infringement suits etc.), reputational damage</li> </ul> <b>Opportunity</b> <ul style="list-style-type: none"> <li>Management resources that support growth and profits</li> </ul>	<ul style="list-style-type: none"> <li>Conduct intellectual property training for employees</li> <li>Conduct timely investigations to avoid intellectual property infringement</li> </ul> <a href="#">P.49 Intellectual Property Management</a>
	Climate change and environmental issues	<b>Risk</b> <ul style="list-style-type: none"> <li>Rising energy procurement costs and reputation damage due to delays in policy and regulatory compliance</li> </ul> <b>Opportunity</b> <ul style="list-style-type: none"> <li>Growing needs due to low carbon, infrastructure resilience, and water risk reduction</li> </ul>	<ul style="list-style-type: none"> <li>Respond rapidly to policies and regulations, and advance the environmental medium-term plan towards a decarbonized society</li> </ul> <a href="#">P.23 Risks and Opportunities Based on Climate Change Scenario Analysis</a> <a href="#">P.52 Environment</a>
	Human capital	<b>Risk</b> <ul style="list-style-type: none"> <li>Insufficient human capital due to decreased competitiveness in recruitment and increased turnover</li> </ul>	<ul style="list-style-type: none"> <li>Foster the culture of challenge, realizing the right people in the right places, and achieving diversity (Provide opportunities to take on challenges, such as an open recruitment system, and early development and selection of business leader candidates)</li> </ul> <a href="#">P.50 Human Capital</a>



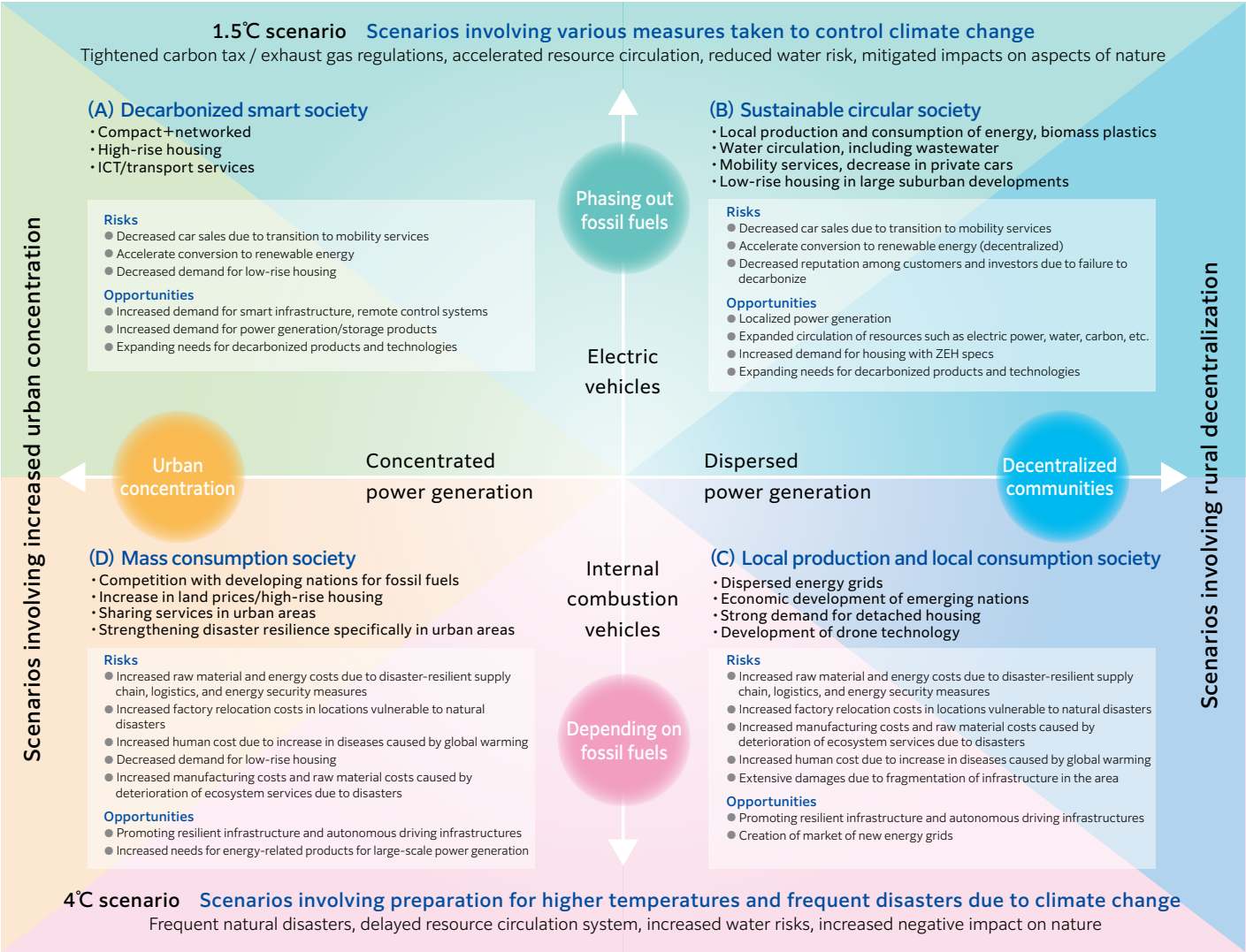
## Risks and Opportunities

### Risks and Opportunities Based on Climate Change Scenario Analysis

Recognizing that climate change will have a significant impact on management in the short to long term, and will present risks and opportunities for our businesses, we have formulated an environmental medium-term plan by backcasting from 2050. [P.52 Environment](#)

In order to understand risks and opportunities, we assume four climate change scenarios based on the 1.5°C and 4°C scenarios, and while verifying the validity of the strategy in each scenario, we have set milestones for the realization of a carbon-neutral society and have formulated strategies to accelerate our efforts. [For details, please see our TCFD/TNFD Report](#)

#### Four climate change scenarios based on the 1.5 °C and 4 °C scenarios



#### The Group's Major Responses (Business examples)

- Provide highly functional materials that provide additional performance to vehicles and aircrafts (S-LEC wedge-shaped interlayer film for HUD, KYDEX Sheet, CF RTP)
- Material development to promote improvement of ICT (heat dissipating materials, materials for LED and OLED)
- Standardization of ZEH specifications in the housing business and promotion of sustainable town and community development business
- More resilient water infrastructure (SPR method)
- Reinforcement of contracted manufacturing of active pharmaceutical ingredients (APIs)
- Innovation in perovskite solar cells, BR technology, CCU technology development, etc.

#### Output

Creation and expansion of products to enhance sustainability

[P.10 Value Creation Process](#)

[P.14 Products to Enhance Sustainability](#)

## Key Issues (Materiality)

To further strengthen ESG management, which is the key to realizing the Long-term Vision, Vision 2030, SEKISUI CHEMICAL Group is promoting measures centered on innovation, human capital, the environment, DX, and internal control. In terms of the expansion of the Sekisui Sustainable Spread, which is closely watched from the perspective of improving corporate value, the creation of Products to Enhance Sustainability, especially within the profitable Premium Framework, is effective in improving ROIC over the medium to long term, while also helping to control financial and non-financial capital costs, leading to reduced risk. We believe that if each employee is aware that his or her work contributes to improving ROIC and reducing the cost of capital, this will ultimately lead to an increase in our corporate value and enhance our management ability to sustain business.

### Identification Process

#### Step 1 : Extracting Issues

In line with the Corporate Philosophy System, extract issues based on social demands, including global guidelines such as the UN Global Compact, and feedback from customers, shareholders, and investors, as well as on other companies' trends.



#### Step 2 : Identification of Risks and Opportunities

The Group-wide Risk Review Subcommittee identifies events that could be risks or opportunities from the three perspectives of impact, likelihood of occurrence, and spillover effects in the value chain.



#### Step 3 : Identifying Key Issues

Prioritize issues along two axes: A. Importance to stakeholders and B. Importance to management. The former utilizes the SEKISUI Environment Sustainability Index [P.52](#), and considers the positive and negative impacts on communities and society. The latter utilizes the ROIC Spread, and estimates the degree of financial impact in the future. Key issues are then identified following deliberation by the Sustainability Committee. [P.69](#)



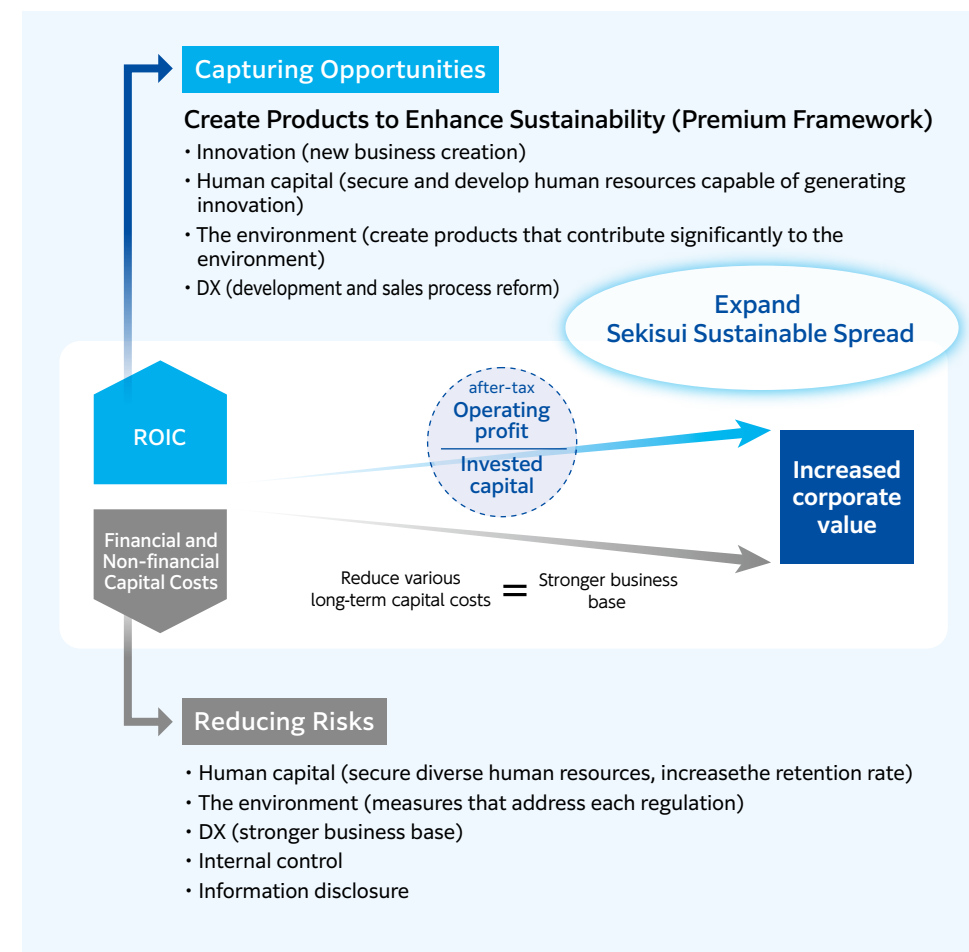
#### Step 4 :Approval of Key Issues

Key issues deliberated by the Sustainability Committee are ultimately authorized by the Board of Directors. In addition, we will consider the necessity of changing these key issues every year taking into account changes in SEKISUI CHEMICAL Group's situation, social conditions, and other factors.

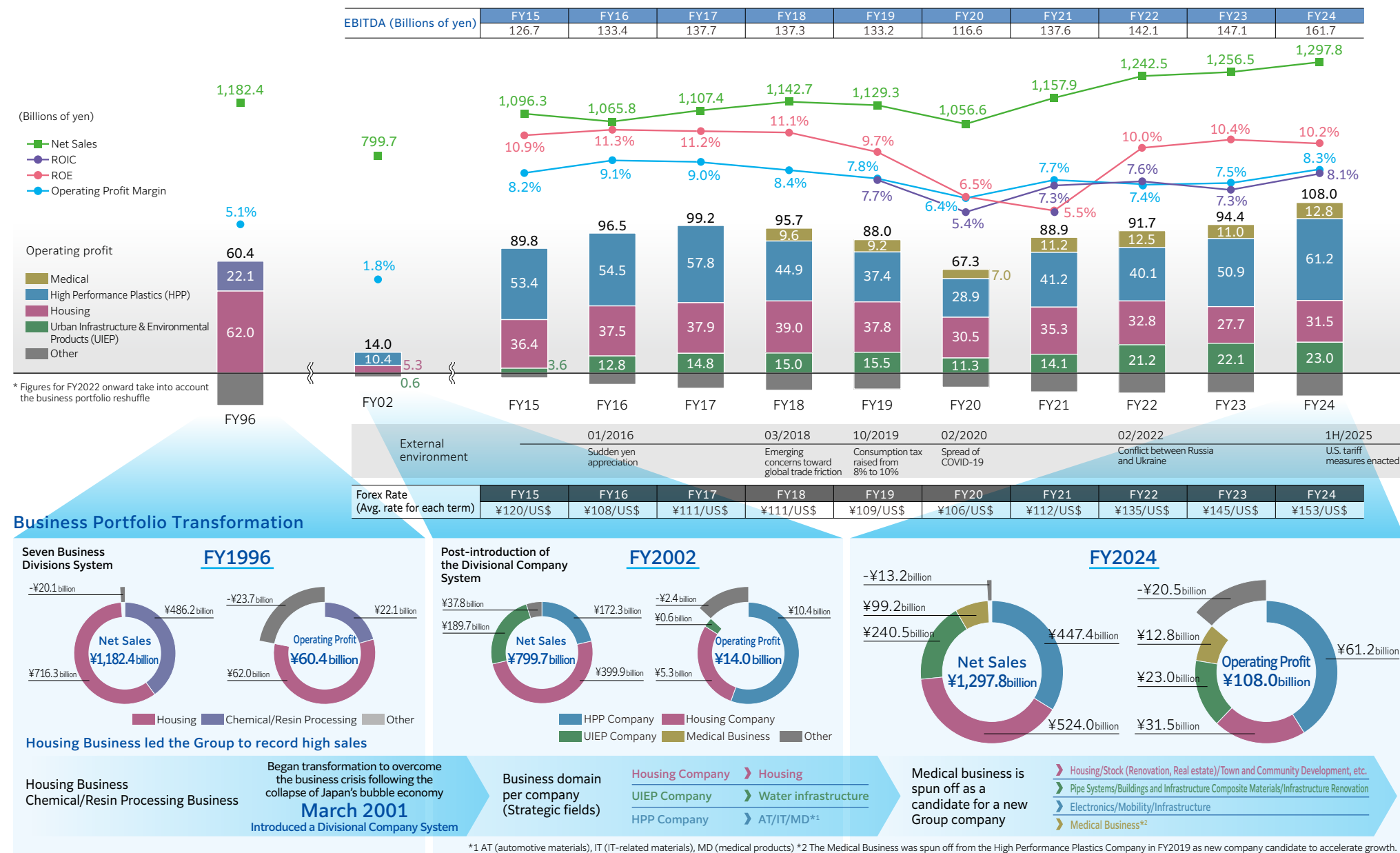


[P.40 KPIs for Key Issues \(Materiality\)](#)

### Relationship between Key Issues (Materiality) and the Enhancement of Corporate Value



# Performance Trends and History of Changes in Business Portfolio



We have worked to transform our business portfolio to achieve growth while anticipating and identifying changes in society and business.

We took steps to reorganize our business portfolio in October 2022 owing to the increasingly overlapping nature of certain aspects of the HPP and UIEP companies due to the expansion of business domains in recent years.

Through reorganization, we are working to more efficiently engage in operations and utilize assets by further expanding its business and improving productivity.

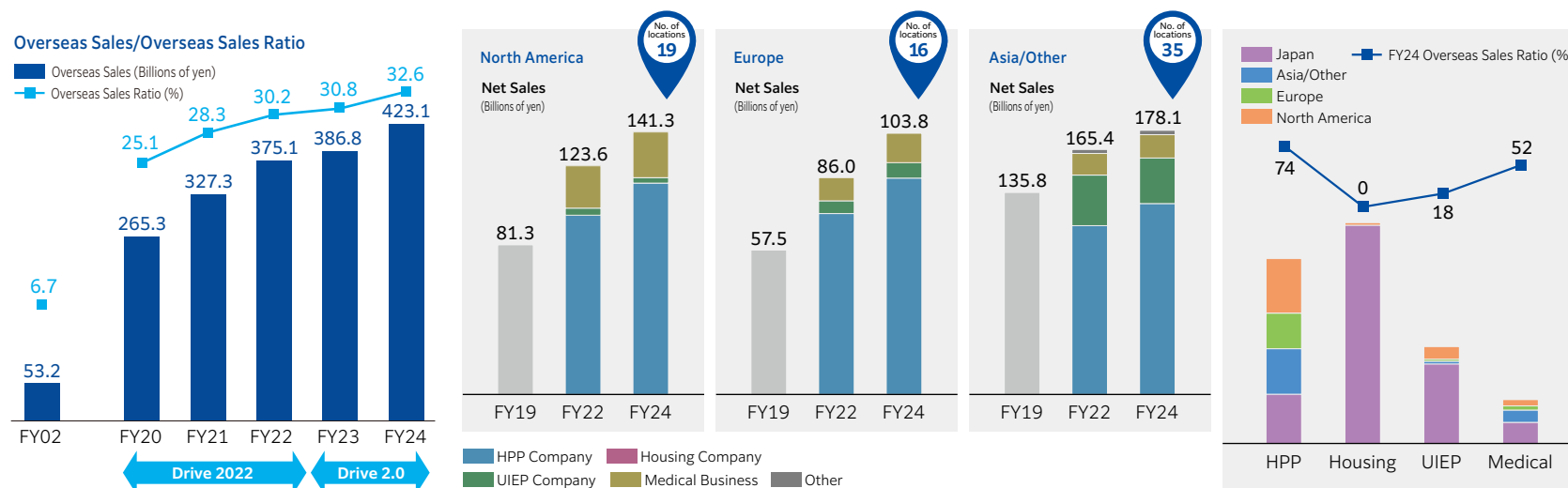
# Review of the Medium-term Management Plan and its Global Extension

	SHINKA!-Advance 2016 FY2014-2016	SHIFT 2019 -Fusion- FY2017-2019	Drive 2022 FY2020-2022	Drive 2.0 FY2023-2025
Measures and Results	By specializing in strategic businesses and products and implementing structural reforms we were able to achieve growth in profit. We pioneered new markets and new fields through internal and external alliances. Over the period we commenced penetration of CSR management, initiated efforts to enhance governance, and established the Nomination and Remuneration Advisory Committee, etc.	Fusion accelerated over the period during which we targeted a balance between quantitative and qualitative growth. We made aggressive Investments to achieve growth, and net sales attributable to M&As rose. Strengthening ESG initiatives aimed at building a sustainable business base, we continuously earned high evaluations from GLOBAL100 and others.	Net sales, net income, and EBITDA all hit record highs on the back of structural reforms and thoroughgoing efforts to improve selling prices aimed at strengthening profitability. Took steps to introduce and instill ROIC management within the Group.	
Challenges	<ul style="list-style-type: none"> <li>Return to sales growth</li> <li>Commercialization and building of frontier domains</li> <li>CSR management rollout and further penetration among employees</li> </ul>	<ul style="list-style-type: none"> <li>Delays in securing returns on growth investments</li> <li>The speed of structural reform</li> <li>Strengthening ESG management</li> </ul>	<ul style="list-style-type: none"> <li>Stagnant growth investments</li> <li>Carry over of business contributions through the use of M&amp;As</li> <li>Target for the human resource KPI, Employee Challenge Action Rate, not achieved</li> </ul>	
Strategic Investments, Equity Investments and M&A, Structural Reforms (key examples)	<p><b>Strategic Investment (Capex)</b></p> <p>June 2015 Operations commenced at a CPVC plant in Thailand</p> <p><b>Equity Investment, M&amp;A</b></p> <p>December 2015 Acquired EIDIA Co., Ltd.</p> <p><b>Structural reforms</b></p> <p>December 2015 Transferred shares in two subsidiaries in the pipe renewal business in Europe</p> <p>March 2017 Transferred shares partially in Sekisui KNT (Hebei) Environmental Technology Co., Ltd. in the water infrastructure business in China</p>	<p><b>Strategic Investment (Capex)</b></p> <p>December 2017 Operations commenced at a new interlayer film production line in Mexico</p> <p>April 2018 Operations commenced at a new automotive exterior parts plant in Japan</p> <p>2018-2019 Operations commenced at new foam plants in Thailand and China</p> <p><b>Equity Investment, M&amp;A</b></p> <p>August 2017 Acquired management rights to Polymatech Japan Co., Ltd.</p> <p>October 2017 Capital investment in Tien Phong Plastic JSC</p> <p>December 2017 Acquired SoflanWiz Co., Ltd.</p> <p>December 2018 Acquired Veredus Laboratories Pte. Ltd.</p> <p>November 2019 Acquired AIM Aerospace, Inc.</p> <p><b>Structural reforms</b></p> <p>April 2018 Reorganized production subsidiaries managed by the Urban Infrastructure &amp; Environmental Products Company (Kanto - Tohoku)</p> <p>April 2019 Reorganized production subsidiaries managed by the Urban Infrastructure &amp; Environmental Products Company (West Japan)</p>	<p><b>Strategic Investment (Capex)</b></p> <p>August 2020 Decided to increase pharmaceutical raw material production in Japan and the U.K.</p> <p>October 2020 Operations commenced in earnest at a new interlayer film production line in Europe</p> <p>October 2020 Operations commenced at a new plant for heat release materials in Europe</p> <p>April 2022 Biorefinery demonstration plant completed</p> <p><b>Equity Investment, M&amp;A</b></p> <p>November 2022 Further invested in Tochigi Sekisui Heim Co., Ltd. (now a wholly owned subsidiary)</p> <p><b>Structural reforms</b></p> <p>April 2020 Reorganized Housing production companies</p> <p>July-September 2020 Transferred the agri and food container molding product businesses of Sekisui Hinomaru Co., Ltd.</p> <p>September 2022 Transferred shares in subsidiary XenoTech, LLC in the drug development solutions business</p>	<p><b>Strategic Investment (Capex)</b></p> <p>November 2023 Operations commenced at a new plant for sleepers for railroads in the Netherlands</p> <p>November 2023 Operations commenced at a new plant for foam materials in the U.S.</p> <p>July 2024 Decided to add a new interlayer film production line in Thailand</p> <p>October 2024 Decided to increase production of conductive fine particles at the Taka Plant</p> <p>November 2024 Decided to increase production at the CPVC resin plant in Thailand</p> <p>December 2024 Decided to mass produce perovskite solar cells</p> <p><b>Equity Investment, M&amp;A</b></p> <p>November 2023 Acquired the PVC pipe materials business from Shin-Etsu Polymer Co., Ltd.</p> <p>December 2024 Acquired housing renovation company CREST Inc.</p> <p>April 2025 Acquired the thermal conductive sheet-related assets of Dexerials Corporation</p> <p><b>Structural reforms</b></p> <p>December 2024 Transferred shares in two subsidiaries in the elderly business</p>

\*The color highlights used in the "Strategic Investment (Capex)" and "Equity Investment, M&A" areas of the table refer to business quadrants outlined in Drive 2022 and Drive 2.0. ■ Growth-driving ■ Growth potential ■ Revenue base Underlines indicate frontier domains

## Global Expansion

SEKISUI CHEMICAL Group has aggressively taken on the challenge of expanding overseas, utilizing M&A and strategic investments. Overseas sales have expanded significantly since 2002, especially in the High Performance Plastics Company. Working toward our Vision 2030 long-term vision, we will accelerate frontier exploration without slowing down the pace of growth, and further expand our scale to 1 trillion yen, more than double the current level.





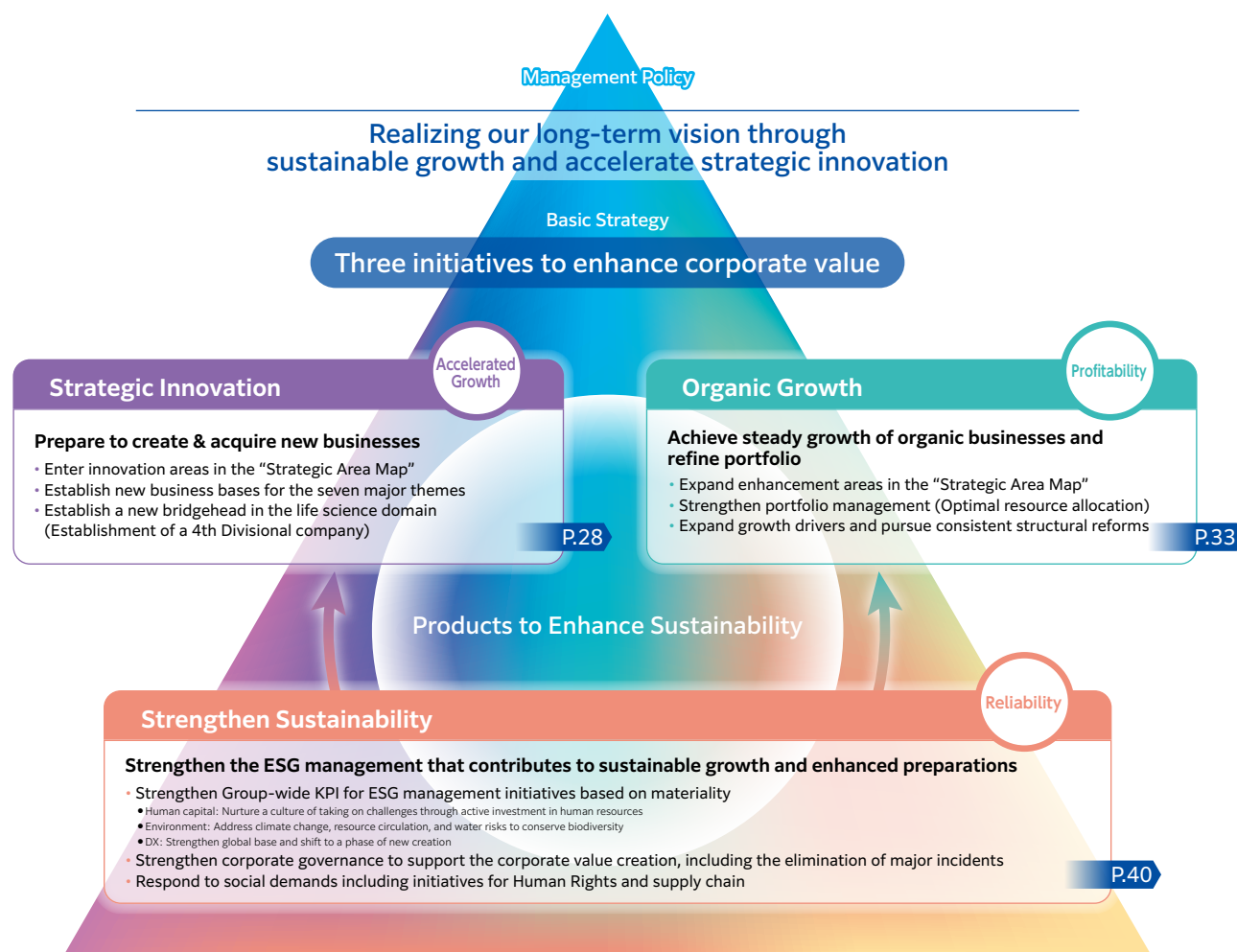
## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Basic Strategies

Amid an uncertain business environment, including trends in the prices of raw materials and fuels as well as fluctuations in foreign currency exchange rates, SEKISUI CHEMICAL Group launched the Drive 2.0 Medium-term Management Plan in a bid to make a further leap forward, drawing on the earning power built up under the Drive 2022 Medium-term Management Plan. Our policy is to realize our Long-term Vision through sustainable growth and by enhancing preparations. We aim to increase our corporate value through three strategies: Strategic Innovation, Organic Growth, and Strengthening Sustainability.

# Drive 2.0

— The 2nd phase for 2030 —



### FY2025

#### SEKISUI CHEMICAL Group's target values

Data in parentheses are compared with FY2022.

Net sales • ¥1,410.0 billion (+¥167.5 billion)

Operating profit • ¥115.0 billion (+¥23.3 billion)

Operating profit margin • 8.2% (+0.8%)

Net income • ¥82.0 billion (+¥12.7 billion)

ROIC • 8.5% (+0.9%)

ROE • 11.0% (+1.0%)

Overseas sales • ¥480.0 billion (+¥104.9 billion)

EBITDA • ¥175.0 billion (+¥32.9 billion)

#### Sales of Products to Enhance Sustainability

• Over 1 trillion yen (+¥100.0 billion or more)

Employee Challenge Action Rate • 60% (+13%)

## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Basic Strategy 1: Strategic Innovation—Accelerated Growth


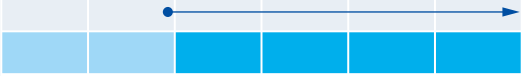

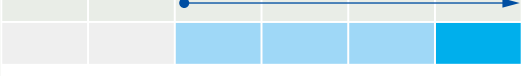

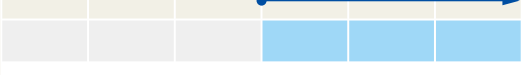


Aiming to expand into innovative areas, the Company emphasizes strategic preparation.

Seven major themes have been established to accelerate progression to the commercialization phase through internal and external collaboration, M&A and other mergers, based on core technologies. In addition, we are also pioneering the “Innovation Areas” defined in the Strategic Area Map on [P.21](#)

We aim to expand our area and contribute to business performance by quickly establishing a business foundation to realize our long-term vision.

■ Innovative Mobility ■ Residential ■ Advanced Lifeline ■ Life Science ■ Innovation areas

■ Begin realizing benefits ■ Realize benefits in earnest

Growth-potential businesses		Key themes	Investment benefit realization schedule		
			2024	2025	2026 -
Entry into aeronautical fields		<ul style="list-style-type: none"> <li>Development of new applications</li> <li>Entry into the air mobility market</li> </ul>			
			FY2025 business scale: From ¥19.0 billion		
Next-generation communication components		<ul style="list-style-type: none"> <li>Collaboration with telecommunications companies</li> <li>Development of radio wave environment business</li> </ul>			
			FY2025 business scale: From ¥1.0 billion		
Smart city strategy		<ul style="list-style-type: none"> <li>Fusion of town and community development as well as AI digital technologies</li> </ul>			
			FY2025 business scale: From ¥25.0 billion		
Overseas development of infrastructure materials		<ul style="list-style-type: none"> <li>Strengthening of overseas marketing</li> </ul>			
			FY2025 business scale: From ¥10.0 billion		
New area of pharmaceutical CDMO		<ul style="list-style-type: none"> <li>Conversion of base CMO business to CDMO with new modality support</li> </ul>			
			Consider expansion through M&As		
Perovskite solar cells		<ul style="list-style-type: none"> <li>Development of 1-m width production technology</li> <li>Promotion of demonstration through external collaboration</li> </ul>			
			FY2028 business scale: From ¥25.0 billion		
Biorefinery		<ul style="list-style-type: none"> <li>Promotion of demonstration through external collaboration</li> <li>Establishment of resource circulation model</li> </ul>			
			Commercialization from FY2030		

## TOPIC Perovskite Solar Cell Business

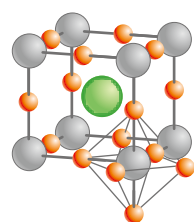
### Film-type Perovskite Solar Cells

Next-generation solar cells, which are said to be the key to realizing a decarbonized society, use semiconductors with a perovskite crystal structure as the material for power generation. Unlike conventional silicon solar cells, these cells can be manufactured by applying the material to a film as if it were printed. They have the potential to spread to urban areas where installation sites are limited, and are expected to contribute to the spread of renewable energy and the realization of carbon neutrality. The manufacturing process utilizes our proprietary technologies in sealing, process, materials, and film formation. For sealing resin, we have patented the optimal composition of our proprietary material specifically designed for perovskite. [P.47](#) To this point, we have conducted accelerated tests in accordance with standards for solar cell reliability, and confirmed durability equivalent to 10 years of outdoor exposure. Perovskite solar cells are ultra-lightweight and flexible, allowing them to be installed on the walls of buildings and other structures, as well as on roofs with weight constraints.

On December 25, 2024, SEKISUI CHEMICAL was selected for the GX Supply Chain Construction Support Project by the Ministry of Economy, Trade and Industry. The Company will play a central role in realizing the government's goal of quickly establishing a gigawatt (GW) level supply system by 2030, and announced a capital investment with the aim of starting operation of a 100 MW manufacturing line in 2027.

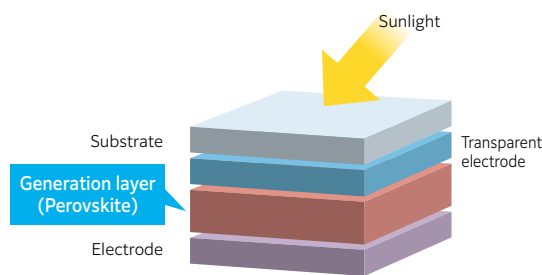
#### What Are Perovskite Solar Cells?

A type of solar cell that employs a crystalline structure called perovskite



**Perovskite Crystalline Structure**  
(General Formula:  $ABX_3$ )

- A = Methylamine ( $CH_3NH_3^+$ ), etc.
- B = Lead ( $Pb^{2+}$ ), etc.
- X = Iodine ( $I^-$ ), etc.



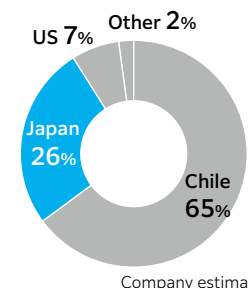
#### Perovskite Solar Cell Features and Merits

- ✓ Principal material, iodine, procured domestically
- ✓ Lightweight and flexible
- ✓ Power generation efficiency equivalent to that of silicon solar cells


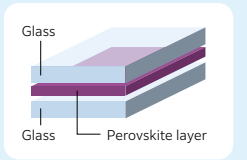
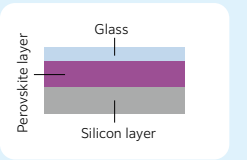
#### Reference: What is iodine?

Iodine: Halogen element with an atomic number of 53  
Principal application: X-ray contrast media, sterilizing and antifungal agent, etc.

#### International Share of Iodine Production



### Types of perovskite solar cells

			
	Film-type	Glass-type	Tandem-type
Structure	Generation layer coated on a film	Generation layer sandwiched between glass	Stacked on silicon solar cells
Features	Lightweight, thin, and bendable	Easy to ensure durability	Easy to increase power generation efficiency
Intended application	Building walls and roofs with low load-bearing capacity	Window glass and balconies	Replacement for existing silicon solar cells

	Perovskite Solar Cell (Film-type)	Silicon solar cell
Weight	Lightweight 1.0-1.5kg/m <sup>2</sup>	10-15kg/m <sup>2</sup>
Thickness	Thin 1-3mm	10-22mm
Flexibility	Positive Curvature radius 15cm	Negative
Principal material	Iodine (Japan's global market share: 26%)	Silicon (China's global market share: 97%)
Power generation efficiency	15-20%	14-20%
Durability	10 years	20-30 years (Statutory durability period 17 years)

#### Specific Target Domain

#### The roofs of school gymnasiums

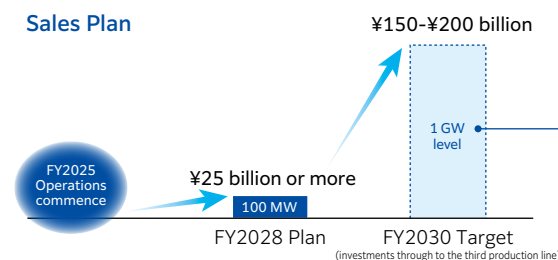
The roofs of school gymnasiums have low load-bearing capacity, making it difficult to install existing silicon solar cells, but the lightweight film-type will expand the possibilities for installation. If electricity can be generated on-site and stored in batteries in gymnasiums that serve as evacuation centers during disasters, it will be possible to use electricity during the nighttime, thereby contributing to comfort during times of evacuation.

## TOPIC Perovskite Solar Cell Business

### Toward Commercialization –Schedule–

- Newly establish a 100 MW production line (annual power consumption of approximately 31,000 households); scheduled to commence operations in 2027
- Total investment: ¥90 billion (production line no. 1)
- Consider expansion with the addition of a second and third production line for a production capacity of at least 1 GW by 2030
- Expectations are to become profitable when the 100 MW production line comes fully online in FY2028
- The aim is for an approximately 10% operating profit margin once reaching 1 GW of production

#### Sales Plan



#### Content of adopted GX Supply Chain Construction Support Project

- Subsidies: Building, etc. acquisition costs, facilities costs, system purchase costs
- Subsidy Rate: 1/2
- Subsidized expenses: ¥314.5 billion
- Total amount of subsidies: ¥157.25 billion

(FY)		~2023	2024	2025	2026	2027	2028	2029	2030-
100 MW production line no. 1	Investment amount ¥90 billion			Start of construction	Equipment installation and trial production		Production		
100 MW second production line concept	Investment amount ¥43 billion or more		Investment decision based on demand trends		Start of construction	Equipment installation and trial production	Production		
600-800 MW third production line concept	Investment amount ¥180 billion or more		Investment decision based on production line no. 1 (100 MW) results			Start of construction	Equipment installation and trial production	Production	

### Comments from an Outside Director regarding this investment



Yoshihiko Hatanaka  
Outside Director

The Board of Directors recognizes that this investment is an extremely important project because of its impact in solving social issues, and its affinity with the Company's vision, technology, and capabilities. At the same time, the Board is also fully aware that there are multiple issues that need to be addressed before deployment in society, including technical issues such as power generation efficiency and service life, as well as positioning versus competitors, improving production efficiency, cost competitiveness, plus SEKISUI CHEMICAL's investment capacity and ability to raise funds.

However, at this stage, we believe that all of these issues can be resolved or managed, and we have decided that not pursuing this investment would entail the risk of loss to society and loss or slowdown of the Company's growth opportunities. Furthermore, if this business grows steadily, it has the potential to significantly change the Company's business foundation, and the Board of Directors supports it with expectations that the Company will evolve into a new phase.

### Conducting a demonstration experiment



Osaka Kansai Expo Bus Terminal



Installation on a wind turbine tower



## TOPIC Perovskite Solar Cell Business



Film-type perovskite solar cells are attracting attention in both Japan and overseas. We interviewed two employees endeavoring to leverage this technology to contribute to tackling global issues, such as expanding the use of renewable energy and achieving carbon neutrality. The pair are specialists in energy system design technology, [P.47](#) and discuss the challenges and prospects for the commercialization of these solar cells.

### How long have you been involved in R&D related to perovskite solar cells?

**Hayakawa:** Since around 2012, I was exploring potential new themes for research, and my attention gravitated to flexible solar cells. At that time, the market for solar cells was rapidly expanding, but it was predicted that after a decade, there would be fewer locations left to install them, causing the market to become saturated and start shrinking. Yet conventional solar cells use silicon wafers, which break easily and need to be sandwiched with glass, so I embarked on the development of flexible solar cells using new materials.

Originally, I was doing research on adhesives, so I had some knowledge of sealing technologies involving resins, and I thought that the problem of durability, which is an issue with perovskite, could be solved with our sealing technologies. So from around 2014, I narrowed down my focus to the development of perovskite solar cells. I gathered all the resins we had in the lab, and tested hundreds of resin formulations, rigorously examining each of them. Some were durable, and some weren't. Some were compatible with perovskite, and some weren't. But I investigated them all.

**Bessho:** I'd been doing research on dye-sensitized solar cells at another company, but ultimately, it didn't lead to a commercial product. I liked working on solar cells, so I felt frustrated. But in 2015, Hiroshi Segawa, a professor at the University of Tokyo who was conducting research on dye-sensitized solar cells, launched a NEDO project for perovskite, and offered me a special appointment as a lecturer, asking me to help drive the research so that the goals of the project could be met. That's how I got into development work involving perovskite. A consortium was put together, and one of the members was SEKISUI CHEMICAL. I joined the Company in 2023 and I've been working in development here ever since.

### What do you think about the Company's R&D structure?

**Hayakawa:** We get a lot of support. The structure is such that as soon as enough analysis has been conducted and sufficient preparations have been made, things move fast. It reminds me of the meaning of the word *sekisui* [pent-up water] in the Company's name. There's also candidness between superiors and subordinates. I basically never feel like I can't say no to someone above me.

**Bessho:** It's definitely a candid atmosphere. When I say, "How about doing this?" to someone working under me, they'll often say, "I don't think that would work."

### What issues do you still need to tackle to get to commercialization and mass production? What's the current development status?

**Bessho:** We have a power generation efficiency target of 20%, an area where I can use the insights I've gained recently from working on efficiency improvement at the University of Tokyo. As a result, I think I've more or less identified the basic requirements we'll need to meet. And going back further, ever since I was working on dye-sensitized solar cells at that other company, my primary focus has been on boosting power generation efficiency, and our success will hinge on whether I can apply the knowledge I've acquired so far to perovskite solar cells. It's not going to be easy, but I'm confident we can get there.

Another goal we have is 20-year durability. Right now, there's no perovskite solar cell in the world with guaranteed durability. And previous research doesn't provide us with any knowledge or experience of extending durability. With no knowledge elsewhere, we have no alternative but to look for it ourselves. We must accumulate knowledge through experiments and come up with the most advanced technology before anyone else in the world. It's the golden rule for R&D, so we have to focus single-mindedly on the most difficult areas. Doing so is challenging, but we absolutely must succeed. We can't allow ourselves to lose. I think overseas players are going to be hot on our heels, so we need to get to the finish line before they show up.

**Hayakawa:** At the moment, there still aren't any established criteria for assessing the durability of perovskite solar cells. Different companies perform measurements based on their own rules. So in addition to working to get durability

#### Development Status

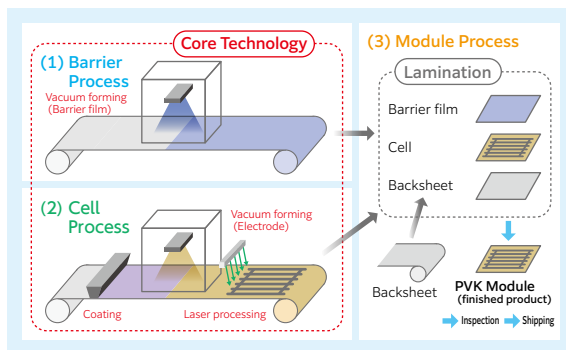
- Power generation efficiency: Reached 15% → Aiming for 20%
- Durability performance: Reached the equivalent of 10 years → Aiming for 20-year durability to equal silicon-type PV
- Manufacturing process: Developing technology to increase the width of rolls that can be handled from 30 cm to 1 m  
Development at 4 domestic sites as of December 31, 2024
- Issues: 1. Production yield improvement  
2. Development of installation and construction methods to take advantage of light weight and flexibility

TOPIC **Perovskite Solar Cell Business** | Interview with Employees

up to 20 years, we're also taking the lead in harmonizing assessment criteria as we move toward commercialization. And beyond that, to achieve market penetration, indemnification is necessary for when the product doesn't perform as expected, so another important task will be obtaining insurance to cover that.

**How are you getting on with increasing the width of the manufactured modules?**

**Hayakawa:** We're currently at 30 cm, but it's crucial that we widen that to 1 m. And we're on track to get there. The Company's commitment to roll-to-roll (R2R) fabrication gives us great potential to achieve low production costs and high yields. Ever since we started our research, we've only considered R2R production. The coating technologies used for sheet type and R2R are very different. With sheet type, controlling the beginning and end of the coating process is incredibly difficult technically, but with R2R, you only need to cut the leading and trailing edges, so the technology doesn't need to be as sophisticated as it is for sheet type.



**In the case of conventional silicon solar cells, Japanese manufacturers were hit hard by the emergence of foreign competitors who could produce at lower costs. So with perovskite solar cells, how do you plan to take on overseas manufacturers?**

**Bessho:** The business model we're aiming for requires us to surmount some tough technical hurdles, and we're the first in the world to attempt this, so I think it'll take a while for other companies to catch up with us. If we can shake off other firms by further accelerating our R&D, and use that breathing space to build a patent network, I believe that this will serve as a barrier to entry. To maintain and further extend our current lead, we're going to need tactics for getting support from the national government for the development of perovskite solar cells, and also for hiring top-flight talent and retaining them for the long term. Until the day comes when perovskite solar cells become obsolete, we need to keep doing things that will buy us time, in order to ensure the Company's survival. Specifically, we must keep asking ourselves how we can contribute to the world and what exactly we need to do to deliver that contribution, and turn our answers to those questions into valuable strategies.

**Since 2022 you've been focusing on verification tests. How have the results been and what challenges have you faced?**

**Hayakawa:** The biggest achievement is that we've been able to show the world that we're not only conducting research but also making progress with demonstrating that the technology can be deployed in society. As a result, in December 2024 we were selected to receive a grant from the Ministry of Economy, Trade and Industry as part of its GX Supply Chain Development Support Project. On the other hand, we've also discovered a number of issues related to construction. We're working with contractors to find the optimal installation method for each type of location, such as the roofs and walls of buildings.

**What do you think makes the development of perovskite solar cells a worthwhile endeavor for the Company?**

**Hayakawa:** Perovskite solar cells bring together many of the technologies and insights the Company has accumulated over the years, and their development has been a joint effort by three of the divisional companies. The knowledge possessed by the High Performance Plastics Company has been useful in the development of materials and R2R process technologies. And for structural calculations for installation and construction, we've utilized insights from the Housing Company based on its experience in handling silicon solar cells, and also knowledge acquired by the Urban Infrastructure & Environmental Products Company through its development of building materials. The marketing skills of the Urban Infrastructure & Environmental Products Company have also been helpful in our approaches to ministries and local governments. I believe that these synergies are the reason we're working on perovskite solar cells, and that they're also expected of us.

**Bessho:** I came in from the outside after working for another firm, and my image of SEKISUI CHEMICAL was of a company that's good at processing plastics and organic materials. I didn't really view it as a device maker. In that sense, I think we might be able to serve as a model of a company that specializes in producing materials but has gone on to manufacture electronic devices, and even as a model for triggering a transformation of the structure of industry. What gave rise to film-type perovskite solar cells was people with various types of knowledge bringing that knowledge together. So you could say that this would only have been possible at SEKISUI CHEMICAL.

**What challenge do you want to take on next?**

**Hayakawa/Bessho:** Make sure we turn it into a commercial product. There's nothing more important than that. As time passes, information might suddenly come in that requires us to change course or make a big decision. But even if that happens, we must not have biases and accept it at face value. It's vital that we leverage the technologies we have diligently developed to continue to solve problems. We want to contribute to the business by delivering results.

Medium-term Management Plan, Drive 2.0 (FY2023-2025)

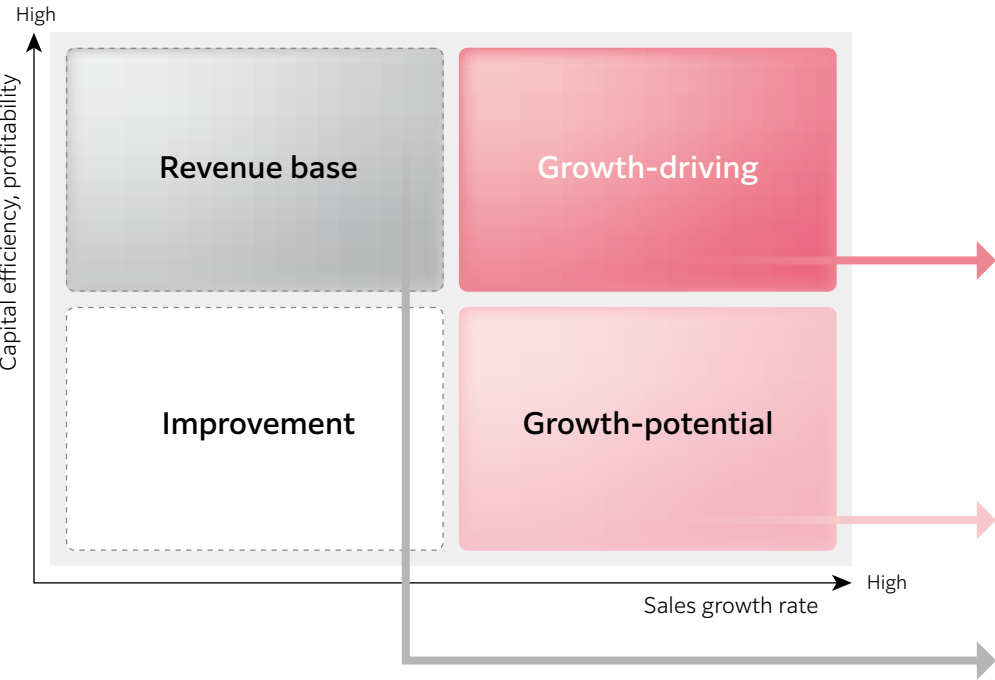
Basic Strategy 2: Organic Growth—Capital Efficiency

Under the Drive 2.0 Medium-term Management Plan, every effort will be made to further strengthen business portfolio management.

Taking steps to classify all 33 businesses into four quadrants, including growth-driving and growth-potential businesses, while clarifying roles on a strategic basis to ensure steady profit growth. Cash gained through our revenue base will be directed toward allocating resources with a priority on growth areas.

The aim is to generate over 90% of the increase in profits (EBITDA) from these growth-driving and growth-potential businesses by FY2025.

New portfolio management: Clarify the role of each business unit



Excluding the housing business (revenue base), which aims to generate stable cash, about 70% of the sales in the Products to Enhance Sustainability Premium Framework consist of products from businesses positioned as “growth driving” or “growth potential.” Under our Medium-term Management Plan, we will allocate more than 60% of our capital investment quota to “growth-driving” and “growth-potential” businesses, and increase the absolute volume of the Products to Enhance Sustainability Premium Framework product lineup.

1. Analyze and evaluate existing businesses from multiple perspectives

- Profitability (OPI margin), capital efficiency (ROIC), growth potential (sales growth rate)
- Strategic positioning, position in the industry, future prospects, and competitiveness from an ESG perspective

2. Clarify the role of each business→Appropriately allocate management resources

- Focused allocation of at least 60% of our capital to growth-driving and growth-potential businesses

Portfolio	Business Segment			
	High Performance Plastics Company	Medical Business	Urban Infrastructure & Environmental Products Company	Housing Company
Growth-driving businesses	Mobility (high-performance interlayer film, heat release materials, etc.)  Electronics (semiconductor and display materials)	Over seas Diagnostics	Pipe renewal  Fire resistant and nonflammable materials  Construction and industrial piping  Performance materials (railroad sleepers, etc.)	
Growth-potential businesses	Molding products, sensing	Pharmaceutical Sciences		Residential
Revenue base (Example)			Piping business	Housing business  Renovation business
Improvement				

Achieve more than 90% of incremental profit (EBITDA) from growth-driving and growth-potential businesses

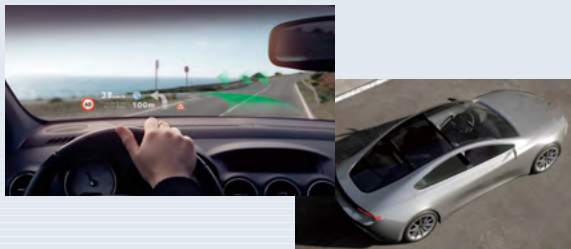
## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Mainstay Business Strategy: Mobility Field

There are clear indications of a growth trajectory in the context of the expansion of the electrification of automobiles and automated driving.

In our mainstay interlayer film business, we are working to improve profitability by shifting to high-value-added products such as wedge-shape films for head-up displays (HUDs), heat insulation films and colored/designed films, while further increasing added value by combining interlayer film functions such as heat and sound insulation.

#### HUD-use, colored/designed interlayer films



The Head-Up Displays (HUDs) display appropriate information on the car's windshield according to the driving situation, allowing the driver to drive without dropping his or her gaze, thereby contributing to driver safety. In addition, demand has been growing in recent years for colored films for panorama roofs and design films for rear glass, with the spread of electric vehicles. These films not only block light but also cut UV rays, and the use of sound insulation grades that improve cabin quietness and heat insulation grades that absorb near-infrared rays also help with help prevent higher cabin temperatures.

#### Heat release materials



Heat-dissipating grease with low wear and low outgassing. With the increase in the cruising range of EVs and the spread of quick charging, there is a growing need for thermal countermeasures for electrical components such as junction boxes, inverters, and bus bars. In FY2023, we established a new production site in the U.S.

#### Aircraft components



In addition to carbon fiber reinforced plastic (CFRP), we produce molded composite materials such as sheets for aircraft, which are flame-retardant, impact-resistant, and have excellent design characteristics. They contribute to weight reduction in aircraft materials and fuel efficiency in transportation equipment. Along with improving the product mix, such as by increasing the ratio of high-value-added engine components, the Company is employing existing technologies to expand deployment of these products to non-aircraft related sectors, including drones and the medical field. SEKISUI AEROSPACE CORPORATION, acquired in FY2019, returned to profitability in the second half of FY2024. We expect it to contribute to earnings in FY2025.

### Business Strategies

#### ● Interlayer film

Increase the ratio of N-HPP films (HUD-use / thermal- / and design-related) HUD-use film growth\* of 130% (FY2022→FY2025) \* On a sales volume basis

#### ● Heat release materials

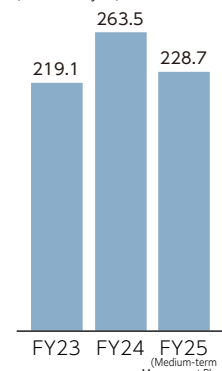
Accelerate EV-related sales growth mainly in Europe and the U.S. Heat release materials net sales growth of 200% (FY2022→FY2025)

#### ● SEKISUI AEROSPACE CORPORATION

Expand the lineup of engine components and deploy products to non-aircraft sectors (drones, medical field)

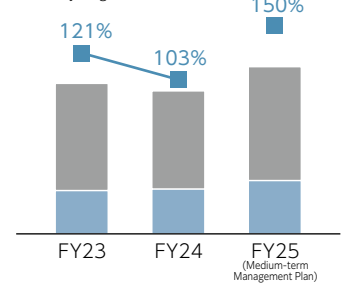
#### Mobility Field Net Sales

(Billions of yen)



#### KPI: N-HPP interlayer film sales growth

N-HPP\* sales volume  
Year-on-year growth rate

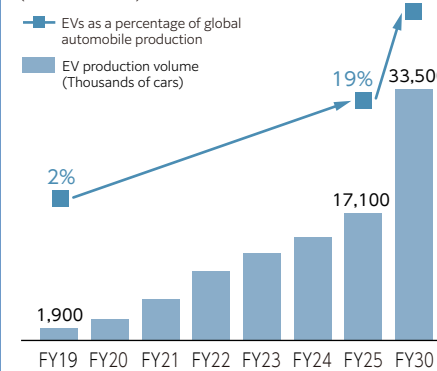


\* N-HPP: New high-performance products; A generic term for all other HUD, heat insulation, and colored/designed film, excluding sound insulation film from conventional high-performance interlayer film

\* FY23/FY24 figures are YoY changes; FY25 is compared with FY22

#### Trends in EV Production Volume

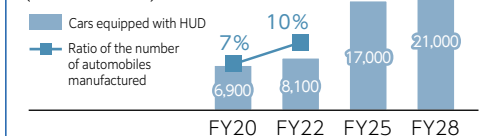
(Thousands of cars)



\* Our investigation

#### Increase in cars equipped with HUD

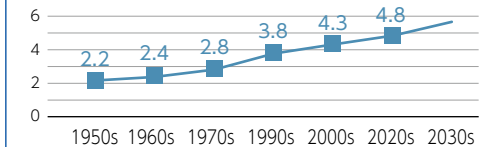
(Thousands of cars)



\* Our investigation

#### Glass Area per Car

(m<sup>2</sup>)



\* Our investigation



## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Mainstay Business Strategy: Electronics Field

With the upswing in global semiconductor demand, the Electronics field is also performing well, especially for semiconductor-related products.

In particular, we are seeing a steady increase in the application of heat resistant Selfa®, a processing material that addresses the further miniaturization of semiconductors, and Build-up dielectric film (BUF) that boasts high transmission performance (low dielectric properties)—required for multi-layered CPUs—as well as strengths in suppressing substrate warpage.

In addition, we are aiming for further growth and the strengthening of our portfolio through the development of new products and entry into the market for next-generation displays that make use of the knowledge we have cultivated in the development and sale of liquid crystal products.

#### Heat resistant Selfa® (semiconductor processing material)



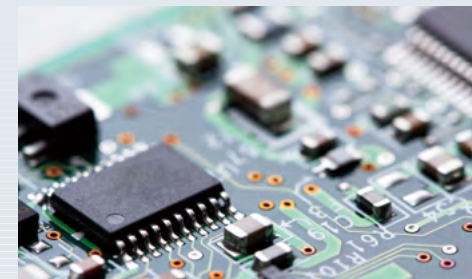
The Company's UV release tapes balance strong adhesion with an easy peel-off capability. Exposure to UV generates gas between the tape and the adherend, which cancels out the tape's adhesiveness and enables it to be peeled off easily. These tapes have 300°C heat resistance and can be used with hybrid bonding. With demand expected to continue to grow, the Company has decided to increase production capacity and plans to bring the new capacity online in the first half of FY2027.

#### Build-up dielectric film (BUF)



With strengths including superior transmission performance and warpage suppression, BU dielectric films have a track record for use in the multi-layer, large-area high-end IC package substrates that require these features.

#### Binder resins for electronic components (for MLCCs)



Based on the technical capabilities acquired through binders for interlayer films as the primary application for PVB, the Company's product design capabilities and technical service capabilities have received a highly positive response. To meet increasing demand, we decided to increase our production capacity of polyvinyl acetal resin, slated for the second half of FY2025.

### Business Strategies

#### ● Semiconductors / electronic parts

Tapes for semiconductor processing use, binder resins for MLCCs, Build-up dielectric film (BUF) sales growth

#### ● Exterior parts / mechanism components

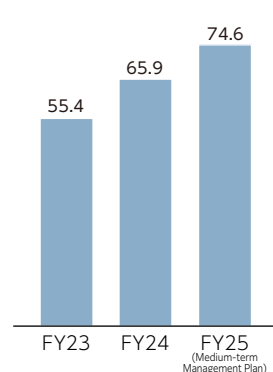
Biomass-type bonding materials (tape, foam), elastic adhesive resin sales growth

#### ● Next-generation displays

OLED sealant sales growth

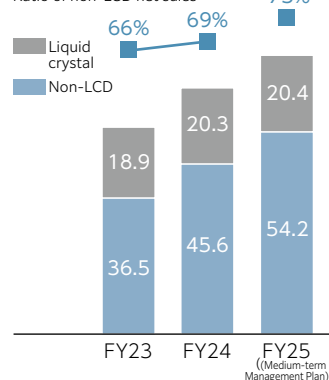
#### Electronics Field Net Sales

(Billions of yen)



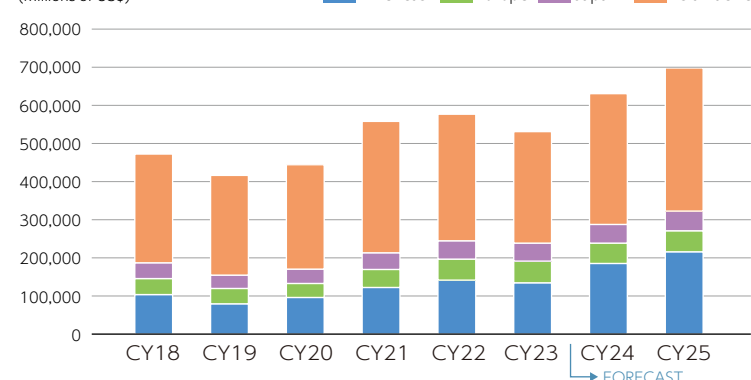
#### KPI: Focus on the Non-LCD Field

Ratio of non-LCD net sales



#### Global Semiconductor Market Forecasts by Region

(Millions of US\$)



Source: Japan Electronics and Information Technology Industries Association WSTS

## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Mainstay Business Strategy: Overseas Diagnostics and Pharmaceutical Sciences

The Company will focus on expanding the diagnostics area and on increasing sales of new products as part of the Diagnostics Business in Japan and overseas. In particular, overseas, we will continue to expand the coagulation area through the expansion of our equipment lineup, such as by supporting domestic production in China. In Asia, we will accelerate growth by concentrating on areas of strength and encouraging Group synergy. In the Pharmaceutical Sciences Business, the Company will capture new large-scale projects by strengthening the marketing and D functions<sup>\*1</sup> in the pharmaceuticals area, and will expand the CDMO business in the enzymes area by commencing operations at a GMP-compliant<sup>\*2</sup> facility at a U.K. plant. Similarly, we aim to capture projects and expand business in the drug development solutions area by strengthening proposal capabilities.

\*1 Optimization of clinical trial drug production and synthesis methods \*2 A standard for pharmaceutical manufacturing and quality

#### Blood coagulation tests



We provide measuring reagents and automated analyzers for testing and monitoring blood coagulation and fibrinolysis abnormalities. In April 2025, we launched an evolved model with improved work efficiency and operability.

#### Expanded neonatal screening tests



Working with the National Center for Child Health and Development, we have jointly developed a test reagent for screening rare congenital diseases in newborns, for which early detection is important. We are working daily to lower the barriers to testing in terms of accuracy and cost, and to make this screening test available to more newborns.

#### Cell culture scaffolds



In the cell culturing process used in regenerative medicine, Ceglu™ is a brand of chemically synthesized scaffold material that adheres cells to the surface of containers. Compared to human-derived protein scaffolds, which carry the risk of infection due to viral contamination and have stability issues, Ceglu™ has a high degree of stability and safety. Going forward, we will continue contributing to the development of regenerative medicine.

### Business Strategies

#### Europe and the Americas

Grow OTC sales, continue expanding product areas

#### China

Promote domestic production; strengthen alliances

#### Asia

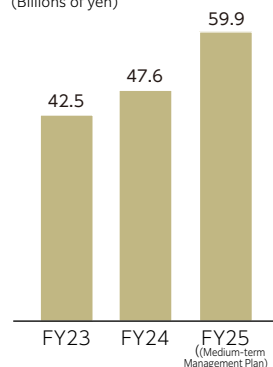
Expand the POC and coagulation product area

#### CDMO

Continue efforts to operate the GMP-compliant facility in the U.K. to expand the CDMO business

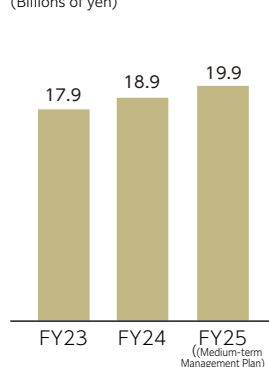
#### Overseas Diagnostics Field Net Sales

(Billions of yen)



#### Pharmaceutical Sciences Field Net Sales

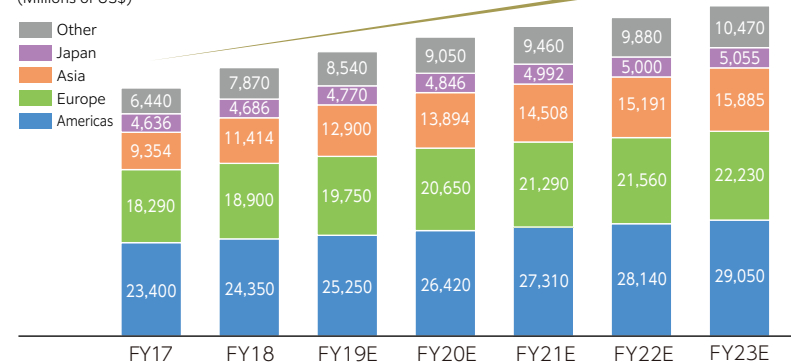
(Billions of yen)



#### Clinical Testing Market by Region

(Millions of US\$)

CAGR: 4.2%



Source: Fuji Keizai, Worldwide Clinical Reagent Market in 2019 (in Japanese)  
Fuji Keizai, Clinical Reagent Market in 2019 No. 4: General Analysis and Corporate Strategy (in Japanese)

## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Mainstay Business Strategy: Construction and Industrial Piping, Performance Materials, Fire Resistant and Non-flammable Materials and Pipe Renewal

Construction and Industrial Piping, Performance Materials, Fire Resistant and Non-flammable Materials, and Pipe Renewal are all growth-driving businesses belonging to the Urban Infrastructure & Environmental Products (UIEP) Company. Together, net sales from these four businesses account for nearly 33% of the UIEP Company's total sales. Therefore, the Company aims to achieve growth by expanding sales of prioritized products that help solve labor shortages, infrastructure aging, climate change, and other social issues, as well as by increasing overseas net sales. As an example, FFU for railway sleepers, a mainstay product of the Performance Materials Business, has a sales track record in 34 countries around the world, including the U.S., Australia, and countries in Europe. In recent years, the introduction of resin sleepers as an alternative to wooden sleepers has been accelerating due to the fact that procurement of high-quality wood has become more difficult owing to environmental considerations and the fact that creosote oil, used as a wood preservative, is being considered for a ban in the EU (in the railroad sector: scheduled for 2029) due to its carcinogenic hazard. In response to this growing demand, we built a new plant in the Netherlands. Shipments began in the second half of FY2023.

#### Construction and industrial piping

##### Polyethylene piping for construction and industrial uses



Polyethylene piping for construction and industrial uses are materials that help to solve social issues, such as labor shortages on construction sites and frequent earthquakes.

Making the most of the advantages of plastics, including durability (rustlessness, resistance to liquid chemicals), seismic resistance (high flexibility), and ease of construction (lightweight and simple to install), we accelerate the shift away from metals.

#### Performance materials

##### Railway sleepers



Fiber-reinforced foamed urethane (FFU) railway sleepers boast excellent water-resistance, durability, and require no preservatives, thereby contributing to reductions in environmental impact. The Company built a production base in Europe, where demand was strong, and commenced operations during the second half of FY2023 as part of its efforts to accelerate overseas deployment.

#### Fire resistant and nonflammable materials

##### Noncombustible urethane



Thermal insulating urethane foam material for onsite use is the first organic material to receive inflammable certification from Japan's Ministry of Land, Infrastructure, Transport and Tourism. Given that this product contributes to preventing fires and accidents caused by ignition at construction sites, new applications have been growing.

#### Pipe renewal

##### SPR method

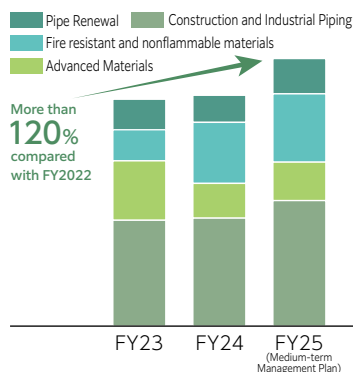


The SPR method rehabilitates worn pipes by winding bands of rigid polyvinyl chloride resin profile in spirals within the existing pipe, then injecting special backfill materials into the gaps between the existing pipe and rehabilitation pipe.

This creates a robust composite pipe that integrates the existing pipe and the rehabilitation pipe. The SPR method addresses the serious social issue of aging sewage pipes and, since it eliminates the need to excavate roads and allows water to continue flowing unimpeded during installation, it achieves significantly lower impacts on traffic, shorter construction times, and less industrial waste.

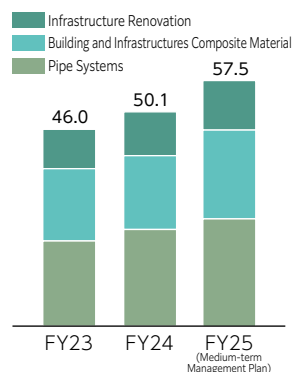
#### Net Sales for the Four Businesses

(Billions of yen)



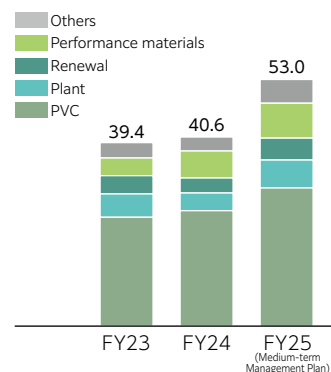
#### Prioritized Products Sales

(Billions of yen)



#### Overseas Sales

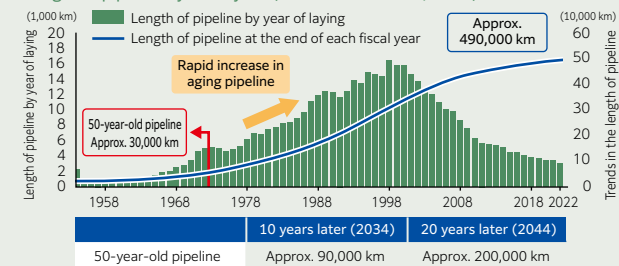
(Billions of yen)



### Topic Working to Solve Japan's Aging Infrastructure Issue

There are approximately 30,000 km of degraded (more than 50 years old) sewage pipelines, which are the cause of road collapse accidents. The Ministry of Land, Infrastructure, Transport and Tourism is conducting a Nationwide High Priority Survey to preempt accidents. As a result of the survey, we can effectively rehabilitate pipes that require countermeasures using our SPR method.

#### Length of pipeline by fiscal year (as of December 31, 2022)



Source: Ministry of Land, Infrastructure, Transport and Tourism website:  
[https://www.mlit.go.jp/mizukokudo/sewerage/crd\\_sewerage\\_tk\\_000135.html](https://www.mlit.go.jp/mizukokudo/sewerage/crd_sewerage_tk_000135.html)

## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Revenue Base Business Strategies (examples): Housing Business, Renovation Business, Piping Business, Functional Tape Business

Revenue base businesses reliably generate profits through business operations that pursue capital efficiency and profitability.

The cash acquired through these businesses will be allocated mainly to growth-driving businesses and growth-potential businesses.

#### Housing business (SEKISUI HEIM)



The Company ensures the stable supply of high-quality (high earthquake resistance, airtightness, and heat insulation) housing through its revolutionary Unit Construction Method, where the vast majority of construction is conducted at the factory. We will focus on product development and sales strategies tailored to area and market needs.

#### Renovation business



The Company proposes house repairs and renovations. Although efforts have concentrated on customers living in SEKISUI HEIM houses thus far, the Company will also focus its energies on renovations for non-Heim owners in order to further expand the business.

#### Piping business



The Company supplies a wide range of piping materials from water supply/drainage and air-conditioning pipes for residences and buildings to valves and high-performance pipes for plants as well as other pipes for such social infrastructure as water supply/sewerage and gas supply systems that help shorten installation and construction periods. In addition to existing strengths in earthquake and corrosion resistance, the Company will enhance features, such as pressure resistance and high drainage, to accelerate substitution from metal piping.

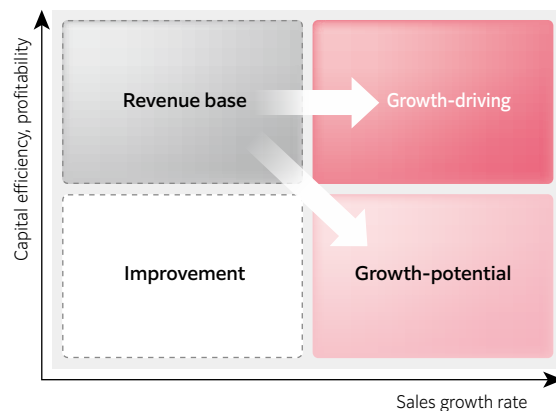
#### Functional tape business



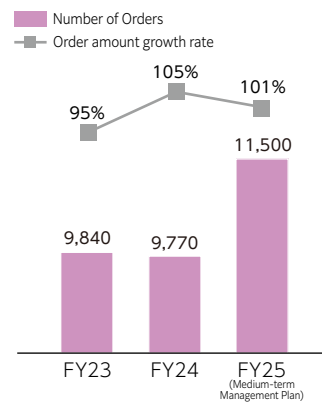
Oriented polypropylene (OPP) tape, which uses plastic as its base material, and kraft tape, which uses kraft paper as its base material, account for about 90%<sup>\*1</sup> of the market for packaging tape used for cardboard packaging of products, mainly in Japan's food and logistics industries. We have the top share of the kraft tape market in Japan.<sup>\*1</sup> We will respond to the demand for replacement of kraft tapes against the backdrop of growing environmental consciousness.

<sup>\*1</sup> Our investigation

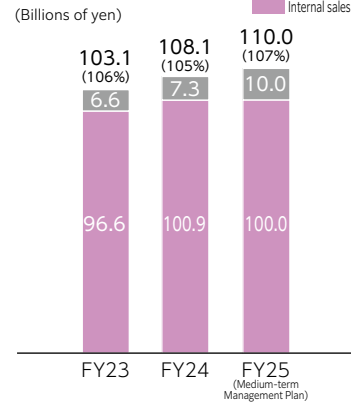
#### Allocate Cash Acquired through the Revenue Base



#### Number of Orders/Order Amount Growth Rate

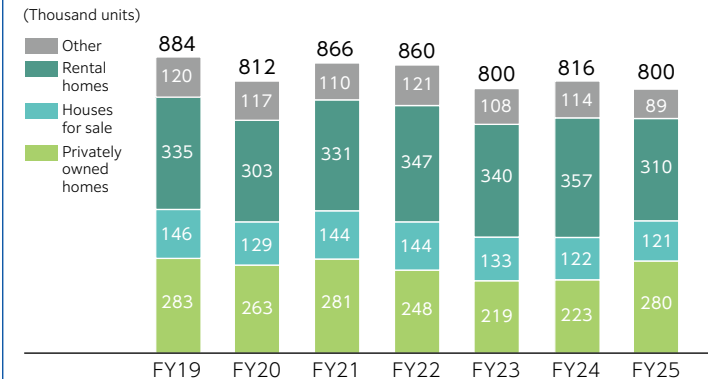


#### Orders by Renovation Product



Note: Data in parentheses YoY. FY25 is compared with FY23.

#### New Housing Starts (By Type)



Source: Actual values are from the Ministry of Land, Infrastructure, Transport and Tourism's "Statistics on Housing Starts." Forecasts are estimates by the Company.



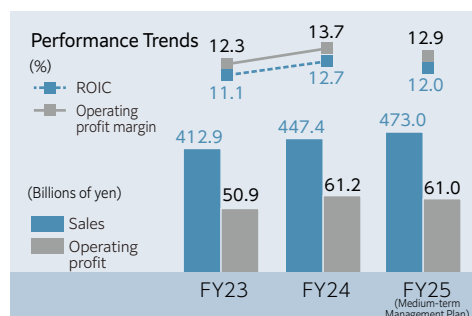
## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Segment Information (Business Activities and Review of FY2024)

#### High Performance Plastics Company

Leveraging our proprietary fine particle, adhesion, precise molding, and other technologies, we provide advanced high performance materials on a global basis that help bring about the further evolution of our customers' products and services for application in the Electronics, Mobility, and various other industries.

In FY2024, global markets remain sluggish, but sales of high-performance products increased and there were positive effects from foreign exchange rates, resulting in higher sales and a substantial increase in profits, with profit reaching a record high. In the Electronics field, semiconductor-related demand recovered and steady progress was made in capturing new business, resulting in a year-on-year increase in net sales. In the Mobility field, despite sluggish demand for some aircraft-related products and effects from stagnant automobile production, sales of new high-performance interlayer films continued to increase, and net sales increased year-on-year.



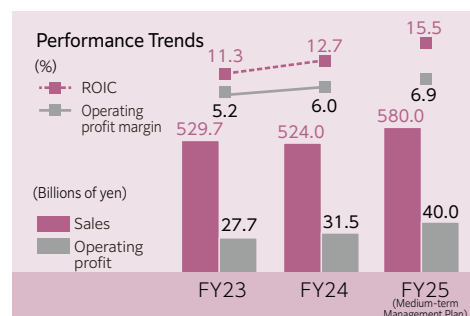
##### Main ROIC Improvement Measures

- Accelerate returns on M&As and growth investments
- Further strengthen earnings power through a shift to high-performance products

#### Housing Company

The Housing Company is engaged in new housing construction activities as a specialist in the Unit Construction Method, an advanced factory-built approach that enables short construction periods and delivers functions in accordance with design plans. To date, the cumulative total of houses sold has exceeded 650,000. Drawing on SEKISUI CHEMICAL Group's prominence in infrastructure materials, the Housing Company is engaged in the nationwide development of smart and resilient cities in its Town and Community Development Business.

In FY2024, the number of houses sold in the Housing business declined year on year, and, as a result, net sales decreased slightly from the previous fiscal year. Effects from measures to strengthen profitability in the Housing business emerged, and the Housing Renovation business expanded steadily, leading to an increase in operating profit.



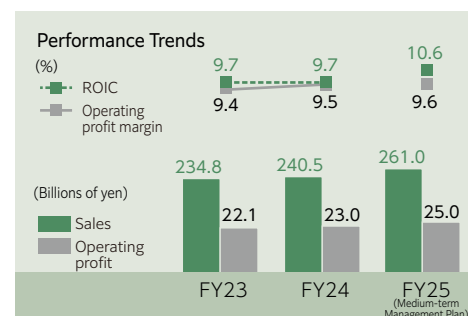
##### Main ROIC Improvement Measures

- Improve the land and stock of ready-built houses turnover rate
- Promote the automation and leveling of production and construction

#### Urban Infrastructure & Environmental Products Company

The UIEP Company manufactures and markets water sewerage and supply pipe systems, in which it has a leading share in Japan, while also engaging in construction materials supply businesses, which collectively form the Company's core operating platform. We are striving to expand sales and create markets for products that help solve increasingly serious and complex social issues, including labor shortages, aging infrastructure, and climate change.

In FY2024, despite sluggish conditions in the domestic housing and non-housing construction markets as well as a deterioration of cargo movement in the fourth quarter due to construction delays and other factors, sales increased as a result of improved selling prices and increased sales of prioritized products, and as a result, operating profit reached a divisional company and overseas record high, for the third consecutive fiscal year.



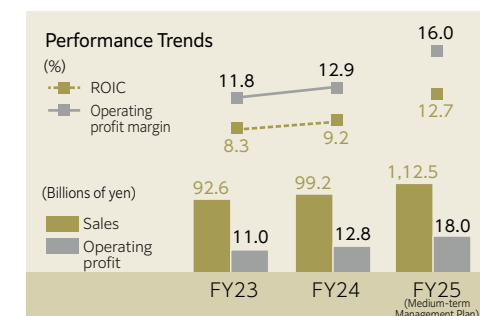
##### Main ROIC Improvement Measures

- Grow sales of prioritized products and boost overseas sales
- Maintain raw-material and selling-price margins

#### Medical Business

Consisting of the Diagnostics Business, which manufactures and sells diagnostic reagents, automated analysis devices, and blood collection tubes, and the Pharmaceutical Sciences Business, which is composed of three sub-businesses, namely the Pharmaceuticals and Enzymes Business, the Drug Development Solution Business, the Medical Business is expanding its business globally.

In FY2024, sales increased due to the steady capture of demand in the domestic diagnostics market particularly in the immunology segment, focused efforts on expanding sales of infectious disease test kits in the U.S., and steady orders for key active pharmaceutical ingredients and drug development solutions in the Pharmaceuticals Sciences business, and operating profit reached a record high.

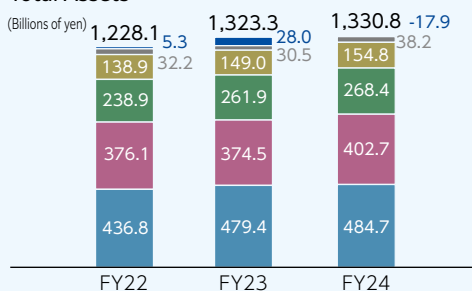


##### Main ROIC Improvement Measures

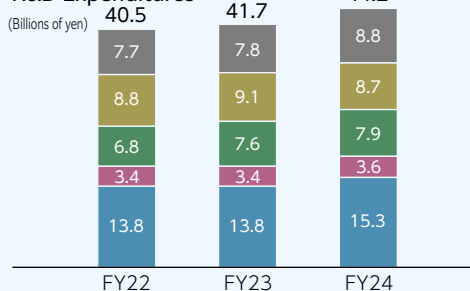
- Accelerate returns on growth investments
- Succession of New Product Launches

#### Various Data

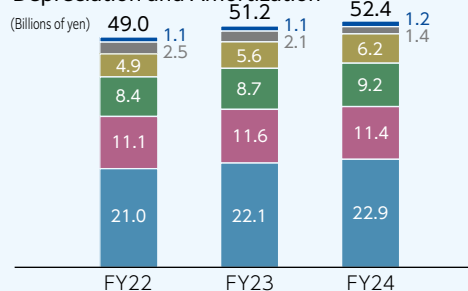
##### Total Assets



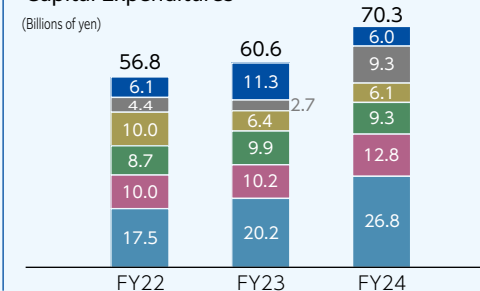
##### R&D Expenditures



##### Depreciation and Amortization



##### Capital Expenditures



## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Basic Strategy 3: Strengthen the ESG Management Platform—Reliability

We are strengthening our management base to support accelerated growth, profitability, and reliability. The table below sets out the key issues that are of significant importance to the Group's management and stakeholders. We are carrying out risk mitigation activities and, under the Medium-term Management Plan, we have defined the five areas of "Safety, Quality, Legal/Ethical, Accounting, and Information Management" in order to avoid damage to corporate value from major incidents, and to enhance our management ability to sustain business.

#### KPIs for Key Issues (Materiality)

			KPI	FY2024 Results	FY2025 Targets (Medium-term Management Plan)
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
				<b>¥996.8 billion</b> Includes Premium Framework ¥535.1 billion	<b>At least ¥1 trillion</b> Includes Premium Framework ¥540 billion <a href="#">P.14</a>
Materiality	Foster Expectations for Growth (enhance preparations)	Innovation	Develop new products and steadily progress market launch in existing fields, and create and acquire new businesses	Number of open innovation projects	— <a href="#">P.44</a>
		Human Capital	Create an energized and engaged company that enables diverse human resources to take on challenges and play an active role	Employee Challenge Action Rate <sup>*1</sup>	56% <a href="#">P.50</a>
				Rate of successor candidate preparation <sup>*2</sup>	88.1% <a href="#">P.52</a>
		Environment	Aim to realize an Earth with maintained biodiversity	Rate of GHG reduction (Scope 1+2)	-37.9% (compared with FY2019) <a href="#">P.52</a>
				Material Recycling rate of waste plastic (Japan)	Japan: 66.9% <a href="#">P.56</a>
		DX	Revise work processes and drastically increase productivity	Direct/Indirect Net Sales per Employee	Direct productivity: 26% increase Indirect productivity: 15% increase (compared with FY2019) <a href="#">P.56</a>
	Improve Confidence (reduce capital costs)	Internal control (Safety, Quality, Legal/ethical, Accounting, Information management)	Reduce operational risks that may damage corporate value on a global basis	Number of major incidents in the 5 fields	0 <a href="#">P.58</a>

\*1 Four options were given for the answer to the question "Does the following statement apply to you: I am taking concrete actions to engage in challenging action to realize Vision 2030": [1] Yes, [2] Somewhat applicable, [3] Somewhat not applicable, and [4] No. Until FY2022, the Company only aggregated the total for answer [1]. In FY2023, the Company redefined the indicator in a way that aggregates the totals for [1] and [2].

\*2 Number of successor candidates to the most senior business leader post ÷ Number of the same post

#### ESG investment

Materiality	Themes	Investment	Goal
DX	Implementation of SAP	approx. ¥20 billion	Secure and foster DX human resources to drive business reforms leveraging digital technology
Environment	Solar panel installation, etc.	approx. ¥6 billion	View environmental challenges as opportunities and focus on creating products that are carbon free/low carbon and contribute to raw material conversion
Human Capital	Employee career advancement, etc.	approx. ¥12 billion	Train and select next-generation leaders, strategically augment specialized human resources (reskilling, etc.)

With regard to DX and Environment, investment figures are included in strategic investment and normal investment shown on [P.41](#)

## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Investment and Financial Strategies

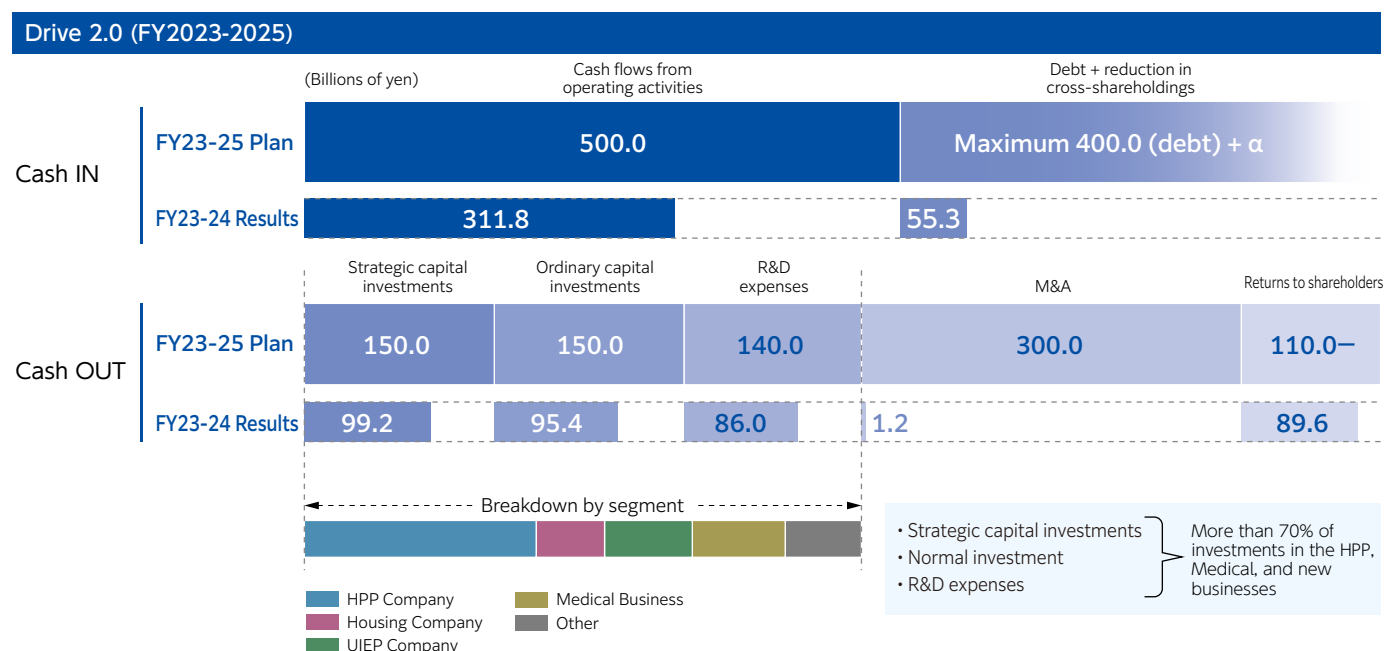
With aspirations for continued growth, SEKISUI CHEMICAL Group will leverage debt as necessary while actively expanding strategic investments.

Although investments in growth diminished in part due to the prioritization of structural reforms in the wake of the lingering impact of the COVID-19 pandemic, during the previous Medium-term Management Plan the Group made steady progress with investment into growth areas, including increasing production capacity for heat release materials and active pharmaceutical ingredients.

Under Drive 2.0, the Group expanded the upper limit for strategic investments, including M&A investment, to ¥450 billion. The Group will also allocate 70% or more of investments, including those for research and development, with a focus on the High Performance Plastics Company, Medical Business, and new businesses.

### Investment plan and capital allocation (Billions of yen)

	FY23-25 Plan	FY23-24 Results
Strategic investment	Investment limit 450.0	100.4
M&A, etc.	Investment limit 300.0	1.2
Capital expenditure	150.0	99.2
ESG investment (Included within the strategic investment and normal investment categories)	30.0	29.0
Normal investment	150.0	95.4
Total investment	600.0	195.8
R&D expenses	140.0	86.0



### Strategic capital investments

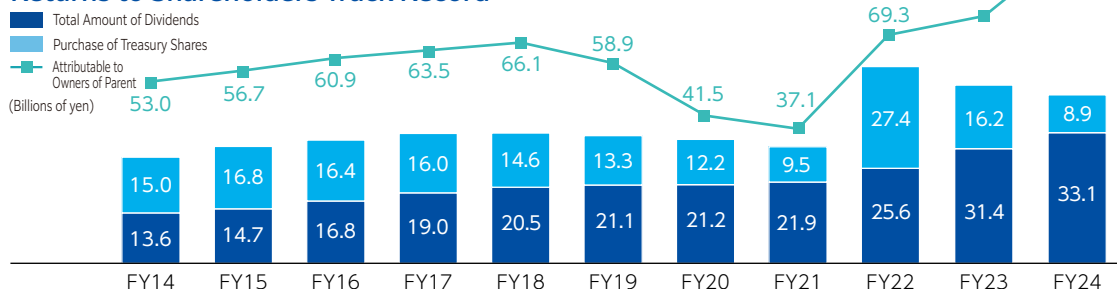
Project	Investment	Expected operational timeline	Goal
Perovskite solar cells	approx. ¥90 billion	FY27	New 100-MW production line
Expansion of domestic production capacity of process materials for advanced semiconductor manufacturing and establishment of a new R&D base in Taiwan	approx. ¥5 billion	1H/FY27 R&D base came online in April 2025	Respond to growing demand for cutting-edge semiconductors for AI and high-speed communications, power semiconductors for automotive applications, etc., and strengthen quality control
Expansion of interlayer film manufacturing plant (N-HPP film production line)	approx. ¥8 billion	2H/FY26	Respond to the growth of the automotive market and the increasing demand associated with the shift to new energy vehicles (e.g., EVs)
Expansion of conductive fine particles production capacity	approx. ¥2 billion	1H/FY28	Respond to growing demand for next-generation displays and in-vehicle applications, and strengthen quality control levels

## Medium-term Management Plan, Drive 2.0 (FY2023-2025)

### Returns to Shareholders

Under the Medium-term Management Plan, SEKISUI CHEMICAL Group will return profits to its shareholders more aggressively than ever before. The Company seeks to secure a dividend-on-equity (DOE) ratio of 3% or higher while targeting a payout ratio of 40% or higher on a consolidated basis, as a part of efforts to implement stable dividend measures in line with its performance. In addition, SEKISUI CHEMICAL Group has set a target of 50% or higher for its total return ratio, which includes the buyback of shares, so long as its D/E ratio is 0.5 or less. For this reason, the Company will implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan, cash position, and stock price. Moreover, the Company plans to retire treasury shares to no more than 5% of the total number of shares outstanding.

### Returns to Shareholders Track Record



	Previous Medium-term Management Plan	Medium-term Management Plan (FY2023-2025)
Payout ratio	35% or higher	40% or higher
DOE	3% or higher	3% or higher
Total return ratio	50% or higher if the D/E ratio is 0.5 or less	50% or higher if the D/E ratio is 0.5 or less. Implement additional returns as appropriate, taking into account the investment progress under the Medium-term Management Plan, cash position, and stock price
Cancellation of treasury shares	Cancel newly acquired shares to the extent that total treasury shares do not exceed 5% of outstanding shares	Cancel newly acquired shares to the extent that total treasury shares do not exceed 5% of outstanding shares

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Profit attributable to owners of parent per share (yen)	104.7	115.1	126.1	133.8	141.7	128.8	91.9	83.2	159.2	183.5	196.0
Dividend per share (yen)	27	30	35	40	44	46	47	49	59	74	79
Payout ratio	25.8%	26.1%	27.7%	29.9%	31.0%	35.7%	51.1%	58.9%	37.0%	40.3%	40.4%
Purchase of treasury shares (billions of yen)	15.0	16.8	16.4	16.0	14.6	13.3	12.2	9.5	27.4	16.2	8.9
Total return ratio <sup>*1</sup>	54.0%	55.5%	54.5%	55.1%	53.0%	58.1%	80.4%	84.6%	76.5%	61.0%	51.2%
DOE <sup>*2</sup>	2.8%	2.8%	3.1%	3.3%	3.4%	3.5%	3.3%	3.3%	3.7%	4.2%	4.1%
Cancellation of treasury shares (thousands of shares)	12,000	10,000	—	10,000	8,000	8,000	8,000	5,000	15,000	8,000	4,000

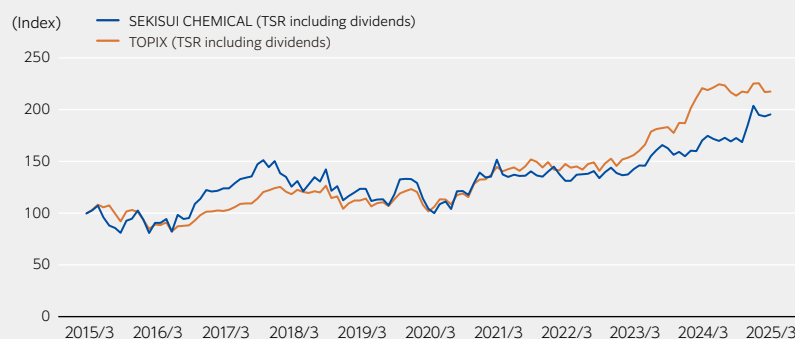
\*1 Total return ratio = (Amount of treasury shares acquired + Total dividends) / Net income attributable to owners of parent \*2 DOE = Total Amount of Dividends (full year) / Average equity

Details of SEKISUI CHEMICAL Group's total shareholders' return (TSR), including dividend and stock price fluctuation trends, are presented as follows. SEKISUI CHEMICAL Group raised the consolidated payout ratio to 40% in its return policy from FY2023. We will continue to strive to maintain a stable dividend for shareholders and to increase corporate value.

### Total Shareholders' Return (TSR including dividends)

	Past 1 year		Past 3 years		Past 5 years		Past 10 years	
	Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized	Cumulative
SEKISUI CHEMICAL	+17.6%	+56.7%	+16.2%	+99.1%	+14.8%	+95.5%	+6.9%	
TOPIX	-1.5%	+47.2%	+13.8%	+113.4%	+16.4%	+117.4%	+8.1%	

### TSR and Share Price Performance over the Past 10 Years\*



\* Figures are indexed to data as of March 31, 2015, as 100.

### Share Price Trends

	High (yen)	Low (yen)	Closing (yen)
FY14	1,619	1,002	1,559
FY15	1,752	1,193	1,386
FY16	1,983	1,215	1,871
FY17	2,350	1,732	1,856
FY18	2,114	1,532	1,779
FY19	1,986	1,142	1,433
FY20	2,243	1,267	2,125
FY21	2,187	1,648	1,759
FY22	2,019	1,613	1,876
FY23	2,287	1,786	2,230
FY24	2,840	1,880	2,544



## Innovation

### Interview with the Director responsible

**Contribute to earnings and the solution of global social issues  
by creating new businesses based on the twin approaches of  
evolving core technologies and utilizing M&A/CVC  
(corporate venture capital), and by committing to  
commercialization and making it profitable**

## Ikusuke Shimizu

Representative Director,  
Senior Managing Executive Officer,  
Responsible for ESG Management Department,  
Corporate Communication Department,  
New Business Development Department and Life Science Business Development Department,  
Head of Business Strategy Department

### Q. 01 The Company has positioned “innovation” as a key issue, but in what areas are you aiming to expand innovation in the future?

The Group has identified priority tasks, such as “achieving zero carbon and a recycling society,” “ensuring healthy lives and improving social services,” and “providing sustainable infrastructure, town and community development, residential environments, and communication environments,” based on the view that by leveraging our current business domains and strengths (strategic foresight, processing, and value transformation), we can contribute to providing solutions with respect to the anticipated megatrends of the future, such as climate change, aging populations, and the diffusion of next-generation communications. [P.11](#)

To serve as a compass for business strategy, or, in other words, a guide for which fields we should conduct business in to tackle these social issues, we have produced a strategic area map. On this map, we define domains in which we will expand by extending existing businesses as Enhancement Areas, and domains in which we will create new innovations in light of future trends as Innovation Areas. Each year, following discussions at meetings of the Policy Committee and Board of Directors, we decide where to direct capital in these two types of domains. [P.21](#)

### Q. 02 How do you choose between in-house development and M&A/CVC when driving innovation?

The sources of value creation in the Group are our technology platforms (TPFs). They define core technologies where we are particularly competitive or that we believe should be further strengthened going forward. With in-house development, we focus on refining these core technologies, and what we emphasize is the concept of technology concentration and market diversification. [P.46](#)

Take polyvinyl alcohol (PVA), for example, which the Company has been manufacturing since it was founded. We’ve been perfecting the technology for 78 years. Polyvinyl butyral (PVB) was developed based on PVA, and is used as a binder resin for MLCCs in the electronics field. And, in the form of a film, it is used as an interlayer film in the mobility field. As a new product for the future, we have launched iPS cell culture plates, which open up new possibilities in the field of regenerative medicine in the life science domain. It’s a great example of how technology concentration and market diversification have improved development efficiency and diversified revenue streams.

The Corporate R&D Center manages progress and provides assistance with development themes that span divisional companies. In concrete terms, it plays three key roles: devising development themes that will become next-generation businesses, integrating technologies and providing technical support, and managing Group-wide development.

In contrast, when we can’t resolve an issue with our own core technologies alone, I think it can be effective to bring in external technologies through M&A and CVC. Specifically, we want technologies that can contribute to the creation of next-generation businesses or are aligned with the Innovation Areas of our divisional companies. So, when looking at potential deals, we focus on whether the transaction can produce synergies that can strengthen the Group’s businesses and technologies.

## Innovation

### Interview with the Director responsible

#### Q. **03** What's the difference between the roles of the New Business Development Department and the R&D Center?

The R&D Center is responsible for turning “0” into “1,” which means the initial discovery and planning of new R&D themes and the establishment of basic technologies, while the New Business Development Department is responsible for turning “1” into “10,” which means business development, so the latter handles the phase of transforming the technologies and ideas that the former has come up with into businesses. Finally, the divisional companies expand and grow the businesses, turning “10” into “100.”

The criteria for transferring new products and technologies from the R&D Center to the New Business Development Department are determined using a system called Gate Review (GR). GR comprises five stages, 0, 1, 2-1, 2-2, and 3, with business viability and technical progress verified at each stage. Transfers to the New Business Development Department take place after clearing the GR2-1 stage, which means that the basic technology is complete and there are clear prospects for commercialization.

#### Q. **04** What kind of organization or systems do you think are ideal for new business creation, commercialization, and monetization?

Commercialization and monetization are tasks for the New Business Development Department, so we need the personnel involved to have a certain degree of business sense. In addition, an overarching premise for new businesses is that they contribute to solving social issues, and what I think is important is for us to be an organization with good knowledge and a good feel for the issues so that we can ask ourselves, “Is this really a business that we should be pursuing?” Of course, we also need a certain number of personnel who have already turned “0” into “1.”

C.O.B.U. Accelerator, the in-house entrepreneurship system we launched in FY2023, is also now in its third year. For two straight years, it has attracted more than 100 submissions of ideas for new businesses. I feel it's been a success in terms of getting so many employees to translate their desire to take on challenges into tangible form, and I hope it will help nurture talent with a thirst for challenge. Meanwhile, what we, as members of the management team, should do is to respond to this keenness to embrace challenge by offering our full support. I believe it's important to foster a culture in which employees want to continue to take on challenges, while at the same time sharing the harsh realities they will face during the process of commercialization.

#### Q. **05** The perovskite solar cell business is garnering a lot of attention, but what's the current state of progress?

Collaboration between industry, academia, and government is advancing, and with support from the national government, we're in the process of building a new 100 MW production line, and we're aiming to expand with a 1 GW-level line by 2030. Film-type perovskite solar cells are manufactured using the sealing and coating technologies of the High Performance Plastics Company, and we're also leveraging the network of ministries, agencies, local governments, and general contractors developed by the Urban Infrastructure & Environmental Products Company to demonstrate that the technology works and to explore markets, and using its technology to establish its construction methods. In addition, the Housing Company is exploring

possibilities for installing the cells in detached houses in the future. So one thing that really sets this project apart is the way development is progressing based on synergies between these three divisional companies. We are accelerating development toward mass production and commercialization through installation at Expo 2025 in Osaka, Kansai, and verification tests in Tokyo, Fukushima Prefecture, Fukuoka Prefecture, and other areas.

#### Q. **06** What kind of discussions does the Board of Directors have when making investment decisions? Are there any differences in the decision-making criteria for existing businesses and new businesses?

There is no significant difference in the decision-making criteria for existing businesses and new businesses. Firstly, the premise is that all new products that will be brought to market in the future will be Products to enhance sustainability, and among projects that are big enough to be discussed by the Board of Directors, there are hardly any that don't involve Premium Framework products. Our basic approach to potential capital investments is to comprehensively evaluate them using indicators such as ROI and payback period. The recent 100 MW perovskite investment met the criteria, so the Board passed the resolution to approve it.

As for existing businesses, we have 33 businesses classified into four quadrants, and over 60% of investment money goes to growth-driving and growth-potential businesses. If ROIC dips below WACC, an alert is issued, and in the past, the High Performance Plastics Company and the Urban Infrastructure & Environmental Products Company have restructured or withdrawn from businesses in line with this policy.

#### Q. **07** As you aim for commercialization, how do you manage progress, and are there any criteria you use to determine whether you should proceed with or abandon a project?

Frontline engineers tend to be committed to seeing the technologies they've developed through to the end, but new business development involves high technical hurdles and substantial costs, and often does not produce results for many years. Keeping in mind that they're taking on the challenge of difficult tasks and are under a lot of pressure, management must provide full support and make decisions responsibly, including decisions on whether to continue or abandon an undertaking. To track progress, we use a framework called the “K-value” system to conduct quantitative evaluations based on a market axis and technical axis, and we determine future business viability and growth potential from various perspectives. When making management decisions, we have to carefully ascertain, for example, whether we can't expect to increase market share any further as the market shrinks, or whether we still have room to expand despite the market itself being mature because our share is still low. Personally, however, and partly because my own background is in engineering, I really want to avoid, as much as possible, decisions to give up because the technology is difficult.

To give one recent example, in the stationary energy storage battery (lithium-ion battery) business we had been continuously losing billions of yen until a few years ago, so we set an initial goal of breaking even by improving battery performance and slashing costs. As a result, we got the business into the black in the fourth quarter of 2024, and we're about to move into an expansion phase. Even in the case of a new business, it's difficult to continue technological development when you're in the red, and I view breaking even as soon as possible as a prerequisite for maintaining the business as a going concern.

## Innovation

### Interview with the Director responsible

#### Q. / **08** Which areas are you targeting for M&A and CVC, and what are your goals?

In our medium-term plan, we've earmarked 300 billion yen for investment to realize Vision 2030. M&A and CVC will mainly target the Innovation Areas in the strategic area map, and the High Performance Plastics Company and Medical Business have been playing the central roles in weighing up potential transactions. In the medical CDMO business, prices have soared, so we have to be somewhat cautious, but I think there's room to continue exploring opportunities in areas in which we have underlying strength.

I also feel that the Urban Infrastructure & Environmental Products Company and Housing Company are starting to make headway. Regarding the Housing Company, for instance, there's a shortage of carpenters in the construction sector, and this problem is only going to get more serious, so I think we'll start to enjoy an increasing comparative advantage with the Group's unit housing, as the houses can be constructed with about half the labor of competitors, so I want to give the Housing Company all the resources it needs to expand its market share. For example, I want to make sure it has sufficient construction capacity. As for the Urban Infrastructure & Environmental Products Company, its operating profit margin is on the cusp of hitting 10%, and it's entering the next phase, when it will be necessary to expand in volume terms and I think it'll be able to make inroads overseas, especially with prioritized products. In the Urban Infrastructure & Environmental Products Company and Housing Company, we will continue to anticipate required amounts of investment and seek a balance between risk and return, and execute investments that will lead to growth.

#### Q. / **09** When doing M&A deals, what are you most conscious of? And what are the keys to successful post-merger integration (PMI)?

We avoid paying a high price, and don't invest solely for the purpose of growing or expanding the areas in which we operate. Instead, we only do deals where we expect to see business or technological synergies. The biggest deal we've done so far was the acquisition in 2019 of SEKISUI AEROSPACE, which we bought for around 55 billion yen. But if there were a deal that we absolutely could not pass up, we'd be happy to invest more than 100 billion yen. But our basic stance is that M&A deals should suit us in terms of size, and we don't consider acquiring large companies.

As for PMI, we've been steadily accumulating know-how through our experiences with M&A. The Board of Directors conducts an assessment one year and three years after an acquisition, discussing outcomes and synergies, and improves precision. In addition, we try to minimize the risk of impairment losses, and even if things don't go as expected, we discuss ways of minimizing the impact. So we have a framework in place for moving cautiously and strategically.

#### Q. / **10** Have there been any innovations or success stories that you personally threw your heart and soul into?

Of the success stories I experienced when I was working in the High Performance Plastics Company, the one that left the biggest impression on me was the complete switch we made to solvent-free production of adhesive tape, which we had previously manufactured using organic solvents. That was 30 years ago, but it was a production process innovation that dramatically reduced production costs while also improving the quality of the tape.

We faced constant difficulties on the road to success, but that success all began when my boss gave us the green light to spend 10 million yen, a huge amount in those days, on lab equipment for our initial experiments. Later, we needed more than two billion yen in additional money for capital investment, and there was no way we would have succeeded without the supportive presence of my boss. Another source of support was my colleagues. I'd often get anxious, saying, "Can we really do this?" But they gave me encouragement every time, responding, "Sure we can!" or "Yes, because we won't quit till we succeed." This "won't quit till we succeed" mentality has served as a motto in my corporate career ever since.

#### Q. / **11** What is your role as Director responsible for new business development, and speaking as Senior Managing Executive Officer, what are your thoughts on innovation?

I believe that my role is to work seriously on "Innovation for the Earth," the vision statement of Vision 2030, and to demonstrate that attitude to others. When we talk about "solving social issues," what we're aiming for is to create a safer, more convenient, and more environmentally friendly society through our business activities, and that necessitates innovation on a global scale. Perovskite solar cells may still be a Japan-centric initiative at the moment, but they have the potential to proliferate worldwide in the future, and they constitute a valuable tool for this innovation on a global scale. So, I'll be working with all my colleagues across the Group as we take on the challenge of generating "Innovation for the Earth" and strive to realize our vision of creating "peace of mind for generations to come."

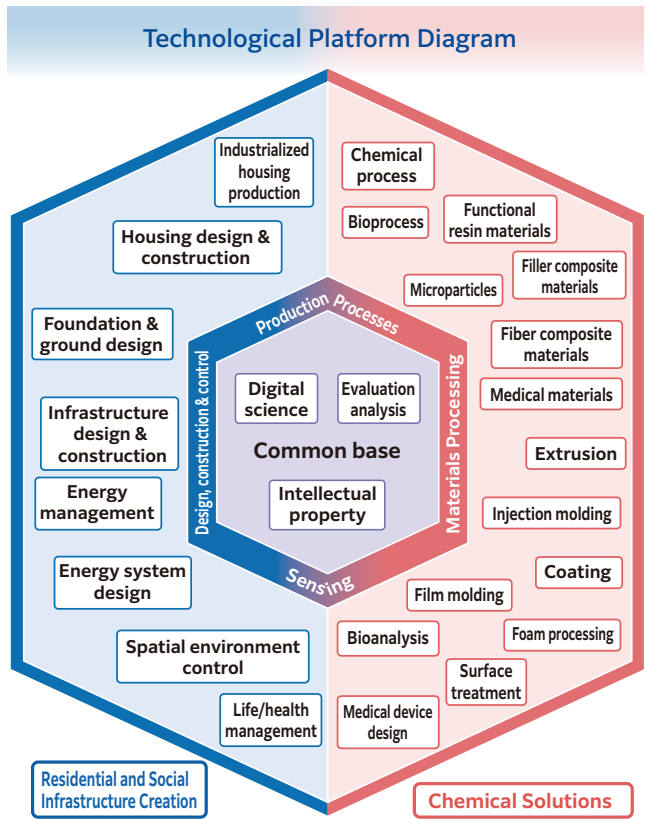


# Innovation

SEKISUI CHEMICAL Group emphasizes innovation as a key driver for continuously creating products to enhance sustainability in order to realize Vision 2030, our Long-term Vision. The source of innovation is the cycle of strategic foresight, processing, and value transformation, which is the business model of the value creation process. As we face a mountain of extremely difficult and pressing social issues, such as climate change, innovation to create new means of solving problems is becoming increasingly important. We will enhance our ability to solve social issues by quickly creating new value through the discovery of business opportunities across business domains, strengthening core technologies, and focusing on collaboration and open innovation with external parties.

## Technological Platforms and Promotion Framework

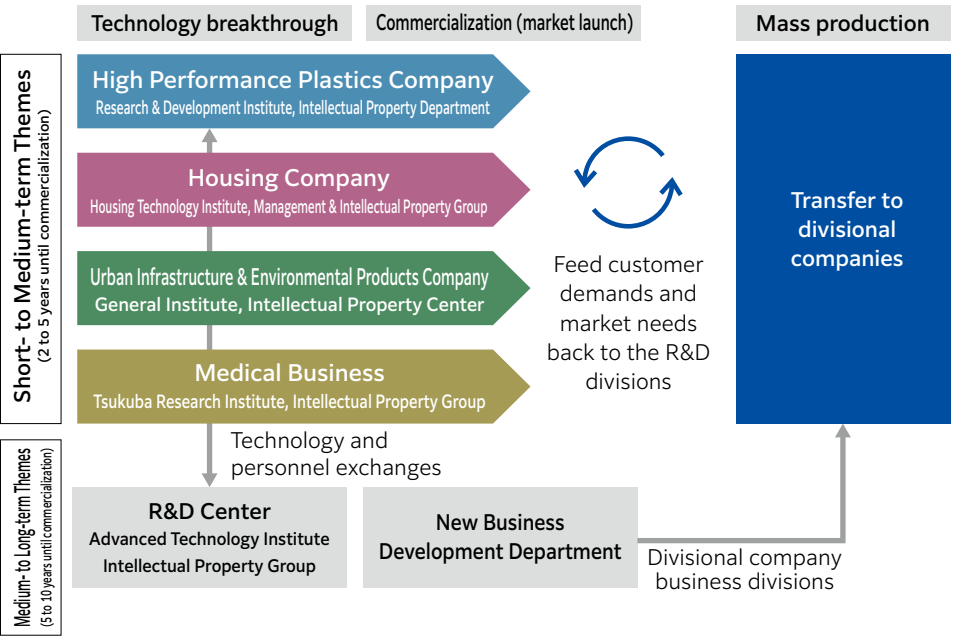
We believe that the source of value creation of SEKISUI CHEMICAL Group lies in the core technologies owned by SEKISUI CHEMICAL. We define technologies that are particularly competitive or that need to be strengthened in the areas of Residential and Social Infrastructure Creation and Chemical Solutions as Technological Platforms (TPFs), and we are working to continuously strengthening these technologies. TPFs are adjusted with each medium-term management plan.



## Innovation Process

The R&D framework for advancing innovation, the source of value creation, is divided into two sections based on the timeframe of each theme. Short- to medium-term themes, which originate from the acquisition of customer needs, are tackled by the R&D institutes in each segment to enable timely activities in line with the segment's respective business environment. Meanwhile, medium- to long-term themes are under the control of Corporate Headquarters; for these themes, the R&D Center is responsible for the initial discovery and planning of R&D themes and the establishment of basic technologies (turning "0" into "1"), and the New Business Development Department is responsible for promoting commercialization (turning "1" into "10"). After a theme is launched as a business, it is promptly transferred to a divisional company (turning "10" into "100"). Each segment and the Corporate Headquarters have an independent Intellectual Property Division. The Intellectual Property, Business, and R&D divisions for each segment are in constant cooperation, striving to achieve prominence over our competitors based on the distinctive characteristics of their respective areas, thereby linking to the expansion and growth of the Group's business.

### R&D and Intellectual Property Management System





## Innovation

### Treatment of Human Resources Engaged in R&D and Intellectual Property Activities

SEKISUI CHEMICAL Group has a system to appoint leaders who drive the technical enhancement for each TPF to specialist positions, which consist of four grades.

In FY2024, 38 engineers were appointed to specialist positions throughout the company; workers in these positions drive the continued technical enhancement of each TPF, while also playing a role in training the next generation of technical leaders.

As part of our effort to assess and reward researchers and engineers, the Group has also established the Invention Grand Prize as an award from the President & CEO to recognize inventions that have made particularly large contributions to the Group's profits.

The Invention Grand Prize is divided into four grades according to the invention's level of business contribution, and bonuses are awarded by grade. In particular, the Special Class bonus is in proportion to the amount of business contribution and has no upper limit.

### Specialist Positions Supporting Technology

#### Microparticles



Group 1, Core Technology Center,  
Advanced Technology Institute, R&D Center

#### Yasuyuki Yamada

I am working to strengthen our microparticle technologies. Although microparticles are a field SEKISUI CHEMICAL has been working on for many years, it has become increasingly difficult to meet the changing needs of our customers with conventional manufacturing methods, structures, and materials. By microparticulating materials that could not previously be microparticulated, or by creating unique shapes and structures, such as ones that are flat or hollow, it is possible to create new functional features. For example, epoxy resins and silicone resins can be microparticulated and their particle diameters can be matched to provide functions that could not be achieved with conventional acrylic resin particles. This is expected to improve the reliability of semiconductor products and add new functions to automobile and building windows.

We are also exploring overarching research topics. My mission is to find the next pillars of research in order to make technological breakthroughs. Currently, I am focusing on the life science field, keeping my antennae tuned to new technologies in the world and collaborating internally and externally, open innovation with external parties and through revamping our proprietary technologies. I believe that it is important for people to know about the technology I am working on. The ideal workplace is one in which everyone can grow together by freely disclosing and actively sharing their skills and knowledge with others. At my workplace, we regularly hold study sessions to share techniques and information with each other.

I find it interesting that although microparticles are very small, they can be imbued with a variety of functions. In my current work, I enjoy discovering how to solve our customer problems using microparticle technology.

### Invention Grand Prize Winner: Heat-resistant Plastic AD System (2nd Class)

#### Heat-resistant Plastic AD System

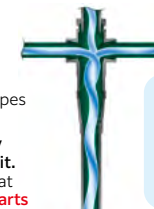
Single-pipe plastic drainage system for condominium vertical drainage pipes

#### Overview

In condominium vertical drainage pipes, **cast iron fittings were generally used for drainability, heat resistance, sound dampening, and superior fit.**

Based on our **plastic processing technology and diverse expertise that we have cultivated, we have developed a new plastic product that imparts functions previously unique to metal.**

The new product combines the features of metal with those of plastic, such as **corrosion resistance, light weight, and ease of installation**, in order to meet society's needs for reduced construction workload, longer service life, and low carbon emissions.



Single-pipe drainage systems  
Special coupling joints  
suppress the generation of  
swirling water flow and  
pressure fluctuations in the  
pipe, eliminating the need for a  
ventilation pipe.

#### Superior characteristics of plastic



We needed to overcome the conflicting technical challenges of plasticization within cost constraints.

#### Metal advantages ≡ technical challenges

##### Drainage performance

Molding/assembly of complex structures of swirl vanes

##### Heat resistance

Mixing expandable graphite into the material allows the pipe to be routed through fire-proof zones

##### Sound dampening

Prone to drainage noise issues due to the light weight

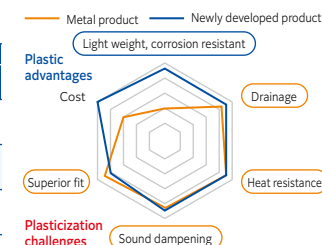
##### Superior fit

Compact even with additional sound dampening/heat resistant materials

#### Key points of the inventions

We have applied for more than 100 patents in order to overcome the technical challenges of plasticization in this product field and to differentiate our products from others. Among them, the following three inventions were selected as Invention Grand Prize Winners for their significant contributions.

Features of the inventions	Performance				Cost
	Drainage	Heat resistance	Sound dampening	Superior fit	Molding process
A Shape of the flow rectifying vane (injection molded)	●		●		●
B Precise placement of expandable graphite material for heat resistance		●		●	●
C Shape design/production method for sound dampening + sound absorption materials			●	●	●



In addition to our own use and provision of these patents, we are also licensing them to other companies in order to promote the availability of AD systems.

## Topic

### Receiving the Commissioner of the JPO Award: An Award for Excellent Companies Utilizing the Intellectual Property Rights System

SEKISUI CHEMICAL was recognized by the Intellectual Property Achievement Awards for 2025 (presented by the Ministry of Economy, Trade and Industry and the Japan Patent Office). This award recognizes companies that have actively utilized Japan's intellectual property rights system and that have contributed to the smooth operation and development of the system. We were recognized for our leadership in the research and development of perovskite solar cells, a promising next-generation solar cell.

Our Group emphasizes an intellectual property strategy to maximize the "prominence" of our technology. We will continue to expand strategic intellectual property activities to maximize the prominence of our technologies and contribute to our business. We will do so through the formulation of strategies based on analysis of the competitive environment, while leveraging analysis of items including market and competitor information, while developing domestic and overseas application rights based on such strategies, in addition to utilization of rights and portfolio management of intellectual property.

Press release (in Japanese) [https://www.sekisui.co.jp/news/2025/1433403\\_41954.html](https://www.sekisui.co.jp/news/2025/1433403_41954.html)



Award ceremony on April 18, 2025  
Left: Commissioner Ono, Japan Patent Office  
Right: President Kato

## Innovation

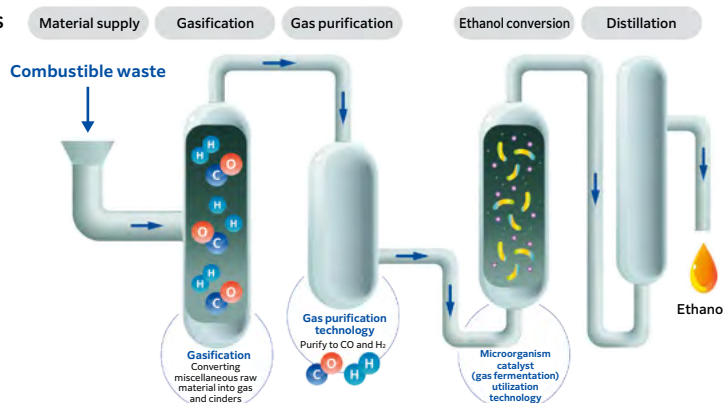
### New Products and Businesses

In selecting themes for new products and businesses, we apply a score along a market axis for judging the potential of the market and a strategic axis for judging how the technologies, patents, and human resources possessed by the Group can be effectively employed with a focus on high-scoring themes along both axes. Once we have selected a theme, we continue to manage it by periodically analyzing the potential of the market and the competitive environment, and screen it to determine if our aggressiveness has abated. At the same time, we take the option of terminating any theme for which the score has fallen. In terms of actual progress management, we proceed towards commercialization upon implementing a five-stage Gate Review. We also conduct design reviews during product process development and environmental assessments at all stages of the product life cycle.

#### Biorefinery Technology

SEKISUI CHEMICAL Group is accelerating efforts toward the social implementation of carbon cycle technologies that recycle the carbon contained in raw materials. In specific terms, we jointly developed a biorefinery (BR) technology that converts combustible waste, including marine plastics, without separation into gas and then converts that gas into ethanol as a raw material for plastic using a microbial catalyst in collaboration with U.S.-based venture company LanzaTech, Inc. The BR technology identifies and removes about 400 kinds of foreign substances (extraneous substances that affect microorganisms) contained in the gas, successfully applying the purifying microbial catalyst to garbage.

#### Ethanol Production Process



SEKISUI CHEMICAL Group established SEKISUI BIO REFINERY CO., LTD., in April 2020. Steps are currently being taken to conduct a demonstration at a plant completed in April 2022 in Kuji City, Iwate Prefecture, which is 1/10th the size of a commercial plant, as the final stage in verifying the technology for practical application and commercialization. The first commercial-scale BR plant is targeted to begin production in FY2028. Plans are in place for the ethanol produced at the plant to be recycled as a plastic raw material in collaboration with chemical manufacturers, including SUMITOMO CHEMICAL CO., LTD., with which we have already begun partnership. Ethanol is converted to ethylene and then to plastic, and the products from the plastic are used and disposed of, collected as combustible waste, and returned to the BR plant. The aim is to create a resource recycling system that can be repeated over and over.

#### Chemical Looping Technology for CO<sub>2</sub> to CO Conversion

SEKISUI CHEMICAL has been developing its unique chemical looping technology for CO<sub>2</sub> to CO conversion, which converts CO<sub>2</sub> to CO at a high conversion rate.

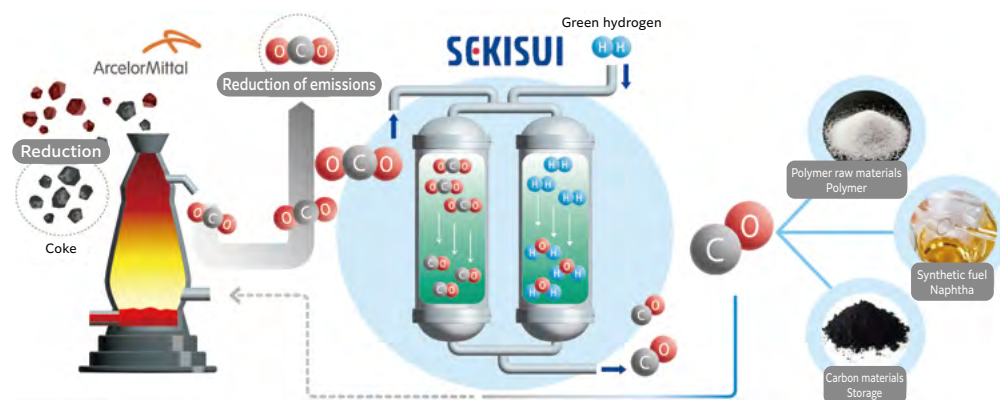
From 2021, we have entered into a carbon recycling partnership with ArcelorMittal, S.A., a world-leading steel and mining company. As part of this partnership, we have been engaged in international collaboration on CCU for circular carbon in steelmaking under contract with the New Energy and Industrial Technology Development Organization (NEDO). Steelmaking accounts for 7–9% of the world's CO<sub>2</sub> emissions, and, of that amount, the blast furnace process, which produces pig iron from iron ore, accounts for approximately 70% of the steel industry's CO<sub>2</sub> emissions, making the reduction of CO<sub>2</sub> emissions from the blast furnace process a major challenge for the steel industry.

To address this issue, we demonstrated the efficacy of technology for CCU for carbon circulation in steelmaking. This technology effectively utilizes CO<sub>2</sub>, and also contributes to its reduction, in an approach in which CO<sub>2</sub> emitted from the blast furnace process is separated and recovered, converted to synthetic gas consisting of carbon monoxide (CO) and hydrogen using our chemical looping technology, and then introduced into the blast furnace as a reductant in place of coke.

In June of 2023, tests using actual blast furnace gas at an ArcelorMittal plant in Asturias, Spain succeeded in maintaining high performance with a CO yield of over 90% after a six-month demonstration period.\*

As a result of the technology evaluation by ArcelorMittal, our technology was highly praised in terms of reaction efficiency and durability, and we are currently considering the timing of the introduction of this technology while keeping an eye on the decarbonization market. Furthermore, we are pursuing applications in a variety of fields beyond the steelmaking process, and have initiated several collaborative projects with partners who have evaluated the potential of our technology.

\* This achievement is a result of NEDO's international joint research and development project (JPNP20005) for innovative technology in the field of clean energy.



## Innovation

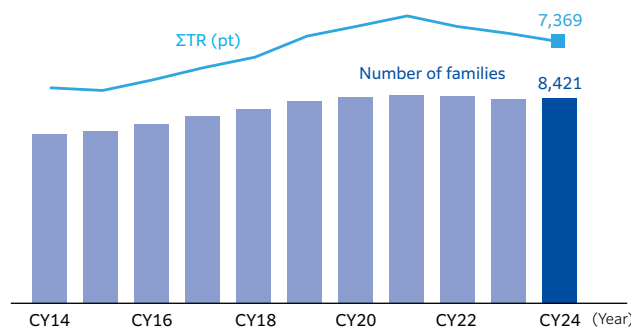
# Intellectual Property Management

## Basic Concept

We believe that intellectual property as a result of our research and development activities is an important management resource that supports SEKISUI CHEMICAL Group's growth and earnings as well as efforts to maximize corporate value. Therefore, the Group places great importance on intellectual property strategy in order to maximize the prominence of our technology.

Under the Medium-term Management Plan that started in FY2023, we are engaged in activities while also referring to indicators related to the Patent Asset Index™ (PAI), which represent the value of patented assets.

## Trend of patent asset value (technical value: ΣTR value\*)



• Since 2020, patent applications have been more selectively filed, resulting in a temporary decrease in the number of families and ΣTR, but continuous improvement in patent quality is being pursued.

\* The ΣTR value is a relative indicator calculated using PatentSight®, the patent analytics tool provided by LexisNexis, Inc. The total value of the TR (Technology Relevance) indicator, which is one of the components of the Patent Asset Index™ and reflects patent asset value based on the number of citations, is defined as the technical value (ΣTR) of our entire portfolio.

## Intellectual Property Risk Management and Utilization

SEKISUI CHEMICAL Group is growing its business on a global scale. We also investigate and monitor the status of intellectual property on a global basis, and, by taking avoidance measures and exercising our rights, we maximize the use of our own intellectual property while respecting the intellectual property of other companies.

## Education and Fostering an Intellectual Property Culture

We are committed to fostering a Group-wide intellectual property culture that contributes to our business. In terms of education, in addition to shared training programs for technical personnel, we have expanded to include divisional company-specific practical training and trademark training for sales personnel. At the same time, the results of intellectual property activities are evaluated and awarded not only in terms of the number of patent applications filed and the content of inventions, but also in terms of licensing income and the amount of business contribution, thereby promoting a mindset of positive impact on business.

## Training and Career Development of IP Professionals

In addition to a high level of expertise, the Group's Intellectual Property Division emphasizes the ability to collaborate with development and business projects. To this end, we are enhancing our on-the-job and off-the-job training programs, supporting the career development of specialist positions by establishing the Intellectual Property Specialist Position from 2024, and strengthening our recruiting capabilities through an internship system.

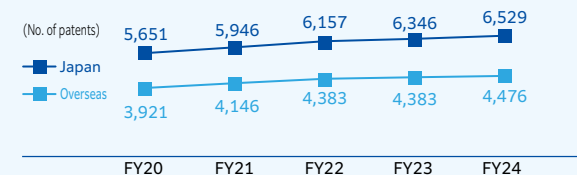
## Group-wide Intellectual Property Application (IP Landscaping)

SEKISUI CHEMICAL Group engages in analysis activities that combine market and technology information with a focus on intellectual property (IP landscaping). From quantitative and qualitative perspectives, we visualize the efficiency and business competitiveness of our intellectual property, and reflect the results in strategic planning. IP information is also used where new products and businesses are created, as well as in high-level management and business assessments, such as M&A, as an aid to decision-making and as a way to boost chances of success.

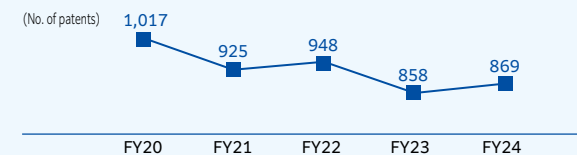
## Performance Data

In each of the recent rankings for Patent Asset Scope and Ability to Restrain Other Companies announced by Patent Result Co., Ltd., the Company ranked seventh and fifth, respectively, in the chemical industry. SEKISUI CHEMICAL has maintained a position in the top 10 for the past 14 years.

## Number of Patents Possessed (domestic and international)



## Number of Patent Applications (domestic)



## Patent Asset Scope Ranking (2024)

Ranking	Company name	Patent asset scope (points)	Number of patents
1	Fujifilm	64,597.2	1,386
2	LG ENERGY SOLUTION	21,918.0	750
3	Kao	19,773.8	613
4	DIC	19,661.1	373
5	Resonac	19,394.9	599
6	Mitsubishi Chemical	18,565.7	508
7	SEKISUI CHEMICAL	18,134.8	559
8	Nitto Denko	17,936.9	530
9	Sumitomo Chemical	17,383.1	519
10	ARTIENCE	14,951.0	300

Source: Patent Result Co., Ltd. Chemical Industry: Patent Asset Scope Ranking 2024

## Ability to Restrain Other Companies Ranking (2024)

Ranking	Company name	Number of patents cited
1	Fujifilm	3,110
2	Mitsubishi Chemical	1,591
3	Kao	1,267
4	Resonac	1,219
5	SEKISUI CHEMICAL	1,007
6	Nitto Denko	887
7	Asahi Kasei	832
8	Sumitomo Chemical	819
9	Shin-Etsu Chemical	677
10	KANEKA	596

Source: Patent Result Co., Ltd. Chemical Industry: Ability to Restrain Other Companies Ranking 2024

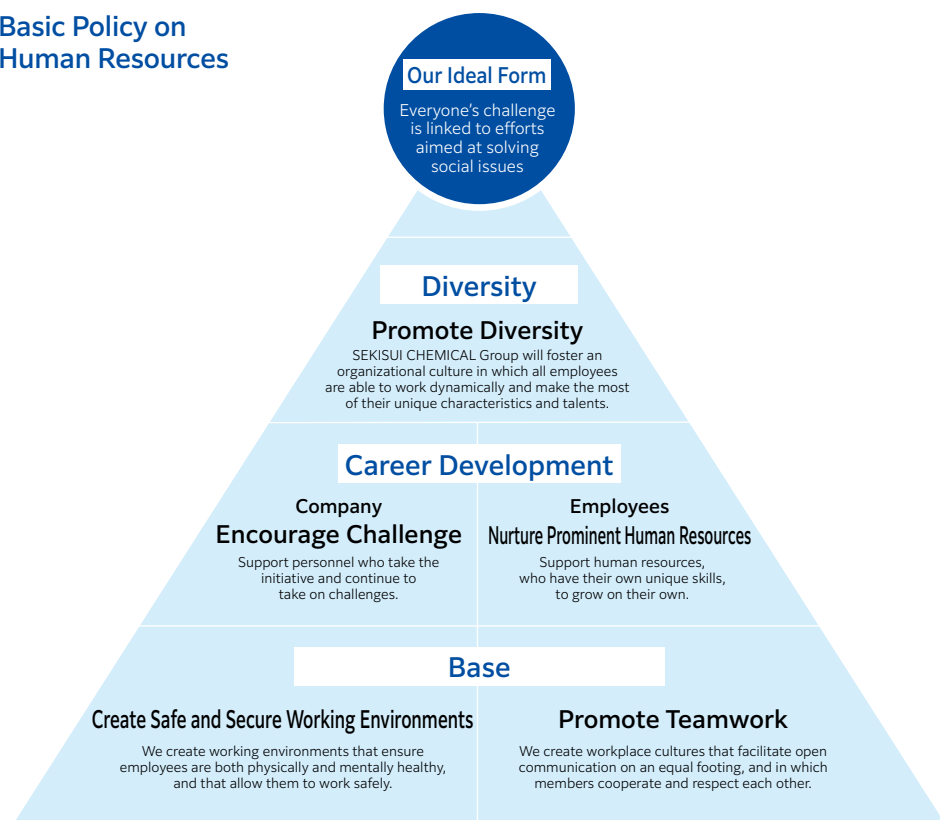
# Human Capital

## Basic Concept for Human Capital

SEKISUI CHEMICAL Group is committed to creating an environment where employees can thrive, based on the Human Resources Philosophy that employees are precious assets bestowed on us by society. Under this philosophy, we believe it is essential to remain "A company where everyone is energized and engaged to take on challenges."

As we work to become an energized and engaged company where all employees thrive on challenges, we are promoting a shift in our human resources management that includes the promotion of a role-based human resources system and challenges as part of a human capital strategy.

## Basic Policy on Human Resources



\*1 Employee Challenge Action Rate: The percentage of respondents who answered "applicable" or "somewhat applicable" to the question "I am taking specific challenging actions toward the realization of Vision 2030." (redefined in 2023)

\*2 (1- (Number of employees who left employment in 1 year/ Number of employees as of April of the fiscal year)) ×100 (only includes permanent full-time employees. Excludes compulsory retirees and transfer retirees.)

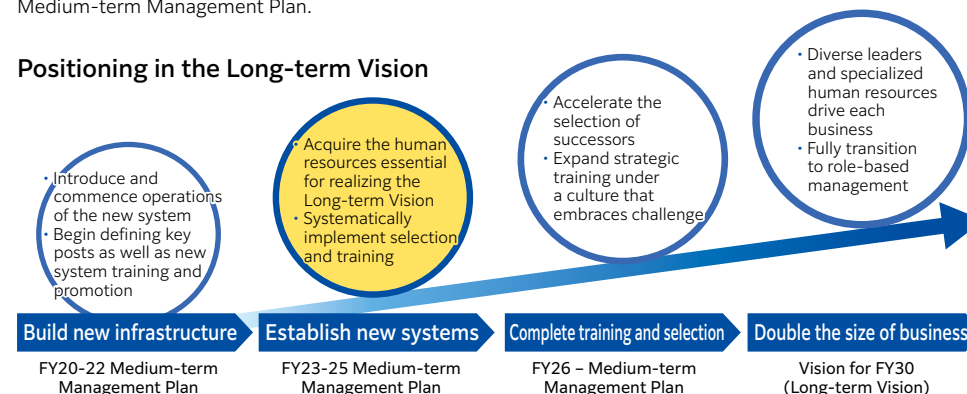
\*3 Total Value Added (Operating Profit + Depreciation + Labor Costs) [Outcome] ÷ Human Capital Cost (Labor Costs + Welfare Expenses + Recruitment Expenses + Training Expenses) [Investment]

## Human Capital Strategies and Initiatives

We aim to achieve the right talent in the right position by developing human resources that can respond to the speed of business growth and changes. This includes securing, selecting, and systematically training personnel who are essential to the realization of our Long-term Vision.

We have also continued to invest heavily in human capital through such measures as expanding employee careers and improving working conditions to the tune of ¥12 billion over the three-year period of the Medium-term Management Plan.

## Positioning in the Long-term Vision



## Achieve both strategic creation and strengthening of existing businesses

Medium-term personnel strategy	Foster a Culture that Embraces Challenges	Realize the right person for the right position	Achieving Diversity
Key personnel strategy	<b>Create a place to take on challenges</b> Accelerate career realization led by employees Provide opportunities to take on challenges	<b>Development of next-generation leaders</b> Select and train executive candidates Visualize the role of executives and conduct multifaceted evaluations	<b>Promote the active participation of diverse human resources</b> Promote the employment and retention of diverse human resources Promote diversity and support work-life balance
	<b>Support employees taking on challenges</b> Implement activities to foster a culture of taking on challenges (creation, innovation, improvement) and further strengthening of them Foster a corporate culture for career independence	<b>Secure professional human resources that "stand out"</b> Secure and strengthen highly specialized human resources Strengthen reskilling in line with business needs	<b>Creating a Vibrant Work Environment</b> Create an environment where employees can work with peace of mind Ensure a healthy and comfortable working environment
Priority KPI:	Employee Challenge Action Rate*1 FY24: 56% FY25 Target: 60%	Successor candidate preparation rate FY24: 88.1% FY25 Target: 100%	Maintain and increase the retention rate*2 FY24: 97.8%
Human Capital Investment	Invest ¥12 billion over the three-year period from FY2023 to FY2025 in human capital (intangible assets) 1. Invest in employee career advancement 2. Secure human resources for each Group company (labor condition improvements, personnel reinforcements, working environment upgrades)		

## Investment effectiveness: Value-added productivity

In order to measure the effectiveness of significant investments in human capital, we have introduced a productivity indicator (value-added productivity) starting in FY2024.

	FY22	FY23	FY24
Value-added productivity (%) <sup>*3</sup>	159	159	163



## Human Capital

### Fostering a Culture That Embraces Challenge

In order for employees to embrace challenge and to take the appropriate action, it is equally important that we put in place the prerequisite environment. To this end, it is essential that managers set the right goals, motivate employees, and foster an organizational culture in which efforts to take on challenges are valued and failures are tolerated. Accordingly, the human capital strategy in the Medium-term Management Plan focuses on creating opportunities and encouraging employees to pursue challenges. As we foster a culture that embraces challenge, we are promoting various measures to achieve these goals.

#### Priority KPI: Degree of taking on challenges

#### Major KPI: Engagement score

(SEKISUI CHEMICAL Group)

	FY21	FY22	FY23	FY24
Degree of taking on challenges (%)	51	47	48	56
Engagement score (multifaceted) FY19=100	143	114	133	129
Response rate (%)	62	81	88	89

### FY2024 Achievements and Challenges

Degree of taking on challenges: In order to realize their careers, there has been an increase in challenging actions utilizing systems such as the self-nomination recruitment system and the internal entrepreneurship program C.O.B.U. Accelerator.

Engagement score: Although the response rate reached a record high of 89%, the engagement score remained flat.

### Achieving Diversity

In 2015, SEKISUI CHEMICAL Group formulated its Diversity Management Policy and is working to promote diversity. Based on this policy, diversity is not only viewed in terms of such differences as gender, age, and race, but also in terms of differences in career backgrounds, values, personality, and other factors. Against this backdrop, we will work to understand, recognize, and harness these differences between each and every employee as strengths.

#### Priority KPI: Retention rate

#### Major KPI: Ratio of females hired among new graduates

#### Ratio of females in management positions

#### Percentage of male employees taking childcare leave

(SEKISUI CHEMICAL Group)

	FY21	FY22	FY23	FY24
Retention rate (%)	97.5	97.0	97.5	97.8
Ratio of females hired among new graduates (%)	22.2	28.1	31.4	28.1
Ratio of females in management positions (%)	4.3	4.5	4.9	5.3
Percentage of male employees taking childcare leave (%)	47.3	68.1	69.8	90.1

### FY2024 Achievements and Challenges

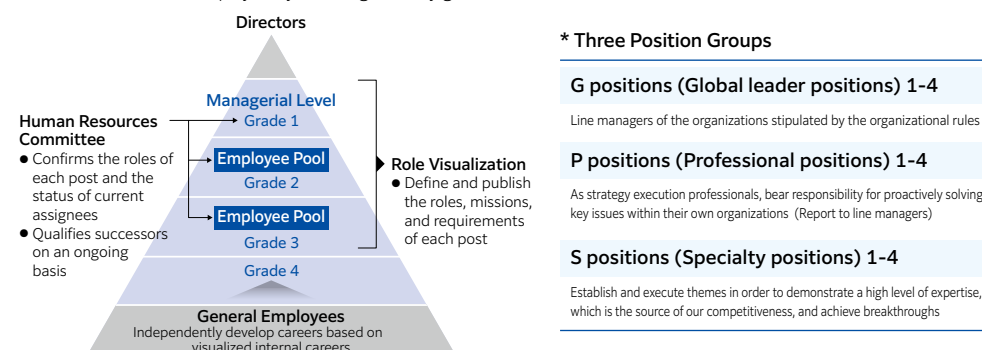
Ratio of females hired among new graduates: Although the increase in science and engineering hires has led to a decrease in the hiring rate of female new graduates, the promotion of women's active participation is being advanced in four areas: "strengthening female recruitment," "retention and active participation," "creation of managerial positions," and "development after managerial appointment." As a result, the ratio of females in managerial positions has steadily increased. From FY2024, instead of using expressions that refer to specific genders such as "promotion of women's active participation," we have adopted the term "gender diversity," which encompasses all employees.

### The Right Talent in the Right Position

SEKISUI CHEMICAL Group aims to achieve the right talent in the right position by shifting to a human resource management approach that is based on roles.

### Development of next-generation leaders: Strengthen selection and training of management candidates

SEKISUI CHEMICAL Co., Ltd. has introduced a grading system for the managerial level to promote efforts aimed at strengthening the selection and training of global-level leaders (management candidates). We have divided the roles of management into three position groups\* and established four grades (1 to 4) for each of the groups based on the size of the role. We clearly state the responsibilities and authority for each grade and change position groups and grades in accordance with the role played by a manager at any given time.



We have established the Human Resources Committee, in which officers and the Human Resources Department discuss whether the most suitable human resources are filling each role across the Company, whether candidates are being nominated, whether they are being continuously trained, and whether the level of their grade is appropriate. Our goal is to properly manage the roles required to realize our management strategies, and to ensure that the personnel and successors responsible for these roles receive continuous training.

#### Priority KPI: Rate of successor candidate preparation

(SEKISUI CHEMICAL Group/domestic)

	FY21	FY22	FY23	FY24
Successor candidate preparation rate (%)	50.5	67.7	92.4	88.1

### Secure prominent professional human resources: Strengthen efforts to secure highly specialized human resources

Highly specialized human resources refers to professional human resources who demonstrate a high level of expertise, which is the source of our competitiveness. In addition to the difficulties involved in development through work, there is high demand across all industries. As a mechanism to continuously secure human resources within the Company, we appoint highly specialized specialists who are recognized both inside and outside the Company to Specialty (S) positions to tackle deepening of the technologies we possess and enhancing the technologies from a medium- to long-term perspective.

#### S positions occupancy rate

(SEKISUI CHEMICAL non-consolidated)

	FY21	FY22	FY23	FY24
Number of people in S positions (persons)	38	39	39	41
Specialty positions occupancy rate (%)	62	66	85	75

# Environment

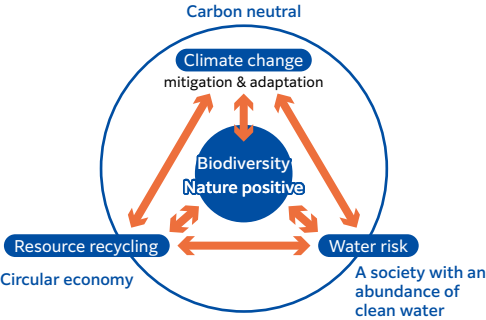
SEKISUI CHEMICAL Group has identified long-term targets and initiatives in our Long-term Environmental Management Vision, SEKISUI Environment Sustainability Vision 2050, recognizing climate change, resource recycling, and water-related risks as important issues. The degradation of natural capital can be halted, first of all, by reducing greenhouse gas (GHG) emissions, promoting resource recycling, and reducing the burden on ecosystems. The Group is also endeavoring to provide returns to natural and social capital through such measures as the expansion of sales of Products to Enhance Sustainability, and we are engaging in business activities on a daily basis with the aim of realizing an Earth with maintained biodiversity.

## Target Goals and Issues

The goal of the Group's Long-term Environmental Management Vision is: an "Earth with maintained biodiversity where the ecosystem hierarchy is kept healthy and in a nature-positive state." Working backwards from that future goal, we have devised goals and measures for each Medium-term Environmental Plan.

It is our belief that this goal will be achieved by solving each specified environmental issue. We are aware of all environmental issues and, in order to select and implement solutions without trade-offs, we are promoting environmental strategies with an recognition of their correlation.

Correlation diagram of environmental issues related to SEKISUI CHEMICAL Group



Long-term Environmental Management Vision 2050	Targets	Earth with maintained biodiversity, where the ecosystem hierarchy is kept healthy and in a nature-positive state				
		Improving the rate of return to natural and social capital	Key environmental issues			Improving global and social sustainability through our products
2023-2025 Medium-term Environmental Plan	Important measures and targets	Monitoring progress with the integrated index: Maintaining a rate of return to natural capital of 100% or more	(1)Climate change: Achieve zero GHG emissions that arise from business activities	(2)Resource recycling: Achieve a circular economy	(3)Water-related risk: Realize societies with abundant access to clean water	Sales of Products to Enhance Sustainability: In excess of 1 trillion
			Accelerate the shift to renewable energy for purchased power and reduce fuel-derived GHG emissions	Resource conversion of raw material resins and increasing the material recycling rate	Reduce water intake volume and COD emission volumes while minimizing the impact of our business	

## Responses to Biodiversity Issues

The Group recognizes the dependencies and impacts of our business activities on natural capital and strives to maintain a return on natural capital in excess of that which we use.

Realizing net positive through corporate activities	1. Review manufacturing processes 2. Review nature-positive product designs 3. Increase the degree of contribution through Products to Enhance Sustainability
Supporting returns to natural capital by society	4. Strengthen initiatives involving raw material procurement 5. Support activities for social change
accelerate both the return on natural capital through corporate activities and the return to natural capital by society	6. Develop human resources 7. Collaborate with stakeholders

For details on our efforts to address climate change issues, scenario analysis, and initiatives to address biodiversity issues, please refer to our TCFD/TNFD Report.

TCFD/TNFD Report [https://www.sekisuichemical.com/sustainability\\_report/report/#tcfd](https://www.sekisuichemical.com/sustainability_report/report/#tcfd)

## Environmental Management Promotion System

The Group's environmental aspects have been managed and advanced under the Sustainability Committee, which serves as a forum for deliberating policies and strategies for improving the sustainability of society and the Group. [P.69](#)

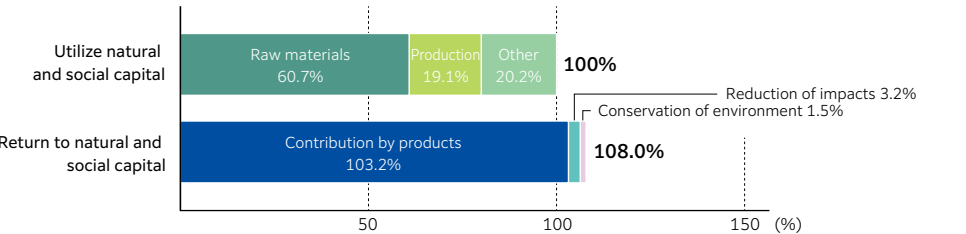
As subcommittees of the Sustainability Committee, we have established separate subcommittees for each issue that the Group has defined as materiality, and we have established an environmental subcommittee for environmental issues. Risks related to environmental issues, such as climate change, are studied and evaluated by the Environmental Subcommittee, with the results reported to the Sustainability Committee, where they are deliberated on along with company-wide response policies, major measures, and achievement target levels.

## Integrated Index: Correlation diagram of environmental issues related SEKISUI Environment Sustainability Index (FY2024)

The SEKISUI Environment Sustainability Index measures the impact of the Group's corporate activities on the environment (use of natural and social capital) and the degree of contribution to the environment (returns to natural and social capital) as a single index. We are gradually expanding the scope of coverage to encompass not only the impact on and return of natural capital, but also on and of social capital. Since FY2017, we have applied this index to monitor the progress of the Group's overall environmental management.

As for results in FY2024, when the use of natural and social capital (burden on the natural and social environment) is set to 100, the return on natural and social capital (contribution to nature and social environment) was 108%, confirming that we have been able to maintain 100% or higher. This is because of the progress made in the conversion of purchased electricity to renewable energy and the return (contribution) from products to enhance sustainability has been steadily increasing. Looking ahead, we will maintain a rate of return to natural and social capital of 100% or higher. In 2050, we aim to realize the sustainable use of the Earth's natural capital and the social capital generated by human society.

SEKISUI Environment Sustainability Index (2024)



FY2024 Results	
Rate of return to natural and social capital through corporate activities	108%*
*The goal for FY2025 under the Medium-term Plan is 100% or higher	
Breakdown of the rate of return to impacts regarding the aspect of nature	
Rate of return to biodiversity	29.6%
Rate of return to plant biomass	57.2%

\*Calculated using LIME2, a damage calculation-based impact assessment method for use in Japan  
\*MilCA, a calculation system using LIME2 used to calculate the return rate has been updated to database IDEA ver3.1. As a result, the environmental impact per unit amount is larger, especially in terms of the impact of chemical substances on ecosystems. Placing even more importance on the impact on biodiversity, we are using the updated calculation system from FY2023.

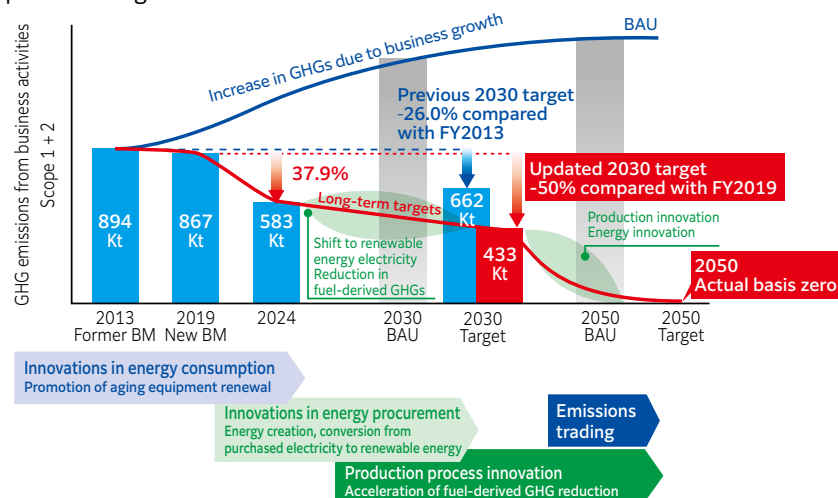
## Environment

### Efforts to Address Climate Change

SEKISUI CHEMICAL Group believes that it is important to earnestly confront all climate change risks and make every effort to keep the temperature lower. In the reduction road map formulated based on the 2°C target to achieve this goal, we were able to achieve our milestone earlier than initially planned in fiscal 2021, the middle of the previous Medium-term Plan. In response, to further accelerate our initiatives we raised our target for GHG reductions for 2030 in line with the 1.5°C scenario and received SBT certification again.

The Group is working to reduce not only its own GHG emissions but also those of its entire supply chain, from the procurement of raw materials to the development, production, transportation, use, and disposal of its products. In moving toward the long-term goal of achieving effectively zero GHG emissions from our business activities by 2050, we aim to convert all electricity purchased within Scope 2 to renewable energy sources by 2030. For fuel-derived sources under Scope 1, we are continually promoting energy conservation activities at our production sites, including more efficient operations and energy conversion to electricity by replacing aging facilities. We have identified the period from fiscal 2023 as the time for production process innovation. Our goal is to convert 70% of purchased power to renewable energy, and we are continuing to implement measures to support this conversion.

### Road Map to Reducing GHG Emissions



In order to reduce GHG emissions throughout the product lifecycle, it is vital to reduce GHG emissions (Scope 3) in the supply chain. In upstream corporate activities, we are calling on the cooperation of suppliers and strengthening efforts to convert to non-fossil-based and recycled raw materials in a bid to reduce raw material-derived GHG emissions.

In downstream corporate activities, we are endeavoring to increase the sales ratio of net-zero energy houses (ZEH) with Sekisui Heim's energy-saving performance and large-capacity photovoltaic/large-capacity storage batteries and are promoting increased awareness toward the recovery and disposal methods of used products at the product and business model design stages in order to reduce GHG emissions at the time of product use.

### Medium- to Long-term GHG Emissions Reduction Targets

Initiatives	Indicators	Results from Previous Medium-Term Management Plan (FY2022)	FY2024 Results	Medium-Term Management Plan (FY2025)	FY2030	FY2050	Remarks
Reduction of GHG emissions	Renewable Energy Ratio of Purchased Electricity	36.4%	61.0%	70%	100%	Total power consumption, including cogeneration 100%	Joined RE100 (FY2020)
	GHG emission reduction rate of Scope 1+2	-26.8% (vs. FY2013)	-37.9% (vs. FY2019)	-33% (vs. FY2019)	-50% (vs. FY2019)	Zero emissions	Obtained SBT certification Reduction of GHG (Until 2030)
	Reduction of GHG emissions from the supply chain	-11.0% (vs. FY2016)	-5.7% (vs. FY2019)	—	-30% (vs. FY2019)	—	
	Fuel-source GHG emission reduction rate (including GHGs not arising from energy consumption)	—	-13.3% (vs. FY2019)	-12% (vs. FY2019)	-11% (vs. FY2019)	Zero emissions	
Energy savings	Reduction rate of energy consumption per unit of production	-1.1% (vs. FY2019)	+2.9% (vs. FY2022)	-3% (vs. FY2022)	—	—	

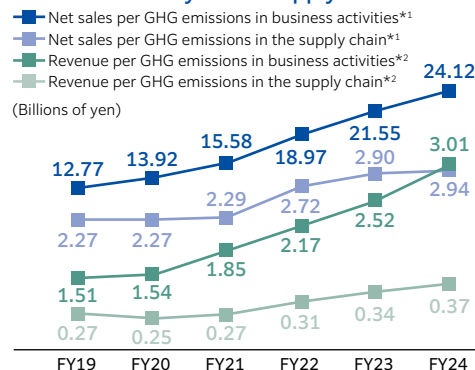
### Confirming the Validity of Our Climate Change Strategy

We verified how efforts that contribute to climate change mitigation and adaptation are affecting management using the trends in carbon efficiency (environmental) over time and using the correlation between carbon efficiency (environmental) and economic efficiency.

First, the relationship between GHG emissions, sales, and EBITDA is shown by changes in net sales per GHG emissions and EBITDA per GHG emissions. An increasing trend has been observed in two indicators in business activities. We were able to confirm that the transition to renewable energy is progressing at domestic and overseas business sites, and that this is having a continuous positive impact on management. Similarly, when looking at the supply chain as a whole, both indicators show an upward trend.

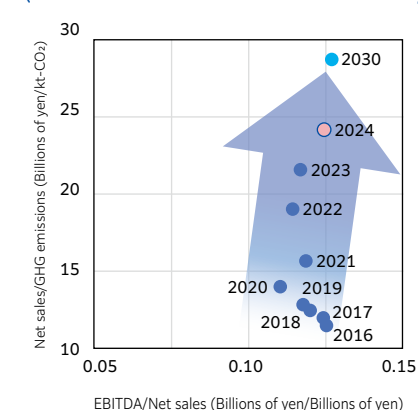
We also confirmed the correlation between sales per unit of GHG emissions and EBITDA per unit of sales, indicating that we have improved "sales per carbon" while maintaining stable earnings. Based on the results of these verifications, we were able to confirm that the strategy we are advancing based on our Long-term Vision for 2030 is correct. Going forward, we will continue to aim for corporate growth that balances environmental and economic efficiency.

### Carbon Efficiency in Business Activities Carbon Efficiency in the Supply Chain



\*1 Net sales per GHG emissions: Sales (Billions of yen) / GHG emissions (kt-CO<sub>2</sub>)  
\*2 Revenue per GHG emissions: EBITDA (Billions of yen) / GHG emissions (kt-CO<sub>2</sub>)

### Carbon Efficiency in Business Activities (Correlation between environmental and economic efficiency)

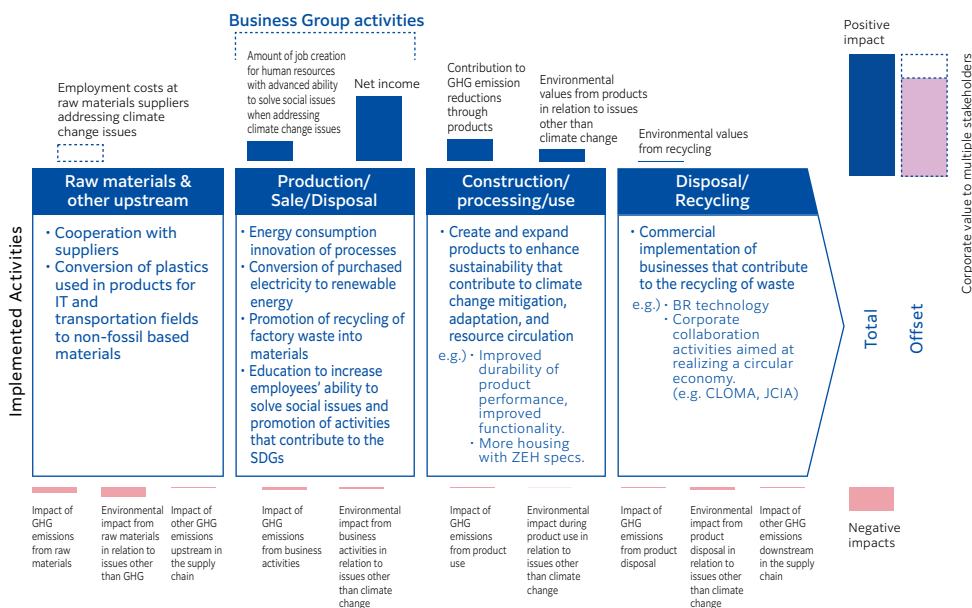


## Environment

### Stakeholder Comprehensive Income Using Impact-weighted Accounting Methods

Climate change is affecting the entire planet, and SEKISUI CHEMICAL Group's efforts to combat climate change are considered to have an impact not only on shareholders but also on multiple stakeholders. To verify the validity of the strategy, we therefore believe that it is necessary to consider the impact on multiple stakeholders in a broad-based and comprehensive manner and are utilizing an impact-weighted accounting methodology to calculate the comprehensive income for multiple stakeholders. Impact-weighted accounting is a concept that integrates accounting and impact by converting the impact of corporate activities on all stakeholders into monetary value and adding or subtracting profits to better understand corporate value for all stakeholders. As a result, having recognized where the positive/negative impacts on multiple stakeholders are occurring, we confirmed that the initiatives currently being implemented are contributing to the enhancement of corporate value by increasing the positive impacts and reducing the negative impacts. Going forward, we will continue to work to formulate management strategies and implement measures to further expand the positive impact and reduce the negative impact in order to solve climate change issues.

### Image of company value over the life cycle of a product using impact-weighted accounting methods



[Calculation method] Stakeholder comprehensive income = (Net income + Employment costs for Approach 1 or Approach 2 + Economic value of contribution to GHG emission reductions through products + Economic value that products bring to environmental aspects other than climate change issues) - (Economic losses from greenhouse gas emissions from business activities including the global value chain upstream and downstream + Economic losses from environmental aspects other than climate change issues from business activities including the global value chain upstream and downstream)

- From FY2023, the calculation includes all business activities related to the global value chain.
- The LIME2 concept was adopted when converting value.
- With regard to human resources investment related to natural capital, stakeholder comprehensive income is calculated based on the employment costs according to the following two concepts.

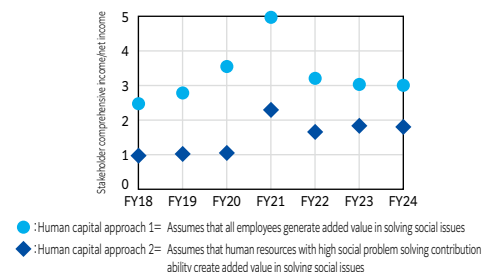
[Approach 1] Employment costs for employees implementing climate change initiatives

[Approach 2] Employment costs for human resources who will lead climate change initiatives

### Stakeholder Comprehensive Income as a Share of Net Income

For human resources investment related to natural capital, stakeholder comprehensive income differs due to the difference in the amount of jobs created based on the two approaches. The ratio is 3.0 when [Approach 1] is applied, and 1.8 when [Approach 2] is applied.

In either case, we confirmed that we were able to continue to generate stakeholder comprehensive income above and beyond net income.



### [Reference] Approach to Human Investment in Impact-Weighted Accounting Using Human Resource Indicators of Ability to Contribute to Solving Social Issues

The Group has established human resource indicators to serve as guidelines for individual progress and is reviewing the content of these indicators for each medium-term plan in order to ascertain the current state of knowledge and actions required to solve social issues, including environmental issues, and to encourage self-improvement. Questionnaires conducted through self-checks confirm the extent to which employees possess knowledge or are taking actions that lead to the resolution of issues. We believe that it is important in the short, medium, and long term to make investments in accordance with employee growth, and in the framework for impact-weighted accounting, the employment costs for employees are positioned as human investment related to natural capital ([Approach 1] under human investment). Results of the questionnaire are classified into five levels (A through E) based on the ability to contribute to solving social issues, and we consider it especially important to invest in human resources in the top two levels (A and B) with strong problem-solving abilities who can make contributions. Based on this belief, we conduct education and training to increase the number of such employees ([Approach 2] under human investment).

### Share of Human Resources Driving Solutions to Social Issues (%)

	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Share of employees with Levels A and B in the check for social problem solving contribution capability	7.2	6.7	6.7	10.1	7.2	20.4	19.4

2017-2019 : Composed and implemented evaluation content as an environmental human resources check

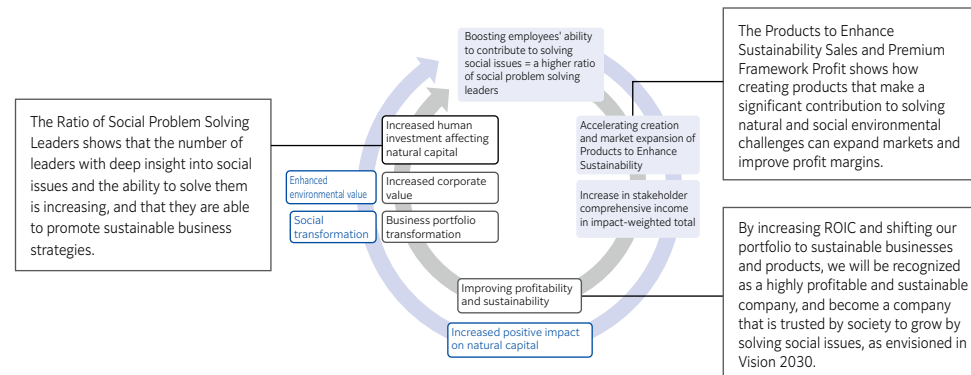
2020 : Read as the same status as FY2019, as there had been no implementation

2021-2022 : Composed and implemented evaluation content as a check for social problem solving contribution capability

2023-2025 : Updated and implemented evaluation content as a check for social problem solving contribution capability

### [Correlation with Corporate Value]

We believe that increasing the number of human resources who drive solutions to social issues in the Group will create the following virtuous cycle and contribute to the long-term enhancement of corporate value.





Environment

Initiatives for Resource Recycling

Recognizing that efforts to recycle resources in the supply chain are indispensable to realizing a carbon neutral society, we formulated a resource recycling policy strategy, and a resource recycling road map to achieve a circular economy in 2050. Plastics are one of the major materials used in the Group's business domains. Up until now, in the production process, we have continually made efforts year after year to reduce the amount of waste generated, using waste per unit of production as an indicator for these efforts. In addition, we have carried out, for example, internal recycling to reuse scraps generated and implemented processing for reuse of resources including energy when disposing of materials as waste.

FY2021 clearly states that we will expand the ratio of plastic materials we use comprised of bioplastics and other recycled materials that are not derived from fossil fuels. We will promote internal recycling more than ever before to minimize the waste products emitted from our construction projects. Additionally, in both the use and recovery stages, we will work on our product design and supply chain to ensure products can be disposed of with thorough sorting and separation. In this way, we will promote initiatives to maximize reuse of material resources through mechanical recycling, chemical recycling, and other recycling methods.

Based on the results achieved up to and including FY2023, we have reset the milestones for 2025. Within these life cycles, we believe that innovation at the product design stage is important for driving the promotion of resource circulation. By designing new products and revising the various processes for existing products, we are promoting initiatives for innovation that will accelerate resource circulation.

Road Map for Achievement of Long-Term Resource Recycling Targets

		FY2023 Results	FY2024 Results	–FY2025	–FY2030	–FY2050
Business Strategy	Net sales of Products to Enhance Sustainability that contribute to resource circulation*	1.8 times (¥99.0 billion)	1.8 times (¥98.8 billion)	1.7 times (¥94.0 billion)	Double or more (¥110.6 billion)	All products
Raw material resource conversion	Net sales of products not derived from fossil fuels and using recycled materials	¥34.7 billion	¥35.4 billion	¥40.0 billion	¥100.0 billion	—
Resource recycling of waste	Ratios for recycling waste plastic into new materials	60.7% (Japan)	66.9% (Japan) 70.1% (Overseas)	65% (Japan) 69% (Overseas)	100% (Japan/Overseas)	100% (Japan/Overseas)

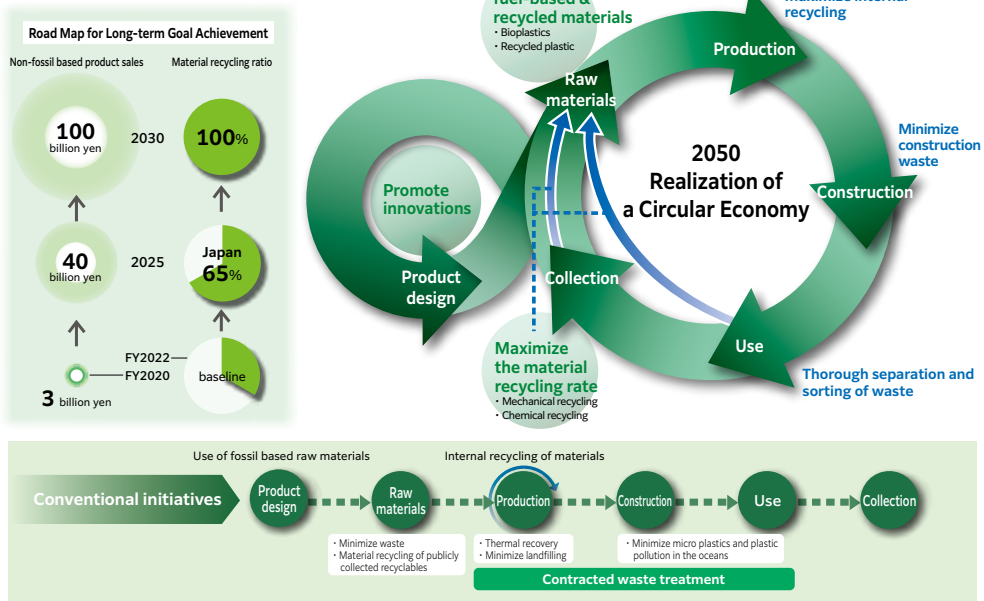
\* Benchmark for net sales of Products to Enhance Sustainability that contribute to resource circulation: ¥55.3 billion (FY2020)

Plan for Recycling Waste Plastic into New Materials

Phase	Initiatives Implemented	FY23	FY24	FY25	FY28	FY30
[Phase1] Use of existing technologies	● Review of recycler suitability					Continued expansion of content
	● Thorough separation of blended materials					
	● Improved (1) storage and (2) transportation efficiency due to compression/grinding					
[Phase2] Introduction of new material recycling technologies	Development of new material recycling technologies					Establishment of material recycling methods for composite materials and other difficult-to-recycle materials
	1. Identification and application of technologies according to difficult-to-recycle material targets 2. Establishment of operating methods					
[Phase3] Completion utilizing chemical recycling technologies	Use of Biorefinery (BR) and other chemical recycling technologies					
	Acceleration through collaboration with other companies					Enable recycling up to miscellaneous and other waste

● :Increase in the material recycling rate to start taking expect (expected)

Our Resource Recycling Strategy



Addressing Water Risk Issues

With regard to water risk issues, we have established two goals— minimizing the water risk at the Group and contributing to the resolution of water-related issues in local communities—while reducing the water intake volume of the entire Group. In addition to promoting recycling, we are also focusing on improving the chemical oxygen demand (COD) index for the quality of water discharged into rivers. As a specific measure, in regard to water resources in the watersheds where business sites are located, we will select locations/suppliers where the business impact is substantial and locations where the water risks are substantial and minimize the environmental impact by 2030.

In FY2024, water intake volume at the selected production sites which use large quantities of water decreased 8.8% compared with the base FY2016 year. This reflects the installation of equipment that control the volume of direct water intake from rivers at production sites in Japan that consume large volumes of water and the effects of reduction endeavors. The COD impact of river discharge water at production sites with large COD emission volumes decreased 5.0% compared with the FY2016 base year.

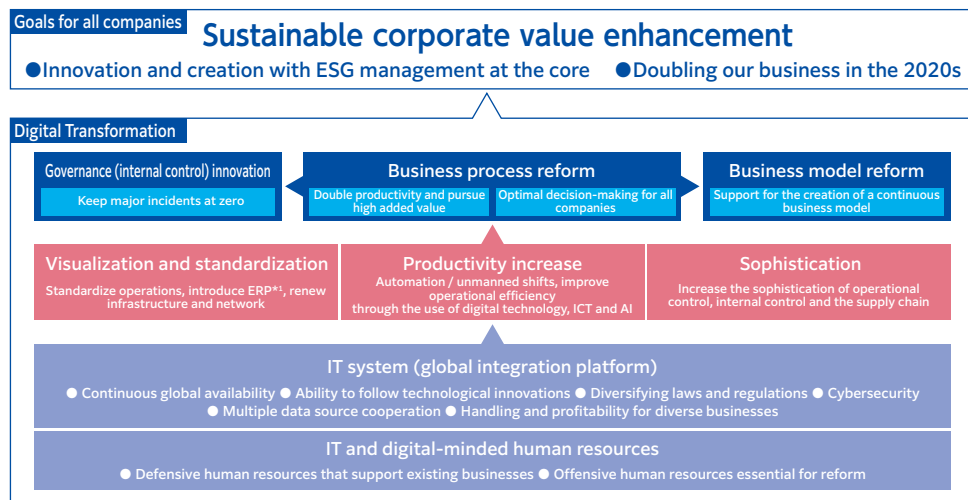
**Specific Examples of Initiatives to Minimize Water Risk**

Issue	Site	Initiative
Increase in water treatment capacity	SEKISUI NANO COAT TECHNOLOGY CO., LTD.	1. Modifications to optimize the treatment capacity of wastewater treatment facilities 2. Introduction of processes where microorganisms suitable for treating persistent COD components become the dominant species, improving wastewater treatment capacity 3. Demonstration testing of sludge reduction agents
Reduction in water intake volume	SEKISUI CHEMICAL Co., Ltd. Minakuchi Plant	Demonstration testing of sludge reduction agents
Improving water discharge	Sekisui S-Lec BV Resin Plant	The entire Chemelot industrial park to which the site belongs has formulated the "Chemelot 2050" environmental policy based on the European Green Deal in an aim to achieve climate neutrality. It aims to achieve zero water intake through circular processing by 2050.

# DX

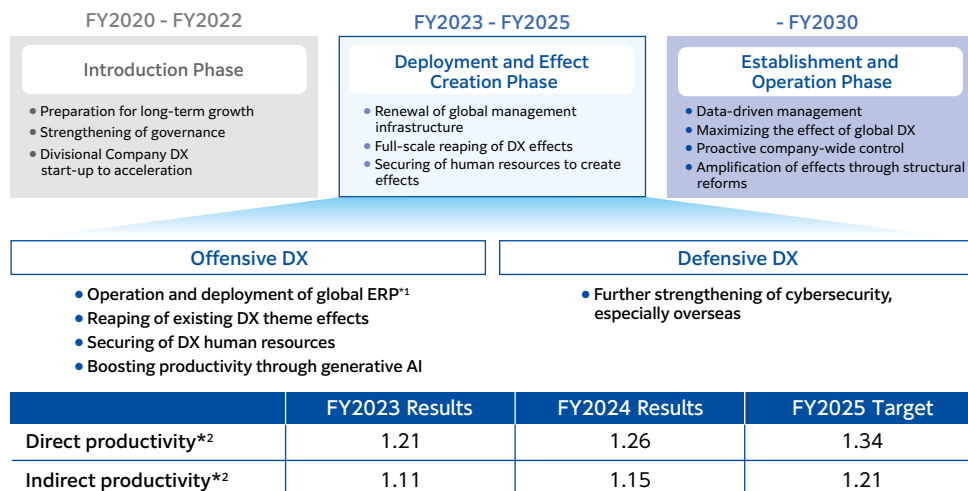
## Basic Concept

For the Group, its Digital Transformation (DX) mission is to accelerate and support growth business strategies and structural reforms for the realization of its Long-term Vision.



As far as the Group's DX is concerned, we are advancing governance transformation and business model transformation—with a central emphasis on business process transformation—from the three perspectives of visualization and standardization, productivity increases, and sophistication. Concurrently, we are also enhancing the foundation—including IT systems and human resources—that will underpin these three transformations.

## DX Road Map and Main Initiatives



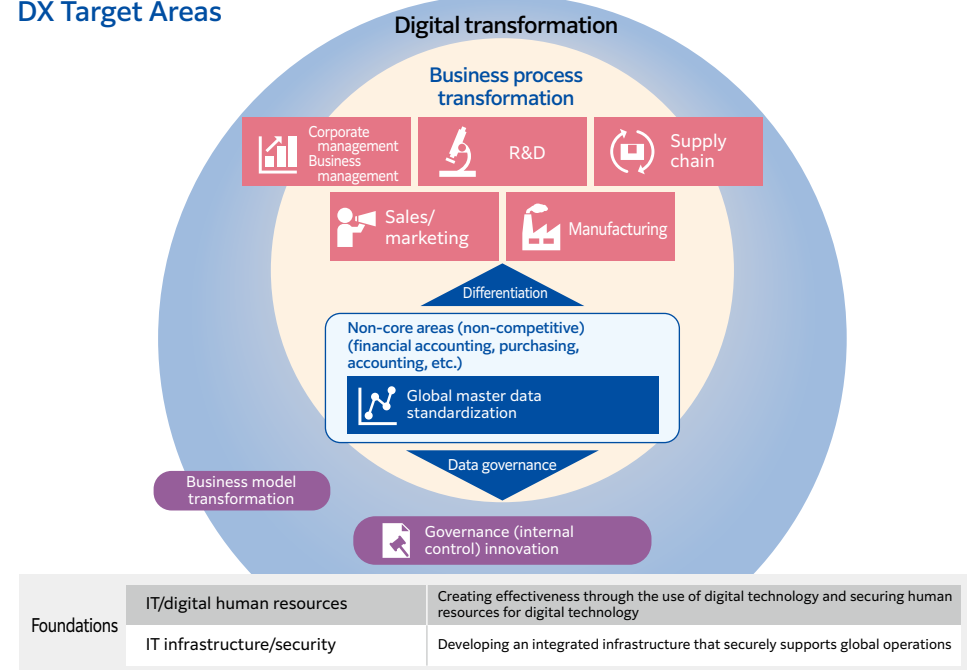
\*1 ERP is the abbreviation for Enterprises Resource Planning. A system that merges and centrally controls core operations, such as corporate accounting, human resources, manufacturing operations, and sales operations.

\*2 Net sales per direct/indirect employee (BM: 1.00 in FY2019)

## DX Promotion System

In SEKISUI CHEMICAL Group, which is engaged in a variety of different businesses, we have established a promotion system headed by our CEO and senior managing executive officer to steadily advance the standardization and greater sophistication of business operations.

## DX Target Areas



## Business Process Transformation

Non-Core Areas	Corporate-led initiatives to standardize and adapt robust, low-cost standards
Global management base	Thorough standardization of business processes and data and unification into master data
Purchasing	Improved governance through streamlined operations and transaction data visualization
Core Areas	Company-led differentiation, identifying standardization and differentiation areas
Manufacturing	Prevention of quality tampering and fraud, supporting automation/unmanned operations
R&D	Improved productivity in ultra-high-speed development by utilizing data
Sales/Marketing	Improved productivity through evolution, standardization, and automation of operations
Supply chain	Proactive supply chain control, standardization, and automation
Corporate management/ Business management	Maximization of global consolidated profits through data-driven management
Governance (internal control) innovation	Shift away from self-reliant culture/conduct predictive behavior, risk mitigation and control based on company-wide major risks
Business model transformation	Underpin ongoing business model creation

## DX

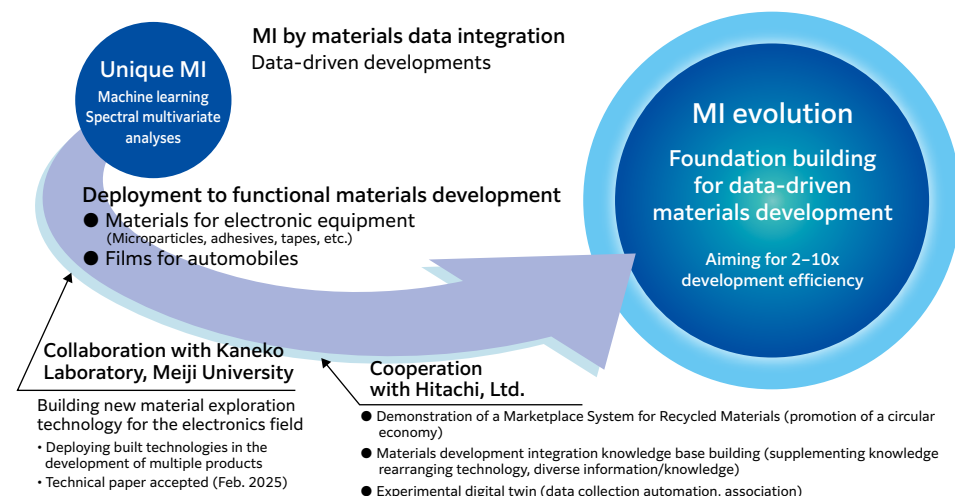
### Examples of DX Initiatives

\*1 UIEP: Urban Infrastructure & Environmental Products Company \*2 HPP: High Performance Plastics Company \*3 Housing: Housing Company

Area	Theme	Organization	Goals	Tools	FY2024 Results	FY2025 Targets
Non-Core Areas	Innovation of global management infrastructure	Company wide	<ul style="list-style-type: none"> <li>Improve governance and minimize risk by standardizing and visualizing operations in the core system (global ERP)</li> <li>Improve productivity of indirect operations through standardization and streamlining of operations</li> </ul>	SAP	<ul style="list-style-type: none"> <li>Quality assurance and verification completed for full-scale implementation for accounting tasks in Japan</li> <li>Template development completed for global rollout</li> </ul>	<ul style="list-style-type: none"> <li>Stably implement for accounting tasks in Japan and prepare for further rollout</li> <li>Based on project progress, revise global rollout road map and prepare for initial adoption</li> </ul>
Non-Core Areas	Transformation of global indirect purchasing	Company wide	<ul style="list-style-type: none"> <li>Strengthen governance through visualization of global transactions</li> <li>Improve purchasing power and reduce procurement costs through purchasing with total optimization</li> <li>Establish a mechanism for continuous cost reduction through system implementation</li> </ul>	Coupa	<ul style="list-style-type: none"> <li>Established the use of an indirect purchasing system in the Company</li> <li>Fully demonstrated effectiveness by utilizing accumulated data</li> </ul>	<ul style="list-style-type: none"> <li>Further increase usage across the entire Group</li> <li>Expand advantageous purchasing through centralized purchasing</li> <li>Target for FY2028: reduce indirect material purchasing by 5% and purchasing-related work tasks by 25%</li> </ul>
Core Areas	Evolution and streamlining of sales and marketing operations	UIEP <sup>*1</sup> HPP <sup>*2</sup>	<ul style="list-style-type: none"> <li>Thoroughly improve efficiency and productivity through standardization and automation of operations (shift to value-added operations)</li> <li>Improve top line by utilizing sales data</li> </ul>	Salesforce	<ul style="list-style-type: none"> <li>Organized customer data and integrated it with the Company's website</li> <li>Rolled out to SFA-related companies; visualized content with BI tools</li> </ul>	<ul style="list-style-type: none"> <li>Establish sales activities based on data</li> <li>Improve the top line by strengthening customer management</li> </ul>
		Housing <sup>*3</sup>	<ul style="list-style-type: none"> <li>Streamline sales and design operations and reduce workload (to accommodate changes in work styles)</li> <li>Improve the quality of presentation materials</li> </ul>	Next-generation CAD systems	<ul style="list-style-type: none"> <li>Increased effectiveness by boosting operational efficiency and moving to in-house production through the use of next-generation CAD systems</li> </ul>	<ul style="list-style-type: none"> <li>Effectively use accumulated data while enhancing system integration</li> <li>More efficiently prepare presentation materials and conduct regulatory checks</li> </ul>

### Accelerating Materials Development through Digital Science

- In order to respond to changes in the environment surrounding the development of new materials (shorter product life cycles, resource constraints, and the need to diversify requirements for materials and accelerate R&D), our Group is promoting the use of materials informatics (MI).
- By using information science, we are improving the efficiency of materials development and realizing new functions, while contributing to the creation of new products.



#### Examples of MI initiatives

Examples	MI Application Details	Results
Film product formulation study	Apply machine learning to the design of formulas; simultaneous prediction of 13 types of physical Properties	Four hours to the design of formulas <b>900 times the speed</b> (Five months ⇒ Four hours)
Electronic material tape adhesive development	Apply machine learning to the design of formulas; prediction of physical properties directly from chemical structures	16 hours required to identify new ingredients <b>45 times the speed</b> (One month ⇒ 16 hours)
Commencement of MI app usage	Officially launched the proprietary MI app RASIN to promote MI in materials development. R&D personnel are using MI technology to efficiently discover material properties and gain knowledge in a short period of time, which improves the efficiency and quality of materials development.	<ol style="list-style-type: none"> <li>Completely in-house no-code app</li> <li>User training linked to human resource development programs</li> <li>Support framework that enables learning through practical applications</li> </ol>

#### Examples of new initiatives

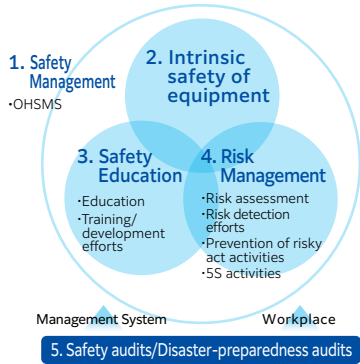
- Introduction of analysis algorithms into sensor products: prediction of wakefulness, shallow sleep, and sleep states through analysis of detected data
- Proposal of new materials for adhesives for the electronics field: prediction of key physical properties from chemical structure; efficient selection of candidate structures

# Internal Control

To ensure the sustainable growth of SEKISUI CHEMICAL Group, we have defined five areas of major incidents (safety, quality, legal/ethical, accounting, and information management) that have the potential to significantly damage corporate value, determined corresponding response policies and measures, and incorporated them into action plans.

## Safety

SEKISUI CHEMICAL Group believes that creating a workplace in which employees can work safely and with peace of mind is a key corporate responsibility and one of management's most important priorities. Based on this concept, we engage in total safety activities (zero occupational injuries, zero equipment-related accidents, zero commuting-related accidents, and zero extended sick leave) based on the five themes (1) to (5) listed below. Following the concept that has employees taking it upon themselves to prevent accidents from happening, in addition to engaging in concerted efforts in safety education and raising sensitivity to risks, we are focusing on following the established rules and creating a protective corporate culture.



## Five Themes and Major Initiatives

### Theme 1 Safety management using OHSMS<sup>\*1</sup>

In terms of our efforts related to occupational health and safety, the Safety Subcommittee established under the Sustainability Committee formulates policies and activity guidelines and puts into practice and promotes them under the guidance of the Corporate Headquarters Safety & Environment Group and the leadership of the top management of each business site.

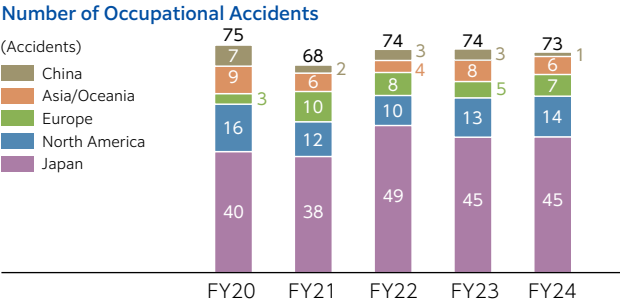
At SEKISUI CHEMICAL Group, the decision on whether or not to acquire ISO 45001 certification is determined on an individual business site basis. The Group then promotes activities to acquire the necessary certification. Sites that have not acquired certification also build and operate safety and health management systems that reflect ISO requirements. We monitor the status of activities through safety and disaster-preparedness audits, and promote efforts to maintain and revitalize safety management activities.

The ISO 45001 certified business sites (39) account for 41% of the total number of the Group's domestic and overseas production sites (96).

We promote the development of Safety Leaders (SL)<sup>\*2</sup> as key personnel to reduce risks at production sites.

### Number of workplace accidents resulting in a fatality in FY2024: 0

<sup>\*1</sup> OHSMS: Occupational Health and Safety Management System  
<sup>\*2</sup> Personnel who assist the safety manager at each business site and promote safety management activities. They are responsible for identifying and improving risks and promoting safety education at their respective business sites.



### Theme 2 Intrinsic Equipment Safety<sup>\*1</sup> efforts

To strengthen its safety activities, Sekisui Chemical Group is providing support for employees to obtain a Safety Sub-Assessor (SSA)<sup>\*2</sup> qualification. The holders of this qualification promote machine safety activities, and a total of 246 employees have acquired it. The higher qualifications, Safety Assessor (SA)<sup>\*2</sup> and Safety Senior Assessor (SEA),<sup>\*2</sup> have been obtained by 25 SSAs and two SSAs, respectively.

The New Equipment Safety Design Standards, which indicate the safety specifications necessary for the production equipment used by the Group, have been updated to reflect the ISO/JIS machine safety standards and are regarded as an important standard for production equipment improvements. Having formed a revision committee comprising 12 SSA qualification holders, we are constantly brushing up the content of the design standards.

### Number of Facility Accidents in FY2024: 0

<sup>\*1</sup> Intrinsic Equipment Safety: The name given to the machine safety activities promoted by SEKISUI CHEMICAL Group. Promoting improvements through intrinsically safe design measures and safety protection for unsafe locations in production equipment  
<sup>\*2</sup> A Japan Certification Corporation safety qualification acquired to certify knowledge and skills for machine safety. This certification is based on international standards

### Theme 3 Safety education of employees

SEKISUI CHEMICAL Group is working to prevent occupational injuries caused by manufacturing machines and equipment through activities that ensure Intrinsic Equipment Safety. At the same time, we are endeavoring to prevent occupational accidents caused by the actions of workers. Based on the lessons learned from past occupational accidents, we created the Basic Principles of Safety and distributed them to business sites in Japan and overseas using posters in an easy to understand, illustrated format.

The Housing Company has organized the Sekisui Heim Cooperation Association with its partner companies (contractors) to ensure the safety of employees of partner companies (contractors) involved in the on-site construction of houses, and holds regular meetings and other events.

At these meetings, the Housing Company shares the Group's safety policy, holds safety education sessions, and provides various training opportunities related to occupational safety.

### Theme 4 Risk management including risk assessment

The Technology & CS Promotion departments of each divisional company take the lead and employees from different manufacturing sites work to uncover risks at each other's sites. Mutual on-site inspections help improve the awareness and sensitivity to risks among participating employees, while allowing site leaders and others hosting inspections to learn from other business sites. This has made it easier to reaffirm workplace risks and to quickly deploy best practices horizontally.

We specify high-risk disasters<sup>\*</sup> for which we should focus on prevention and training to improve emergency response skills. Through these activities, we are also promoting the handing down of safety know-how accumulated on-site.

<sup>\*</sup> (1) getting caught or entangled in machinery at a production facility; (2) falling off equipment or falling over at a business site; and (3) a chemical process-related fire or explosion

### Theme 5 Safety audits/Disaster-preparedness audits

When conducting safety audits, external experts also conduct disaster prevention audits to prevent fires and explosions.

To raise the levels of safety activities at overseas production facilities as well, we have global safety standards. In FY2024, auditors went directly to business sites to conduct on-site inspections.



## Internal Control

### Quality

SEKISUI CHEMICAL Group strengthens basic quality while adhering strictly to quality compliance. By continuously working to strengthen the foundations that support quality, such as preventing defects from occurring and reinforcing daily management, we are striving to create a corporate culture that places the highest priority on quality and prevents the occurrence of fraud. Based on the motto "We consider customer feedback as the beginning of our manufacturing," we are actively working on innovations in "quality of people," "quality of systems," and "quality of goods (products and services)," aiming to realize "quality that makes us the first choice."

### Quality Assurance System and Quality Management System

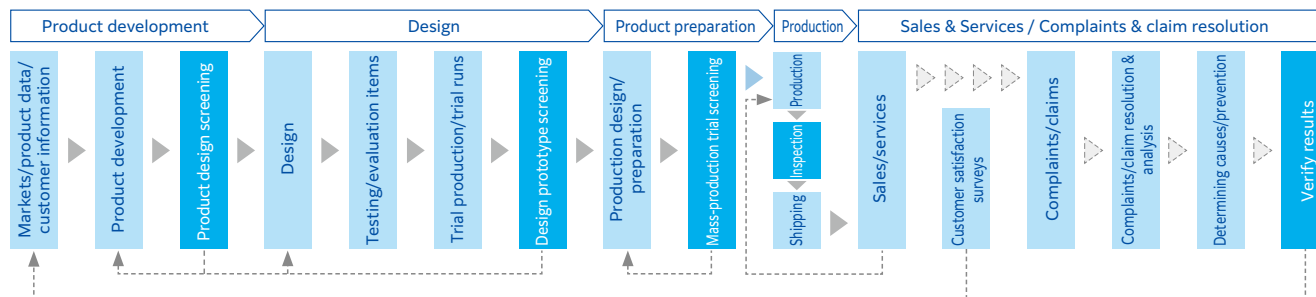
With regard to quality, we have established a CS & Quality Subcommittee that reports to the Sustainability Committee, and the Corporate Headquarters CS & Quality Group cooperates with the departments in charge of CS & Quality at each divisional company, production site, sales company, etc. to promote activities.

Having built quality assurance systems that extend across all processes, from product development to design, production, and sales, SEKISUI CHEMICAL Group has developed a quality assurance system for each process and promotes standards-based controls on a daily basis. At the same time, we recognize that it is the fields of manufacturing development that support quality and focus our efforts on innovation in production activities. In developing products and making improvements to quality, we conduct strict design screening from a variety of perspectives, such as those of quality assurance and safety, and have established a system that enables maintenance and management of after-sale services for customers.

We developed an original management sheet, which we dubbed the SEKISUI Process Management Chart (SPMC), to strengthen our process approach when promoting certification under the 2015 ISO 9001 standard. The SPMC is used effectively in areas that include monitoring daily management, corrective actions, internal audits, and quality education.

In FY2024, we worked to improve the quality of our management system by holding training sessions for QMS internal auditors as well as SPMC Internal Audit Hands-on Training, and by expanding and using tools such as audit scenario videos.

### Quality Assurance System



### Conducting Prevention-focused Training on Quality Issues

SEKISUI CHEMICAL Group conducts a variety of training programs to strengthen its CS & Quality human resources. To prevent quality issues, we 1. Hold Development-stage Issue Prevention Seminars aimed at teaching effective and efficient prevention methods; 2. Hold DR<sup>\*1</sup> Reviewer Training Seminars designed to improve the skills of employees engaged in DR at the stage of developing products and services that have passed the commercialization screening process; and 3. Offer guidance and support on GR<sup>\*2</sup> operations relating to new businesses, etc.

<sup>\*1</sup> Design Review. A system to manage development themes by establishing checkpoints from the product planning stage through development, mass production prototyping, and product launch.

<sup>\*2</sup> Gate Review. A continuous activity to judge whether to proceed to the next step (checkpoint management feature).

### Creating a Design Screening Platform for New Businesses

To clarify discussion points at the time of design reviews when new businesses are launched and to perform rigorous screening, we have built and are operating a GR system. We also conduct External Expert Reviews for the purpose of obtaining new knowledge from experts inside and outside the Company with regard to related industries and legal regulations.

### Globally Cultivating CS & Quality Human Resources

On an ongoing basis, we are also holding KAIZEN Activity presentations geared toward all overseas business sites. In FY2024 The Group KAIZEN Activity "Global Group-wide Competition" (Group-wide presentations) was held on a Group-wide basis in January 2025.

Furthermore, a globally recognizable KAIZEN logo was created and disseminated worldwide. We will continue to promote SEKISUI KAIZEN under this slogan and logo.



FY2024 Group KAIZEN Activity "Global Group-wide Competition"



KAIZEN Logo

### Efforts to Prevent Quality Fraud

Regarding quality data falsification, we have been working since 2020 to revise organizational systems, digitalize quality data, promote data reliability, conduct quality compliance education, and reinforce the review of new business opportunities in order to eradicate the root causes of risk. This is based on the hypothesis that quality data falsification can arise due to the insufficient allocation of resources to areas such as quality and organizational systems, as well as various types of both internal and external pressure.

Number of major quality issues in FY2024: 0

# Internal Control

Legal/Ethical

Accounting

The foundation for sustainable growth is compliance. Based on principles such as contributing to society, being a trusted company, and adherence to the letter and spirit of the law, SEKISUI CHEMICAL Group established its Compliance Declaration in 2003. We are working to further strengthen compliance management by promoting a variety of programs.

## Compliance Promotion System

The Compliance Subcommittee, which is chaired by the executive officer in charge of the Legal Department, has been established under the Sustainability Committee to oversee the Group's compliance, and formulates policies and implementation measures.

The Compliance Promotion Subcommittee has been set up at the Corporate Headquarters and at each divisional company, and compliance promotion managers have been appointed to implement and develop each measure.

In the event of a major compliance issue, the Compliance Advisory Board will convene to discuss follow-up measures and prevent reoccurrence.

## Fostering and Educating Compliance Awareness

In 2003, to instill an awareness of compliance in each and every employee, we established action guidelines for each compliance item—including anti-corruption, conflicts of interest, compliance with anti-trust laws, accounting, and harassment—and created as well as used for in-house training a Compliance Manual consisting of detailed explanations. Also incorporating compliance-related content in new employee training and level-based training, we provide ongoing opportunities to learn about the importance of compliance.

In FY2024, we provided similar learning opportunities to employees who do not have access to the intranet individually, including those working on the production plant floor, by providing paper-based training opportunities at the request of Group companies and business sites.

FY2024 Number (incidence) of serious non-compliance and negligence cases: 0

## Internal and External Whistleblowing System

Serving as a mechanism for the early detection and revision as well as prevention of any recurrence of compliance problems, including harassment, we have built and operate the Sekisui Compliance Assist Network (S.C.A.N.) intra-company whistleblowing system. Employees can use S.C.A.N. either anonymously or by giving their names while reporting not only through the intra-company whistleblowing system but also via an outside law firm, and the protection of whistleblowers, such as prohibiting the confidentiality of whistleblower information and the prohibition of disadvantageous treatment, is also stipulated.

We also have operating points of contact for business partners. Intended for use by the executive officers and employees of business partners in Japan who are continuously conducting business transactions with SEKISUI CHEMICAL Group companies, we accept requests for consultations and receive reports at any time using a dedicated form available on the Company's website.

In FY2024, the SEKISUI Chemical Group Global Hotline, an overseas reporting system available in multiple languages to the Group's employees overseas, began operating worldwide.

In the future, we plan to make this service available to our global business partners as well.

### FY2024 Number of Whistleblowing Cases and Consultations

Power harassment	48	Sales methods related	7
Working conditions	35	Misrepresentation of work performance	1
Sexual harassment	6	Collusive relationship with business partners	4
Workplace environmental concerns	14	Others	33
Misuse of expenses	3	Total number of complaints	151

## Overseas Initiatives

Compliance Reinforcement Month activities, which are held every year in Japan, are also conducted in North America, China, Southeast Asia, and Europe. The themes taken up are selected with a focus on those issues that are judged by each regional headquarters to be of high risk to the region.

- Examples of themes for FY2024: Harassment, anti-bribery, Information Management, whistleblowing system, etc.

## Prevention of Transactions That Represent Conflicts of Interest

We have a policy of "No damage to the company." Based on this policy, when there is a conflict between the interests of the Company and an individual director or employee, we make decisions from the perspective of whether it is in the Company's interest. In FY2023, we formulated guidelines to thoroughly ensure this policy was carried out and established rules to check in advance any transactions that may raise conflict of interest concerns.

## Prevent Corruption and Bribery

In the spirit of the United Nations Global Compact, we have developed antibribery rules and introduced them throughout the Group, thereby promoting efforts to prevent corruption and bribery before they occur. In addition, we have formulated antibribery guidelines, which employees are expected to observe when doing business in Japan, the United States, and China, and have worked to make these rules and guidelines known via the intranet.

We specify high-risk cases and set and operate rules to prevent violations. For example, a form needs to be submitted in advance to obtain approval when a government official is to be entertained or presented with a gift. In the event of hiring consultants in connection with business transactions, including those involving public officials from other countries, confirmation that fees do not constitute bribes must be obtained.

## Handling Measures for Anti-Trust Laws

Having been operating a business organization membership payment system, a pre-application and follow-up report system for when contacting competitors, and a price revision committee system as a compliance program for anti-trust laws, SEKISUI CHEMICAL Group audits its operational status every year and reviews the program as appropriate.

Number of serious violations of anti-trust laws and advertising and labeling in FY2024: 0

## Addressing Compliance Violations

In the event of a violation, we will conduct a thorough investigation and take disciplinary action, including dismissal, depending on the extent of the act. In addition, we work to prevent recurrence by correcting the issues that led to the violation, not just disciplinary action against individuals.

Internal Control

Legal/Ethical      Accounting

Strengthen Accounting Compliance

To reduce risks related to finance and accounting, we are working to improve accounting skills and financial expertise across the Group as a whole by means of accounting workshop meetings and e-learning. In addition to preventing any incidence of accounting treatment error or accounting fraud, we are working to enhance the awareness of divisions and employees involved in accounting operations regarding compliance.

In FY2024, accounting meetings were held in Japan and overseas in a hybrid format of online and face-to-face meetings. A total of 323 employees, mainly personnel in charge of accounting, participated.

We are striving to revamp the core system (Global ERP\*) that serves as our global management foundation. This effort aims to improve governance and minimize risks related to finance and accounting. In FY2024, we completed modifications and operational testing based on the test results of the target business processes, and we are fully operational domestically from FY2025.

\* Enterprise Resource Planning (generally, this is integrated software that centralizes core business operations).

Tax Compliance Initiatives

The paying of taxes represents one of the fundamental and important social responsibilities that a company should fulfill. SEKISUI CHEMICAL Group does not use tax havens for tax avoidance purposes and complies with the tax laws and pays taxes properly in accordance with the economic realities of each of the countries and regions in which its business activities are conducted. We will contribute to the economies of those countries and regions, while aiming for mutual harmonious and stable development.

Transactions with tax risks are confirmed by external experts as necessary to ensure proper treatment and to reduce tax risks. In regard to transfer pricing risks, our transactions are conducted in accordance with arm's length pricing based on the local laws and Organization for Economic Co-operation and Development (OECD) guidelines.

To eliminate unstable tax positions, we use Advance Pricing Arrangements (APAs) in accordance with the size of the transaction and level of tax risk, and sincerely and properly handle surveys and the like by tax authorities of each country and region, while endeavoring to maintain good relationships with those authorities.

Information Management

Information represents one of our most important management resources and the source of our competitiveness. Such information includes personal information—that received from business partners and that received from within the Group—including confidential corporate information and information related to management systems.

In the belief that preparations against cyberattacks threatening these IT assets are an important management responsibility, we are striving to undertake cybersecurity measures and ensure a stable management foundation.

Cyber Management System

In regard to IT security, we established a CSIRT<sup>\*1</sup> under the Sustainability Committee as a cybersecurity response system. The CSIRT is mainly composed of a Cybersecurity Subcommittee, which is the policy-making body, a Cybersecurity Promotion Subcommittee, which is responsible for advancing measures based on the subcommittee's decisions, and a Cybersecurity Center, which is the working unit.

Acting in partnership with the SOC,<sup>\*2</sup> the Cyber Security Center monitors security networks and devices 24 hours a day, 365 days a year, and strives for the early detection of and recovery from incidents. Having posted at least one cyber system administrator on site at each business site and Group company, we have established a comprehensive Group-wide cyber management system.

Together with making our operations in Japan more sophisticated, going forward we will advance the development of CSIRTs at Group companies overseas.

\*1 Computer Security Incident Response Team, or CSIRT, is the title given to specialized teams that receive reports, conduct surveys and enact response measures related to computer security incidents at companies and other organizations.

\*2 The Security Operation Center, or SOC, is a specialized entity devoted to monitoring and analyzing threats to information systems. It works to detect threats as soon as possible and plays a role in supporting the CSIRT in its response and recovery efforts.

Measures to Address Natural Disaster-related Risks

We have installed backbone systems in earthquake-resistant, seismically isolated data centers, so that business operations can be continued even in the event that social infrastructure is damaged by a major earthquake or other disaster. Having also dispersed data centers among multiple locations and completed duplication of their mission-critical systems, the Company is working to shorten the lead time needed up to the completion of repairs and recovery of business operations.

Measures to Address Information Leakage Risks

To ensure the security of customer information, including personal information, and internal information, including confidential information, the Group is working on system-level measures, such as fortification of data centers and strengthening monitoring of internal networks, as well as human-level measures. To combat external threats, the Company has positioned the SOC as its primary entity to consistently identify new threats, such as newly reported cases of viral infections or targeted e-mail attacks, while the CSIRTs swiftly take action to implement appropriate countermeasures. In terms of human measures, we are also working to prevent information leaks by thorough confidentiality obligations for retirees and new recruits, regular e-learning training courses for all employees, and by implementing ethics education for employees engaged in important technology development work.

Cybersecurity incidents in FY2024 : 0

Protecting Personal Information

We handle the personal information of our customers based on our Privacy Policy, which is available on the Company's website.

The Company complies with legal regulations and norms regarding personal information and, by voluntarily putting in place rules and systems based on internal confidential information management regulations, strives to appropriately protect such information.

We have also formulated Guidelines for Web Server Construction and Management, and endeavor to protect servers managed at relevant companies and each work site. At the same time, we ensure thorough management by limiting access rights and other management authority according to the importance of the information handled.

Especially during Compliance Reinforcement Month, we are strengthening governance over the handling of personal (customer) information by raising employee compliance awareness and providing training.

# Corporate Governance

## Discussion between an Outside Director and the Director in charge of the Human Resources Department



SEKISUI CHEMICAL Group considers human capital as one of its key material issues and believes that it is important to continue to be an “energized and engaged company where all employees thrive on challenges.” Director Nozaki, who chairs the Diversity Promotion Committee as an outside director, and Director Murakami, who serves as the Head of the Human Resources Department, discussed the relationship between these efforts and management strategies. The following is what they covered in their discussion.

**Q. 01** Please share some information on current human capital initiatives, including your evaluation and response to them.

**Murakami:** Our human resources philosophy is that “employees are precious assets bestowed on us by society.” Our commitment to investing resources in employee development is consistent and has not changed. In the past few years, we have focused on developing a human resources system that is linked to our management strategies, while at the same time making a strong effort to visualize and communicate our human capital initiatives both internally and externally. Furthermore, in order to verify the effectiveness of deployment measures, we are working on the introduction of productivity indicators to check whether they are linked to management indicators.

**Nozaki:** I feel that just as the Group has created innovation through its products, we are also pioneering in our human resources strategy. I also appreciate, as a sign of management’s

determination, the clear statement in the Medium-term Management Plan that the Group will invest 12 billion yen over three years in human capital. “Personal growth” has become a keyword for those who are current employees, and it is extremely important for the future of human resources to visualize and match both what abilities they have and what abilities the Group is seeking. As a company with diverse businesses, I think it is wonderful that the system is designed in such a way that the characteristics of each business can be utilized by carefully and precisely visualizing how they relate and combine with each divisional company.

**Murakami:** I would like to continue to formulate and implement human resources strategies from a medium- to long-term perspective, with the divisional companies and Corporate Headquarters working in tandem.

**Nozaki:** I believe that an area where the Corporate Headquarters can exert its strength is to be involved in each divisional company’s succession plan and to promote the right people in the right places across the Group. In any case, I feel that the attitude of being cautious yet boldly seeking a way that is appropriate for the Group is a true symbol of our corporate culture.

**Q. 02** How would you assess the Employee Challenge Action Rate, with respect to engagement?

**Murakami:** The Employee Challenge Action Rate is now a key human capital KPI for our Group, and the president himself continues to communicate this in order to encourage each and every employee to take on challenges. Although the most recent result of 56% is a significant increase, we are not yet satisfied with this figure. I strongly feel that further efforts and measures are needed in terms of whether we are appropriately evaluating how employees take on challenges and whether employees are gaining a sense of growth.

**Nozaki:** Both the Employee Challenge Action Rate and engagement scores tend to be higher overseas. It is important to look at changes in scores rather than looking at them as absolute values, as Japan tends to have lower scores, perhaps out of modesty or a desire to perform better. Furthermore, in order to compete in the intensifying global marketplace, an objective for the future will be to cultivate employees with a mentality that is at times able to say, “I am taking on challenges, and therefore, I want to make such-and-such request.”

**Murakami:** Additionally, now is an important time when the numbers are in an upward trend. For example, how can we take measures to deal with a situation such as an employee asking, “I went after some big challenges, but am I being fully evaluated?” I think that the real test for us is from this point forward.

**Nozaki:** One of the proposed plans to deepen understanding of employee challenge actions is “Talk with Top Management,” where employees can directly discuss working styles and innovation with the Company’s officers. I have participated in this several times. What I have found is that employees speak up without being overly deferent, and the president and other officers respond with candor. The attitude of the top management is to welcome failure and encourage a challenging spirit, which is impressive and seems to have led to a greater sense of trust and engagement among employees.



## Corporate Governance

### Discussion between an Outside Director and the Director in charge of the Human Resources Department

#### Q. / 03 What is the status of the Diversity Promotion Committee's efforts and what is the significance of its direct connection to the Board of Directors?

**Nozaki:** I am the chairperson of the Diversity Promotion Committee. All of the outside directors are members of the committee and we have lively discussions and recommendations each time we meet. For example, some suggested that the target ratio of female hirees be raised even further, while others suggested that women be made more welcome in mid-career recruitment, or that the positions of Group company officers be further utilized for the development of executive candidates. Many suggestions have actually been adopted as measures, and I feel that the committee is functioning effectively. It is probably rare in Japan for such a committee to be positioned as an advisory body to the Board of Directors.

**Murakami:** We have adopted an advisory committee format because we believe that the executive team should willfully and responsibly carry out their duties while taking into account the experience and knowledge of the outside directors. In fact, Director Nozaki and others have asked us many questions and made many suggestions concerning human resources and Company organizations.

**Nozaki:** I can say this because I am not on the executive team, but I feel that there should be more speed in the implementation of measures.

**Murakami:** Duly noted! Even though we in the HR Department think that we are reforming at a good pace, we have received many suggestions to do even more, which has been stimulating in a good way.

**Nozaki:** We are discussing not only surface-level efforts such as raising the percentage of women, but also DEIB (diversity, equity, inclusion, and belonging) as an integrated whole. I believe that the ultimate goal of diversity is belonging, which means the same thing as engagement, or in other words, to be proud to be a member of our Group and to be able to use our differences as our strength while being one's own person, resulting in the growth of both the individual and the Company.

#### Q. / 04 What specific initiatives do you have in mind for realizing the active participation of diverse human resources in the future?

**Murakami:** Currently, the percentage of female hirees is approximately 30%, the percentage of newly appointed managers is approximately 10%, and the percentage of women in all management positions has been pushed up to 5%, but we still need to increase the percentages to meet our numerical targets. The essential objective is not the numerical target itself, but rather to create a workplace environment conducive to diverse work styles—an environment that allows people to work in their own way—which in turn will lead to the growth of the Company. For example, we are promoting a mentoring system for female managers as a new trial project. With predominantly male supervisors, female managers have different careers that they have charted, and they have a number of concerns that have not been shared in the normal line of work in the past. Through these efforts, we have realized certain effects,

such as identifying areas of focus and areas for improvement to close the gap with the actual feelings of the employees involved. I also believe that improving the work environment will provide more opportunities for senior employees who are caring for their parents or have other life circumstances. I believe there are still many points that can be improved.

**Nozaki:** I believe so, too. When we talk about the active participation of diverse human resources, the focus tends to be on female managers, but essentially, we need to go beyond external diversity, such as gender, to realize diversity in a broader sense, including internal diversity. Even if we start out by increasing the percentage of women hired and the percentage of female managers, I believe that a wider range of diversity, regardless of age, nationality, job category, or organization, will lead to better performance and innovation.

#### Q. / 05 In the midst of a worker shortage, how would you assess our human resource portfolio and which demographics do you think we should focus on?

**Nozaki:** Innovation requires not only those who create 1 from 0, but also those who build 10 from 1, and those who expand 10 to 100 and then to 1,000. Furthermore, since we are a manufacturing company, there are more detailed processes and skills involved. For the next Medium-term Management Plan, I expect to see a human resource portfolio that fits the strategic portfolio targeted in the Plan by visualizing the excesses and deficiencies in man-hours and skills that will be needed in the future, and by providing opportunities to expand missions and possibilities in all directions. At the same time, it is clear that the labor shortage will become even more serious in the future, so how much will we be able to utilize the strengths of non-Japanese personnel, senior personnel, and people with disabilities? I hope that the Company can be a pioneer in this area by drawing on our wisdom.

**Murakami:** In terms of recruitment, Director Nozaki has pointed out to me how much we depend on hiring new graduates. Currently, the Group as a whole hires more than 1,000 people annually, of which more than half are new graduates, but the reality is that the Group struggles every year to secure the target number of employees. Recruitment teams invest a great deal of energy in recruitment activities, from forming a pool of candidates, to selection and follow-up after job offers. I believe that the time has come for us to shift to a more flexible and responsive recruitment model to meet the changing needs of the market and the type of human resources we seek.

**Nozaki:** From the standpoint of academia, I would like the Group to appeal to candidates with the fact that they can do such interesting and socially useful work, and to actively recruit people with doctoral degrees and develop internships.

## Corporate Governance

### Discussion between an Outside Director and the Director in charge of the Human Resources Department



#### Q. 06 Please tell us about initiatives and your evaluation of DX, ESG, and global human resource acquisition and development.

**Murakami:** Currently, the Group's overseas sales account for approximately 30% of our total sales, and, since we expect further expansion in the future, we urgently need to develop global human resources. In operating a global organization, the majority of management has been carried out by expatriates from Japan, but in the next Medium-term Management Plan, the intent is to strongly emphasize the importance of having the right person in the right place from among the entire Group's human resources.

We would like to promote the development of successors in each of our overseas subsidiaries to a greater extent than before, and in the future, we would like to entrust the management of our overseas subsidiaries to a large number of local personnel. Regarding ESG human resources, we will focus on developing management personnel who can correctly understand and explain the significance and social impact of our business, rather than being "ESG experts."

**Nozaki:** Examples of multiple career paths to the top are essential for overseas subsidiaries. Which applies to head office directors as well. It would be nice if ESG human resources could be motivated to take pride in their roles. Rather than internal recognition, I believe that recognition of one's expertise, such as being recognized as a leading expert in an industry or academic society, is a motivating factor, so I feel it is important to successfully convey such appeal.

**Murakami:** Now, with regard to DX, speed is required. We are moving to enhance the treatment and benefits offered to professionals in order to attract outside human resources with immediate skills. In reality, however, it is difficult to hire such professional personnel, and we believe that internal training of DX human resources is the key. We are actively promoting reskilling of internal personnel.

**Nozaki:** I appreciate that we can see the consistency between the management strategies and human resources strategies, and that the system of recruitment, appointment, and training is being developed in an integrated manner.

#### Q. 07 How do you view the decision-making process and effectiveness of the Board of Directors?

**Nozaki:** Information on agenda items is carefully shared in detail, including background information, creating an environment in which I can convey messages with confidence as an outside director. The process provides an opportunity to see our Company from a three-dimensional perspective by inspecting production plants and research laboratories to learn about the enthusiasm of our employees and their awareness of the issues they face. The quality of discussions has also improved, as the outside directors have built a relationship that allows us to frankly exchange opinions and ask each other questions, rather than just engage in formal exchanges. Meanwhile, there are many occasions when questions from the outside directors are the only questions being asked, and I would like to see more time spent on discussions

between divisional companies at Board meetings. I think it is great to be serious and free from waste, but it might be nice to have a little more latitude, such as recognizing and praising mutual efforts.

#### Q. 08 How do you evaluate the diversity of the Board of Directors and how do you think it should be enhanced in the future?

**Nozaki:** There is diversity in the careers of male and female officers, the Audit & Supervisory Board members speak from a professional perspective, and diversity is well represented. Common sense for the Company is not necessarily the common sense of society. Common sense changes with the times, and sensitivity to different experiences, standpoints, and changing eras is important. If I had a wish, I would be glad to see more younger generations on the Board, as the average age of today's outside directors is getting older. As I look at the next 10 years over which to play this important role, I believe that the views of the younger generation will become more important.

#### Q. 09 Director Murakami, as the head of the Human Resources Department, please tell us about the challenges you see.

**Murakami:** A challenge for me is to visualize employees' challenges and establish a satisfactory evaluation system. There is no point in doing things just because "the president says so" or because "the boss says so." I believe that my own challenge is to create a system in which supervisors and subordinates can set and execute agreeable challenges that are in line with reality, evaluate them appropriately, and establish an atmosphere and corporate culture that encourage people to keep challenging themselves.

#### Q. 10 As an outside director, what would you like investors to expect from the Group?

**Nozaki:** The Group has outstanding technological capabilities and a strong supply chain that connects diverse markets. Having reliable "earning power" is truly the strength of a company with multiple businesses. In addition, the management team is positive and has a discerning eye for the essentials, while the employees take on the challenge of solving social issues with pride and a sense of responsibility. I believe that the strength of these human resources is the source of our corporate value. In addition, the corporate culture symbolized by the 3S Principles (service, speed, and superiority), as well as the ability to flexibly transform business portfolios in accordance with the times, are also key to competitiveness in an uncertain era. I hope that those following the Group will focus on the power of human capital and culture, which are not easily expressed in financial indicators, and will look forward to the long-term growth of SEKISUI CHEMICAL Group.



## Corporate Governance

### Board of Directors, Audit & Supervisory Board Members (As of June 20, 2025)

**N** : Nomination and Remuneration Advisory Committee **D** : Diversity Promotion Committee



**Teiji  
Koge**

Director  
Chairman of the Board  
Date of birth:  
November 14, 1953

Number of Shares of the Company Owned: 136k shares  
Tenure as Director: 20 years **N** **D**

Since being appointed as President and Representative Director in 2015, Mr. Teiji Koge has served as the driving force of the Group by implementing strong leadership in demonstrating the new long-term vision that aims for ESG management and doubling the business scale.

Since June 2018, he has presided over Board of Directors meetings, encouraged constructive discussions on management strategies by increasing the involvement of Outside Directors, executed governance reform, and endeavored to ensure the effectiveness of the Board of Directors.

Since March 2020, he has been properly supervising the Company's management as an Inside Director who is not concurrently responsible for business execution.

#### Important Concurrent Positions at Other Organizations

Independent Director of EBARA CORPORATION



**Keita  
Kato**

President and  
Representative Director  
Chief Executive Officer  
Date of birth:  
January 11, 1958

Number of Shares of the Company Owned: 98k shares  
Tenure as Director: 11 years **N** **D**

Since being appointed as Director in 2014, Mr. Keita Kato has implemented leadership and made significant achievements as the President of the High Performance Plastics Company.

In addition, as the Head of the Business Strategy Department since January 2019, he has overseen SEKISUI CHEMICAL Group's management in general as well as administrative supervisory functions of overseas businesses and has properly supervised business execution from a global perspective.

Since he was appointed as President and Representative Director in March 2020, he has been engaged in formulation, deliberation, and supervision of management strategies, etc., at Board of Directors meetings while also promoting the long-term vision, which aims for ESG management and doubling the business scale.



**Ikusuke  
Shimizu**

Representative Director  
Senior Managing Executive Officer  
Date of birth:  
December 12, 1964

Number of Shares of the Company Owned: 65k shares  
Tenure as Director: 6 years **D**

Mr. Ikusuke Shimizu is highly knowledgeable of the High Performance Plastics Company's strategic fields, including the overseas segment, having served as the Head of the Foam Division, Responsible for Automobiles & Transportation field, Responsible for Electronic Device Materials field of the High Performance Plastics Company as well as President of SEKISUI TA INDUSTRIES, LLC, etc.

Since being appointed as the President of the High Performance Plastics Company in January 2019, he has performed his duties by leveraging the broad experience he has gained to date and applying his deep insight and advanced management capabilities. Following his appointment to the Board of Directors in 2019, he has used his experience in global business, in particular, to deliberate and oversee business strategies at Board of Directors meetings.

#### Duties

Responsible for the ESG Management Department, the Corporate Communication Department, the New Business Development Department, the Life Science Business Development Department, and is the Head of the Business Strategy Department



**Yoshiyuki  
Hirai**

Director  
Senior Managing  
Executive Officer  
Date of birth:  
February 4, 1963

Number of Shares of the Company Owned: 57k shares  
Tenure as Director: 10 years

Since being appointed as Director in 2015, Mr. Yoshiyuki Hirai has strengthened the foundation of the global management structure and promoted constructive engagement with shareholders as the Head of the Business Strategy Department by leveraging the knowledge fostered through his abundant experience.

As the President of the Urban Infrastructure & Environmental Products Company since January 2019, he has been performing his duties by applying his deep insight. He is also highly knowledgeable of the issues surrounding SEKISUI CHEMICAL Group and stakeholders' expectations, and has been performing his duties by applying his advanced management capabilities.

#### Duties

President of the Urban Infrastructure & Environmental Products Company



**Masahide  
Yoshida**

Director  
Senior Managing Executive Officer  
Date of birth:  
July 9, 1966

Number of Shares of the Company Owned: 22k shares  
Tenure as Director: 1 year

Mr. Masahide Yoshida has been engaged in the operations of the Housing Company for many years and has extensive management experience, including serving as the President of SEKISUI HEIM CHUBU CO., LTD., President of TOKYO SEKISUI HEIM CO., LTD., and head of the Housing Sales Management Division of the Housing Company. He promoted both management strategy and structural reforms in the organization overseeing the housing business and greatly contributed to expanding and strengthening its foundation.

Since January 2024, he has been performing his duties by applying his deep insight as President of the Housing Company.

#### Duties

President of the Housing Company



**Akira  
Asano**

Director  
Managing Executive Officer  
Date of birth:  
May 17, 1964

Number of Shares of the Company Owned: 18k shares **New**

Mr. Akira Asano has led the core High Performance Plastics business both in terms of business strategy and organizational management as the Head of the Interlayer Film Division. Since April 2020, he was engaged in the turnaround of an overseas subsidiary acquired by the Company, undertaking a major shift in management strategy and implementing structural reforms. From January 2025, as the President of the High Performance Plastics Company, he has been driving further business expansion and profit enhancement across the divisional company. He is particularly contributing to strengthening global competitiveness by leveraging his extensive global business experience.

#### Duties

President of the High Performance Plastics Company

#### Important Concurrent Positions at Other Organizations

Chairman of the Board of SEKISUI AEROSPACE CORPORATION  
Director of SEKISUI FULLER CO., LTD.



**Kazuya  
Murakami**

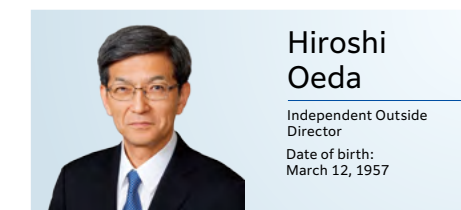
Director  
Executive Officer  
Date of birth:  
June 4, 1966

Number of Shares of the Company Owned: 17k shares  
Tenure as Director: 4 years **D**

Mr. Kazuya Murakami has been engaged in back-office operations mainly at the Human Resources Department, including serving as the Head of the Human Resources Development Division of the High Performance Plastics Company, and has abundant experience in global policy enforcement and management. Since his appointment as the Head of the Human Resources Department in October 2020, he has exercised strong leadership in personnel system reform and in the promotion of diversity management, as well as working to create the Company's organizational culture and improving employees' engagement. He has utilized the experience he has acquired thus far, and performed his duties by applying his deep insight and advanced management capabilities. In addition, following his appointment to the Board of Directors in 2021, he has engaged in personnel system reforms, as well as in health and productivity management.

#### Duties

Head of the Human Resources Department



**Hiroshi  
Oeda**

Independent Outside  
Director  
Date of birth:  
March 12, 1957

Number of Shares of the Company Owned: 7k shares **N** **D**  
Tenure as Director: 7 years

Mr. Hiroshi Oeda served as Director & President of Nisshin Seifun Group Inc., and uses his broad experience and skill in global corporate management, business strategy, and execution of overseas M&A, etc., acquired during his time as a management executive, to provide advice with respect to business management of the Company and appropriately supervise business execution.

#### Important Concurrent Positions at Other Organizations

Special Advisor of Nisshin Seifun Group Inc.  
Independent Director, Chairman of the Board of Directors of EBARA CORPORATION  
Outside Director, Japan Post Holdings Co., Ltd.  
President of Hitotsubashi University Koenkai

Corporate Governance

Board of Directors, Audit & Supervisory Board Members (As of June 20, 2025)

N : Nomination and Remuneration Advisory Committee D : Diversity Promotion Committee A : Audit & Supervisory Board



Haruko Nozaki

Independent Outside Director

Date of birth: June 19, 1955

Number of Shares of the Company Owned: —  
Tenure as Director: 3 years N D

Ms. Haruko Nozaki possesses experience in personnel and education at HORIBA, Ltd., and deep insight on the promotion of diversity, as well as on development of the next generation, etc. Leveraging this insight, she is providing advice to the Company's management and appropriately supervising business execution at Board of Directors' meetings.

Important Concurrent Positions at Other Organizations

Executive Vice-President of Kyoto University  
External Director of West Japan Railway Company



Miharu Koezuka

Independent Outside Director

Date of birth: September 2, 1955

Number of Shares of the Company Owned: 4k shares  
Tenure as Director: 3 years N D

Ms. Miharu Koezuka has held the positions of Senior Managing Director (Representative Director), General Manager of Planning Headquarters, and General Manager of Sales Headquarters of Takashimaya Company, Limited, and was involved in its management for many years. By leveraging her extensive experience in the management of department stores, in addition to her experience and past achievements in management in various industries, she is providing advice to the Company's management and appropriately supervising business execution at Board of Directors' meetings.

Important Concurrent Positions at Other Organizations

Outside Director of Nankai Electric Railway Co., Ltd.



Machiko Miyai

Independent Outside Director

Date of birth: September 29, 1960

Number of Shares of the Company Owned: —  
Tenure as Director: 3 years N D

Ms. Machiko Miyai held executive positions at Panasonic Corporation and then served as a Director and the head of the marketing department at MORINAGA & CO., LTD. As such, she possesses broad job experience mainly in consumer-oriented duties in industries that are different from that of the Company. Leveraging her experience and achievements, she is providing advice to the Company's management and appropriately supervising business execution at Board of Directors' meetings.

Important Concurrent Positions at Other Organizations

Outside Director of ISUZU MOTORS LIMITED  
Chairman of the Sustainability Forum Japan  
Auditor of Ochanomizu University



Yoshihiko Hatanaka

Independent Outside Director

Date of birth: April 20, 1957

Number of Share of the Company Owned: 1k shares  
Tenure as Director: 2 years N D

Mr. Yoshihiko Hatanaka has held various executive positions at Astellas Pharma Inc., and in addition to his wide-ranging knowledge of global corporate management cultivated through his wealth of experience overseas, including in Europe and the United States, he also has extensive knowledge of matters such as corporate integration, based on his experience as a corporate planning officer. Leveraging his experience and achievements, he is providing advice to the Company's management and appropriately supervising business execution at Board of Directors' meetings.

Important Concurrent Positions at Other Organizations

External Director of Shiseido Company, Limited



Tomoyasu Izugami

Full-time Audit & Supervisory Board Member

Date of birth: November 18, 1962

Number of Shares of the Company Owned: 15k shares  
Tenure as Audit & Supervisory Board Member: 2 years A

At the High Performance Plastics Company, Mr. Tomoyasu Izugami successively served in the posts of factory manager, business manager, and staff department manager related to manufacturing. He has been broadly taking the lead in the promotion of large-scale capital investment and in strengthening the business foundation, such as by enhancing manufacturing competitiveness and production innovation, CS quality, safety, the environment, and DX. Leveraging his advanced knowledge and extensive management experience in the field of manufacturing, such as production technology and quality control, he is contributing to improving the supervisory functions of the Audit & Supervisory Board and the Board of Directors.



Michio Sakai

Full-time Audit & Supervisory Board Member

Date of birth: September 16, 1965

Number of Shares of the Company Owned: 21k shares New A

Mr. Michio Sakai has accumulated extensive experience in management at production sites and corporate headquarters. After that, in the Housing Company, he contributed to strengthening the management of domestic and international group companies and promoting overseas business.  
Since April 2021, he has worked as the head of the Corporate Audit Department, focusing on strengthening audit functions and enhancing audit quality, and has significantly improved the effectiveness and reliability of audits by the Corporate Audit Department.



Yoshikazu Minomo

Independent Outside Audit & Supervisory Board Member


Date of birth: December 13, 1969

Number of Shares of the Company Owned: —  
Tenure as Audit & Supervisory Board Member: 3 years A

As an attorney at law, Mr. Yoshikazu Minomo has a wealth of achievements and significant knowledge concerning overall corporate legal affairs, such as business revitalization, corporate reorganization, mergers & acquisitions, compliance, and internal control. Since assuming his position as an Audit & Supervisory Board member of the Company, he has provided useful opinions and suggestions from the perspective of a compliance expert at the Board of Directors and the Audit & Supervisory Board.

Important Concurrent Positions at Other Organizations

Partner of MIYAKE IMAI IKEDA LAW OFFICE



Wakyu Shinmen

Independent Outside Audit & Supervisory Board Member

Date of birth: January 14, 1957

Number of Shares of the Company Owned: —  
Tenure as Audit & Supervisory Board Member: 2 years A

Possessing specialized knowledge and a wealth of auditing experience as a certified public accountant, Mr. Wakyu Shinmen also has experience in management as a partner of a major auditing firm. Since assuming his position as an Audit & Supervisory Board member of the Company, he has provided useful opinions and suggestions from the perspective of a finance and accounting expert at the Board of Directors and the Audit & Supervisory Board.

Important Concurrent Positions at Other Organizations

Representative, Shinmen Certified Public Accountant Office  
Outside Director of TOYOBO Co., Ltd.



Kenji Tanaka

Independent Outside Audit & Supervisory Board Member

Date of birth: April 14, 1957

Number of Shares of the Company Owned: —  
Tenure as Audit & Supervisory Board Member: 2 years A

Mr. Kenji Tanaka has a high level of insight and experience in quality control, system reliability, and safety, as well as a track record of joint research with many companies. Since assuming his position as an Audit & Supervisory Board member of the Company, he has provided useful opinions and suggestions from the perspective of a safety and quality control expert at the Board of Directors and the Audit & Supervisory Board.

Important Concurrent Positions at Other Organizations

Specially Appointed Professor and Vice Chair, Center for Industrial and Governmental Relations,  
The University of Electro-Communications



Corporate Governance

Composition and Skills Matrix of the Board of Directors and Audit & Supervisory Board (As of June 20, 2025)

Name	Position in the Company	Board of Directors (FY2024 Attendance)	Audit & Supervisory Board (FY2024 Attendance)	Nomination and Remuneration Advisory Committee (FY2024 Attendance)	Diversity Promotion Committee (FY2024 Attendance)	Policy Committee Sustainability Committee	R&D Committee	Directors' and Audit & Supervisory Board Members' Outstanding Expertise, Experience and Capabilities*1									
								Management	Core Function of Manufacturing Business		Preparations for Long-term Growth				Strengthening the Management Base		
								Corporate Management/ Management Strategy	Manufacturing/ Safety/Quality	Marketing/ Sales	Environment	Innovation (Research & Development/ New Business Development/ Alliance)	Global Business	DX (Digital Transformation)	Legal Affairs/ Compliance	Financial Affairs/ Accounting	Human Resources/ Diversity/ Human Rights
Teiji Koge	Director Chairman of the Board	● (18 out of 18)	—	○ (6 out of 6)	○ (3 out of 3)	—	—	●		●	●						●
Keita Kato	President and Representative Director Chief Executive Officer	○ (18 out of 18)	—	○ (6 out of 6)	○ (3 out of 3)	●	●	●	●	●	●	●	●			●	
Ikusuke Shimizu	Representative Director Senior Managing Executive Officer	○ (18 out of 18)	—	—	○ (1 out of 1)	○	○	●	●	●	●	●	●			●	
Yoshiyuki Hirai	Director Senior Managing Executive Officer	○ (18 out of 18)	—	—	—	○	○	●		●	●	●	●			●	
Masahide Yoshida	Director Senior Managing Executive Officer	○ (14 out of 14)	—	—	—	○	○	●		●							
Akira Asano	Director Managing Executive Officer	○ (—)	—	—	—	○	○	●		●			●				
Kazuya Murakami	Director Executive Officer	○ (18 out of 18)	—	—	○ (3 out of 3)	○	—	●									●
Hiroshi Oeda	Independent Outside Director	○ (18 out of 18)	—	● (6 out of 6)	○ (3 out of 3)	—	—	●					●			●	●
Haruko Nozaki	Independent Outside Director	○ (18 out of 18)	—	○ (6 out of 6)	● (3 out of 3)	—	—	●									●
Miharu Koezuka	Independent Outside Director	○ (18 out of 18)	—	○ (6 out of 6)	○ (3 out of 3)	—	—	●		●	●			●			
Machiko Miyai	Independent Outside Director	○ (18 out of 18)	—	○ (6 out of 6)	○ (3 out of 3)	—	—	●		●	●	●	●				
Yoshihiko Hatanaka	Independent Outside Director	○ (17 out of 18)	—	○ (6 out of 6)	○ (2 out of 3)	—	—	●		●			●			●	
Tomoyasu Izugami	Full-time Audit & Supervisory Board Member	○ (18 out of 18)	● (17 out of 17)	—	—	—	—		●	●				●			
Michio Sakai	Full-time Audit & Supervisory Board Member	○ (—)	○ (—)	—	—	—	—			●			●		●	●	
Yoshikazu Minomo	Independent Outside Audit & Supervisory Board Member	○ (18 out of 18)	○ (17 out of 17)	—	—	—	—								●		●
Wakyu Shinmen	Independent Outside Audit & Supervisory Board Member	○ (17 out of 18)	○ (17 out of 17)	—	—	—	—									●	
Kenji Tanaka	Independent Outside Audit & Supervisory Board Member	○ (18 out of 18)	○ (17 out of 17)	—	—	—	—		●			●		●			

Note: A solid gray circle indicates the chairman or committee chairman

\*1 The list above does not reflect the full range of expertise possessed by the Directors and Audit & Supervisory Board Members. The Company sets the items for skills and other capabilities to be possessed by Directors in line with the business strategy in the Medium-term Management Plan.

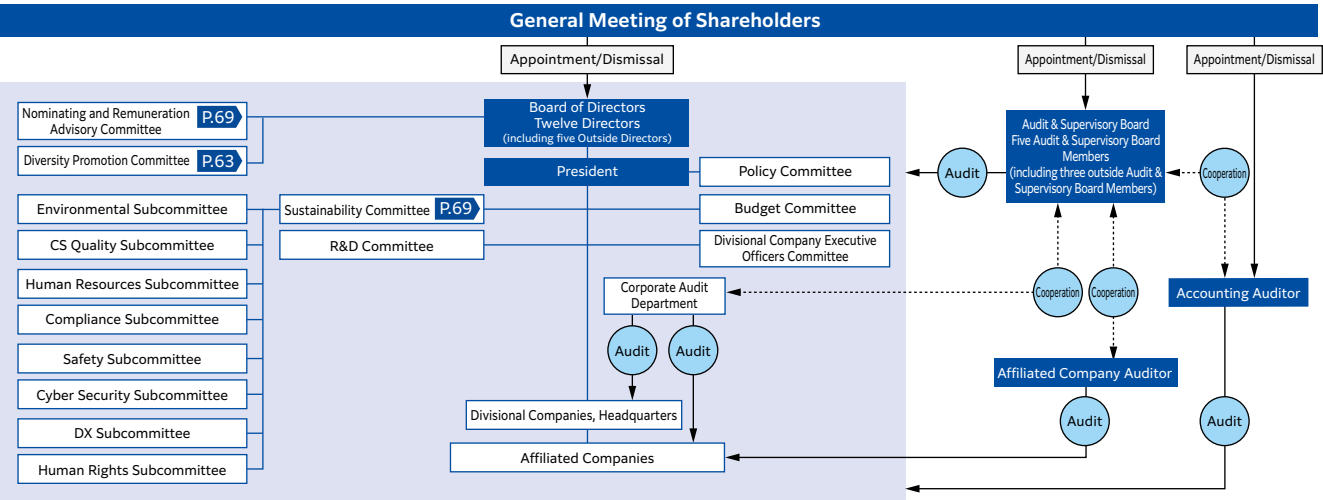
Corporate Governance

Corporate Governance System

Basic Policy

SEKISUI CHEMICAL Group has put in place a basic philosophy regarding corporate governance that lays out efforts for securing sustainable growth and increasing corporate value over the medium to long term. To help achieve these goals, we are increasing the transparency and fairness of our management and pursuing swift decision-making and will do so while continuing to meet-through the creation of value for society that is part of our Corporate Philosophy–the needs of the five types of stakeholders the Group emphasizes: customers, shareholders, employees, business partners, and local communities and the environment.

Corporate Governance System Chart (As of June 20, 2025)



Board of Directors

The Board of Directors is positioned as the body responsible for decision-making concerning the Company's fundamental policies, handling upper-level management judgments and supervising the execution of business. In addition to the Company's Chairman of the Board, who is a non-executive director, the Board of Directors has in place a highly effective supervisory system for Directors by appointing several sufficiently experienced Outside Directors to ensure transparency in management and fairness in business decisions and operations. The Board of Directors is attended by the Directors, as well as by all of the Audit & Supervisory Board members, including Outside Audit & Supervisory Board members.

The Board of Directors maintains a balance between diversity, optimal size, and capabilities while effectively fulfilling its role and responsibilities. This includes the appointment of presidents of the divisional companies, who are the top management of each business, as inside Directors, and senior corporate officers with significant experience and strong expertise, as well as independent Outside Directors, who have broad knowledge and experience, and Audit & Supervisory Board members with strong expertise.

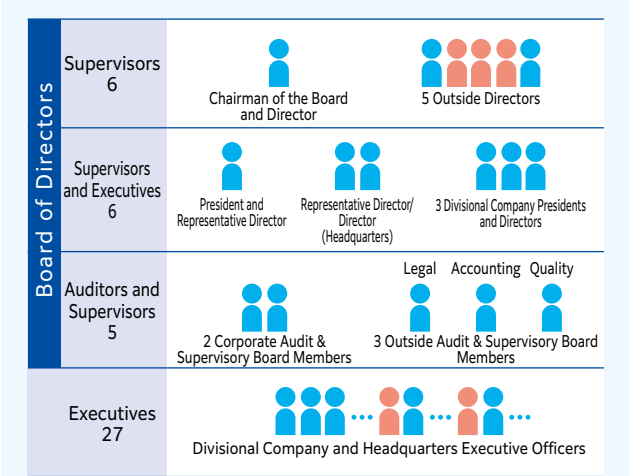
Organizational structure	A company with an Audit & Supervisory Board
Total number of directors*	12 (In-house: 7; Outside: 5) including 3 female directors
Ratio of outside (independent) directors	41.7%
Ratio of female directors	25.0%
Director's term of office	1 year
Executive officer system introduced	Yes
Organization to assist the president in making decisions	Policy Committee
Voluntary advisory board to the Board of Directors	Nomination and Remuneration Advisory Committee and Diversity Promotion Committee established

\* The number of directors shall not exceed 15

Initiatives Taken to Enhance Corporate Governance



Management System (As of June 20, 2025) : Male : Female



As an organizational structure under the Companies Act, the Company has chosen to be a company with an Audit & Supervisory Board. The Company has also established an optional advisory committee concerning nomination and remuneration, as well as an optional committee concerning the promotion of diversity, to complement the functions of the Board of Directors and to further enhance fairness and transparency.

The Company has adopted the Executive Officer System to clearly distinguish the business execution function (executive officers) from the supervisory function (directors) in order to respond quickly to changes in the business environment of each divisional company.

Executive Committee

An Executive Committee has been established as the top decision-making body for each divisional company. The Board of Directors delegates a broad degree of authority to this Committee. Executive Committee members, whose term of office is deemed to be for one year, are appointed by resolution of the Board of Directors.

Delegating authority is recognized as a means of helping to improve the effectiveness of the Board of Directors, for example by allowing appropriate agendas to be set and sufficient time for deliberations to be secured.

List of officers <https://www.sekisuichechemical.com/about/outline/management/>

# Corporate Governance System

## Audit & Supervisory Board

In principle, the Audit & Supervisory Board shall consist of five members comprising two fulltime Audit & Supervisory Board members and three part-time Outside Audit & Supervisory Board members. At least one member of the Audit & Supervisory Board shall have knowledge and expertise in each of the corporate finance and accounting, legal systems, and manufacturing and quality fields.

The activities of the Audit & Supervisory Board members include attending the Board of Directors and other important meetings; confirming important decisions; verifying and confirming the execution of duties by Directors through efforts to ascertain the status of internal controls, etc.; and onsite audits of important locations in Japan and overseas. The members meet periodically with management to exchange opinions regarding issues that must be addressed and to enhance mutual understanding. In addition, the Audit & Supervisory Board members receive reports on audit results from the Accounting Auditor, and actively exchange information and opinions in a mutual fashion with the Accounting Auditor in aims of improving effectiveness through close collaboration. Also, liaison meetings are held with Affiliated Company Auditors to strengthen cooperation among auditors and improve audit quality.

## Internal Control System

In order to the Company and its Group companies to ensure the appropriateness of operations as a whole, our Corporate Audit Department conducts operational and accounting audits of our company and Group companies, based on an annual audit plan, to ensure that business operations are conducted appropriately and efficiently.

## Support for and Collaboration with Directors and Audit and Supervisory Board Members

To enable the Outside Directors to enhance deliberations at Board of Directors' meetings, the Company continuously provides opportunities for them to deepen their understanding of the Group's wide range of businesses. This is done, for example, by the prior distribution of materials for Board of Directors' meetings and explanations given beforehand by the executive officer in charge of the secretariat, orientation visits at the time Outside Directors are appointed, and inspections of business sites. In FY2024, we conducted inspections of each divisional company's four core plants.

From the point of view of succession planning, executive officers are present at Board of Directors meetings to explain proposals and answer questions. Additionally, the Company is strengthening contacts between current management and next-generation management candidates, for example by having Outside Directors give lectures and by providing opportunities for the two groups to meet when the new management system is inaugurated.

## Thinking on Concurrent Service by Directors and Audit & Supervisory Board Members

When a Director or an Audit & Supervisory Board member intends to serve concurrently as an officer at another listed company, he/she is allowed to do so at only up to four companies, an extent not inconveniencing the Company's operations, as the officer is required to secure time and effort needed for fulfilling his/her roles and responsibilities appropriately. Moreover, the Company laid down the Criteria for Independence of Outside Board Members. Any Outside Officer not meeting any of the requirements is judged to be not sufficiently independent for the Company.

### Convocation Notice

<https://www.sekisuichemical.com/about/outline/management/>

## Assessment Relating to the Board's Effectiveness

The Company evaluates and works to enhance the effectiveness of the Board of Directors by conducting a survey of the Directors and Audit & Supervisory Board members every year. The results of the survey conducted last year identified "deliberation on R&D" as a deliberative theme for further discussion. In response, the Board of Directors in FY2024 was able to enhance discussions on growth strategy including R&D that contribute to corporate value.

In FY2024, in order to ensure objectivity and transparency in the evaluation of effectiveness, an external consultant was hired to conduct surveys and interviews with all directors and Audit & Supervisory Board members instead of the conventional survey. No obvious issues requiring immediate action were identified, and, it was confirmed that the Board is operating appropriately to enhance deliberations and exercise its supervisory function. We have concluded that the Board is contributing to the enhancement of the Group's corporate value and is functioning appropriately.

At the same time, we have also identified the direction for further improvements for the future, such as expanding medium- to long-term strategic deliberations and speeding up decision-making on the executive side. Taking this into account, in FY2025, specific initiatives are underway to improve the effectiveness of the Board.

## Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee appoints and dismisses Representative Directors, Directors, and other senior executives; and appoints Audit & Supervisory Board member candidates. It also deliberates on the adequacy of the Director remuneration system and remuneration levels, as well as on Board of Director effectiveness enhancements and on important management issues as necessary, and provides opinions and advice to the Board of Directors.

The Committee consists of seven members, the majority of whom must be Independent Outside Officers. The chairperson must be elected from among the Independent Outside Officers.

## Succession Planning for SEKISUI CHEMICAL Group's President

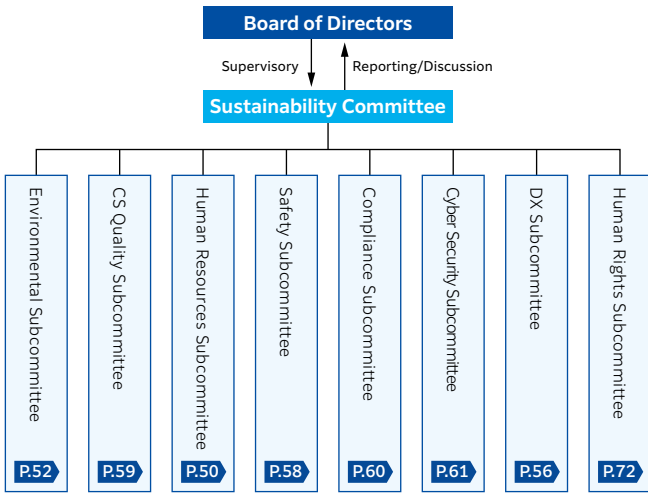
Supervision and planning for SEKISUI CHEMICAL Group President' successor is conducted in appropriate consideration of its management principles and strategies. To enhance the objectivity, timeliness, and transparency of the procedures, the Nomination and Remuneration Advisory Committee deliberates on the eligibility of a candidate for the office of President over an appropriate period of time, and makes recommendations to the Board of Directors, which then makes a final decision regarding succession.

## Diversity Promotion Committee

The Committee strives to strengthen the supervisory function and objectivity of the Board of Directors with respect to ensuring diversity of human resources in management, including basic policies and targets, implementation of various measures, and their disclosure internally and externally, as well as supervising and advising the execution of management.

The Committee consists of nine members, the majority of whom must be Independent Outside Officers. The chairperson must be elected from among the Independent Outside Officers.

## Supervisory Promotion System of ESG Management – Sustainability Committee



In order to promote ESG Management, the Group has established a supervisory and promotion system composed of the Board of Directors, which fulfills the supervisory function, the Sustainability Committee, which fulfills the executive function, and eight subordinate subcommittees.

The Sustainability Committee is chaired by the president, vice-chaired by the director in charge of the ESG Management Promotion Department, and consists of executive directors including the presidents of the divisional companies. It meets twice a year. The committee identifies risks and opportunities that the Group may face in the future, determines company-wide policies and KPIs, and formulates company-wide action plans.

The committee also monitors the status of each materiality's initiatives through reports from the subcommittees. The Board of Directors receives reports concerning the policies, strategies, and Group-wide risks deliberated by the Sustainability Committee. The Board then deliberates and makes a final decision on these, and supervises initiatives implemented by the executive side.

Each of the eight subcommittees (Environmental, CS & Quality, Human Resources, Safety Compliance, Cyber Security, DX, and Human Rights) propose specific initiatives based on the details of decisions, incorporate these decisions into action plans, and monitor initiatives.

## Cross-shareholdings

### Basic Policy

The Company strategically holds shares of other companies, to a limited extent, that are important business partners provided that it made the judgment on such holdings to be beneficial for the purpose of maximizing its medium- to long-term enhancement of corporate value as well as that of business partners.

The strategic rationale shall be reviewed in an appropriate and timely manner by the Board of Directors, and we will reduce those holdings without sufficient strategic benefits or that are inconsistent with our capital policies as necessary.

### Verification of the Necessity of Cross-shareholdings

In June 2024, the Board of Directors, based on the above basic policy, conducted a detailed examination of each individual issue to determine whether the benefits and risks both associated with holding policy shareholdings are collectively commensurate with the cost of capital, among other matters. The number of stocks held was 25 as of March 31, 2024. In FY2024, three stocks were sold, but one unlisted stock held by the Company was newly listed, resulting in an increase of one stock, bringing the number of stocks held to 23 as of March 31, 2025.

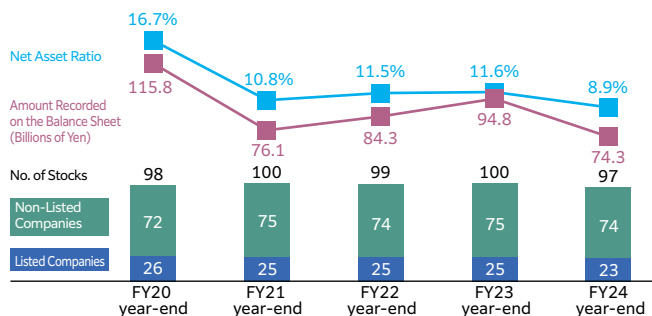
As of the end of March 2025, the Company did not hold any stocks for pure-investment purposes, such as solely for gaining profits from share price fluctuations or from related dividends.

### Criteria for the Exercise of Voting Rights Concerning Cross-shareholdings

The Company performs its monitoring function as a shareholder by exercising voting rights at shareholder meetings of each shareholding company in accordance with specific standards with respect to its established voting rights, in order to reflect perspectives of connecting the medium- to long-term enhancement of its corporate value, and after taking into consideration the strategic position of said holding, as well as dialogue and so forth with said shareholding company.

As to the exercise of voting rights, the Company applies a judgment standard, considering significance of agendas proposed by companies (including special resolution items, etc.), business performance (equity ratio, profit/loss condition, etc.) in their current fiscal year, and their business sustainability. The Company then makes the final comprehensive decision on proposals based in part on dialogue with those companies.

### Changes in the Number of Stock Number of Stocks Held and the Amount of Holdings Recorded on the Balance Sheet



## Remuneration for Officers

### Basic Policy

The remuneration system policy for officers of the Company is defined as follows in keeping with the corporate philosophy of the Group.

- The remuneration system should contribute to sustainable growth and the medium- to long-term improvement of corporate value for the Group
- The remuneration system should make the officers of the Company share value with shareholders and increase their awareness of shareholder-focused management
- The remuneration system should be highly connected to business performance, providing motivation for officers of the Company to achieve management plan goals
- The remuneration system should provide a framework and baseline that enables the Company to acquire and keep on staff a diverse variety of management talent in order to increase the competitiveness of the Group

### Remuneration Mindset

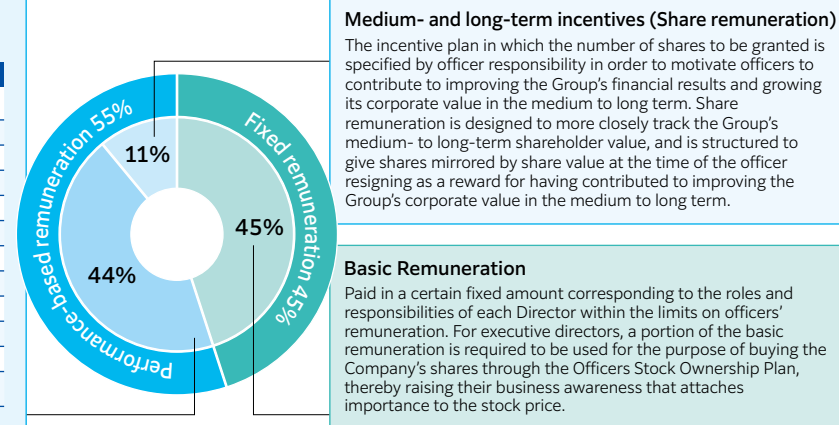
Compensation for the Company's executive directors consists of basic remuneration (fixed remuneration), bonuses (short-term incentives), and share remuneration (medium- to long-term incentives). Remuneration for Outside Directors and corporate auditors consists solely of basic remuneration.

Remuneration for the Company's officers is determined in accordance with their position and duties. The percentage of performance-based remuneration is set so that the higher the position, the higher the percentage of performance-based remuneration, and the aspects of divisional company performance for which the director is responsible are reflected in remuneration for duties. The basic remuneration and bonuses, which are monetary remuneration, are paid periodically during the term of office, while share remuneration is paid in a lump sum upon retirement.

#### Short-term incentives (bonuses)

If certain criteria for ROE and dividends are met, the amount will be determined by reflecting a multiplier set by job title and a company-specific multiplier (60% to 120%) linked to the achievement of targets for financial indicators (operating profit, ROIC, etc.) and non-financial indicators (environment, human capital, etc.) on a base amount linked to company-wide operating profit.

Classification	Indicator	Rating weight
Financial indicators	Corporate and company performance (operating profit)	18%
	EBITDA	12%
	Marginal profit per employee	4%
	ROIC	4%
	Sales growth rate	4%
	Sales of Products to Enhance Sustainability	8%
Non-financial indicators	GHG emissions reduction rate	6%
	Waste plastic material recycling rate	4%
	Employee Challenge Action Rate	5%
	Human resources retention rate	5%
	Open innovation	4%
	Other (direct and indirect productivity, governance, company-specific indicators)	26%



### Process of Determining Officers' Remuneration

In order to achieve the objectives of the officer remuneration system, the Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors, deliberates on the structure and level of director remuneration and verifies the appropriateness of individual remuneration, thereby ensuring objectivity and transparency in procedures. The following is a summary of the procedures taken by the Nomination and Remuneration Advisory Committee.

- The chairperson (Outside Director) convenes a meeting of the Nomination and Remuneration Advisory Committee.
- Proposals to the meeting are put forward by committee members and the secretariat compiles them before submitting them to the chairperson.
- The result of deliberations by the meeting is reported to the Board of Directors by the chairperson.
- The decision policy for Directors' remuneration, etc., is determined ultimately by the Board of Directors by adhering to the report. In determining the policy, members of the committee and Directors are required to do so from a perspective of whether it will help enhance the Company's corporate value and ultimately the common interest of shareholders, and Company's management. Furthermore, the purpose of the policy determination must not be for the personal benefit of the Company or any third party, including the Company's management.
- The specific amounts of individual remuneration of Directors, the payment timing, and the payment methods are also determined ultimately by the Board of Directors by adhering to the opinions of this Committee.

### Officer Remuneration in FY2024

(Millions of yen)

Classification	Basic remuneration		Bonus		Share remuneration		Total	
	Number of eligible officers (persons)	Amount	Number of eligible officers (persons)	Amount	Number of eligible officers (persons)	Amount	Number of eligible officers (persons)	Amount
Directors	13	418	7	340	7	79	13	838
(Of which Outside Directors)	5	72	—	—	—	—	5	72
Audit & Supervisory Board Members	5	80	—	—	—	—	5	80
(Of which Outside Audit & Supervisory Board Members)	3	36	—	—	—	—	3	36

Note: The amount paid to officers does not include the portion of employee salary (including bonus) amounting to ¥47 million for directors who concurrently serve as employees.

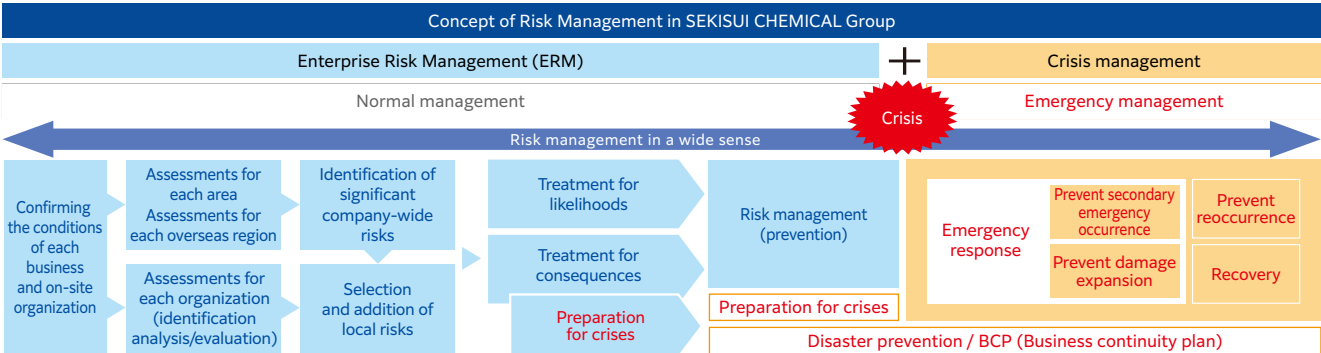


# Risk Management

In order to realize our long-term vision in a drastically changing business environment, it is essential for us to actively and decisively take risks and earn the trust, expectations, and sense of security of our stakeholders. We believe that risk control and resilience are the keys to achieving this, and we have positioned risk management as one of the foundations of our management.

## Risk Management System

SEKISUI CHEMICAL Group promotes a company-wide risk management (Enterprise Risk Management, ERM) system that integrates activities to prevent the occurrence of risk events (risk management) and activities to minimize the impact of risk events when they occur (crisis management). This creates a system that can respond flexibly to ever-changing risks and crises in accordance with the organization's situation. In addition, we have built a system that allows us to determine the state of disasters and accidents quickly should they occur through a global emergency contact network, and have strengthened employee training to ensure an appropriate initial response.



## Initiatives for Company-wide Risk Management (ERM)

The Group regularly monitors risks and opportunities based on their importance. First, we obtain a comprehensive understanding of the issues for society and the Group from laws, soft law, disclosure regulations, stakeholder engagement, and expert dialogues in each country. These issues are then scored according to three axes: their impact, likelihood of occurrence, and ripple effects along the value chain, and reflected in a company-wide risk map. The Company discusses these issues in the Company-wide Risk Review Committee, which includes the chairpersons of each subcommittee and meets once a year. Through these discussions, the Company identifies and prioritizes short-, medium-, and long-term issues that may pose risks or opportunities for the sustainability of society and the sustainable growth of the Group. [P.22 Risks and Opportunities](#)

The identified issues are reviewed by the Sustainability Committee, approved by the Board of Directors, recognized as important, and reflected in the strategies and execution plans of the entire Company and each business unit. Among these, we mandate the assessment of company-wide critical risks, which have a high potential to lead to major incidents, in organizational risk management activities to prevent the occurrence of such major incidents.

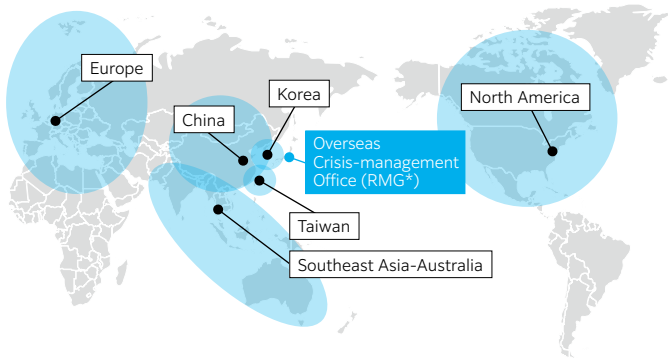
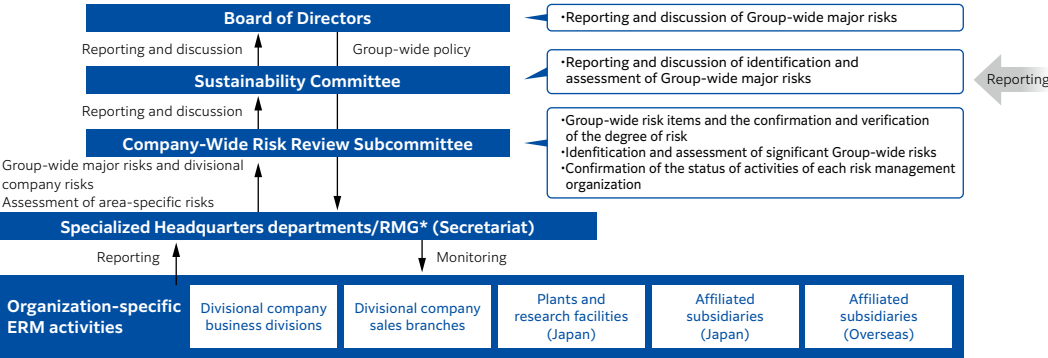
In organizational risk management activities, we have introduced a unique global risk management system called DDB (Digital Dashboard) to visualize the identification, assessment, and progress of responses to various risks. The status and progress of responses to each risk are databased, ensuring the efficiency and accountability of risk management activities through mutual referencing of DDB across organizations.

## Crisis Management

In accordance with the “SEKISUI CHEMICAL Group Crisis Management Guidelines” established based on the “Basic Policies for Internal Control Systems,” SEKISUI CHEMICAL Group has established an emergency headquarters to respond promptly and appropriately in the event of an emergency situation that is deemed to have an impact on business continuity, and has built a system for periodic reviews and drills. In the event of a major incident or the threat of one, the Company has established a system to report the situation to the Board of Directors in a timely manner.

Overseas, we have appointed regional managers responsible for the six crisis management regions, including the four regions operated by an overseas regional headquarters, and they will work together with the overseas crisis management secretariat to collect and share information, issue timely alerts, and lead initial responses.

## Overview of Company-Wide ERM Activities



\*RMG: Risk Management Group

## Respect for Human Rights

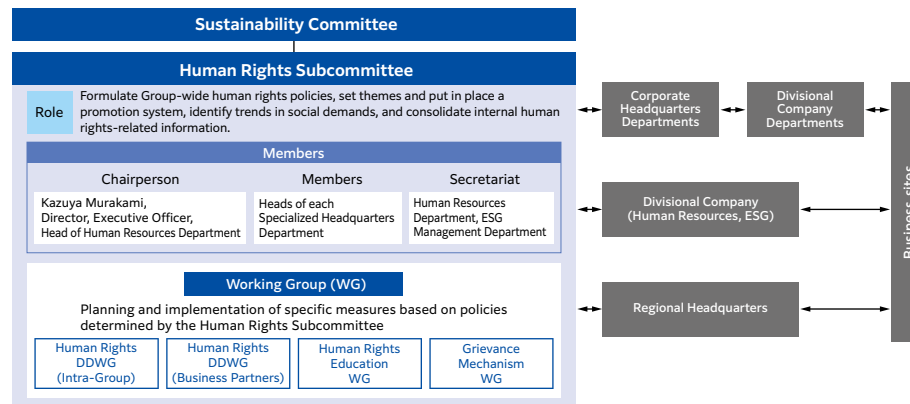
SEKISUI CHEMICAL Group recognizes its responsibility to respect the human rights of all people affected by its business activities. In order to strengthen our sustainable management foundation, we believe it is necessary to take action to respect the human rights not only of our Group employees, but also of our business partners and other stakeholders in various fields.

**SEKISUI CHEMICAL Group's Human Rights Policy** [https://www.sekisuichechemical.com/sustainability\\_report/pdf/report\\_2024/sustainability\\_report2024e\\_08.pdf](https://www.sekisuichechemical.com/sustainability_report/pdf/report_2024/sustainability_report2024e_08.pdf)

### Promotion System

In FY2022, SEKISUI CHEMICAL Group established the Human Rights Subcommittee under the Sustainability Committee to strengthen its response to a wide range of human rights issues in a cross-organizational manner, and is promoting initiatives accordingly.

Starting in FY2024, we reorganized this structure to newly establish a Human Rights Subcommittee as one of eight subcommittees under the Sustainability Committee, while moving the former Human Rights Subcommittee further down the hierarchy as the Human Rights Promotion Committee. The Human Rights Subcommittee is composed of the Director and head of the Human Resources Department as Chairman and the heads of each specialized headquarters department. The Subcommittee is responsible for formulating Group-wide policies on human rights. At the same time, four working groups linked to the Human Rights Promotion Committee draft and implement specific measures. We will promote human rights initiatives throughout the Group by sharing the policies and measures established by the Human Rights Subcommittee and each working group with the relevant departments of the Company's headquarters and divisional companies, and by applying these down to the business site level.



### Human Rights Due Diligence

SEKISUI CHEMICAL Group conducts human rights due diligence\* by prioritizing the potential human rights risks based on analysis surveys by expert dialogues and specialized organizations, as well as identification of high-risk sites through simultaneous surveys in the form of questionnaires to all areas.

\* Human rights due diligence: An ongoing process of analyzing, assessing, and identifying whether there is a possibility of negative human rights impacts (human rights risks) in the company's business activities, and if so, creating and addressing mechanisms to prevent such impacts.

#### Conducting human rights interviews with foreign employees at overseas production sites

##### Targets:

HPP Company: THAI SEKISUI FOAM CO., LTD.

##### Implementation method:

Questionnaires, and interviews by third-party agencies based on such questionnaires

##### Survey content:

Discrimination and harassment, fair wages, leave and time off, freedom of association and the right to collective bargaining, respect for women's rights, etc.

##### Results:

Although no significant negative impact on the human rights of employees was found in this survey, areas for improvement were identified for creating a better workplace environment, including providing regular opportunities for dialogue with employees, respecting the rights of female employees, occupational safety and health, and respecting the rights of subcontractors. THAI SEKISUI FOAM CO., LTD. formulated a remediation plan and took measures to address these issues.

#### Human rights interviews at domestic construction and care sites

##### Targets:

9 employees of the Construction Company K, I, and H (business partner of the Housing Company)

##### Implementation method:

Questionnaires, and interviews by third-party agencies based on such questionnaires

##### Results:

Construction Company K and I (business partners of the Housing Company) were highly evaluated in several categories, exceeding the appropriateness criteria, and were recognized as companies that fairly employ foreign nationals. On the other hand, we provided feedback to the companies on issues that were pointed out as future challenges (evaluation system, career education, etc.).

Regarding Company H (another business partner of the Housing Company), issues related to interviewee rights were identified, and an investigation was conducted to determine the causes. Measures were taken to resolve these issues, and we will use this to help prevent recurrence in the future.

## Responsible Procurement

SEKISUI CHEMICAL Group has established the Basic Procurement Policy as its CSR Procurement Policy to ensure responsible procurement, in consideration of society and the environment, and posts and discloses this policy on its website. In September 2024, we also revised our Responsible Mineral Procurement Statement (policy) in order to respond to the growing gravity of social issues and expanding social demands in recent years, such as human rights, sustainability, and anti-corruption in the supply chain.

**SEKISUI CHEMICAL Group Basic Procurement Policy**

[https://www.sekisuichechemical.com/sustainability\\_report/basic\\_policies/#anc-P08](https://www.sekisuichechemical.com/sustainability_report/basic_policies/#anc-P08)

Additionally, the Sustainable Procurement Guidelines (Supplier Code of Conduct), which summarize the items that the Group and its suppliers aim to achieve in procurement, are in line with the 10 Principles of the United Nations Global Compact, the Guiding Principles on Business and Human Rights, and the SEKISUI CHEMICAL Human Rights Policy. The guidelines represent standards to be complied with by the Group and all business partners involved in the production of products.

**The Sustainable Procurement Guidelines (Supplier Code of Conduct)**

[https://www.sekisuichechemical.com/about/assets/pdf/GuidelinesForSustainableProcurement\\_20230303.pdf](https://www.sekisuichechemical.com/about/assets/pdf/GuidelinesForSustainableProcurement_20230303.pdf)

#### Sustainable Timber Procurement

The Group has established the Sustainable Timber Procurement Guidelines in order to achieve procurement in line with our Timber procurement policy. In addition to legal timber procurement, we also aim to reduce the negative impact of deforestation on the human rights and environment of indigenous people.

We conducted a survey of 61 suppliers with respect to tree species and logging sites. We also held hearings with suppliers who handle raw materials that are endangered species and whose logging areas are in high-risk countries to clarify traceability. As a result, although three suppliers were identified as potential risks in the supply chain, but directly confirmed with them that no timber potentially linked with deforestation was procured in fiscal 2024.

#### Responsible Mineral Procurement Survey

The Group holds in-house training sessions to deepen understanding of surveys on the background behind conflict minerals (minerals that fund armed insurgents) and social changes (human rights violations such as child labor).

This training was conducted prior to the survey based on the Responsible Mineral Procurement Survey Manual.

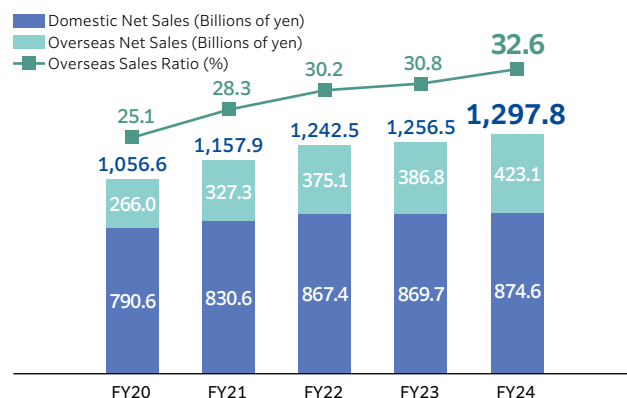
The survey was conducted at 50 sites in Japan and overseas that handle the subject minerals. As a result, 95% of the raw materials containing the target minerals in Japan were identified at smelters, and 5% were unknown.

#### Responsible Mineral Procurement Survey method

<b>Target risks</b>	<ul style="list-style-type: none"> <li>Whether they fund armed insurgents</li> <li>Overall human rights violations, including child labor</li> </ul>
<b>Target regions</b>	<ul style="list-style-type: none"> <li>CAHRAs (EU Conflict Mineral Regulation): 28 countries</li> <li>The Democratic Republic of Congo and neighboring countries: 10 countries</li> <li>Total: 34 countries (due to duplication)</li> </ul>
<b>Target minerals</b>	3TG (tantalum, tungsten, tin and gold) + cobalt, mica
<b>Target raw materials</b>	Raw materials containing target minerals
<b>Report contents</b>	<ul style="list-style-type: none"> <li>Number of companies and products about which customers have made inquiries</li> <li>List of raw materials, names of target minerals, refineries, countries of origin, etc.</li> <li>High risk level, response</li> </ul>

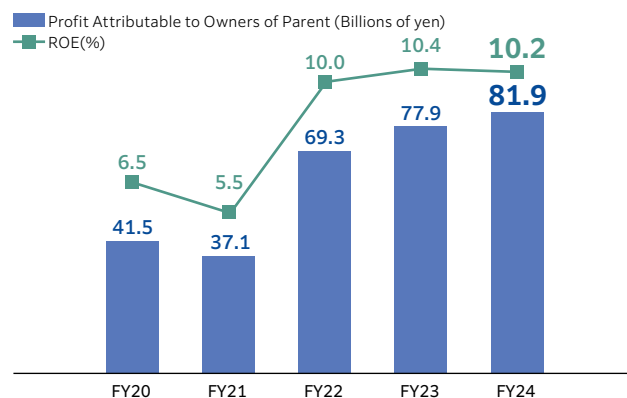
## Financial and Non-financial Highlights

### Net Sales/Overseas Sales Ratio



Although market conditions inside and outside Japan were slightly sluggish, including in the domestic new housing market and global automotive market, net sales—for a third consecutive year—reached a record high of 1,297.8 billion yen due to expanded sales of high value-added products in the electronics field, improvement in selling prices, and the effect of foreign exchange gains. The ratio of overseas sales to total sales reached 32.6% due to significant sales growth in Europe, North America, and Asia.

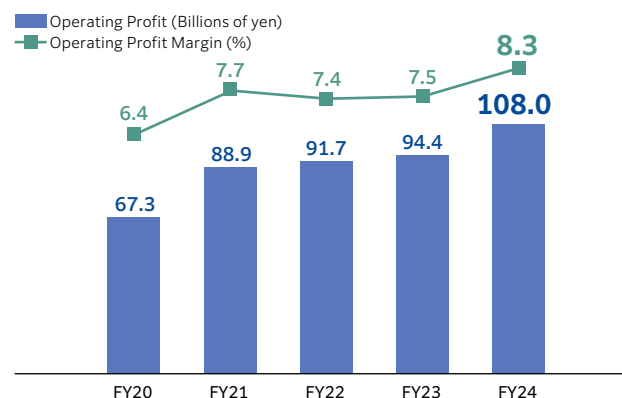
### Profit Attributable to Owners of Parent/ROE



Profit attributable to owners of parent reached a record high of 81.9 billion yen mainly due to a gain on sales of investment securities.

With the influence of factors including increased equity accompanying depreciation of the yen, ROE was 10.2%.

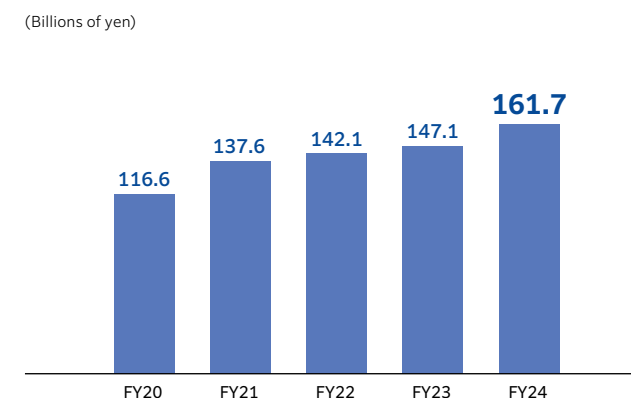
### Operating Profit/Operating Profit Margin



Operating profit reached a record high of 108.0 billion yen due to expanded sales of high value-added products, improved selling prices, and the effect of foreign exchange gains, among other factors.

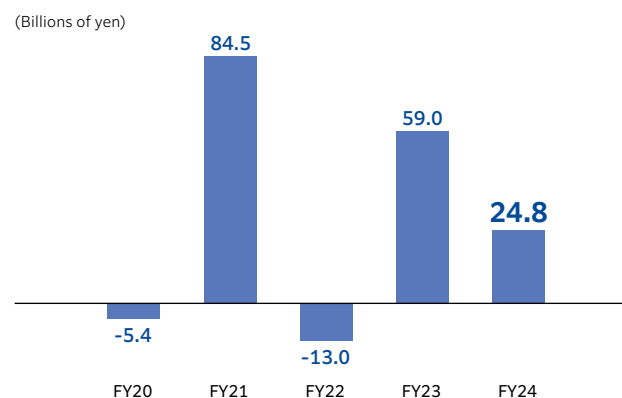
Operating profit margin improved 0.8% year on year, to 8.3%.

### EBITDA



EBITDA reached the record level of 161.7 billion yen due to an increase in operating profit and an increase in depreciation, with the latter accompanying aggressive investment, mainly in growth areas.

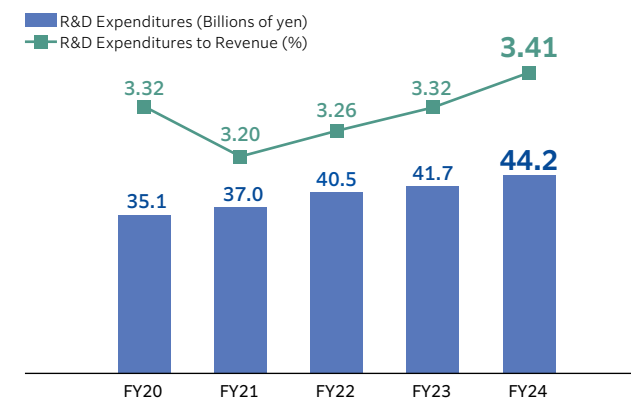
### Free Cash Flow



Even after aggressive investments, mainly in growth areas, and proactive shareholder returns, we were able to secure free cash flow of 24.8 billion yen due in part to a significant increase in cash flow from operating activities resulting from solid business performance.

### R&D Expenditures/ R&D Expenditures to Revenues

P.39

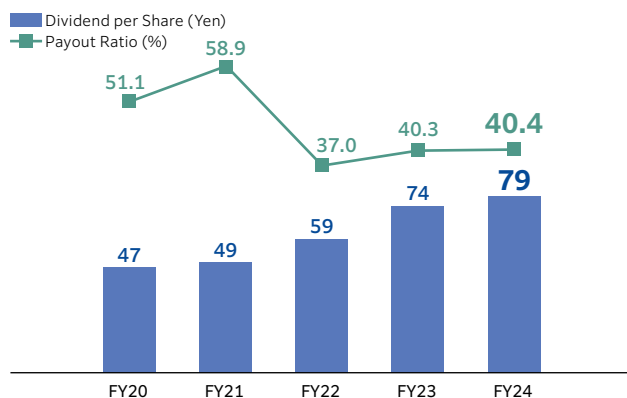


In order to solve social issues, we promoted research and development to stand out with cutting-edge technologies in High Performance Plastics, the Medical Business, and new businesses, etc., with R&D expenditures amounting to 44.2 billion yen.

## Financial and Non-financial Highlights

### Dividend per Share/Payout Ratio

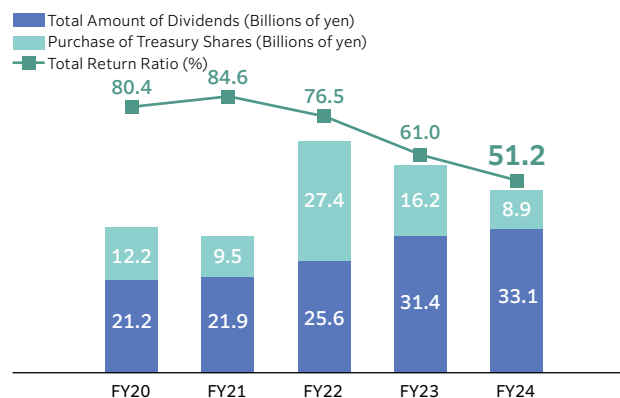
P.42



The Company implemented a stable dividend policy in line with its business performance. The annual dividend was 79 yen per share, representing an increase for the 15th consecutive year.

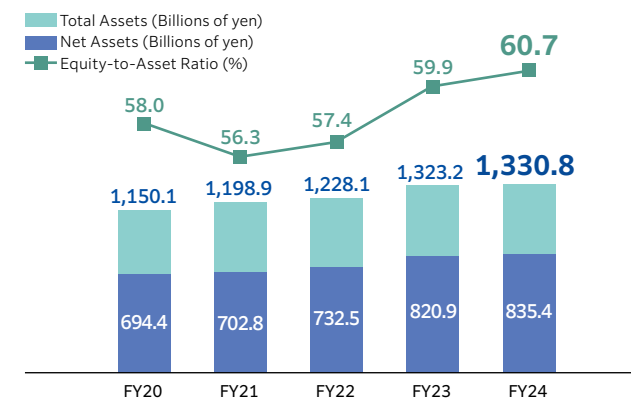
### Total Amount of Dividends/ Purchase of Treasury Shares/Total Return Ratio

P.42



The Company repurchased 8.9 billion yen (4 million shares) of its own stock as part of its proactive shareholder return program, while implementing a flexible capital policy in response to changes in the business environment.

### Total Assets/Net Assets/ Equity-to-Asset Ratio

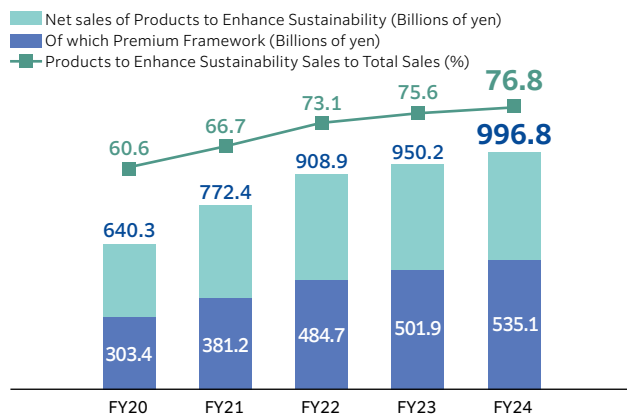


Total assets increased 7.5 billion yen to 1,330.8 billion yen as a result of aggressive investment, mainly in growth areas, among other factors.

Net assets increased by 14.5 billion yen, to 835.4 billion yen, as a result of net income for the period, dividends, and the purchase of treasury shares. Consequently, the Equity-to-Asset Ratio was 60.7%.

### Net Sales of Products to Enhance Sustainability

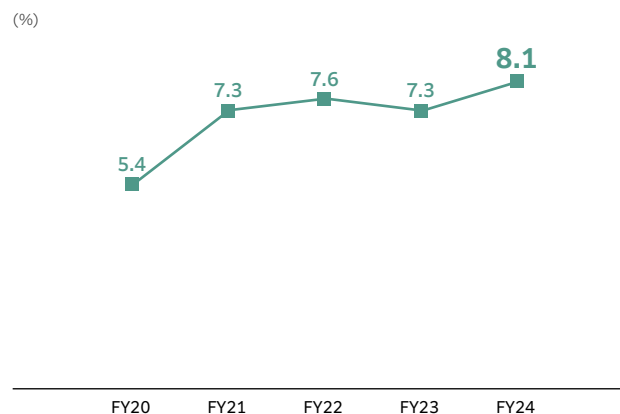
P.14



Net sales of Products to Enhance Sustainability, which are positioned as an important indicator, totaled 996.8 billion yen and accounted for 76.8% of total sales, up 1.2% from the previous fiscal year. Sales in the Premium Framework also increased to 535.1 billion yen.

### ROIC

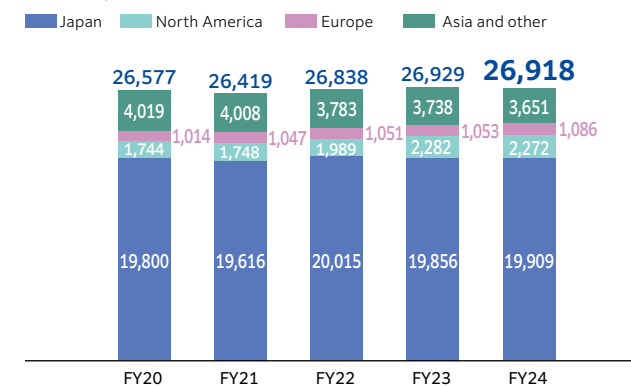
P.39



Accompanying a year-on-year improvement in the operating profit margin, there was also a 0.8% year-on-year increase in ROIC, to 8.1%.

### Number of Employees

(Number of persons)



The number of employees remained almost unchanged from the previous fiscal year at 26,918.

To realize our Long-term Vision, we are working to improve training and retention rates by fostering a culture that embraces challenges, having the right people in the right places, and achieving diversity.

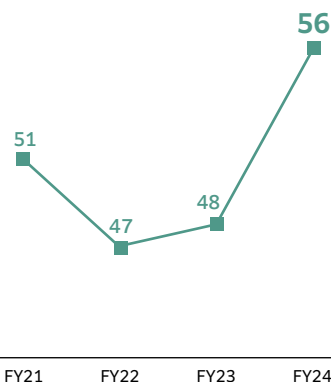


## Financial and Non-financial Highlights

### Employee Challenge Action Rate\*

P.51

(%)



Our Group places importance on human resources that embrace challenges, and, with the aim of creating a vibrant organization in which everyone wants to take on challenges, we have established a system that encourages people to do just that, while we are also actively investing in reskilling and other programs. Our introduction of a system to actively promote human resources that embrace challenges, and our implementation of investments and frameworks, have led to the achievement of challenges by each employee, with the Employee Challenge Action Rate increasing over the previous year.

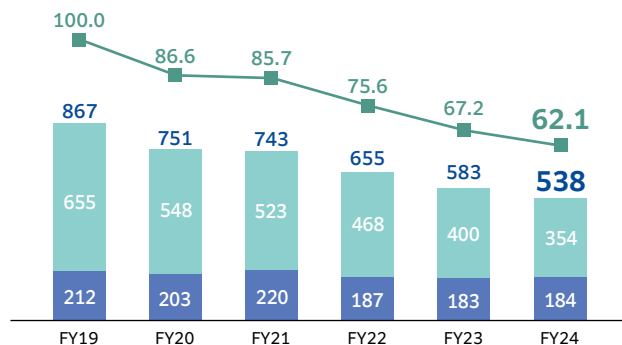
\* The percentage of respondents who answered "applicable" or "somewhat applicable" to the question, "I am taking specific challenging actions toward the realization of Vision 2030."

### GHG Emissions from Business Activities (Scope 1+2)

P.53

(kt-CO<sub>2</sub>)

■ Scope 1 ■ Scope 2 ■ Emission ratio (compared to FY2019 as 100)

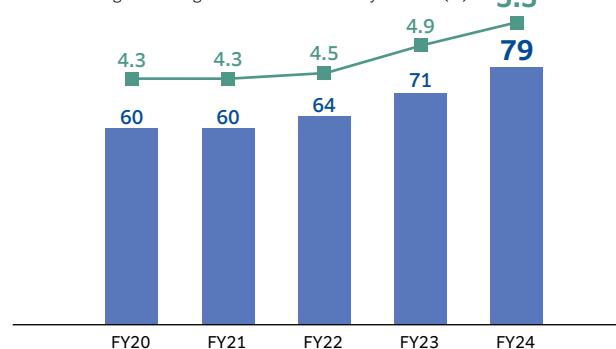


As a result of energy consumption innovations, such as promoting the renewal of aging facilities, and energy procurement innovations, such as switching from purchased electricity to renewable energy and introducing solar power generation equipment for in-house consumption, our reduction in GHG emissions from our own business activities (Scope 1+2) reached 37.9% compared to FY2019.

### Number of Women in Management Positions (SEKISUI CHEMICAL Non-consolidated)

P.51

■ Number of Women in Management Positions  
■ Percentage of Management Positions Held by Women (%)



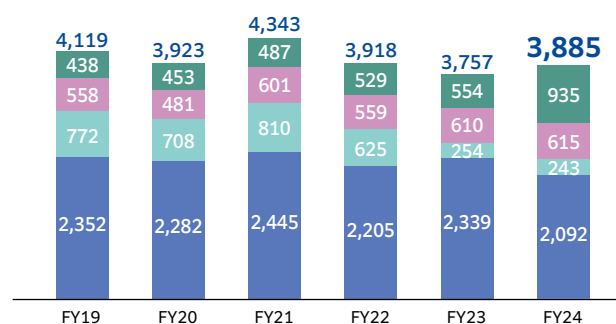
In order to realize the goal of achieving diversity, and to promote the active participation of diverse human resources, the Percentage of Management Positions Held by Women is one of our KPIs. We conduct training and seminars to motivate and support the development of female managers for promotion to managerial positions. FY2024 also saw an increase in the Percentage of Management Positions Held by Women, due to a rise in the number of newly appointed managers.

Note: In FY2024, the phrase "promote women's participation," an expression that refers to a specific gender, was changed to "gender diversity," as our Group aims to be an organization where people can play an active role regardless of their gender.

### GHG Emissions from the Supply Chain (Scope 3)

(kt-CO<sub>2</sub>)

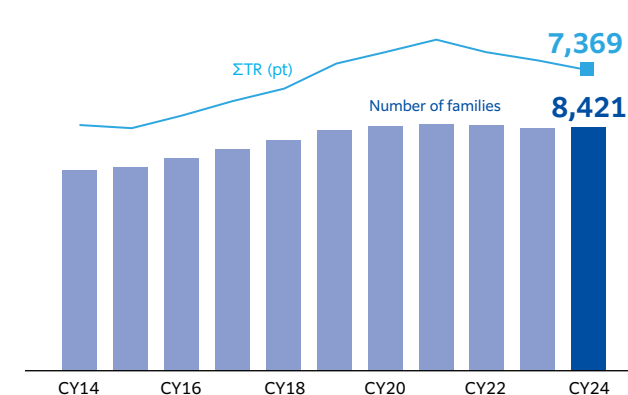
■ Purchased products and services ■ Use of sold products  
■ Disposal of sold products ■ Other



Overall Scope 3 emissions decreased by 5.7% compared to FY2019. As part of our desire to strengthen efforts with regard to purchased products, we reviewed our selection criteria used when adopting new materials. We have also confirmed with suppliers the possibility of providing low-carbon biomass-derived raw materials and recycled materials, and have begun to explore alternatives.

### Patent Asset Value (Technical Value: ΣTR Value\*)

P.49

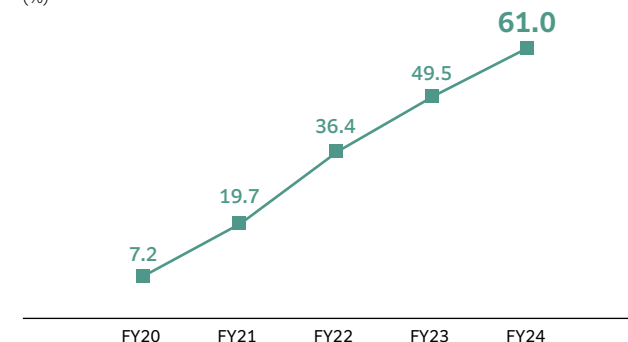


We consider intellectual property resulting from R&D activities to be an important management resource that supports growth and earnings to maximize corporate value, and we also use Patent Asset Index™ (PAI) relative indicators as a reference for our activities.

\* ΣTR value is a relative indicator calculated using PatentSight®, the patent analytics tool provided by LexisNexis, Inc. The total value of the TR (Technology Relevance) indicator, which is one of the components of the Patent Asset Index™ and reflects patent asset value based on the number of citations, is defined as the technical value (ΣTR) of our entire portfolio. (Since 2020, we have been more selective in our patent applications, and, although the number of patent families and ΣTR have temporarily decreased, we have continued to improve the quality of our patents.)

### Renewable Energy Ratio of Purchased Electricity

(%)



In FY2024, we newly installed solar power generation facilities at 1 domestic and 2 overseas business bases. As a result of installing solar power generation equipment for in-house consumption at 26 domestic and overseas business sites, and switching over to renewable energy sources for electricity purchased from outside sources at 43 business sites, the ratio of purchased electricity (including solar power generation for in-house consumption) generated from renewable energy sources reached 61.0%.

## Key Financial and Non-financial Data

### Financial Data

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	Millions of yen	1,112,748	1,096,317	1,065,776	1,107,429	1,142,713	1,129,254	1,056,560	1,157,945	1,242,521	1,256,538	<b>1,297,754</b>
(Housing)	Millions of yen	494,116	473,441	484,975	497,782	506,729	512,937	485,265	515,191	537,371	529,693	<b>524,010</b>
(Urban Infrastructure & Environmental Products) <sup>*1</sup>	Millions of yen	227,689	226,279	240,332	239,241	239,193	237,380	204,586	211,776	234,296	234,787	<b>240,492</b>
(High Performance Plastics) <sup>*1*2</sup>	Millions of yen	372,296	378,552	357,526	386,154	341,290	322,421	309,867	358,809	396,389	412,897	<b>447,354</b>
(Medical) <sup>*2</sup>	Millions of yen					70,721	72,588	72,342	88,517	89,680	92,620	<b>99,175</b>
(Other) <sup>*3</sup>	Millions of yen	38,906	38,300	2,730	5,861	6,095	4,970	3,611	4,944	7,388	7,252	<b>7,553</b>
Operating profit	Millions of yen	85,764	89,823	96,476	99,231	95,686	87,974	67,300	88,879	91,666	94,399	<b>107,951</b>
(Operating profit margin)	%	7.7	8.2	9.1	9.0	8.4	7.8	6.4	7.7	7.4	7.5	<b>8.3</b>
(Housing)	Millions of yen	41,327	36,387	37,549	37,935	39,002	37,792	30,546	35,318	32,831	27,729	<b>31,498</b>
(Urban Infrastructure & Environmental Products) <sup>*1</sup>	Millions of yen	1,264	3,610	12,827	14,791	15,007	15,480	11,251	14,061	21,192	22,129	<b>22,958</b>
(High Performance Plastics) <sup>*1*2</sup>	Millions of yen	45,951	53,353	54,537	57,821	44,855	37,374	28,935	42,351	40,091	50,931	<b>61,235</b>
(Medical) <sup>*2</sup>	Millions of yen					9,623	9,204	7,010	11,180	12,511	10,952	<b>12,788</b>
(Other) <sup>*3</sup>	Millions of yen	-1,957	-3,069	-7,619	-9,764	-11,099	-9,721	-8,746	-10,316	-10,894	-10,821	<b>-11,589</b>
Ordinary profit	Millions of yen	87,978	81,213	91,513	93,929	93,146	87,202	62,649	97,001	104,241	105,921	<b>110,958</b>
Profit attributable to owners of parent	Millions of yen	52,995	56,653	60,850	63,459	66,093	59,181	41,544	37,067	69,263	77,930	<b>81,925</b>
Comprehensive income	Millions of yen	91,587	37,080	57,638	73,898	55,648	36,364	93,956	41,509	84,008	135,737	<b>60,474</b>
Total assets	Millions of yen	968,011	936,043	943,640	994,137	1,023,706	1,105,781	1,150,143	1,198,921	1,228,131	1,323,243	<b>1,330,786</b>
Net assets	Millions of yen	535,292	544,156	570,549	612,757	632,746	634,219	694,392	702,753	732,525	820,925	<b>835,366</b>
R&D expenditures	Millions of yen	29,452	31,693	34,169	36,974	38,838	37,146	35,110	37,010	40,471	41,701	<b>44,249</b>
Capital expenditures	Millions of yen	46,993	49,740	43,868	53,518	73,595	66,667	55,326	52,540	56,761	60,606	<b>70,274</b>
Depreciation	Millions of yen	31,203	34,735	34,843	36,016	38,789	42,018	44,926	45,912	48,995	51,195	<b>52,361</b>
Amortization of goodwill	Millions of yen	2,348	2,156	2,118	2,416	2,848	3,238	4,419	2,792	3,411	1,477	<b>1,395</b>
Cash flows from operating activities	Millions of yen	67,760	71,389	108,229	82,272	85,213	92,647	75,271	105,023	71,543	106,632	<b>119,231</b>
Cash flows from investing activities	Millions of yen	4,127	-23,715	-44,057	-60,881	-62,553	-100,562	-58,495	2,694	-59,430	-18,515	<b>-61,508</b>
Cash flows from financing activities	Millions of yen	-63,856	-41,726	-39,633	-35,981	-31,539	15,450	-19,157	-54,729	-62,906	-53,023	<b>-61,200</b>
Net assets per share	yen	1,033.49	1,071.24	1,147.91	1,245.91	1,307.75	1,333.76	1,485.89	1,519.19	1,642.67	1,880.30	<b>1,933.56</b>
Basic earnings per share	yen	104.73	115.08	126.13	133.80	141.74	128.80	91.92	83.17	159.19	183.48	<b>195.93</b>
Dividend per share	yen	27	30	35	40	44	46	47	49	59	74	<b>79</b>
Payout ratio	%	25.8	26.1	27.7	29.9	31.0	35.7	51.1	58.9	37.0	40.3	<b>40.4</b>

\*1 Effective from the third quarter of FY2022, the fire-resistant materials and CPVC-related businesses as well as Crosswave products, which were previously included in the HPP segment, have been reclassified into the UIEP segment for the purpose of optimizing the business portfolio in pursuit of greater synergies. Moreover, SEKISUI SEIKEI CO., LTD. and SEKISUI KYDEX, LLC, which were previously included in the UIEP segment, have been reclassified into the HPP segment.

\*2 The Medical Business was separated from the High Performance Plastics Company from FY2019. (Prior to FY2017, the Medical Business was included in the High Performance Plastics Company.)

\*3 Other: lithium-ion batteries for stationary use, Bio-refinery, R&D, etc.

## Key Financial and Non-financial Data

### Financial Data

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Financial Index												
Total return ratio	%	54.0	55.5	54.5	55.1	53.0	58.1	80.4	84.6	76.5	61.0	51.2
DOE	%	2.8	2.8	3.1	3.3	3.4	3.5	3.3	3.3	3.7	4.2	4.1
Equity-to-asset ratio	%	53.3	55.9	58.2	59.1	59.3	55.1	58.0	56.3	57.4	59.9	60.7
Current ratio	%	139.8	138.0	160.7	153.6	151.0	147.2	179.1	184.8	189.5	198.9	206.8
Fixed ratio	%	97.2	95.9	86.9	91.0	91.2	100.8	96.6	87.4	86.0	80.5	77.7
Interest-bearing debt	Millions of yen	63,120	52,338	43,734	46,326	53,848	117,665	138,168	122,557	120,459	120,725	110,830
Debt/Equity ratio	%	12.2	10.0	8.0	7.9	8.9	19.3	20.7	18.2	17.1	15.2	13.7
Interest coverage ratio	Times	51.7	64.5	100.4	109.9	113.5	85.3	58.2	120.4	110.8	90.5	109.1
Total assets turnover	Times	1.15	1.15	1.13	1.14	1.13	1.06	0.94	0.99	1.02	0.98	0.98
Inventory turnover	Times	7.09	7.11	7.00	6.84	6.30	5.52	4.80	4.96	4.68	4.30	4.24
Tangible fixed assets turnover	Times	4.31	4.11	4.01	4.09	3.88	3.49	3.07	3.23	3.35	3.26	3.26
R&D expenditures to revenues	%	2.65	2.89	3.21	3.34	3.40	3.29	3.32	3.20	3.26	3.32	3.41
ROE	%	10.9	10.9	11.3	11.2	11.1	9.7	6.5	5.5	10.0	10.4	10.2
ROA	%	9.1	8.5	9.7	9.7	9.2	8.2	5.6	8.3	8.6	8.3	8.4
ROIC	%						7.7	5.4	7.3	7.6	7.3	8.1
EBITDA	Millions of yen	119,316	126,714	133,437	137,665	137,324	133,231	116,647	137,584	142,099	147,072	161,707
PER	Times	14.89	12.04	14.83	13.87	12.55	11.17	23.12	21.15	11.78	12.15	12.99
PBR	Times	1.51	1.29	1.63	1.49	1.36	1.07	1.43	1.16	1.14	1.19	1.32
Net sales per employee	Millions of yen	47.44	45.88	45.44	45.12	43.47	42.22	39.43	43.69	46.66	46.74	48.20
Operating profit per employee	Millions of yen	3.65	3.75	4.11	4.04	3.64	3.28	2.51	3.35	3.44	3.51	4.00

Total return ratio = (Purchase of treasury shares + Total amount of dividends) / Profit attributable to owners of parent

DOE = Total amount of dividends/Average equity

Equity-to-asset ratio = Equity/Total assets

Current ratio = Current assets/Current liabilities

Fixed ratio = Fixed assets/Equity

Debt/Equity ratio = Interest-bearing debt/Equity

Interest coverage ratio = (Operating profit + Interest and dividends)/Interest expense

Total assets turnover = Net sales/Average total assets

Inventory turnover = Net sales/Average inventory

Tangible fixed assets turnover = Net sales/Average tangible fixed assets

R&D expenditures to revenues = R&D expenditures/Net sales

ROE = Profit attributable to owners of parent/Average equity

ROA = Ordinary profit/Average total assets

ROIC = After-tax operating profit/Average invested capital (Fixed assets + Working capital)

EBITDA = Operating profit + Depreciation + Amortization of goodwill

PER = Stock prices at the end of fiscal year/Basic earnings per share

PBR = Stock prices at the end of fiscal year/Net assets per share

Net sales per employee = Net sales/Average number of employees

Operating profit per employee = Operating profit/Average number of employees

Please refer to the FACT BOOK for detailed financial data <https://www.sekisuichechemical.com/ir/financial/factbook/>

## Key Financial and Non-financial Data

### Non-financial Data

Products to Enhance Sustainability		FY2020	FY2021	FY2022	FY2023	FY2024
Sales ratio	%	60.6	66.7	73.1	75.6	76.8
Net sales	Billions of yen	640.3	772.4	908.9	950.2	996.8
(Housing)	Billions of yen	352.9	393.8	448.6	434.3	437.1
(Urban Infrastructure & Environmental Products)	Billions of yen	93.2	101.3	152.1	162.8	169.2
(High Performance Plastics)	Billions of yen	121.9	186.9	218.5	260.2	291.0
(Medical and Other)	Billions of yen	72.2	90.4	89.6	92.9	99.5
No. of newly registered Products to Enhance Sustainability		12	28	18	11	9
Human Capital						
Number of employees (consolidated)	Persons	26,577	26,419	26,838	26,929	26,918
By Region						
(Japan)	Persons	19,800	19,616	20,015	19,856	19,909
(North America)	Persons	1,744	1,748	1,989	2,282	2,272
(Europe)	Persons	1,014	1,047	1,051	1,053	1,086
(Asia/Pacific)	Persons	4,019	4,008	3,783	3,738	3,651
By segment						
(Housing)	Persons	11,182	11,017	11,368	10,991	10,717
(Urban Infrastructure & Environmental Products)	Persons	4,959	4,897	4,537	4,640	4,739
(High Performance Plastics)	Persons	7,541	7,506	7,964	8,111	8,178
(Medical)	Persons	2,160	2,214	2,127	2,264	2,262
Diversity (non-consolidated)						
Ratio of female new-graduate recruitment*1	%	34.1	22.2	28.1	31.4	28.1
Ratio of mid-career recruitment/of which the ratio of female*2	%	15.4/8.7	21.4/13.6	39.9/15.3	42.7/16.7	47.5/22.4
Ratio of female managers	%	4.3	4.3	4.5	4.9	5.3
Ratio of female directors (as of the end of the general meeting of shareholders)	%	10.0	10.0	25.0	25.0	25.0
Employment ratio of people with disabilities	%	2.7	2.5	2.3	2.4	3.1
Ratio of those who took childcare leave Female/Male	%	95.8/34.6	100/47.3	100/68.1	97.1/69.8	92.9/90.1
Retention rate (non-consolidated)*3	%	98.0	97.5	97.0	97.5	97.8
Career and human resources development						
Employee Challenge Action Rate*4	%	-	51	47	48	56
Results of intra-group job postings, No. of transferees / No. of recruits	Persons	28/54	70/80	45/101	52/157	71/171
No. of participants for internal application-based training program in Japan (Innovation School)	Persons	Not conducted	102	102	54	63
Hours of training per full-time employee (non-consolidated)*5	Hours	6.3	7.1	6.1	6.2	6.8
Rate of successor candidate preparation*6	%	-	50.5	67.7	92.4	88.1

\*1 New-graduate recruitment: Employees who joined the Company for the first time after graduation (undergraduate degree, graduate school, etc.) with no working experience. \*2 Mid-career recruitment (experienced personnel hires) ratio: Ratio of mid-career hires to all hires

\*3 Retention rate: (1- (Number of employees who left employment/Number of employees as of April of the fiscal year)) ×100

\*4 The percentage of respondents who answered "applicable" or "somewhat applicable" to the question "I am taking specific challenging actions toward the realization of Vision 2030."

\*5 Educational programs held at SEKISUI CHEMICAL's Human Resources Department at Corporate Headquarters

\*6 Number of successor candidates to the most senior business leader post/Number of the same post

Please refer to the Sustainability Report for detailed non-financial data



## Key Financial and Non-financial Data

### Non-financial Data

Environment		FY2020	FY2021	FY2022	FY2023	FY2024
GHG emissions from the supply chain	Kt-CO <sub>2</sub>	4,674	5,086	4,573	4,340	4,423
Scope 1 + Scope 2	Kt-CO <sub>2</sub>	751	743	655	583	538
Japan	Kt-CO <sub>2</sub>	304.3	296.4	256.0	234.8	208.0
Overseas	Kt-CO <sub>2</sub>	446.9	446.9	399.2	348.3	330.3
Scope 3	Kt-CO <sub>2</sub>	3,923	4,343	3,918	3,757	3,885
Energy use during manufacturing (Japan)	TJ	3,281	3,507	3,258	3,130	3,060
Energy use during manufacturing (Overseas)	TJ	5,842	6,922	6,658	6,530	6,528
Renewable energy ratio of purchased electricity	%	7.2	19.7	36.4	49.5	61.0
Production site waste generation	1,000 tons	67.6	68.9	71.2	64.9	67.7
Production site waste recycled	1,000 tons	58.4	63.2	63.1	58.0	60.8
Waste generated on construction sites of new housing (Japan)	Tons per unit	2.49	2.23	2.17	2.04	2.00
Water intake volume at production sites (Japan)	1,000 m <sup>3</sup>	13,719	14,247	13,449	13,276	14,062
Water intake volume at production sites (Overseas)	1,000 m <sup>3</sup>	6,167	7,290	7,319	7,571	7,475
COD discharge (Japan)	Tons	62.1	69.5	58.7	71.1	64.5
Discharge of volatile organic compounds (VOCs) into the atmosphere (Japan)	Tons	680	609	560	1,028	724

Internal Control						
Safety						
Occupational accidents (Fatal occupational accidents)	Accidents	75 (1)	68 (0)	74 (0)	74 (0)	73 (0)
Incidents attributable to machines and equipment (Serious facility accidents)	Accidents	7 (0)	4 (0)	4 (0)	8 (0)	10 (0)
Frequency rate over time* <sup>1</sup>		0.20	0.39	0.29	0.96	0.64
Quality						
Occurrences of major quality issues	Accidents	2	1	2	1	0
External failure costs (FY2021 = 100)* <sup>2</sup>		-	100	79	75	78
Legal/Ethical, Accounting						
Serious non-compliance and negligence	Accidents	0	0	0	0	0
Information management						
Cyber security incidents* <sup>3</sup>	Accidents	0	0	0	0	0

\*1 The total number of injuries, illness and fatalities in occupational accidents with lost time per 1,000,000 hours of total time worked during a given fiscal year (April through the following March)

\*2 Costs arising from responding to product-related complaints

\*3 Serious impact from incidents such as virus infection, information leakage, or core system outages resulting from external cyber attack

# Corporate Information and Stock Information As of March 31, 2025

## SEKISUI CHEMICAL CO., LTD.

Osaka Head Office: 4-4, Nishitenma 2-chome, Kita-ku, Osaka

Tokyo Head Office: 10-4, Toranomon 2-chome, Minato-ku, Tokyo

Founded: March 3, 1947

Employees: 26,918

Consolidated Subsidiaries: 145

Affiliates (Equity Method): 6

Paid-in Capital: ¥100,002,375,657

Fiscal Year: April 1 to March 31 of the following year

Accounting Auditor: KPMG AZSA LLC

Listings: Common stock listed on the Tokyo Stock Exchange

Stock Ticker Number: 4204

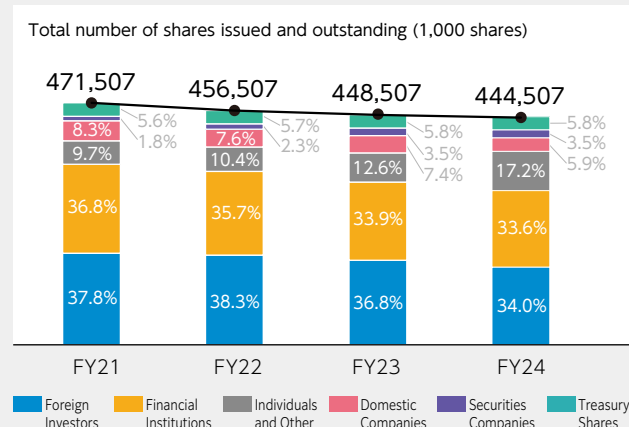
Number of Shareholders: 115,858

Manager of the

Register of Shareholders: Mitsubishi UFJ Trust and Banking Corporation

Issued: 444,507,285 shares

## Issued shares and breakdown of shareholders



## Major external evaluations conducted during FY2024

### ESG indices

- Earned selection to the Dow Jones Best-in-Class World Index
- Earned selection to the FTSE4Good Index Series
- Earned selection to the FTSE Blossom Japan Index
- Earned selection to the FTSE Blossom Japan Sector Relative Index
- Earned selection to the Morningstar Japan ex-REIT Gender Diversity Tilt Index
- Earned selection to the MSCI ESG Leaders Indexes
- Earned selection to the MSCI Japan ESG Select Leaders Index
- Earned selection to the MSCI Japan Empowering Women (WIN) Select Index
- Earned selection to the S&P / JPX Carbon Efficient Index

### Stock Information

[https://www.sekisuichemical.com/ir/stock/stock\\_info/](https://www.sekisuichemical.com/ir/stock/stock_info/)

### External evaluations

[https://www.sekisuichemical.com/sustainability\\_report/external\\_evaluations/](https://www.sekisuichemical.com/sustainability_report/external_evaluations/)

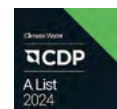
### ESG-related Ranking, Awards

#### CSR in General

- Earned selection to the top 10% S&P Global sustainability rating
- Ranked 69th in the 2025 Toyo Keizai CSR Ranking

#### Environment

- Acquired an "A" at CDP 2024 for information disclosure in both the 'climate-change' and 'water-security' divisions, and an "A-" in the 'forests' category
- Selected as a "Supplier Engagement Leader", receiving the highest rating, in the CDP 2024 Supplier Engagement evaluation.
- Reacquired certification from the SBT (Science-Based Targets) Initiative for the 1.5°C GHG reduction target (March 2023)
- Achieved the highest rating in the Development Bank of Japan's DBJ Environmental Ratings



In March 2025, we received environmentally rated financing from the Development Bank of Japan (DBJ), rated as "particularly advanced in our commitment to environmental considerations."

## Regarding the Publication of the Integrated Report 2025 (Year Ended March 31, 2025)



### Ikusuke Shimizu

Representative Director,  
Senior Managing Executive Officer,  
Responsible for ESG Management Department,  
Corporate Communication Department,  
New Business Development Department and  
Life Science Business Development Department,  
Head of Business Strategy Department

Vision 2030 presents the Group's vision statement of Innovation for the Earth, which expresses the Group's drive to use innovation that addresses social issues as a means of continuing to create peace of mind not just today, but for generations to come. In this Integrated Report, we focus on our innovations, such as perovskite solar cells, and explain the growth story of our Group, which aims to achieve a sustainable society and sustainable enhancement of corporate value by solving social issues.

In editing this report, we have tried to reflect as much as possible the suggestions and opinions we received through dialogue with stakeholders.

We hope this Integrated Report will serve as a tool for understanding SEKISUI CHEMICAL Group more deeply and contribute to constructive dialogue. We will continue to provide investors with detailed and easy-to-understand explanations while working to increase our corporate value.

## SEKISUI CHEMICAL CO., LTD.

2-10-4 Toranomon, Minato-ku, Tokyo  
105-8566 Japan

<https://www.sekisuichemical.com/>

Investor Relations Group,  
Business Strategy Department

<https://www.sekisuichemical.com/ir/support/contact/>