

Corporate Governance

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



Kazuya Murakami
Director, Executive Officer

Haruko Nozaki
Outside Director

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.

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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

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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



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

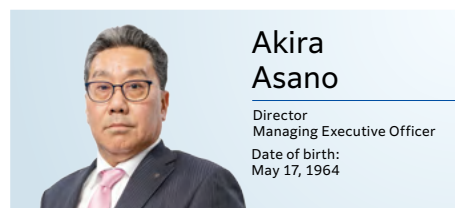


Number of Shares of the Company Owned: 98k shares
Tenure as Director: 11 years **N** **D**

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.



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.



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



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



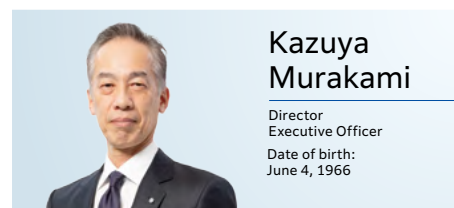
Number of Shares of the Company Owned: 22k shares
Tenure as Director: 1 year

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

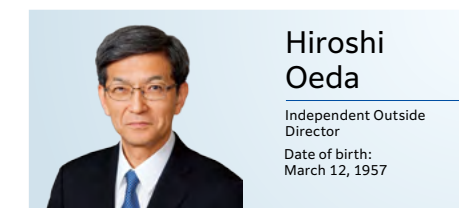


Number of Shares of the Company Owned: 17k shares
Tenure as Director: 4 years **D**

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



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

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.

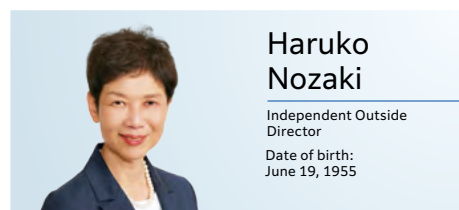
Important Concurrent Positions at Other Organizations

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

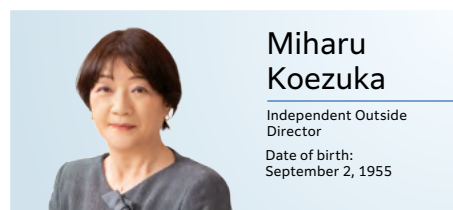
Number of Shares of the Company Owned: —
Tenure as Director: 3 years



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



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



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



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



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



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

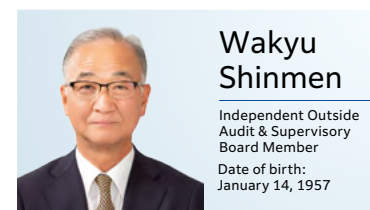
Number of Shares of the Company Owned: —
Tenure as Audit & Supervisory Board Member: 3 years



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



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



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

Specialty 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.

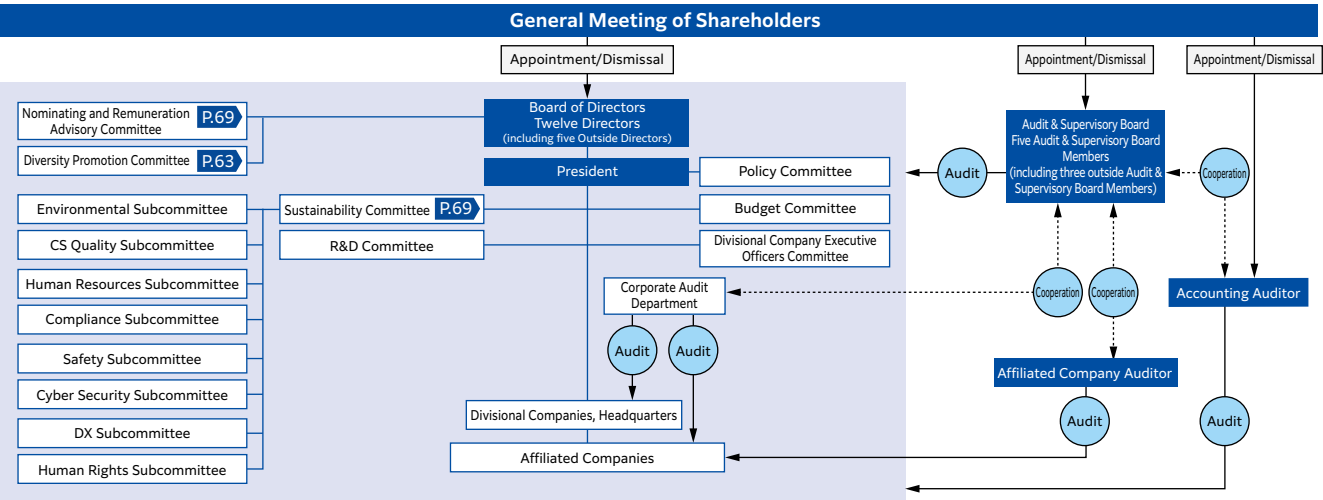
Corporate Governance

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.

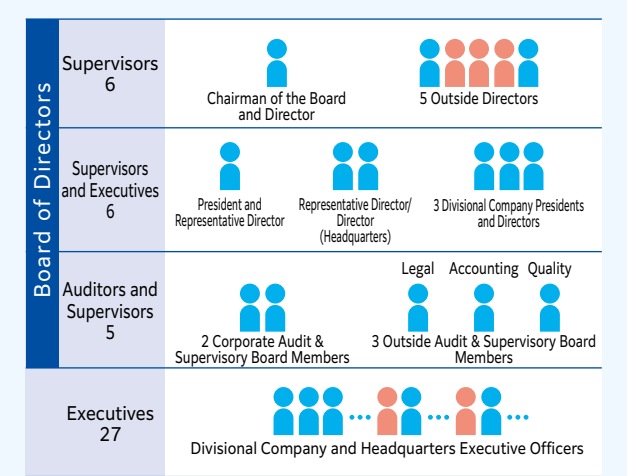
Organizational structure	A company with an Audit & Supervisory Board
Total number of directors*	12 (In-house: 7; Outside: 5) including 3 female directors
Ratio of outside (independent) directors	41.7%
Ratio of female directors	25.0%
Director's term of office	1 year
Executive officer system introduced	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.sekisuicheical.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

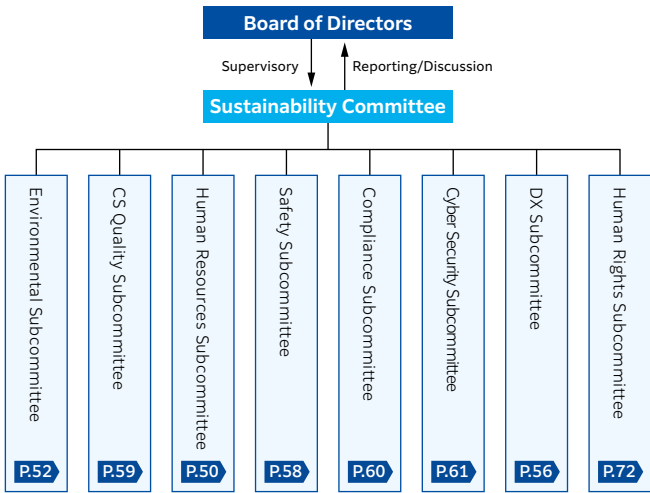
Supervision and planning for SEKISUI CHEMICAL Group President' successor is conducted in appropriate consideration of its management principles and strategies. To enhance the objectivity, timeliness, and transparency of the procedures, the Nomination and Remuneration Advisory Committee deliberates on 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.

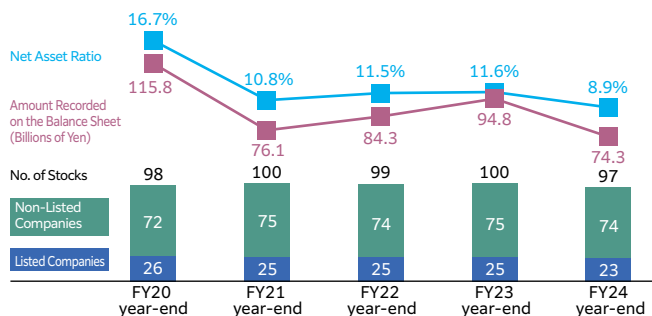
As of the end of March 2025, the Company did not hold any stocks for pure-investment purposes, such as solely for gaining profits from share price fluctuations or from related dividends.

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

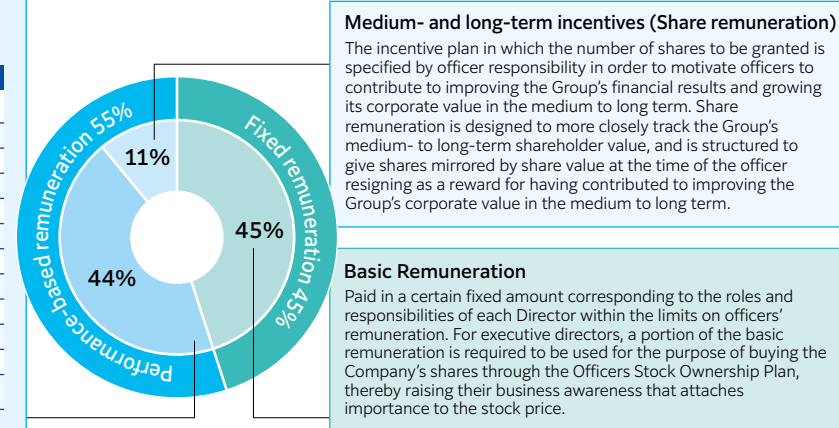
Compensation for the Company's executive directors consists of basic remuneration (fixed remuneration), bonuses (short-term incentives), and share remuneration (medium- to long-term incentives). Remuneration for Outside Directors and corporate auditors consists solely of basic remuneration.

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

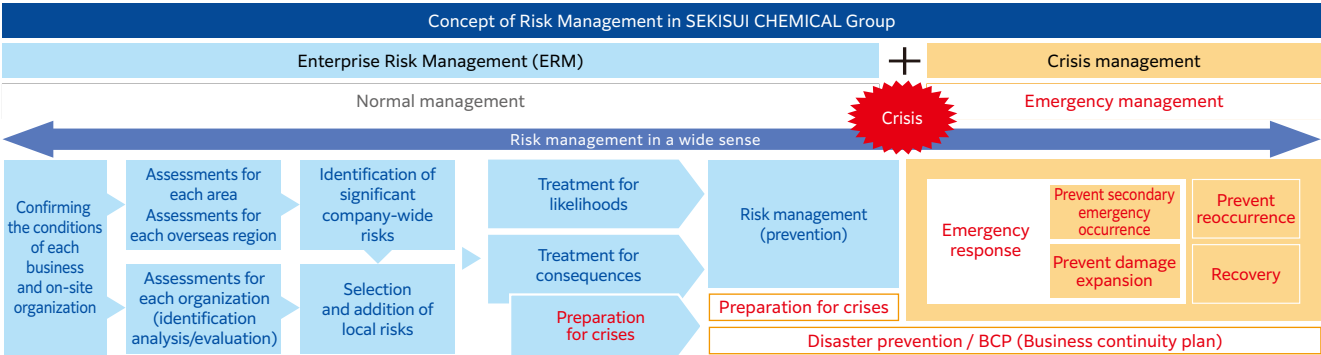
Note: The amount paid to officers does not include the portion of employee salary (including bonus) amounting to ¥47 million for directors who concurrently serve as employees.

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.

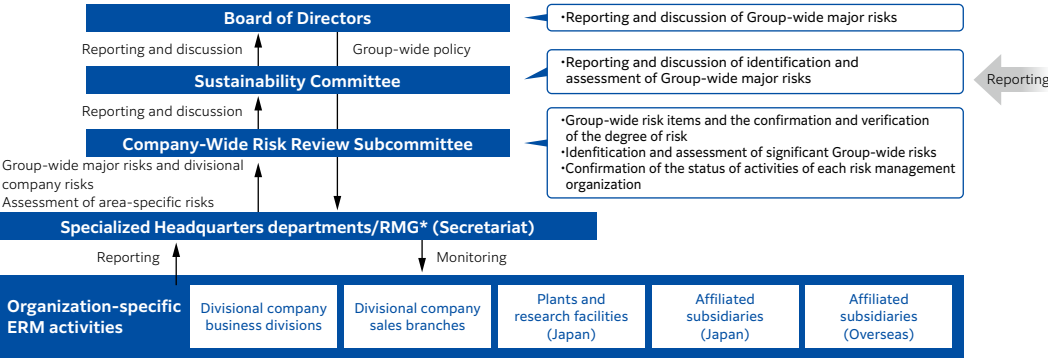
In organizational risk management activities, we have introduced a unique global risk management system called DDB (Digital Dashboard) to visualize the identification, assessment, and progress of responses to various risks. The status and progress of responses to each risk are databased, ensuring the 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

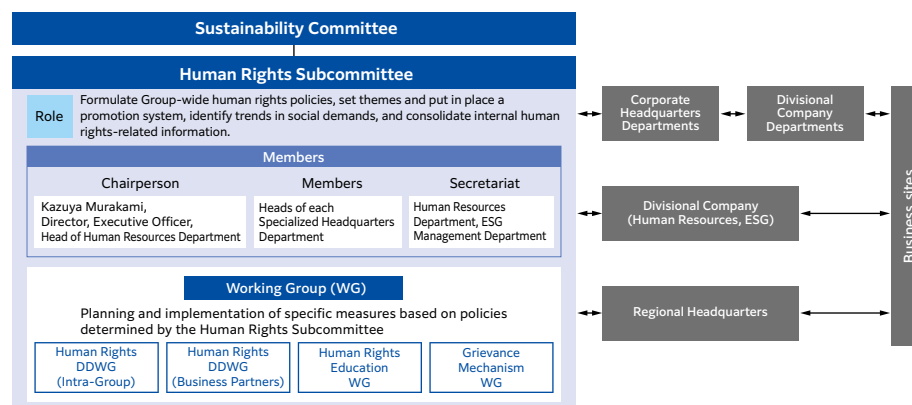
SEKISUI CHEMICAL Group recognizes its responsibility to respect the human rights of all people affected by its business activities. In order to strengthen our sustainable management foundation, we believe it is necessary to take action to respect the human rights not only of our Group employees, but 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

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

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

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

Target risks	<ul style="list-style-type: none"> Whether they fund armed insurgents Overall human rights violations, including child labor
Target regions	<ul style="list-style-type: none"> CAHRAs (EU Conflict Mineral Regulation): 28 countries The Democratic Republic of Congo and neighboring countries: 10 countries Total: 34 countries (due to duplication)
Target minerals	3TG (tantalum, tungsten, tin and gold) + cobalt, mica
Target raw materials	Raw materials containing target minerals
Report contents	<ul style="list-style-type: none"> Number of companies and products about which customers have made inquiries List of raw materials, names of target minerals, refineries, countries of origin, etc. High risk level, response