

CSR Report
2019

Corporate Social Responsibility Report

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Editorial Policy

Editorial Policy

- “The CSR Report 2019” is published with the goals of informing stakeholders about Sekisui Chemical Group's social responsibilities and the various initiatives in which it is involved to resolve social issues and of increasing public understanding of the Group's activities.
- The report consists of the CSR philosophies set forth in Sekisui Chemical Group's CSR Medium-term Plan drawn up in 2017, namely “Three Prominences (“Environment,” “CS & Quality,” and “Human Resources”),” “Pledge to Society” (“Working Environment,” “Safety,” and “Compliance and Respect for Human Rights”), “Stakeholder Engagement,” and “Governance” — along which lines this report has been built.
- The information posted here has been decided upon in reference to various report-drafting guidelines, based on internal and external surveys and third-party reviews, and in consideration of what is important for both society and Sekisui Chemical Group.
- “The CSR Report 2019” has been edited with an anticipated readership of all stakeholders involved with Sekisui Chemical Group, particularly institutions that evaluate ESG and long-term investors.
- In order to ensure that information is both comprehensive and easy to read, this CSR Report 2019, which contains all information relating to the CSR activities of Sekisui Chemical Group, has been centrally consolidated and posted to the CSR section of the Company's website. The Report is provided in the two PDF and HTML formats. The “CSR Report 2019 PDF Edition”, which has the same content as the Web Edition, can be obtained from the PDF download page.
- The standards used for calculating the major reported performance indicators are compiled together and listed after each set of performance data.
- To ensure reliability, the environmental and social information in the Japanese version of “CSR Report 2019 PDF Edition” has been assured by a third-party organization.

Guidelines Used for Reference, etc.

- GRI Standards 2016
- The Ministry of the Environment's “Environmental Reporting Guidelines (2018 Edition)”
- ISO26000 (Guidance Regarding Social Responsibility)
- 10 Principles of the United Nations Global Compact

Scope of the CSR Report 2019

Scope of This Report

- Entities Encompassed by This Report** :The basic function of this Report is to comment on the activities of Sekisui Chemical Group, focusing chiefly on the business facilities that play key roles in those activities.
- Timeframe Encompassed by This Report** : April 2018-March 2019 (Includes some activities that occurred outside this timeframe.)
- Published** : June 2019 (Previous report was published July 2018 / Next report is scheduled for publication in July 2020)

Scope of Independent Practitioner's Assurance

The environmental and social information in the Japanese version of “CSR Report 2019 PDF Edition” has been assured by a third-party organization. Information that falls within the scope of independent practitioner's assurance is identified by a  mark. Please refer to page 351 of the Independent Practitioner's Assurance Report for details.

Disclaimer

Readers are requested to note the following: The information in the “CSR Report 2019” includes not only past and present facts concerning Sekisui Chemical Co., Ltd, and its affiliates but also future forecasts based on current plans and projections and management plans and management policies as of the time of publication. Changes in various factors could cause the results of business activities in the future and other circumstances to differ from these forecasts. Also, since the figures in the tables and graphs contained in this report have been adjusted through rounding off and other means, in some cases total figures may not be equal to the sums of their parts. In addition, for some items data for past fiscal years has been revised in line with expansion in the scope of summation, revision of calculation methods, and changes to environmental load coefficients.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Top Message



Sekisui Chemical Group engages in business activities underpinned by the “3S principles” embodied in its Corporate Philosophy and is guided by its Group Vision of “contributing to the improvement of people’s lives around the world and the Earth’s environment.” To realize the Group Vision, we have endeavored to solve social issues through our prominent technology and quality while contributing to the SDGs aimed at realizing a sustainable society. Moreover, we have positioned ESG (Environment, Social, and Governance) concerns at the heart of our management strategies so that we may continue to give back significantly to stakeholders by creating meaningful social value and remaining a corporate group with a strong presence.

Sekisui Chemical Group positioned fiscal 2018, the second year of its SHIFT2019 -Fusion- medium-term management plan, as a core year and worked diligently to pursue the Plan’s SHIFT (Sustainable, Human resources, Innovation, Frontier, Transformation) focus.

As a result, Sekisui Chemical Group achieved record-high net income for a sixth consecutive year owing to sales growth for high-value-added products and releasing new items. As for new businesses, we have engaged in urban development activities involving ASAKA Leadtown at the old Tokyo Plant site and saw progress in the development of large-scale biorefinery operations that transform waste into ethanol. We anticipate that these businesses will accelerate further going forward. Meanwhile, as far as the future is concerned, we assume operating conditions will remain severe on the whole, as a rapid recovery in automobile and smartphone production volumes looks unlikely, while the consumption tax hike is expected to impact new housing starts in Japan. Nevertheless, we aim for record-high profits in fiscal 2019 by pursuing M&A, strategic investment, forward-looking investment (including new product/business creation) and constant structural reform.

We are steadily advancing ESG initiatives that include acquiring certification under the SBT Initiative aimed at reducing greenhouse gases, increasing the percentage of revenue from Environment-Contributing Products that facilitate the achievement in SDGs, reducing the incidence of occupational injuries, promoting health and productivity management, expanding the legal functions of the Asia/Oceania regional headquarters, and revising our human rights policies. We will accelerate our initiatives to reach the targets under the medium-term management plan in fiscal 2019, the final year.

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There are currently many unprecedented global social problems such as climate change, deteriorating social infrastructure, raw resource/energy issues, and super aging societies. However, we are confident that we can leverage our prominent technology and quality to make a significant contribution to solving these issues.

Looking ahead, Sekisui Chemical Group will implement our Corporate Philosophy “3S principles” and Group Vision to directly deal with global social problems and, in turn, help create a sustainable society.

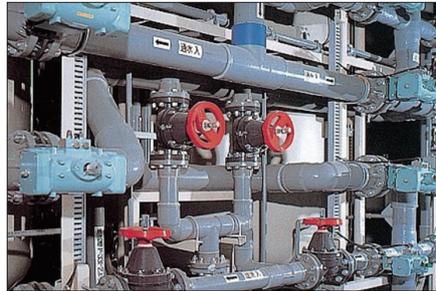
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Our Company

Globally rolling out diverse businesses that create social value based on three Group companies



Housing Company



Urban Infrastructure & Environmental Products Company

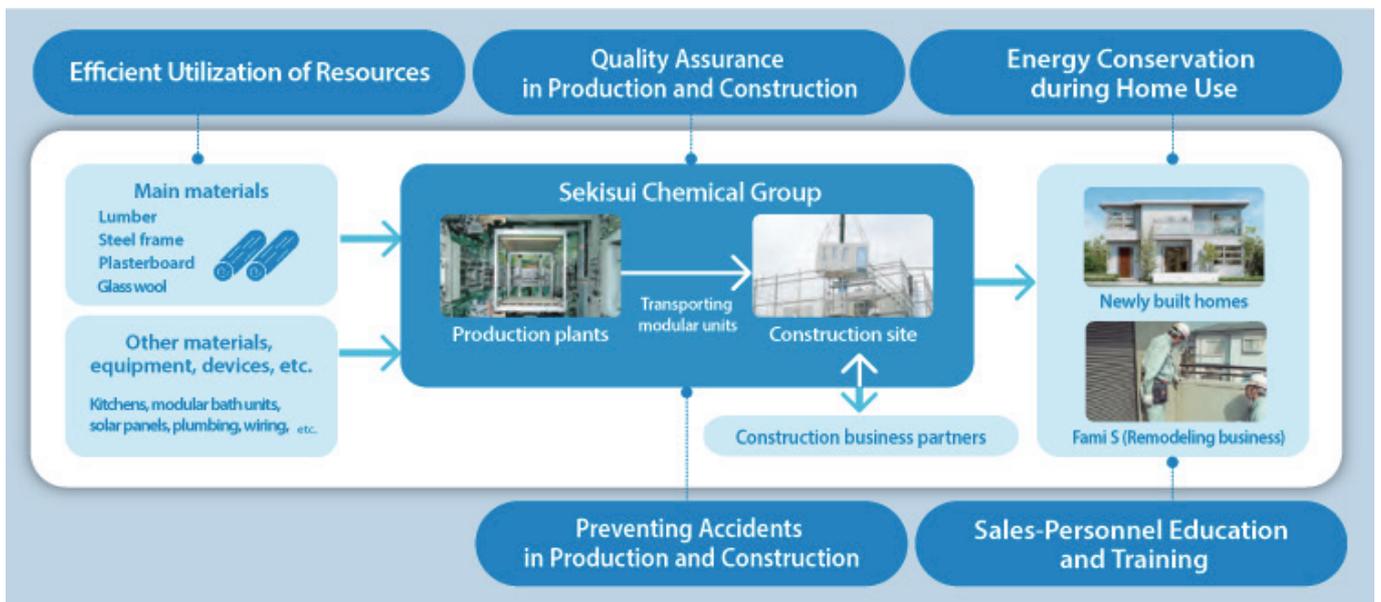


High Performance Plastics Company

Housing Company

- Housing business : Steel-framed unit housing "Sekisui Heim," wooden-framed unit housing "Sekisui Two-U Home," land for sale in lots
- Housing Renovation business : "Sekisui Fami-S"
- Real Estate business : Second-hand distribution, rental management
- Residential Services business : Homes for the elderly with services, interiors, exteriors, etc.

Business Value Chain



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Urban Infrastructure & Environmental Products Company

Pipes and Infrastructure field

: PVC pipes and joints, polyethylene pipes and joints, plastic valves, pipe rehabilitation materials and methods, reinforced plastic complex pipes, water tanks

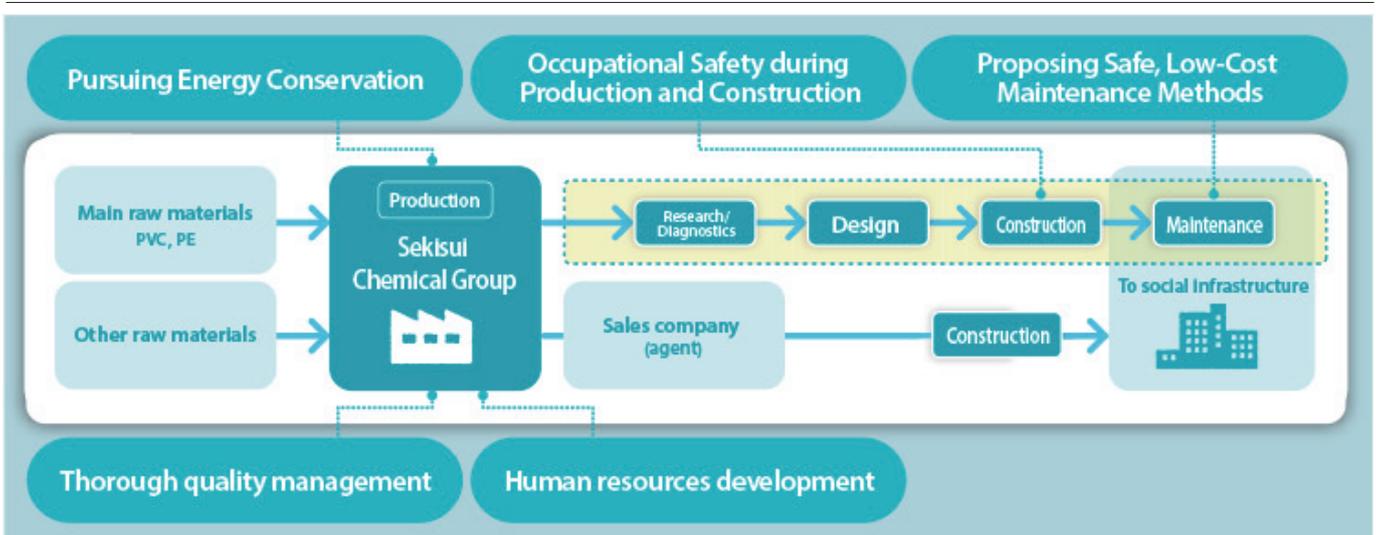
Building and Living environment field

: Construction materials (guttering, exterior materials), heat-resistant materials, functional mats, care instruments, bathroom units

Advanced Materials field

: Decorative seats, synthetic wood (FFU), thermoplastic CFRP, soundproof vibration-suppressing materials, blow containers, farming and construction materials

Business Value Chain

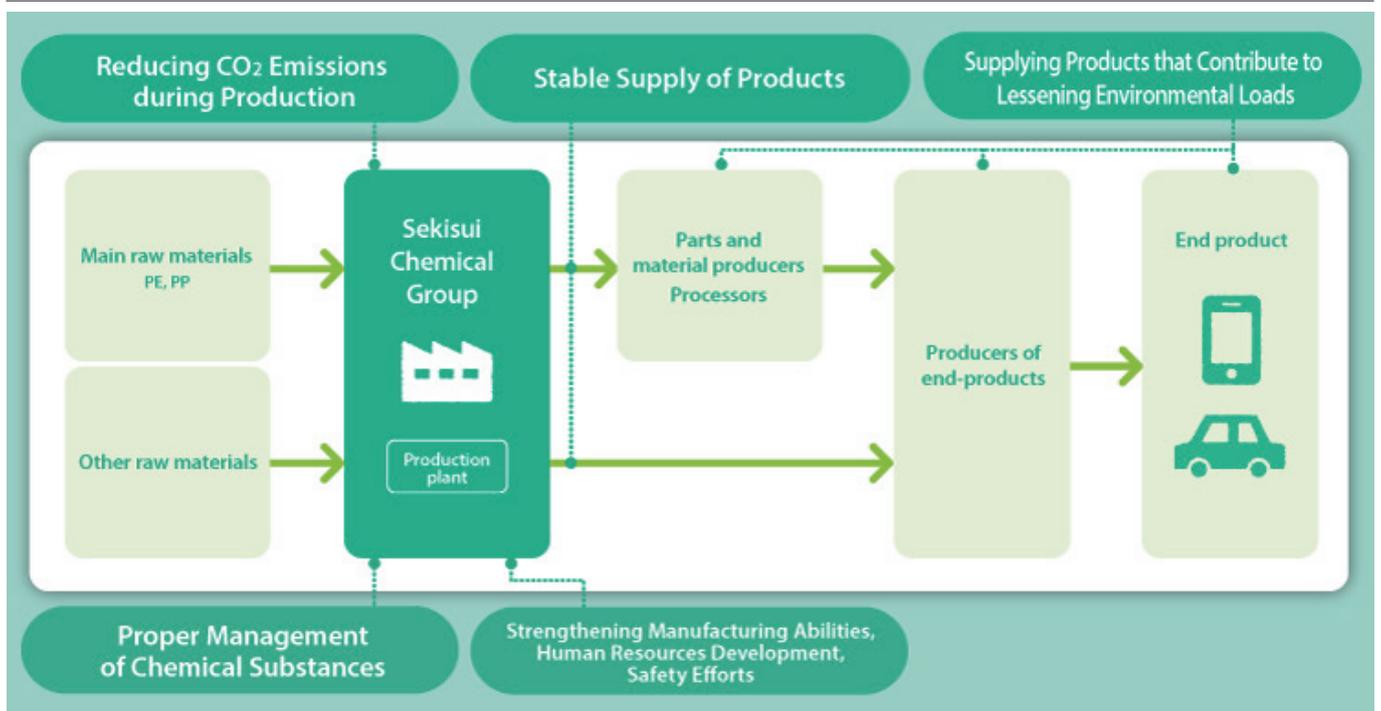


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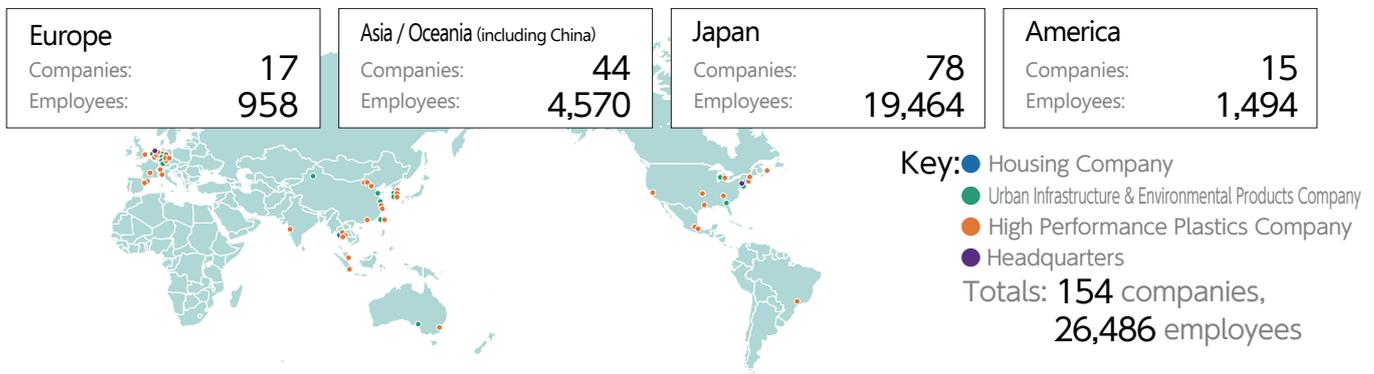
High Performance Plastics Company

- Electronics field** : Liquid crystal particles, photosensitive materials, semiconductor materials, optical film, industrial tape
- Automobiles and Transportation field** : Interlayer film for laminated glass, foam polyolefins, vehicle resin and rubber molded products, industrial tape, heat dissipation materials (grease and sheets)
- Building and Infrastructure field** : Functional resin for infrastructure materials, flame-resistant materials, foam polyolefins, non-flammable polyurethane, polyurethane, livestock panels
- Life Science field** : Reagents, examination instruments, pharmaceuticals, drug manufacture support business, hygiene materials
- Other industrial fields** : Adhesives, wrapping tape, plastic containers, polyvinyl alcohol resin

Business Value Chain



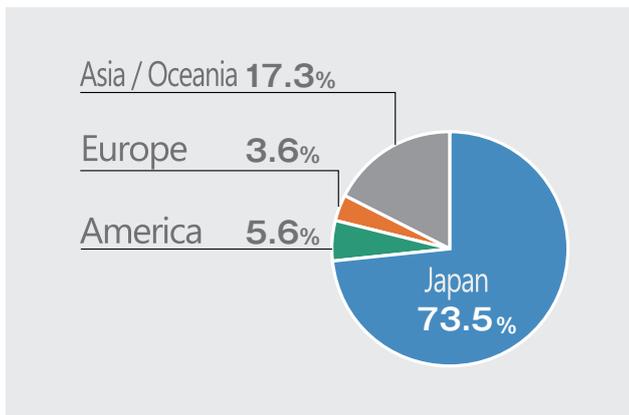
Sekisui Chemical Group Worldwide



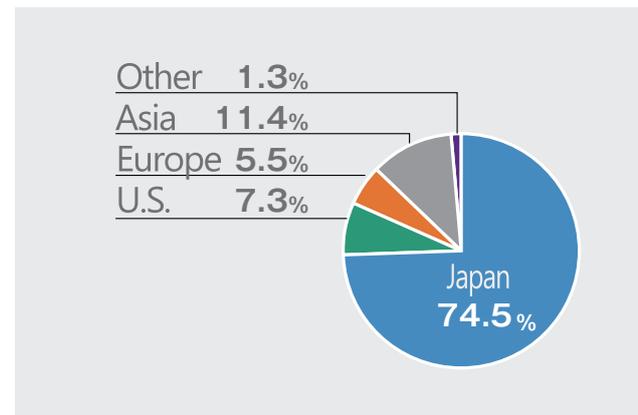
* Figures current as of the end of March 31, 2019 (on a consolidated basis)

Business Data

Number of employees by region



Sales by region



See the fact book for details of the management indices.

Fact Book

<http://www.sekisuichemical.com/ir/library/fact/index.html>

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Our Approach to CSR

Promoting Activities That are in Tune with Business Strategies as Part and Parcel of Efforts to Put into Effect the "3S Principles" of the Group's Corporate Philosophy

Basic Stance

CSR at the Heart of the Group's Management Strategy

Contributing to society and creating value through its business activities, lies at the heart of Sekisui Chemical Group's CSR activities. Put another way, promoting CSR activities is essential to realizing the Group's vision and the "3S Principles." By positioning CSR at the center of our management strategy, we remain convinced that we will raise the quality of corporate management.

With this understanding, we work proactively to fulfill our CSR regardless of the business environment in order to achieve sustainable growth and innovation in our businesses. We must continue to change and evolve.

Key Themes

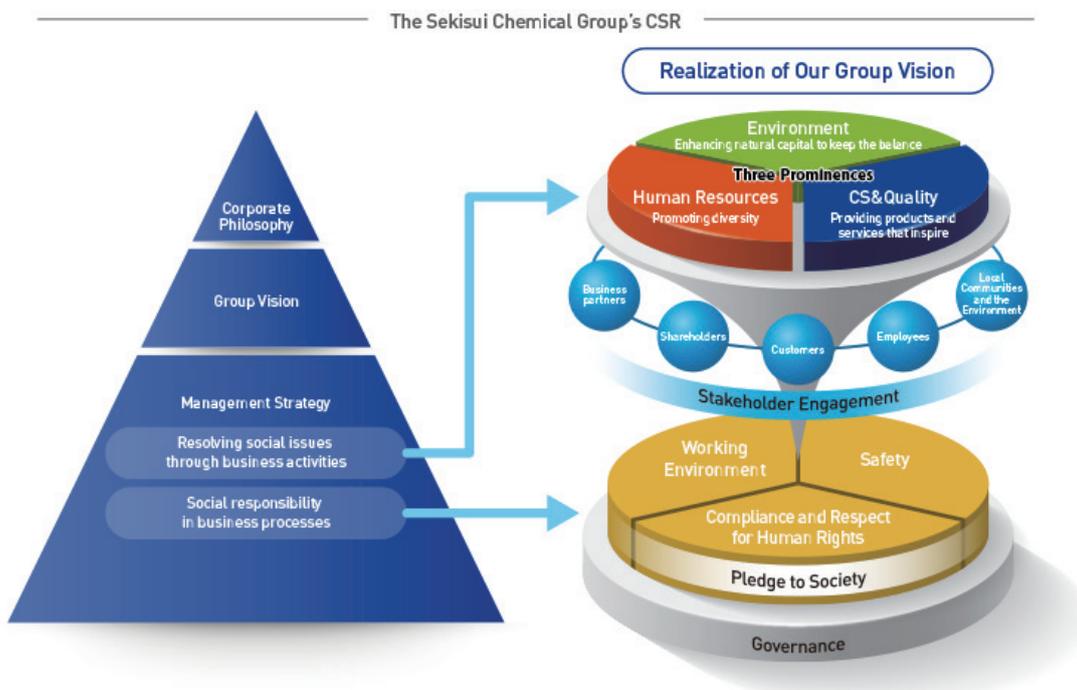
Three Prominences, Pledge to Society, Governance, and Stakeholder Engagement

Sekisui Chemical Group has positioned CSR, and in particular "resolving social issues through business activities" as well as "promoting social responsibility in business processes" at the heart of its management strategy.

Through constructive dialogue with stakeholders, who we see as partners in the creation of value, we are working to incorporate expectations and demands into our management and operations.

Recognizing that governance provides the underlying strength for all of the Group's operations, we are building the necessary structure and systems to earn the trust of society.

With a robust governance structure and systems as its platform, Sekisui Chemical Group maintains its pledge to society to act responsibly in terms of safety, compliance and respect for human rights, and its working environment across all business processes. Moreover, the Group will endeavor to resolve social issues through its business activities across its Three Prominences in the environment, CS & Quality, and human resources. In this manner, Sekisui Chemical Group will realize its Group Vision.



CSR Promotion System

Promoting CSR Across the Group as a Whole in an Effort to Increase Corporate Value

CSR Committee / Subcommittee Structure

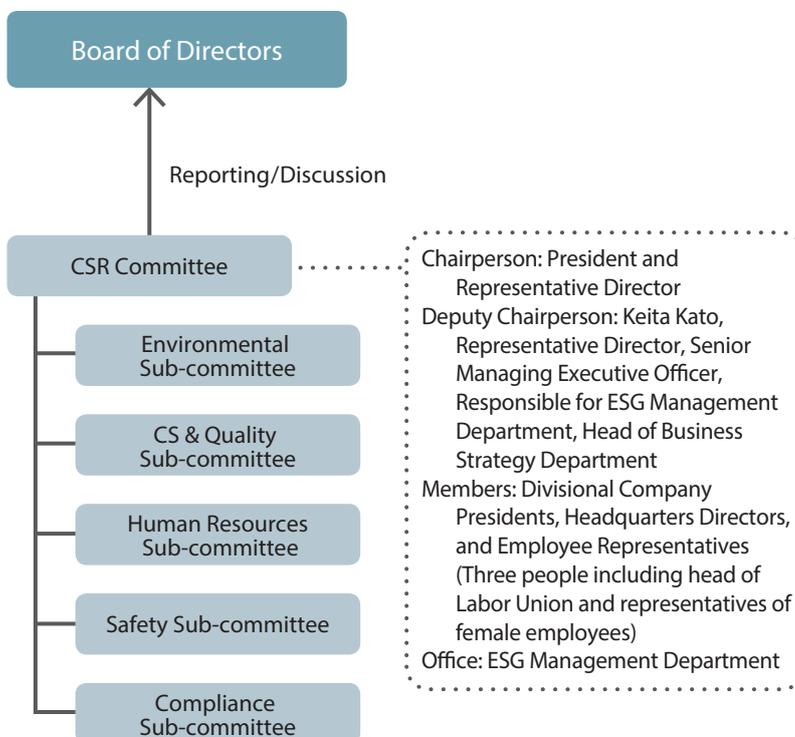
The CSR Committee, with Participation by Top Management and Employee Representatives

As a venue for deliberation on CSR, Sekisui Chemical Group has set up the CSR Committee. Under the umbrella of this Committee, the Group has established five subcommittees covering the environment, CS & Quality, human resources, safety, and compliance.

Chaired by the President, the CSR Committee's membership also includes the Senior Managing Executive Officer Responsible for the ESG Management Department and head of Business Strategy Department serving as deputy chairperson, the presidents of the Housing Company, the Urban Infrastructure & Environmental Products Company, and the High Performance Plastics Company, representatives from the Headquarters R&D, CS & Quality, and Human Resources Departments, and three employee representatives, including the chairperson of the central executive committee of the Sekisui Chemical Labor Union. All members of the CSR Committee are working diligently to improve committee deliberations and measures.

Meetings of the CSR Committee and each of its sub-committees are held twice a year, with key items reported on during the sub-committee meetings reviewed by the CSR Committee and reported to the Board of Directors for further deliberation.

CSR Committee / Subcommittee Structure



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Basic Policies Regarding CSR

We have determined all policies that presume CSR activities such as "environment management," "CS & Quality management," and "personnel policies," etc.

| Sekisui Chemical Group "Environment Management Policy"

Mission

We, Sekisui Chemical Group, aim to be a Global Environmental Top Runner that contributes to the realization of a sustainable society by enabling the continuous growth and co-existence of ecology and the economy.

Basic Policy

Each company in Sekisui Chemical Group advances approaches that contribute to the prevention of global warming, the preservation of biological diversity and the construction of a recycling-based society in all countries and regions where they have operations, in order to leave this beautiful earth for our children in the future.

1. We contribute to the environment through our products and services, with consideration given to the environment in all stages of the product life cycle from research to procurement, production, sales, use, and disposal as waste.
2. We carry out environmentally conscious business activities in all our workplaces and offices, and promote our approach to the environment through cooperation with our customers and business partners.
3. We make efforts to reduce the environmental impact of greenhouse gas emissions and hazardous chemicals, etc., and to prevent pollution by promoting the effective use of limited resources and energy.
4. We observe the related laws, regulations, international rules, etc.
5. We make efforts to improve environmental consciousness through education, and advance continual improvements by setting our own objectives and targets.
6. We enhance confidence through close communications with society.
7. We aggressively work on social contribution activities such as nature conservation activities in each region.

| Sekisui Chemical Group "CS & Quality Management Policy"

Mission

We, Sekisui Chemical Group, consider "CS & Quality" as our central concept of management and will consistently innovate to maintain the quality of products throughout all our activities, continuously provide values (goods and services) that meet customer expectations, strive for selection by our customers on an ongoing basis, and develop and grow with the customer over the long time.

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Basic Policy

We, Sekisui Chemical Group, consider "Customer's Feedback" as precious resources for management and strive to innovate about "Quality of Products," "Quality of People" and "Quality of Systems" based on the motto "We consider customer's feedback as the beginning of our manufacturing." Furthermore, we contribute to the realization of a safe and affluent society by continuously providing our customers and their communities with new value.

1. Ensuring basic qualities

To ensure the reliability and safety of our manufactured products, which form the basis of "Product Quality," we effectively leverage customer's feedback and dedicate ourselves with a strong belief in forestalling any potential trouble and preventing any future recurrence throughout our entire value chain.

2. Creating attractive qualities

We aim to share the emotional values of our customers by thoroughly pursuing "what the customer value" and constantly creating attractive products and services that should realize such customer values.

3. Upgrading technological capabilities

For the sake of ensuring Basic Qualities and for creating Attractive Qualities, we are upgrading our technological capabilities in all fields in order to achieve superb manufacturing development.

4. Enhancing communications

We value communication with our customers and the community and make sincere efforts when dealing with them as well as complying with the relevant laws and regulations in each country and region. We place special emphasis on resolving customer complaints or claims at an early stage by responding promptly and empathetically.

5. Providing thorough employee education

To gain and maintain the full trust and impression of our customers, we provide employees with continuous CS & Quality education as well as motivating our employees to achieve self-realization through customer satisfaction.

| Sekisui Chemical Group "Personnel Policy"

Mission

Based on our belief that "employees are precious assets bestowed on us by society," we, Sekisui Chemical Group, are committed to developing an environment where employees can work enthusiastically. We also offer various opportunities through which we help individual employees enhance their "specialties" and grow personally.

With the recognition that it is our social responsibility to protect individual human rights, we respect the diversity, personality and individuality of each person, and promote various working styles as well as creating safe and secure working environments in response to conditions in each country and region.

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Basic Policy on Human Resources

1. Creating opportunities for employees to take on new challenges

We encourage employees to exceed their performance goals and actively take on new challenges.

2. Corporate culture fostering individual learning and growth

We strive to enrich our education/training programs and develop a corporate culture that fosters individual learning and growth.

3. Continuous enhancement of performance and remuneration systems

We recognize our employees' personal commitment and strive to constantly improve the fairness and acceptance of our assessment systems regarding performance and processes.

4. Understanding and inclusivity of various working styles

We respect various values and working styles and strive to provide an environment where every employee can work with enthusiasm and achieve a balance between life and work.

5. Creating safe and secure working environments

We ensure that our employees work in a safe environment.

Workplaces that support teamwork and communication

We strive to offer an environment where all colleagues can work effectively and communicate together with respect.

Harassment Prevention Guidelines

We never commit sexual harassment or other actions that stain personal character.

1. We do not commit sexual harassment or any conduct that might be misunderstood as sexual harassment.
2. We do not misuse the power of a superior position nor use any language or conduct that could sexually annoy any person. In addition, we prevent other employees from using such offensive language or conduct.

Diversity Management Policy

Diversity is essential to maintain our strong corporate presence for 100 years and beyond. We understand and recognize that every employee's orientation to work and life, and their personal strengths are different and thus we use this to our advantage. Through employee dialogue, we will strengthen our organizational culture by providing employment, opportunities for development and an enhanced working environment to support growth.

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Statement of Work Style Reforms

We determine work methods that promote growth over time to enable each and every individual employee to manifest their personal "characteristics," and pursue highly productive work methods that maximize success. In order to improve productivity, the Company actively invests in management resources, and unifies managers and workers to coalesce their wisdom Companywide. We nurture work worth doing by improving the quality of the job, and promote workers' diverse activities by returning the success of reforms to them.

Declaration of Health

Sekisui Chemical Group has been engaged in health management initiatives for our employees based on our belief that "employees are precious assets bestowed on us by society." Sekisui Chemical endeavors to take these initiatives to the next level by treating the promotion of the health of our employees as a management strategy that is aimed at achieving the physical, mental, and social well-being of all employees.

Basic Policy for Health and Productivity Management

Strive to achieve the well-being of all employees, and create workplaces where a diverse personnel can play an active role with vitality.

- Practice a comprehensive health promotion program that encompasses everything from health management (defense) to improving (offense) the fulfillment and rewards of working.
- Focus on improving productivity by advancing the awareness and behavior of each and every employee.
- Encourage employees to make a proactive and ongoing effort to strive for well-being now and in the future.
- Strive to contribute to society by realizing the happiness of employees and their families, and our customers through the well-being of our employees.

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| Sekisui Chemical Group "Safety Policy"

Mission

We, Sekisui Chemical Group, recognize that employee safety is essential to achieving sustainable growth. We aim to be a "Safe and Secure" enterprise that establishes safe and secure working environments and has the full trust of its customers and the community as well as its employees.

Basic Policy

Based on the concept of human dignity that "everyone is invaluable," we "prioritize safety over anything else" as a basic rule in all of our business activities from development, production, construction to servicing. We are committed to promoting comprehensive safety activities with the aim of achieving zero occupational injuries, equipment-related accidents, commuting-related accidents or extended sick leave.

1. We strive to develop a safe and comfortable workplace where everyone is taken care of both mentally and physically, which should lead to good health for each of our employees whom we highly value.
2. We thoroughly disseminate the legal requirements concerning health and safety/disaster prevention to our employees to ensure compliance.
3. We carry out risk assessment and promote risk reduction measures in a systematic way to eliminate hazardous factors that compromise health and safety/disaster prevention.
4. We strive to raise awareness regarding health and safety/disaster prevention through employee education/training and promote continuous improvements by setting voluntary objectives/goals.
5. We proactively disclose any necessary information as well as gain a higher level of trust by having close communication with public administrations and local communities.

| Sekisui Chemical Group "Social Contribution Activities Policy"

As a good corporate citizen, we, Sekisui Chemical Group, engage in activities that focus on the "Environment," the "Next Generation," and "Local Communities," and contribute not only to business activities but also to society. All employees working for Sekisui Chemical Group are proactively involved in the society and act so that they can serve as prominent human resources in society as well. In addition, their activities are supported by each company of the Group in order to generate synergistic effects.

| Sekisui Chemical Group "Basic Procurement Policy"

Sekisui Chemical Group will perform its procurement of goods according to the following five basic ideas (openness, impartiality and fairness, compliance with laws and regulations, mutual trust, and environmental considerations). We will strengthen our harmonious and mutually beneficial partnership with our business partners through fair transactions. Also, Sekisui Chemical Group will engage in the promotion of CSR activities through the cooperation of business partners in the Group's procurement activities.

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1-1. Basic Principles of Procurement

Openness

Sekisui Chemical Group opens its doors not only to domestic companies but also widely to overseas companies.

Impartiality and fairness

Sekisui Chemical Group selects business partners based on impartial and fair evaluation standards with emphasis on quality, price and delivery lead-time, services, etc., as well as environmental considerations.

Compliance with laws and regulations

When engaging in purchasing transactions, Sekisui Chemical Group will comply with relevant laws, regulations and administrative instructions in Japan and overseas.

Mutual trust

Sekisui Chemical Group will establish and maintain mutually beneficial relationships with its business partners, as well as sincerely fulfill all contractual obligations.

Environmental considerations

Sekisui Chemical Group will further promote the purchase of raw materials and goods that have minimal negative impact on the environment (Green Procurement), and strive to establish a resource-recycling society through concerted efforts with business partners.

1-2. Requesting Cooperation from Business Partners Concerning Procurement

Sekisui Chemical Group, with its sincere attitude, aims to become a company trusted by society. The Company is aware of CSR in all spheres of its business operations based on its philosophy of contributing to society through its business activities. In order to achieve the above aim, it is absolutely necessary to engage in activities through mutual cooperation with business partners. Proactive cooperation from all business partners is requested on the following activities.

(1) Securing Superior Product Quality

Establish and operate a quality assurance system to improve and maintain the quality of products offered to customers.

- Establish a quality assurance system in conformity with ISO 9000

(2) Environmental Considerations

Sekisui Chemical Group is working to reduce negative impact of its products on the environment from the development and production stages to disposal. To do so, the environmental consideration of our suppliers concerning raw materials and goods is essential.

- Establish environmental management system in conformity with ISO 14001
- The procurement of parts and raw materials with minimal negative environmental impact, such as reduction of potentially hazardous chemicals
- Initiatives to reduce greenhouse gas (GHG) emissions, such as promoting the effective use of energy
- Initiatives to preserve water resources and biodiversity

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(3) Compliance with Laws, Regulations and Social Customs

Business partners are requested to ensure compliance with relevant laws, regulations and appropriate social norms of the countries and regions where their business operations are conducted.

- Comply with relevant laws and regulations in the business operations
- Prohibit forced labor
- Prohibit child labor
- Prohibit discrimination against employees

(4) Safety and Hygiene

Quality is built through human resources and facilities. The safety management of these resources is the basis of production. Business partners are requested to perform the following.

- Safety and hygiene management of the workplace and maintenance of employee health
- Machine safeguarding and safety and hygiene management of facilities
- Appropriate response to occupational injuries, equipment-related accidents, other accidents, etc.

Timber Procurement

At Sekisui Chemical Group, in order to contribute to the elimination of deforestation as well as the sustainable use of timber resources, we make every effort to ensure that the timber used in products is logged in accordance with statutory and regulatory requirements. Therefore, in cooperation with our suppliers, we implement investigations on commercial distribution with regard to the logging area, tree species, and quantity of timber materials, in order to ensure traceability. For recycled materials, we use timber and wood-based materials that are already used in markets, as well as unused thinnings and branches.

In those cases where we find timber that we have concerns about in terms of legitimacy while investigating our distribution channels, we take appropriate measures in cooperation with our suppliers to promote responsible procurement.

Conflict Minerals

Sekisui Chemical Group is working in compliance with the Dodd-Frank Act in the U.S. to eliminate conflict minerals (gold (Au), tantalum (Ta), tungsten (W) and tin (Sn)) connected with inhumane acts by local armed groups in the Democratic Republic of the Congo and neighboring countries. If we find minerals that we have concerns about while investigating our distribution channels, we take appropriate measures in cooperation with our suppliers to promote responsible procurement.

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Sekisui Chemical Group “Human Rights Policy”

Sekisui Chemical Group recognizes that it is our responsibility to protect human rights of all individuals affected by our business activities. In order to advance efforts to promote respect for human rights, we hereby announce the adoption of Sekisui Chemical Group “Human Rights Policy” (“Policy”), based on the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council in June 2011.

Sekisui Chemical Group contributes to society through its business activities under its Corporate Philosophy, the “3S Principles” (Service, Speed, and Superiority), in order to meet the expectations of its stakeholders. As part of our Group Vision, residential and social infrastructure creation and chemical solutions are designated as the business domains that should be pursued, through which we are working to improve the lives of the people of the world and the Earth’s environment.

For the Sekisui Chemical Group to truly contribute to the achievement of a sustainable world, we understand that the human rights of all individuals within our sphere of influence must be respected.

1. Basic principles on human rights

The “Policy” is our promise to respect human rights, in order to fulfill our responsibilities to all stakeholders, based on our Corporate Philosophy and Group Vision. To that end we support and respect the United Nations International Bill of Human Rights (specifically the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), which sets out the basic human rights of every individual. Furthermore, in addition to the Declaration on Fundamental Principles and Rights at Work from the International Labour Organization (ILO), which sets out people’s fundamental rights at work, we also support and respect international human rights standards for workers adopted in conventions on such matters as wages and working hours, and the United Nations Declaration on the Rights of Indigenous Peoples. Lastly, as a company that has signed up to the United Nations Global Compact (“GC”), we support and respect the GC Ten Principles.

2. Scope

The “Policy” is applicable to all employees and executive officers of Sekisui Chemical Group. Our Group also expects all of our business partners to comply with the “Policy” in connection with our products and services.

3. Responsibility of respect for human rights

Sekisui Chemical Group is aware that it is not possible to completely eliminate every possibility of an adverse impact from its business activities. That said, we aim to fulfill our responsibility of promoting respect for human rights by building a responsible supply chain that avoids infringing the human rights of the people affected by our business activities, and, if our business activities do have an adverse impact on someone’s human rights, appropriate action will be taken in an effort to rectify that situation.

4. Human rights due diligence

Sekisui Chemical Group will establish a system of human rights due diligence to identify, prevent and mitigate any adverse impacts on human rights that our Group causes in society.

5. Dialogue and Consultation

In its implementation of the “Policy”, Sekisui Chemical Group will engage in earnest dialogue and consultation with our stakeholders, and will apply expert human rights knowledge from independent third parties.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

6. Education and training

Sekisui Chemical Group will provide education and training as is appropriate to ensure that the “Policy” becomes an incorporated part of all of our business activities and is implemented effectively.

7. Remediation

If it emerges that Sekisui Chemical Group’s business activities have had adverse impact on someone’s human rights, or if our involvement in the same through for example one of our business relationships emerges or is suspected, we will work to remedy the same through dialog and the appropriate processes in line with international standards.

8. Responsible executive officer(s)

Sekisui Chemical Group will entrust an executive officer or officers with the responsibilities for execution of the “Policy”, who will supervise its progress and status.

9. Information disclosure

Sekisui Chemical Group will disclose the progress and the results of our efforts to promote respect for human rights, on its website and through other media.

10. Applicable laws and regulations

Sekisui Chemical Group will comply with the laws and regulations of each of the countries and regions in which our business activities are conducted. Where there is a conflict between a country’s laws or regulations and internationally recognized human rights standards, our Group will pursue ways to respect international human rights principles to the maximum extent possible.

The “Policy” has received the approval of our board of directors and the signature of our President and Representative Director.

May 15th, 2019

Teiji Koge

高下貞二

President and Representative Director
Sekisui Chemical Co., Ltd.

Key CSR Issues

Sekisui Chemical Group Has Defined the Key Issues in Becoming Involved with CSR Activities

Identification of important issues

Defining Key CSR Issues (Materiality)

We undertook a review of our CSR initiatives from the viewpoints of the environment, society, and governance (ESG) under the Medium-term Management Plan "SHIFT2019 -Fusion-," which started in fiscal 2017, and defined the key issues (materiality).

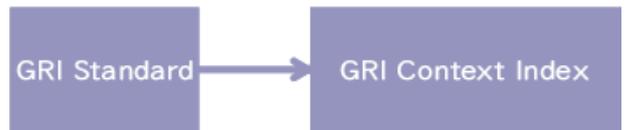
Definition Process for Key CSR Issues

Key CSR issues were defined for the CSR Medium-term Plan based on the following processes.

Step 1. Discussing issues from the global guidelines, etc.

(1) Identify candidate issues from the UN global compact (GC) and ISO26000

While adhering to the 10 principles in the GC, we examined the involvement status within the Group for "relevant activities and aspirations" concerning each of the seven main core issues in ISO26000, and identified the points where involvement was insufficient.



(2) We identified candidate issues by considering the boundaries both inside and outside the Group while considering the relationship between Sekisui Chemical Group and business regarding the economics, environmental, and social items described in the GRI standard.



(3) We analyzed the social issues described in SDGs, and selected the issues that provide business opportunities for Sekisui Chemical Group. In contributing to these solutions, we identified the necessary involvements.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Step 2. Identifying issues from ESG/CSR surveys and other companies' trends

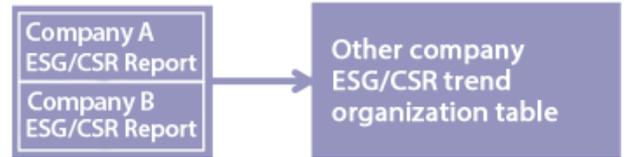
(1) Identifying candidate issues from ESG/CSR surveys

We analyzed the issues based on the details of the replies and evaluation results to each ESG and CSR survey, and identified candidate key CSR issues where future involvement can be considered important.



(2) Analysis of other companies' ESG/CSR involvement and information disclosure trends

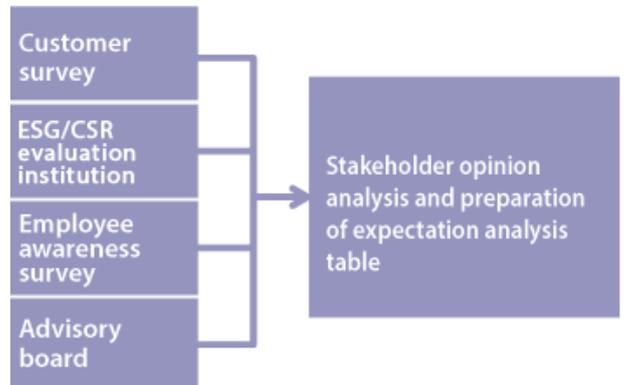
We examined involvement by other advanced ESG/CSR companies and trends in their disclosure using ESG/CSR reports, etc., and identified issues where improvements to Sekisui Chemical Group's future involvement and information disclosure are to be desired.



Step 3. Analysis of stakeholder opinions and expectations

(1) Sorting the major stakeholder opinions

We collected and sorted the main opinions regarding ESG/CSR from the results of talking to various stakeholders such as customers, shareholders, investors, employees, trading partners, and local communities, etc.



(2) Analysis of major expectations by stakeholder

We took in the main opinions from the various stakeholders described in (1) above, and analyzed the main stakeholder expectations from their relationship to Sekisui Chemical Group business and ESG/CSR involvement.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Step 4. Identifying key CSR issues / Establishing the CSR Medium-term Plan

(1) Sorting key CSR candidate issues

We added the CSR issues in which we have been strategically involved from before to candidate CSR issues identified in steps 1 to 3 above, and sorted the future key CSR candidate issues.

(2) Evaluating the importance of key CSR candidate issues

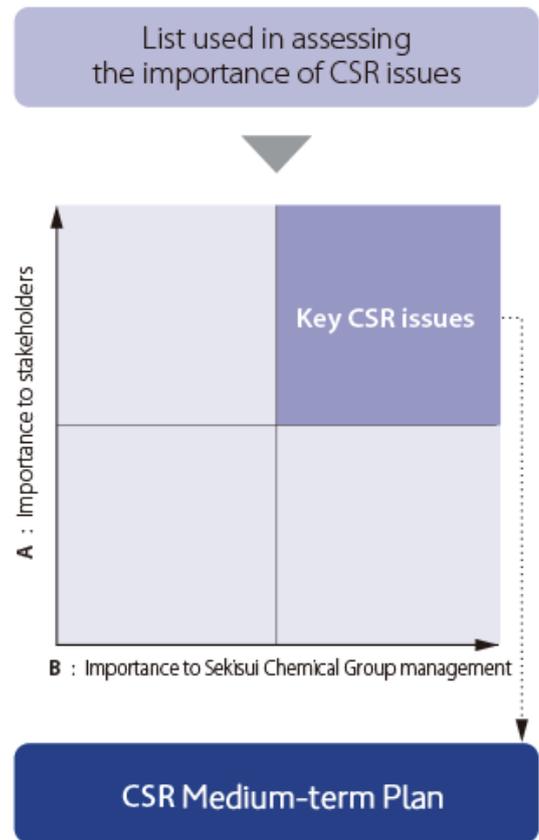
We comprehensively evaluated the key CSR candidate issues sorted in (1) along 2 axes: "A. Important for stakeholders" and "B. Important for managing Sekisui Chemical Group," and identified the key CSR issues.

Further, we ranked the key CSR issues that had been identified by priority. "A. Important for stakeholders" was evaluated from the viewpoints of "stakeholder expectations," "global trends," and "positive and negative impact on the planet and society," and "B. Important for managing Sekisui Chemical Group" was identified from the viewpoints of "Conformance to management policy and management strategy," "extent of compliance with CSR issue," "risk and reputation," and "priority considered on the time axis."

(3) Establishing the CSR Medium-term Plan

The objectives (KPIs, etc.) for the designated key CSR issues were discussed by the main departments after deliberation by the CSR committee, and are reflected in the (draft) "CSR Medium-term Plan." Finally, they were approved by the CSR Committee and the "CSR Medium-term Plan" was verified. Reflecting the key CSR issues surely and certainly in the "CSR Medium-term Plan" enables them to be managed suitably through the PDCA cycle.

As a rule, the key CSR issues will be reviewed and mid-term CSR target will be set every three years when the medium-term management plan are created. On the other hand, the necessity of revisions will be discussed annually in light of social expectations and demands, and the business situation, etc.



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Classifying key CSR issues

Issues where the importance for stakeholders is extremely high, and is also extremely high for management of Sekisui Chemical Group

- Permeation of CSR throughout the entire Group
- Sales expansion of Environment-contributing Products
Expansion of development and spread of Environment-contributing Products
- Reduction of environmental impact
Reinforcement of climate change countermeasures
- Conserving the natural environment
Promotion of involvement in preserving biodiversity
- Polishing up basic quality
Eliminating important quality problems
- Polishing up attractive qualities
Expanding products linked to solving social issues
- Global HR creation
- Promotion of diversity
- Reduction of work accidents
- Promotion of pollution prevention and illegalities
- Elimination of important compliance problems
- Thorough prevention in advance
Expansion of BCP policies
- Reinforcement of crisis management systems
- Expansion of dialogue with stakeholders
- Reinforcement of global governance

Issues where the importance for stakeholders is high, and is also high for management of Sekisui Chemical Group

- Reinforcement of information security
- Reduction of long work hours
- Maintenance of water resources
- Promotion of the sustainable use of resources
- Manage risks related to global labor
- Implementation of human rights due diligence
- Disclosure of the important issues identification process and identification results
- Promotion of social contribution activities

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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CSR Medium-term Plan

Promoting CSR That Is in Tune with Business Activities

CSR Medium-term Plan (Fiscal 2017 to Fiscal 2019)

In its Medium-term Management Plan SHIFT 2019 -Fusion- Sekisui Chemical Group places considerable emphasis on balancing the needs to secure both social and corporate value.

The main thrust throughout the period of the Plan is therefore to engage in CSR that is in tune with business activities.

In addition to creating social value, the Group is conscious of the need to identify what is required to fulfill its corporate social responsibility while promoting long-term growth. With this in mind, we have positioned the "Three Prominences" of the environment, customer service (CS) & quality, and human resources, our pledge to society encompassing safety, compliance and respect for human rights, and the workplace environment, as well as governance and stakeholder engagement as key issues.

Three Prominences

	Key Measures		Medium-term Targets	FY2018 Targets	FY2018 Results <input checked="" type="checkbox"/>	FY2018 Self-evaluation
Environment	1. Manage progress using integrated indices (sustainability index)		Secure a rate of return on natural capital of 90% or more	Secure a rate of return on natural capital of 87%	Secured a rate of return on natural capital of 92.8%	○ Target achieved. Going forward, we will further enhance the effectiveness of our activities within the Group.
	2. Expand and create markets for Environment-contributing Products	1) Environment-contributing Product sales ratio	60% or more	55% or more	56.3%	○ Target achieved. Improvement in sales due to increase in ZEH housing and rediscovery of value in drug development support business products.
		2) Number of newly registered products	30 or more	10 or more	18	○ Target achieved. We will further promote the raising of awareness of environmental and social contributions at the planning and development stage.

○...Achieved, x...Target not achieved, ---...Not applicable

Three Prominences

	Key Measures	Medium-term Targets	FY2018 Targets	FY2018 Results <input checked="" type="checkbox"/>	FY2018 Self-evaluation	
Environment	3. Reduce environmental impact	1) Reduce greenhouse gas emission	6% or more (vs. FY2013)	4% or more (vs. FY2013)	2.3% (vs. FY2013)	× We were unable to cover M&A and the increase in production volume through reduction activities. We will consider installing megasolar facilities and other initiatives as additional reduction activities.
		2) Maintain water resources	① Reduce water usage by 3% or more (vs. FY2016) ② Reduce the total amount of river discharge water chemical oxygen demand (COD) by 3% or more (vs. FY2016)	① Reduce water usage by 2% or more (vs. FY2016) ② Reduce the total amount of river discharge water chemical oxygen demand (COD) by 2% or more (vs. FY2016)	① Increased water usage by 3.0% (vs. FY2016) ② Increased the total amount of river discharge water chemical oxygen demand (COD) by 20.7% (vs. FY2016)	× (1) Increased overseas due to M&A. × (2) The increase in production had an impact. We are promoting reductions through capital investment.*1
	4. Conserve natural environment	Secure an employee participation rate in SEKISUI Environment Week of 100%	Secure an employee participation rate in SEKISUI Environment Week of 95%	Secured an employee participation rate in SEKISUI Environment Week of 88.1%	× The number of participants is increasing year by year. We will further raise awareness of our environmental contributions.	

○...Achieved, ×...Target not achieved, ---...Not applicable

*1 For more details on promoting reduction, please refer to "Reducing Water Use" on page 86.

Three Prominences

	Key Measures	Medium-term Targets	FY2018 Targets	FY2018 Results <input checked="" type="checkbox"/>	FY2018 Self-evaluation
CS & Quality	1. Improve basic qualities	1) Reduce the number of major quality issues to zero	1) Reduce the number of major quality issues to zero	1) There was one major quality issue	× Recognizing that issues were related to the design of products, strengthen the ability to uncover risks at the development stage
		2) Reduce new product external failure costs* ² to zero	2) Reduce new product external failure costs* ² to zero	2) 288 million yen	× Confirm through audits whether there is any ambiguity regarding the manner in which customers' specification requirements are managed
	2. Improve attractive qualities	Introduce nine new attractive quality products	–	–	– No single fiscal year target initially set* ³

○...Achieved, ×...Target not achieved, –...Not applicable

*2 For more details on external failure costs please refer to page 124.

*3 For more details, please refer to "Attractive Qualities Screening System for Evaluating by Outside Experts" on page 131.

Three Prominences

	Key Measures	Medium-term Targets	FY2018 Targets	FY2018 Results <input checked="" type="checkbox"/>	FY2018 Self-evaluation	
Human Resources	Promote diversity	1)Empower women	① Secure a ratio of women to total hires of 35% ② Number of women in management positions: 200	① Maintain the ratio of women to total hires at 30–39% ② Number of women in management positions: 165	① Secured a ratio of women to total hires of 29.7% ② Number of women in management positions: 160	× ① To promote diversity, we will further promote the creation of a working environment in which women can work comfortably × ② The number of female managers steadily increased due to training for female manager candidates
		2)Develop global talent employees	Number of participants in the Global Trainee Program: 20	Number of participants in the Global Trainee Program: 15	Number of participants in the Global Trainee Program: 21	○ Target achieved. Positioned and promoted short-term overseas practical training as one of the experiences of working abroad

○...Achieved, ×...Target not achieved, ---...Not applicable

Pledge to Society

	Key Measures	Medium-term Targets	FY2018 Targets	FY2018 Results <input checked="" type="checkbox"/>	FY2018 Self-evaluation
Safety	Reduce the incidence of occupational injuries	Reduce the incidence of occupational injuries attributable to machinery and equipment to zero	Halve the incidence of occupational injuries attributable to machinery and equipment (vs. FY2016)	The incidence of occupational injuries attributable to machinery and equipment was reduced by half at 10 cases (vs. the 20 cases in FY2016)	○ Continued progress with efforts to improve equipment while achieving targets through equipment intrinsic safety measures
Compliance and Respect for Human Rights	1.Prevent major violations of laws and ordinances that impact society	Reduce the incidence of major violations of laws and ordinances that impact society to zero	Reduce the incidence of major violations of laws and ordinances that impact society to zero	Reduced the incidence of major violations of laws and ordinances that impact society to zero	○ Target achieved; moving forward, work to minimize the risk of any incidence, reoccurrence, and increase in compliance violations
	2.Expand the area and scope of CSR procurement	Undertake CSR procurement in five global areas	Undertake CSR procurement in the Asia area (undertaken in China in FY2017)	Undertook CSR procurement in the Asia region (excluding China)	○ Completed steps to undertake CSR procurement in the Asia region; target achieved. In FY2019 we will review implementation in Europe

○...Achieved, x...Target not achieved, ---...Not applicable

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Pledge to Society

	Key Measures	Medium-term Targets	FY2018 Targets	FY2018 Results <input checked="" type="checkbox"/>	FY2018 Self-evaluation
Working Environment	1. Manage and control prolonged working hours (in excess of 2,000 hours annually)	Reduce the number of subsidiary companies where employees work more than 2,000 hours on an annual basis by 30% (vs. FY2016)	Reduce the number of subsidiary companies where employees work more than 2,000 hours on an annual basis by 9% (vs. FY2016)	Reduced the number of subsidiary companies where employees work more than 2,000 hours on an annual basis by 8.5% (vs. FY2016)	× Paid vacation day utilization rate and number of days off increased. We will continue efforts to reduce total working hours
	2. Promote health management	Raise the number of Group companies certified as an Excellent Enterprise of Health and Productivity Management White 500 by Japan's Ministry of Economy, Trade and Industry to 21	Raise the number of Group companies certified as an Excellent Enterprise of Health and Productivity Management White 500 by Japan's Ministry of Economy, Trade and Industry to 21* ⁴	Raised the number of Group companies certified as an Excellent Enterprise of Health and Productivity Management White 500 by Japan's Ministry of Economy, Trade and Industry to 21* ⁴	○ Target achieved. Through in-house and external health management initiatives and instilling awareness of the need

○...Achieved, ×...Target not achieved, ---...Not applicable

*4 Includes 13 companies subject to the Act on Promotion of Women's Participation and Advancement in the Workplace

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Governance

	Key Measures	Medium-term Targets	FY2018 Targets	FY2018 Results	FY2018 Self-evaluation
Governance	1. Put in place a structure of overseas regional headquarters	Complete area coverage	Continue to establish a structure and systems for the Asia and Oceania regions	Established a structure and systems for the Asia and Oceania regions	○ Expanded the legal function in the Asia and Oceania regions
	2. Increase the effectiveness of risk management (prevent risks before they occur)	Achieve effectiveness of 70% or more	Achieve effectiveness of 60%	Achieved effectiveness of 75%	○ Increased penetration of risk management activities across Sekisui Chemical Group as a whole

○...Achieved, x...Target not achieved, ---Not applicable

Stakeholder Engagement

	Key Measures	Medium-term Targets	FY2018 Targets	FY2018 Results <input checked="" type="checkbox"/>	FY2018 Self-evaluation
Stakeholder Engagement	Promote active engagement between investors and management	Ensure that investors and management engage in dialogue on a cumulative total of 200 occasions throughout the period set forth for the medium-term target	Ensure that investors and management engage on 70 occasions	Ensured that investors and management engage on 87 occasions	○ Achieved dialogue target; continue to engage in dialogue

○...Achieved, x...Target not achieved, ---Not applicable

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Declaration of Support for Initiatives and Organizations in Which Sekisui Chemical Group Participates

Declaration of Support for International Standards and Norms

Sekisui Chemical Group respects international norms and standards regarding CSR, including the Universal Declaration of Human Rights, ISO 26000, the OECD's Guidelines for Multinational Enterprises, the ILO's International Labor Standards, and the United Nations' Guiding Principles on Business and Human Rights (Ruggie Framework). In March 2009, Sekisui Chemical signed the United Nations Global Compact*.

In compiling and issuing its 2019 CSR Report, Sekisui Chemical conforms to the "Core" options of the internationally recognized Global Reporting Initiative (GRI) standards.

In addition, Sekisui Chemical Group is a supporter of the Japan Climate Initiative (JCI) Declaration. As such, the Group is joining the front line of the global push for decarbonization from Japan.

WE SUPPORT



* United Nations Global Compact:

A voluntary program in which top management of firms around the world pledge to comply with 10 principles on subjects such as human rights, labor standards, the environment, and anti-corruption efforts within the scopes of influence of their firms and participate in building a global framework for realizing sustainable growth.

Supporting the stance on information disclosure

Declaration of support for the Task Force on Climate-related Financial Disclosures (TCFD)

Sekisui Chemical Group declared its support for the recommendations of the TCFD* on analysis and disclosure of the impact of climate change on corporations' financial affairs in January 2019. By supporting the stance on information disclosure sought by the TCFD recommendations and promoting related information disclosure, the Group will build a sustainable management foundation including relationships of trust with its stakeholders going forward.

* TCFD: The Task Force on Climate-related Financial Disclosures was established in 2015 by the Financial Stability Board (FSB), which is an international organization that seeks to stabilize the financial system.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Major Organizations

Organizations in Which Sekisui Chemical Group Participates

- Japan Chemical Industry Association.
- The Japanese Society for Quality Control
- Kansai Chemical Industry Association.
- Japan Prefabricated Construction Suppliers and Manufacturers Association
- Japan Business Federation
- Kansai Economic Federation
- The Osaka Chamber of Commerce and Industry
- Japan Federation of Housing Organizations
- The Machinami Foundation
- The Real Estate Companies Association of Japan
- The Provision of Quality Housing Stock Association (SumStock)
- KIDS DESIGN ASSOCIATION
- Japan Sewage Pipe Renewal Method Association
- The Japan Plastics Industry Federation
- Japan Initiative for Marine Environment (JaIME)
- Japan Clean Ocean Material Alliance (CLOMA) etc.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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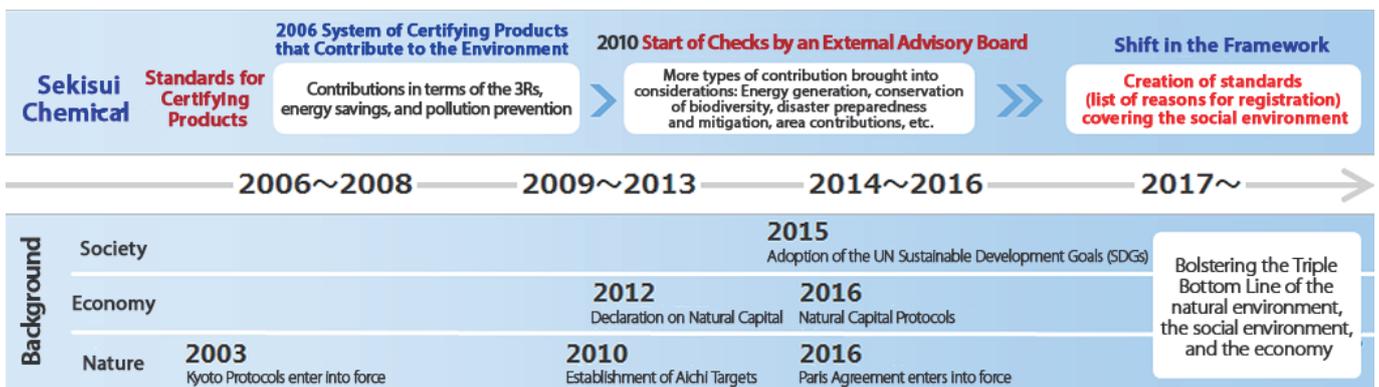
SDGs Initiatives

Sekisui Chemical Group's Contributions to the SDGs through its Business

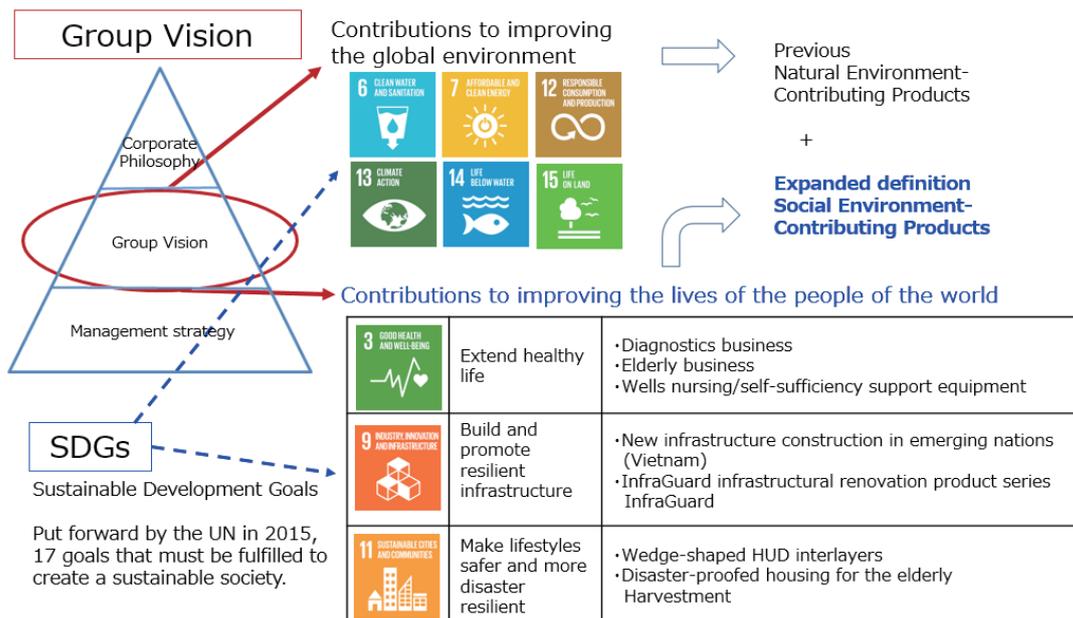
In its Group Vision statement, Sekisui Chemical Group has declared that it will contribute, through its primary business activities, to “improving the global environment” and “improving the lives of people around the globe”—that is, the resolution of issues called for in the SDGs.

Hitherto, we designated products with a high degree of contribution to issue resolution as Environment-contributing Products, and strove to create and expand markets where we should increase contributions to “improving the Earth’s environment” (resolutions to issues described in SDGs Nos. 6, 7, 12, 13, 14, and 15). Since fiscal 2017, we have looked back on changes to business content and the social environment, and have declared the creation and expansion of products that heighten contributions to “improving life for everyone around the world” (resolutions to issues described in SDGs Nos. 3, 9, and 11). We will also further accelerate contributions to actualizing a sustainable world.

Involvement History



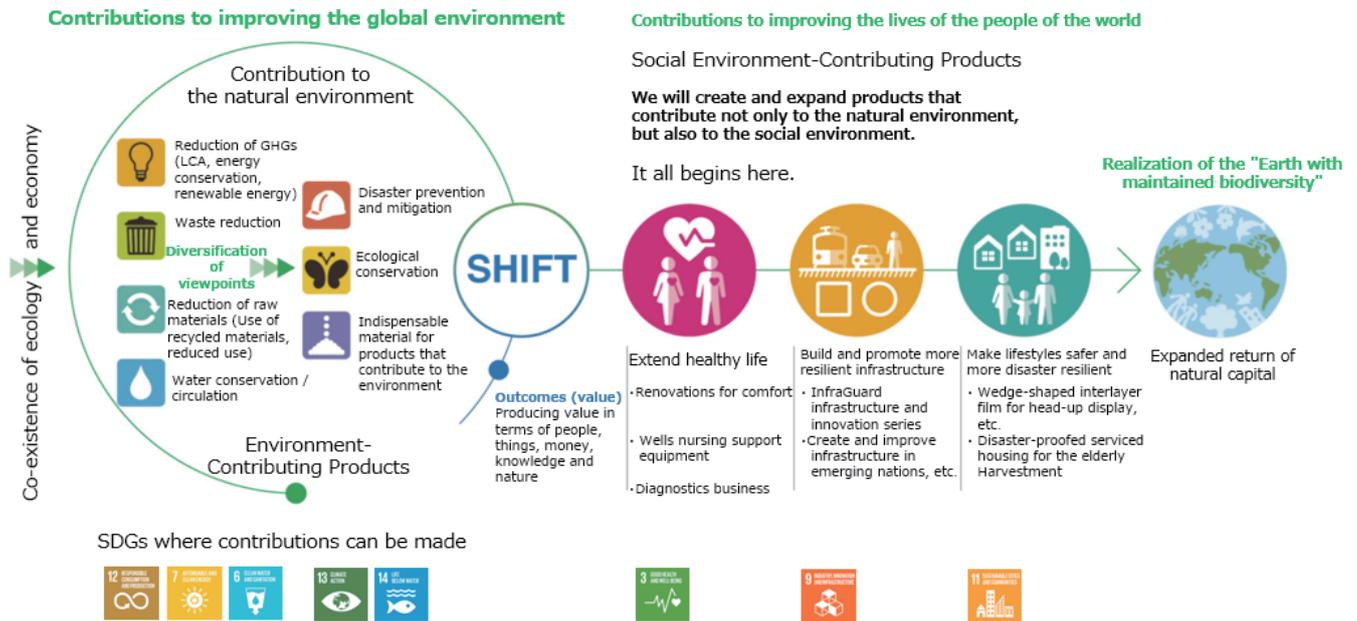
Environment-Contributing Products – About Expanded Definition



Expand definition of Environment-Contributing Products, from a Group Vision and SDGs perspective.

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SHIFT on Approach to Contributions Made by Environment-Contributing Products



SUSTAINABLE DEVELOPMENT GOALS

17 goals to change the world

This Agenda is a plan of action for people, planet and prosperity, establishing declarations and goals. These are the Sustainable Development Goals (SDGs), consisting of 17 goals and 169 targets.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Prominence in Environment

Continuing to Provide Prominent Value Toward the Realization of a Planet where Biodiversity is Preserved

Management Approach

Our Philosophy

Sekisui Chemical Group aims for a planet in which the air, water and land provide a healthy living environment for its inhabitants and fosters robust biodiversity. Our daily lives and economic activities are sustained by the natural capital* provided by our planet. Sekisui Chemical Group envisions a planet and society like this.

We are engaged in our daily business activities with the aims of halting the deterioration of natural capital, such as by reducing emissions of greenhouse gases, promoting the use of recycled use of resources, and decreasing impacts on ecosystems; contributing to making returns to natural capital through such means as expanding sales of Environment-contributing Products; and achieving a world in which biodiversity is preserved.

* Natural capital: A term that refers to physical capital, such as soil, air, water, minerals, flora and fauna, as well as biological capital, human capital and social capital.

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Promotion System

Building Management Systems to Help Activities Progress and to Achieve Targets

Sekisui Chemical Group formulated the Long-term Environmental Management Vision, the basis of its environmental activities, to advance environmental management.

Under the three-year medium-term plan, we are making progress toward specific targets set to achieve our Long-term Environmental Management Vision.

Long-term Environmental Management Vision "Sekisui Environment Sustainability Vision 2030"

Established in fiscal 2013, the Sekisui Environment Sustainability Vision 2030 is our policy for advancing environmental management.

Environmental Medium-term Plan "Sekisui Environment Sustainability Plan: Accelerate"

We provide details of the Environment Medium-term Plan Sekisui Environmental Sustainability Plan: Accelerate that covers the period from fiscal 2017 to fiscal 2019.

Integrated Indicator "Sekisui Environment Sustainability Index"

The Sekisui Environment Sustainability Index is a single indicator of the level of impact on the environment by the corporate activities of Sekisui Chemical Group (i.e. use of natural capital) and the degree of contribution back to the environment (i.e. return of natural capital).

Environmental Management System

We promote environmental activities through an environment management system based on ISO 14001.

Environmental Education

Sekisui Chemical Group implements environmental training programs with the aim of fostering ideal employees who can take one step closer to achieving its long-term vision.

Environmental Accounting

To express our posture as a company engaged in environmental activities, we quantitatively assess our environmental investments, costs and outcomes, such as reducing environmental impact.

Long-term Environmental Management Vision

"Sekisui Environment Sustainability Vision 2030"

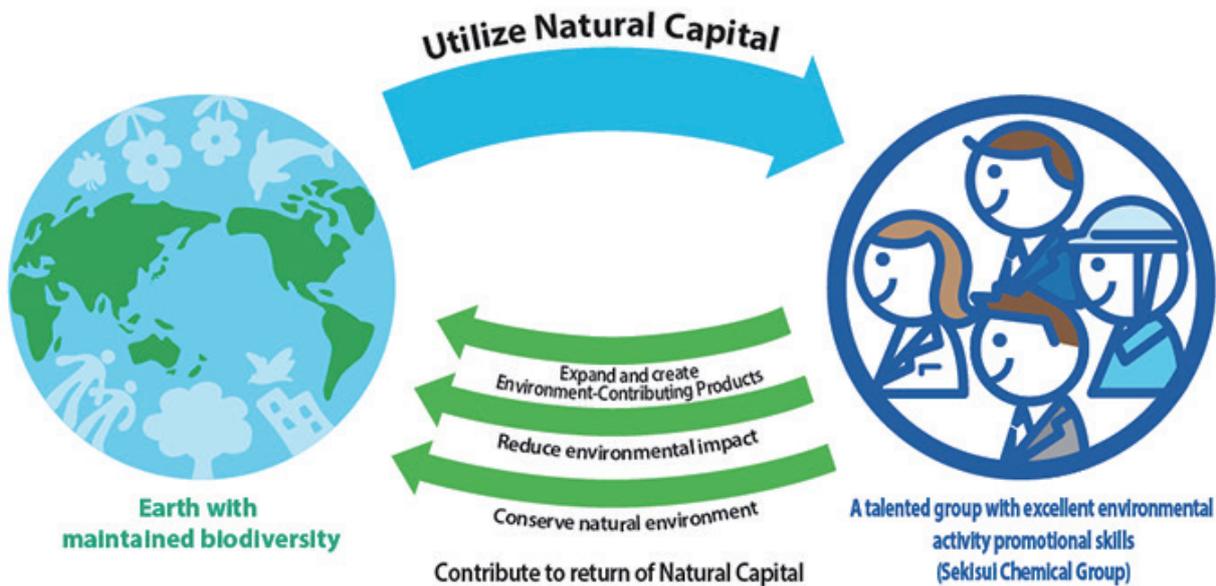
Toward the Realization of "a Planet Where Biodiversity Is Preserved"

Sekisui Chemical Group is aware that its business activities depend on resources (natural capital). Each and every executive and employee is working to develop into talented personnel with excellent environmental activity promotional skills and will engage in environmental management based on contributions in three areas to "give back more to the Earth than is taken" by 2030.

- Expand and create markets for Environment-contributing Products
- Reduce environmental impact
- Conserve the natural environment

With a view toward the return of natural capital, energies will continue to be directed toward creating prominent value as a part of efforts to realize a planet where biodiversity is preserved.

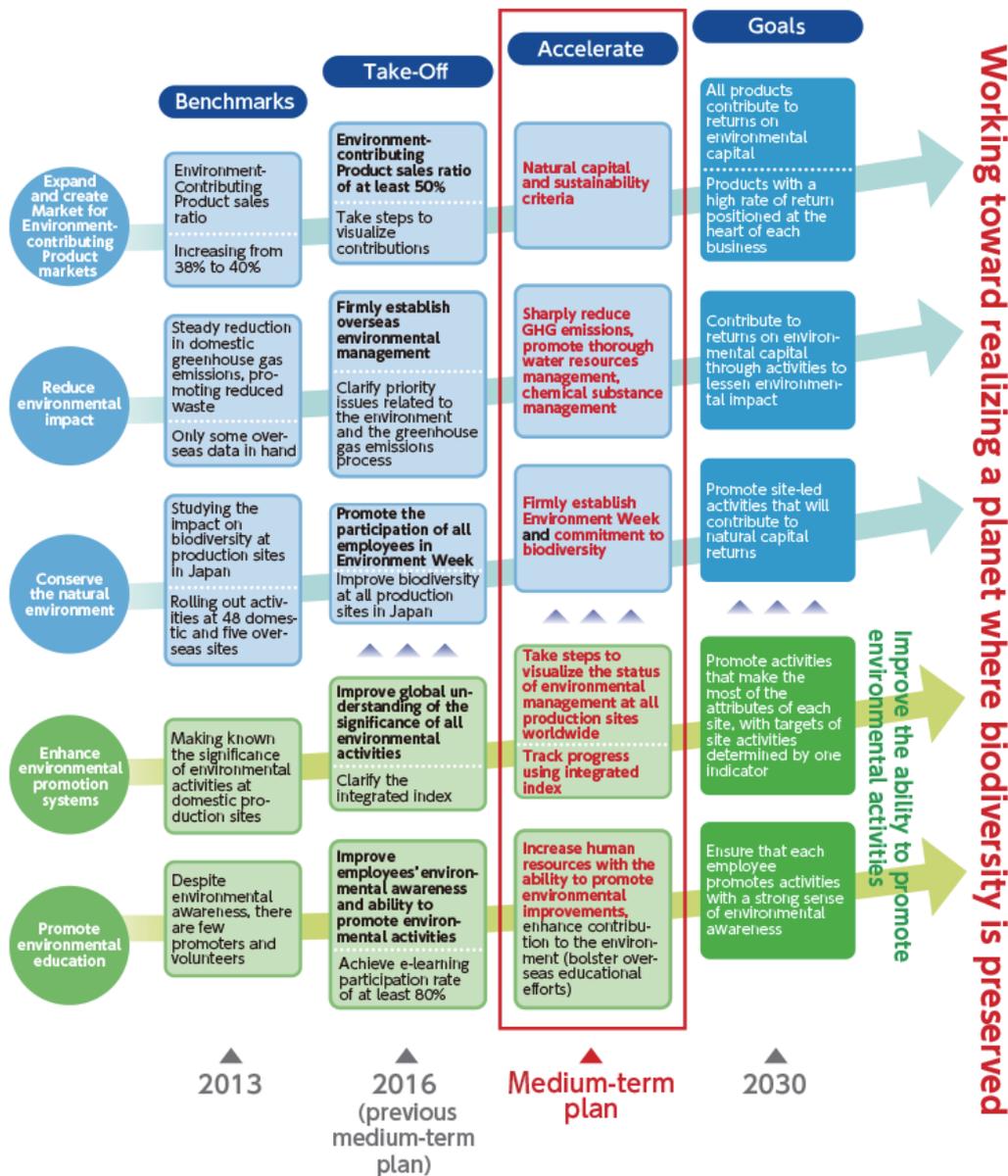
By continuing to create this kind of value, we are confident in our ability to help resolve various issues raised as Sustainable Development Goals (SDGs) by the United Nations.



Environmental Medium-term Plan "Sekisui Environmental Sustainability Plan: Accelerate" (2017-2019)

Targets for Crucial Items to Implement within the Environmental Medium-term Plan "Sekisui Environmental Sustainability Plan: Accelerate" (2017-2019)

- Increasing Environment-contributing Products Sales ratio: 60% or more
- Reductions in greenhouse gas emissions: 6% or more (vs. FY2013)
- Preservation of water resources : Amount of water used 3% or more reduction (compared to fiscal 2016), COD total quantity 3% or more reduction (compared to fiscal 2016)
- "SEKISUI Environment Week": Participation at all business sites and by all employees
- Monitoring of progress in respect to integrated index "Sekisui Environmental Sustainability Index": A rate of return on natural capital of 90% or more



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Implementing a Two-Stage Environmental Medium-term Plan Based on Backcasting from Our Long-term Vision

We have established and are implementing a three-year Environmental Medium-term Plan for fiscal 2017 through fiscal 2019. As its name suggests, this Environmental Medium-term Plan, “Sekisui Environmental Sustainability Plan: Accelerate,” will accelerate various initiatives aimed at achieving the posture we have depicted for 2030 in our long-term environmental vision.

Initiatives of particular focus include reducing greenhouse gases and expanding Environment-contributing Products. In the Paris Accords, adopted at the COP 21* meeting held in 2015, each country has promised to achieve country-level CO₂ emissions reductions targets; Japan has set a target of reductions of 26%, compared to fiscal 2013, by 2030. To fulfill its responsibilities as a Japanese company, Sekisui Chemical Group has indicated reduction targets equal to or greater than the state targets and intends to willingly strive to reach them.

Concerning greenhouse gas reductions, the environmental medium-term plan lays out a target of reductions of 6% from the total amount of CO₂ emissions released during business activities, even as the Group is aiming to expand its business further. To ensure that this target is reached, the Group has created Environment-Contributing Investments Framework in order to promote aggressive investment in facilities on the scale of 12 billion yen, equivalent to 0.3% of revenue.

Concerning Environment-Contributing Products, the Group aims to increase the degree of contribution by expanding the criteria of recognition from natural environments to a framework which includes contributions to the social environment, encompassing human capital and social capital from the current environmental medium-term plan. Sekisui Chemical Group aims to improve the lives of the people and the Earth's environment. In terms of improving the lives of the people, it will be essential to resolve the issues noted in the Sustainable Development Goals (SDGs) adopted by the UN in 2015, including “promoting welfare and health” and “securing robust infrastructure.” In terms of the Earth's environment, it will be essential to resolve the issues presented in the SDGs of “mitigating and adapting to climate change” and others. The Group intends to produce products and services that display considerable abilities to resolve such issues and to further accelerate the expansion of the market for Environment-Contributing Products.

* COP 21: The 21st meeting of the parties to the UN Framework Convention on Climate Change.

Fiscal 2018 Results in Respect to the Environmental Medium-term Plan

Fiscal 2018 results in respect to the Environmental Medium-term Plan are provided below:

Expanding and Creating Environment-Contributing Products

<p>Fiscal 2018 target of 55% of revenue or more Target achieved, with 56.3%</p>	<p>Number of new registrations: Fiscal 2018 target of 10 registrations Target achieved, with 18 new registrations in fiscal 2018</p>
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<Factor Analysis>

In fiscal 2017, steps were taken to upgrade and expand the definition of Environment-Contributing Products, reaffirm our commitment to contribute the social environment, and commence registrations from a more diverse perspective.

In fiscal 2018, new registrations exceeded targets. Sekisui Chemical Group also achieved its Environment-Contributing Products sales ratio target.

Meanwhile, Sekisui Chemical Group is increasing sales of Environment-Contributing Products through new registration. This is in turn attributable to growth in zero energy houses (ZEH) in Japan and a reaffirmation of the value of pharmaceuticals and drug manufacture support in the Group's medical operating which expanding globally.

<Changes and Matters under Consideration in the Environmental Medium-term Plan through Fiscal 2017>

In the Environment-Contributing Product certification system commenced in fiscal 2006, we set the percentage of revenue attributable to Environment-Contributing Products as a KPI from fiscal 2010. However, in the past we have undertaken the following corrections, and have promoted the new creation and market expansion of Environment-Contributing Products.

Changes up to fiscal 2016

- Added the viewpoint of contributing to energy creation and the protection of biodiversity to the standards
- Introduction of the concept of area contributions
- Consideration of expanding the scope of evaluation to include contributions to resolving issues relating to matters such as disaster preparedness and damage mitigation

Changes from fiscal 2017

- We included Environment-Contributing Products as products that contribute to the natural environment under the current framework, and newly expanded the definition of products that work to resolve issues related to the social environment as Social Environment-contributing Products.

Note: For details see SDGs Initiatives (page 34)

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

<Quantification of the Contribution Effect gained from Environment-contributing Products>

To visualize the contribution gained from Environment-contributing Products, we calculate by using "LIME2," a method that indicates environmental value of products and businesses (the return to natural capital and degrees of contribution) through LCIA evaluations. In fiscal 2018 we understood environmental value gained from products on the equivalent of around 75% of revenue from Environment-contributing Products.

More than just the natural environment, the Group will consider as contributions to natural capital those based on resolving issues relating to human and social capital and other aspects of the social environment, and will promote a greater range of products that can contribute to the return to natural capital.

Furthermore, the Group will leverage the environmental value (degree of contribution) of visualized products and lines of business, releasing information and raising awareness in society, and will also step up its activities that allow it receive feedback about its business.

Reducing Environmental Impact

GHG emissions:

Fiscal 2018 target of reductions of 4% or more (relative to a fiscal 2013 benchmark)

Target not achieved, with reductions of 2.3%

Energy savings:

Fiscal 2018 target of reductions of 2% of energy consumption per unit of output (based on a benchmark of fiscal 2016)

Target achieved, with reductions of 3.7% (8.2% reduction in Japan and 2.4% increase overseas)

<Factor Analysis>

•We are unable to cover the increase in GHG emissions from M&A and production increases through reduction activities

Going forward, the Group intends to step up its energy-saving efforts at business sites in Japan and overseas, promote upgrades to aging facilities, as well as to work toward deployment of self-consumption-type solar power-generation facilities so as to expand the volume of reductions.

Amount of Waste Generated:
 Fiscal 2018 target of reductions of 2% from per unit of output (relative to a fiscal 2016 benchmark)
Target not reached, with an increase of 3.3% (increase of 1.9% in Japan, up 8.0% overseas)

<Factor Analysis>

- Japan: A deterioration due to production volume increase, and an increase in composite products on account of higher functionality
- Overseas: Increase in high-functionality products of the overseas operating sites of the High Performance Plastics Company

Going forward, the Group will strive for even greater reductions in waste materials by developing recycling technologies, establishing schemes for recycling and reuse, recycling end materials, and promoting zero-emission activities in overseas business sites.

Conserving the Natural Environment

SEKISUI Environment Week

Fiscal 2018 target for participation rate among employees of 95%
Target not reached, with participation rate among employees of 88.1%

<Factor Analysis>

- Insufficient promotion of individual action

Going forward, we will roll out positive examples of all-employee participation-based activities to all sites while announcing and publicizing examples of activities by individuals to make the idea of participation by all in both business site-held events and individual actions a more integral part of the corporate culture.

Environmental Medium-term Plan “Sekisui Environmental Sustainability Plan: Accelerate” (2017-2019)

Efforts		Target						Indicators	
		Production sites in Japan	Laboratories	Domestic offices	Overseas production sites	Overseas offices	Other		
Manage process utilizing the integrated index		✓	✓	✓	✓	✓	✓	▶ Sekisui Environment Sustainability Index Rate of return to natural capital	
Expand and create markets for Environment-contributing Products	Create Environment-contributing Products	✓	✓		✓			▶ Number of new Environment-contributing Products registrations	
	Increase sales of Environment-contributing Products	✓		✓	✓	✓		▶ Environment-contributing Products sales ratio (consolidated)	
Reduce environmental impact	Reduce greenhouse gas (GHG) emissions	✓	✓	✓	✓	✓	✓	▶ Reducing GHG emissions attributable to business activities	
	Energy reduction	✓			✓			▶ Energy consumption for unit of output	
	Waste reduction	Reduce the amount of waste generated per unit of production volume	✓			✓			▶ Waste generated per unit of output
		Reduce the amount of resources used in offices		✓	✓		✓		▶ Copier Paper use per unit of output
		Reduce the amount of waste generated at new construction sites						✓	▶ Waste generated per building
	Maintain water resources		✓			✓			▶ Water usage at production sites
			✓						▶ Total volume of COD discharged into rivers by production sites
	Reduce the impact of chemical substances	✓			✓				▶ VOC emissions
Conserving the natural environment	SEKISUI Environment Week	✓	✓	✓	✓	✓		▶ Employee participation rate	
	Improve the quality of the green spaces at business sites	✓	✓					▶ JBIB Land Use Score Card® points	
		✓	✓					▶ Number of business sites in harmony with their local environments	
	Forest preservation activities at Housing Sales companies			✓				▶ Number of sales companies undertaking activities	
	Self-guided activities in partnership with local communities	✓	✓						▶ Ratio of applicable business sites in Japan
				✓	✓			▶ Number of overseas activities	
Environmental education	Environmental education	✓	✓	✓	✓	✓		▶ Human resources index average	

Environmental Medium-term Plan “Sekisui Environmental Sustainability Plan: Accelerate” (2017-2019)

Medium-term Targets (FY2017-FY2019)	FY2018 targets	FY2018 results 	Evaluation
90% or more	87% or more	92.8%	✓
30 products	10 products	Environment-Contributing Products: 3 registered Social Environment-Contributing Products: 15 registered	✓
60% or more	55%	56.3% (643.8 billion yen)	✓
-6% or more (compared with fiscal year 2013 results)	-4% or more (compared with fiscal year 2013 results)	-2.3%	×
-3% or more (compared with fiscal year 2016 results)	-2% or more (compared with fiscal year 2016 results)	-3.7% (Japan: -8.2%, Overseas: +2.4%)	✓
-3% or more (compared with fiscal year 2016 results)	-2% or more (compared with fiscal year 2016 results)	+3.3% (Japan: +1.9%, Overseas: +8.0%)	×
-3% or more (compared with fiscal year 2016 results)	-2% or more (compared with fiscal year 2016 results)	+1.4%	×
-10% or more (compared with fiscal year 2016 results)	-5% or more (compared with fiscal year 2016 results)	+1.7%	×
-3% or more (compared with fiscal year 2016 results)	-2% or more (compared with fiscal year 2016 results)	+3.0% (Japan: -1.1%, Overseas: +15.1%)	×
-3% or more (compared with fiscal year 2016 results)	-2% or more (compared with fiscal year 2016 results)	+20.7%	×
-3% or more (compared with fiscal year 2016 results)	-2% or more (compared with fiscal year 2016 results)	+7.1%	×
100%	95%	88.1%	×
+5 points (compared with fiscal year 2016 results)	+3 points (compared with fiscal year 2016 results)	+4.3 points	✓
5 business sites	3 business sites	Business site evaluation trial run in accordance with the proposed evaluation standards	×
7 sales companies	7 sales companies	7 sales companies	✓
50% or more	50% or more	55.3%	✓
5 activities	5 activities	7 activities	✓
+20 points (compared with fiscal year 2017 results)*	+10 points (compared with fiscal year 2017 results)	Japan: +5 points (44 points) Overseas: US benchmark achieved (50 points)	×

*Because we decided to start measuring human resources indicators in fiscal year 2017, the base year was changed to fiscal year 2017.

Integrated Index "Sekisui Environmental Sustainability Index"

What is the Sekisui Environmental Sustainability Index?

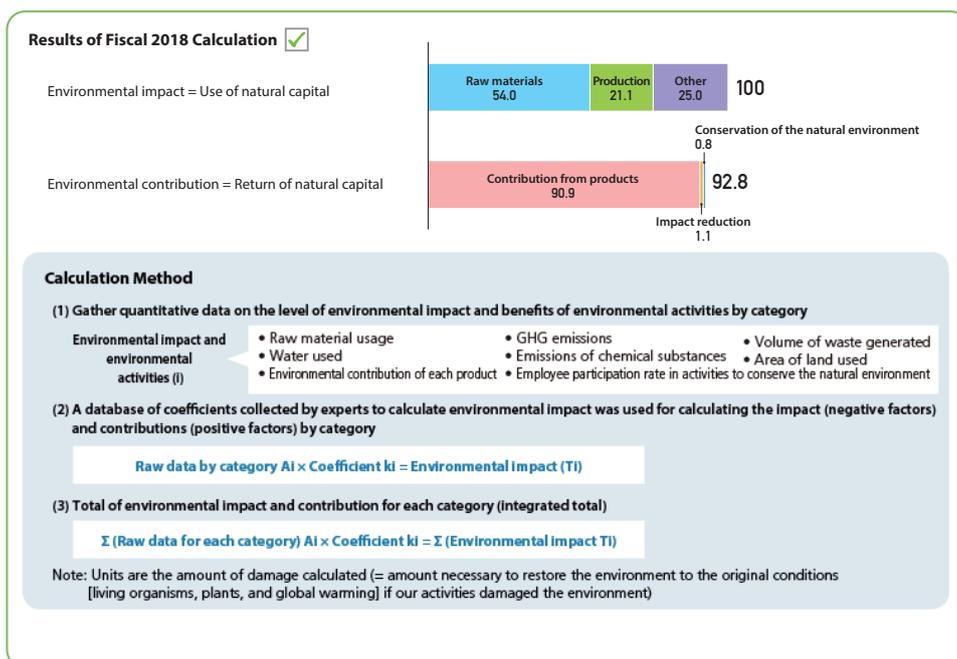
The Sekisui Environmental Sustainability Index represents the impact on the environment of the activities of Sekisui Chemical Group companies (the use of natural capital) and their degree of contribution to the environment (returns to natural capital) as a single indicator. The major items for implementation in the medium-term plan—reducing various impacts on the environment, conserving the natural environment, and so forth—were integrated into this indicator; the Group began trial calculations in fiscal 2014. Starting in fiscal 2017, the “rate of return to natural capital,” as reflected in this index, is being used as a KPI to manage the overall progress of Group companies’ environmental management. The Group aims to achieve 87% in fiscal 2018 and 90% over the three-year period of the Medium-term Plan and has established returns of 100% or higher as its target for 2030.

Results of Calculation

The results of calculating the Sekisui Environmental Sustainability Index, utilizing results from fiscal 2018, are provided in the chart below. Setting the use of natural capital (the impact on the environment) at 100, the return of natural capital (contributions to the environment) was 92.8%. One of the factors in this achievement was reducing the impact on the environment by working on the supply chain, such as reducing SCOPE 3 greenhouse gas emissions, and expanding the sales of Environment-Contributing Products, including solar power-equipped houses and interlayers to address sound and heat insulation in vehicles. We plan to further increase the effectiveness of our various initiatives with the aim of achieving an even better return in 2019.

We aim for a “world in which biodiversity is conserved” by reaching a return rate to natural capital of 100% or higher by 2030 and thus achieving sustainable use of the earth’s natural capital.

Increasing the “product contribution,” as reflected in this index, and bringing about an improvement in the return to natural capital are also linked to improving the environmental efficiency of Sekisui Chemical Group customers.



After compiling the raw data in (1), above, the damage calculation-based impact assessment method “LIME2,” developed for use in Japan by Professor Norihiro Itsubo of Tokyo City University, was employed for the calculations in stages (2) and (3).

Indicator	Calculation Method
<p>Sekisui Environmental Sustainability Index</p>	<p>Sekisui Environmental Sustainability Index: Overall volume of returns of natural capital by the Group / Overall volume of usage of natural capital by the Group</p> <p>Calculating the usage and return volumes of natural capital Employing LIME2 (a damage calculation-based impact assessment method developed for use in Japan by Professor Norihiro Itsubo of Tokyo City University) and covering all the criteria for conservation defined by LIME2, the impacts on each of “human health (including the effects of global warming),” “societal assets (including the effects of global warming),” “the effects on plants (reducing interference on growth),” and “the effects on life (restricting the extinction of living species)” were evaluated and then made into a single indicator</p> <p>The amount of return to natural capital was calculated as the reduction in the risk of harm to natural capital because of the whole Group’s various initiatives that contribute to the environment, relative to if these initiatives had not been implemented.</p> <ul style="list-style-type: none"> •Items included in the calculation of the amount of natural capital used <ul style="list-style-type: none"> Direct usage: Use of land, greenhouse gases, amounts of emissions into the air of PRTR substances and air pollutants, the COD volume of discharges into bodies of water Indirect usage: Purchased raw materials*¹, energy use, amount of water used, amount of waste material emitted, amount of GHGs emitted indirectly in supply chains (Scope 3) •Items included in the calculation of returns to natural capital <ul style="list-style-type: none"> Amount of contributions to reducing usage of natural capital through Environment-contributing Products, the amount of contribution from environmental conservation activities, environment-related donations, mega-solar power generation output <p>*1 Until fiscal 2017, the Group gained an understanding of environmental impact, including the volume of greenhouse gasses emitted, by making calculations using “MiLCA,” the database furnished by the Japan Environmental Management Association For Industry. However, from fiscal 2018, the Group is reflecting the actual GHG emissions of its raw material suppliers with regard to four principal resins (PP, PE, PVC and PVA).</p>

Indicator	Calculation Method
Sekisui Environmental Sustainability Index	<p>Scope of Calculation / Listing by category of calculation: Trial calculations were conducted using the following assumed conditions:</p> <ul style="list-style-type: none"> •Raw materials: Purchased raw materials covered; estimates incorporated into calculations Concerning housing, the calculation includes the constituent raw materials for one structure multiplied by the number of structures manufactured •Manufacturing / Emissions of harmful chemical substances: <Japan>emissions of 1 t per year or more of substances covered under PRTR are included in the calculation. <Overseas>Not included •Manufacturing / Land maintenance: Domestic plants and research facilities were incorporated into the calculation using the area of the premises, generally considered in terms of the land used for buildings*2. The areas of the premises of overseas plants were estimated. The effects of land usage are included in the calculation based on the 30-year period after the purchase of the land <p>*2 Concerning land usage, starting with the current Medium-term Plan (2017-19), improvements to soil quality in the “JBIB Land Use Score Card®” were deemed as reductions of the impact of land usage, weighted accordingly, and included in the calculation.</p> <ul style="list-style-type: none"> •Others: Capital goods in supply chains, other fuel- and energy-related activities, transport and shipping, waste, business trips, commuting by employees, leased assets (downstream), processing/use/disposal of sold products Business trips and commuting by employees: Covers consolidated numbers of employees and includes some estimation Use of sold products: Covers housing sold during the fiscal year, and included in the calculation with assumed energy usage for 60 years into the future Until fiscal 2017, the Group calculated the amount of greenhouse gas reduction achieved through solar power generation as the amount of reduced environmental impact. From fiscal 2018, however, we are also calculating the effect of reduction in energy used in residences built to zero energy house (ZEH) specifications. Processing of sold products: Energy usage by customers while processing products anticipated to consume large amounts of energy was estimated and included in the calculation Disposal of sold products: Major raw materials for each fiscal year were covered and included in the calculation based on the assumption that they would be made into products and disposed of during that fiscal year

Indicator	Calculation Method
Sekisui Environmental Sustainability Index	<ul style="list-style-type: none"> •Product contributions: (1) The differences in contribution to the environment between the relevant products and previous technologies were evaluated qualitatively for each criterion, based on the contribution to the natural and social environments for each life-cycle (the five stages of procurement of raw materials, manufacturing, distribution, usage/maintenance, disposal, and recycling) in terms of CO₂ reductions and energy savings, reductions in waste materials, resource savings, water-savings and the water cycle, preventing pollution, direct preservation of biodiversity, QOL improvements, and other factors. For factors for which a significant difference was estimated, data per product unit was investigated. (2) Based on the results of these investigations, a coefficient for calculating the impact on the environment for each series of data was multiplied by the data, yielding a calculation of the degree of contribution to the environment of each product unit. (3) The sales results for products in each fiscal year were multiplied by the results found in (2) to calculate the degree of contribution to the environment for each product, and the results were included in the calculation. Trial calculation performed on the effects of products equivalent to around 75% of Environment-contributing Products •Direct contribution / Contribution from activities reducing environmental impacts: The effects on the environment relating to production for each fiscal year were compared to “the effects on the environment relating to manufacturing in fiscal 2016 × (revenue in that fiscal year / revenue in fiscal 2016),” and the difference was included in the calculation. There was a proportional relationship between revenue and the effects on the environment relating to manufacturing, based on the idea that the difference was the result of efforts undertaken in the group's activities. •Direct contribution / Conservation of the natural environment: The Group keeps track of the number of participants and the amount of time spent on each activity. In the case of planting cedar trees, a fixed amount of CO₂ (1.1 t-CO₂/person-hour) was multiplied by the number of people and the amount of time spent and incorporated into the calculation. Because, starting with the current medium-term plan (2017-19), improving the sustainability of activities through local cooperation and by making them stand on their own (autonomous) were made a target, the Group's ability to work toward this target was weighted against the growth axis and included in the calculation •Direct contributions / donations: The amount intended to be paid for conservation was deemed equal to the amount of money calculated for damage caused and included in the calculation. •Direct contribution / Mega-solar: Amount of electricity generated included in the calculation as generated energy converted to a CO₂ basis

Environmental Management System

Building an Environmental Management System Based on ISO 14001

Management Approach

Environmental Management System

Establishing a Subcommittee Structure That Reports to the CSR Committee

Sekisui Chemical Group’s Board of Directors deliberates and makes decision on all financial and non-financial initiatives. In regard to the “environmental” aspect of non-financial matters, Sekisui Chemical has positioned its Environmental Management Policy, common to all Group companies, at the heart of the Group’s environmental management efforts. The CSR Committee—headed by the Group president and including Group directors such as the divisional company presidents, as well as employee representatives—and the Environmental Subcommittee of Sekisui Chemical Group meet twice a year to discuss and report on CSR-related issues, afterward determining CSR policies and initiatives for the entire Group. Their reports are then submitted to the Board of Directors for approval and subsequent implementation. In response to matters decided by the CSR Committee, environmental managers from headquarters and each division company meet to formulate specific action plans. Each business site manages its environmental activities through an environment management system based on ISO 14001.

In fiscal 2018, the CSR Committee met three times, in May, October, and February, and the Environmental Subcommittee met twice, in September and March. In the first half of the fiscal year, implementation strategies and assessment of KPI progress were discussed related to initiatives such as water resource-related efforts and measures aimed at reducing greenhouse gas emissions. Meetings in the second half of the year covered progress confirmation and implementation considerations, and there were also discussions of crucial items for implementation such as the Group Environmental Management Policy. In addition to the ongoing regular management system mentioned above, a management meeting, chaired by Keita Kato, the head of the Business Strategy Department and the person in charge of the ESG Management Promotion Department, is held once a month to determine suitable actions and report to the Board of Directors on matters requiring deliberation over a longer period of time, such as KPI planning, as well as matters related to the acceleration of measures aimed at resolving pressing issues.

System for Promoting Environmental Management



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Environmental Management across the Supply Chain

Support for Obtaining ISO14001 and Eco-Action 21 Certification

Sekisui Chemical Group encourages and provides support to its suppliers to acquire ISO 14001 and Eco-Action 21* certification. Through its procurement policy, Sekisui Chemical Group also works to enhance supplier understanding of its Environmental Management Policy and to convey the Group's requirements regarding environmental considerations. In fiscal 2018, we started to convey to suppliers our requirements with regard to the setting of targets as well as activities and measures aimed at addressing climate change.

* Eco-Action 21: An environmental management system created by the Ministry of the Environment.

Utilizing EMS in Office Eco-activities

Promoting Group EMS-Aligned Environmental Activities in Offices

Sekisui Chemical Group encourages environmental activities in its offices that are in line with its Environmental Management System (EMS). At the headquarters buildings and offices located throughout Japan, we refer to the EMS for guidance on environmental activities, such as turning off lights during lunch breaks and other steps to conserve energy and reducing the use of paper.

Complying with Environmental Laws and Regulations

Working to Prevent Risks before They Occur by Setting Self-management Targets That Are Tougher than Regulations

Sekisui Chemical Group has set its own environmental management targets, such as for reducing emissions into the atmosphere and water environments, which are tougher than legal regulations. Each business site strictly follows these internal targets. We aim to prevent environmental accidents before they occur by conducting internal environmental audits to unveil latent environmental risks. The latest regulatory trends and case studies of accidents at other companies are shared within the Group as a part of comprehensive environmental activities.

In fiscal 2018, Sekisui Chemical Group had zero environmental accidents, and zero incidents involving administrative guidance from the government. Sekisui Chemical Group makes every effort to comply with laws and regulations.

Major Initiatives

Expansion of EMS Overseas

Promoting ISO Certification and Zero Waste Emissions

At our overseas bases, we are also expanding the implementation of environmental management systems (EMS) with similar policies to Japan. We are putting in place systems for obtaining environmental impact data and taking initiatives to reduce environmental impact based on this data.

As of the end of March 2019, 54 business sites in Japan and 39 business sites overseas had acquired ISO 14001 or other certifications. The proportion of Sekisui Chemical Group employees working at business sites which have acquired these certifications is now 55%.

Additionally, the Group aims to achieve ISO 14001 certification and zero emissions at all production sites.

Note: See page 82 for more information about "Attainment of Zero Waste Emissions Activity Targets."

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Performance Data

Scope of Tabulation for Environmental Performance Data

Note: All of Sekisui Chemical's (consolidated) offices (100% of produced sales amounts) are subject to environmental reporting.

Japan

Housing Company

R&D institute **One company and one business site**

Sekisui Chemical Co., Ltd. Tsukuba R&D Site

Production plants **Seven companies and 10 business sites**

Hokkaido Sekisui Heim Industry Co., Ltd. / Tohoku Sekisui Heim Industry Co., Ltd. / Sekisui Heim Industry Co., Ltd. / Chushikoku Sekisui Heim Industry Co., Ltd. / Kyusyu Sekisui Heim Industry Co., Ltd. / Sekisui Board Co., Ltd., etc.

Sales and construction **25 companies and 126 business sites**

Sekisui Heim sales companies
Construction and service companies

33 companies and 137 business sites in total

Urban Infrastructure & Environmental Products Company

R&D institutes **One company and one business site**

Sekisui Chemical Co., Ltd. Kyoto Research & Development Laboratories

Production plants **25 companies and 19 business sites**

Sekisui Chemical Co., Ltd. Shiga-Ritto Plant and Gunma Plant / Chiba Sekisui Industry Co., Ltd. / Sekisui Chemical Hokkaido Co., Ltd. / Toto Sekisui Co., Ltd. Okayama Sekisui Industry Co., Ltd. / Shikoku Sekisui Co., Ltd. / Nara Sekisui Co., Ltd. / Yamanashi Sekisui Co., Ltd. / Sekisui Seikei, Ltd. / Sekisui Hinomaru Co., Ltd., etc.

Sales **One company and 10 business sites**

Sekisui Chemical Co., Ltd. Higashinohon Sales, Nishinohon Headquarters, etc.

25 companies and 30 business sites in total

Note: The total number of companies and business sites do not match, since some companies have two or more business sites, and some business sites are shared by two or more companies.

Overseas

Housing Company

Sekisui-SCG Industry Co., Ltd. **One business site**

Urban Infrastructure & Environmental Products Company

Sekisui Polymer Innovations, LLC. Bloomsburg-north Plant
Sekisui Polymer Innovations, LLC. Bloomsburg-south Plant
Sekisui Polymer Innovations, LLC. Holland Plant
Sekisui Eslon B.V.
Sekisui Industrial Piping Co., Ltd.
Sekisui Rib Loc Australia Pty. Ltd.
Sekisui (Wuxi) Plastics Technology Co., Ltd.
Sekisui (Shanghai) Environmental Technology Co., Ltd.

Eight business sites in total

High Performance Plastics Company

Sekisui S-Lec America, LLC.
Sekisui S-Lec Mexico S.A. de C.V.
Sekisui S-Lec B.V. Film Plant
Sekisui S-Lec B.V. Resin Plant
Sekisui S-Lec (Thailand) Co., Ltd.
Sekisui S-LEC (Suzhou) Co., Ltd.
Sekisui Specialty Chemicals America, LLC. Pasadena Plant

High Performance Plastics Company

R&D institutes **Three companies and three business sites**

Sekisui Chemical Co., Ltd. Minase Site
Sekisui Medical Co., Ltd. Drug Development Solutions Center
Sekisui SoflanWiz Co., Ltd. R&D Division

Production plants **14 companies and 19 business sites**

Sekisui Chemical Co., Ltd. Musashi Plant, Shiga-Minakuchi Plant and Taga Plant
Sekisui Techno Molding Co., Ltd. / Sekisui Medical Co., Ltd., Sekisui Nano Coat Technology Co., Ltd. / Sekisui Fuller Company, Ltd. Tokuyama Sekisui Industry Co., Ltd. / Sekisui Polymatech Co., Ltd. Sekisui SoflanWiz Co., Ltd., etc.

14 companies and 22 business sites in total

Headquarters

R&D institutes **One company and one business site**

Sekisui Chemical Co., Ltd. Development Center

Production plants and headquarters **Two companies and three business sites**

Sekisui Chemical Co., Ltd. Osaka headquarters and Tokyo headquarters
ENAX, Inc. Chubu office

Two companies and four business sites in total

Total: 71 companies and 193 business sites

Sekisui Specialty Chemicals America, LLC. Calvert City Plant
Sekisui Specialty Chemicals Europe S.L.
Sekisui Specialty Chemicals (Thailand) Co., Ltd.
S and L Specialty Polymers Co., Ltd.
Sekisui Voltek, LLC. Lawrence Plant
Sekisui Voltek, LLC. Coldwater Plant
Sekisui-Alveo B.V.
Sekisui Alveo BS G.m.b.H.
Thai Sekisui Foam Co., Ltd.
Sekisui Pilon Pty. Ltd.
Youngbo Chemical Co., Ltd.
Youngbo HPP (Langfang) Co., Ltd.
Sekisui High Performance Packaging (Langfang) Co., Ltd.
Sekisui Medical Technology (China) Ltd.
Sekisui Xenotech, LLC.
Sekisui Diagnostics, LLC. San Diego
Sekisui Diagnostics (UK) Ltd.
Sekisui Diagnostics P.E.I. Inc.
Sekisui DLJM Molding Private Ltd. Greater Noida Plant
Sekisui DLJM Molding Private Ltd. Tapukara Plant
Sekisui DLJM Molding Private Ltd. Chen nai Plant
PT.ADYAWINSA SEKISUI TECHNO MOLDING
Sekisui Polymatech (Thailand) Co., Ltd.
PT. Polymatech Indonesia
Sekisui Polymatech (Shanghai) Co., Ltd.

Total: 32 business sites

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Business Sites that Have Received Third-party Certification for Their Environment Management Systems

Housing Company

Sekisui Chemical Co., Ltd. Tsukuba R&D Site*
 Hokkaido Sekisui Heim Industry Co., Ltd.
 Tohoku Sekisui Heim Industry Co., Ltd.
 Sekisui Heim Industry Co., Ltd.
 Kanto Site
 Tokyo Site
 Chubu Site
 Kinki Site
 Chushikoku Sekisui Heim Industry Co., Ltd.
 Kyushu Sekisui Heim Industry Co., Ltd.
 Sekisui Board Co., Ltd. Minakuchi Plant
 Sekisui Board Co., Ltd. Gunma Plant
 Sekisui-SCG Industry Co., Ltd.
 SCG-Sekisui Sales Co., Ltd.

Urban Infrastructure & Environmental Products Company

Sekisui Chemical Co., Ltd. Shiga-Ritto Plant
 Sekisui Chemical Co., Ltd. Gunma Plant
 Sekisui Chemical Co., Ltd. Kyoto R & D Laboratories
 Chiba Sekisui Industry Co., Ltd.
 Sekisui Chemical Hokkaido Co., Ltd.
 Toto Sekisui Co., Ltd. Ota Plant
 Okayama Sekisui Industry Co., Ltd.
 Shikoku Sekisui Co., Ltd.
 Kyushu Sekisui Industry Co., Ltd.
 Nara Sekisui Co., Ltd.
 Hanyu Sekisui Co., Ltd.
 Yamanashi Sekisui Co., Ltd.
 Sekisui Seikei, Ltd. Chiba Plant
 Sekisui Seikei, Ltd. Kanto Plant
 Sekisui Seikei, Ltd. Hyogo Plant
 Sekisui Seikei, Ltd. Hyogo-Takino Plant
 Sekisui Seikei, Ltd. Izumo Plant
 Sekisui Hinomaru Co., Ltd. Tosu Plant
 Sekisui Hinomaru Co., Ltd. Kanto Plant
 Sekisui Home Techno Co., Ltd.
 Sekisui Polymer Innovations, LLC. Bloomsburg Plant
 Sekisui Polymer Innovations, LLC. Holland Plant
 Sekisui Eslon B.V.
 Sekisui Rib Loc Australia Pty. Ltd.
 Sekisui Refresh Co., Ltd.
 Sekisui Industrial Piping Co., Ltd.
 Sekisui (Wuxi) Plastics Technology Co., Ltd.
 Sekisui (Qingdao) Plastic Co., Ltd.
 Sekisui (Shanghai) Environmental Technology Co., Ltd.

High Performance Plastics Company

Sekisui Chemical Co., Ltd. Musashi Plant
 Sekisui Chemical Co., Ltd. Shiga-Minakuchi Plant [Sekisui Fuller Company, Ltd. Shiga Plant]
 Sekisui Chemical Co., Ltd. Taga Plant
 Sekisui Chemical Co., Ltd. Minase Site
 Sekisui Techno Molding Co., Ltd. Nara Plant
 Sekisui Techno Molding Co., Ltd. Mie Plant
 Sekisui Techno Molding Co., Ltd. Aichi Plant
 Sekisui Fuller Co., Ltd. Hamamatsu Plant
 Sekisui Medical Co., Ltd. Iwate Plant
 Sekisui Medical Co., Ltd. Tsukuba Plant
 Sekisui Medical Co., Ltd. Ami Site
 Sekisui Medical Co., Ltd. Drug Development Solutions Center ☆
 Sekisui Nano Coat Technology Co., Ltd.
 Tokuyama Sekisui Industry Co., Ltd.
 Sekisui S-Lec B.V. Film Plant
 Sekisui S-Lec B.V. Resin Plant
 Sekisui-Alveo B.V.
 Sekisui Alveo BS G.m.b.H.
 Sekisui Specialty Chemicals Europe, S.L.
 Sekisui Diagnostics (UK) Ltd.
 Sekisui S-Lec America, LLC.
 Sekisui Votek, LLC. Lawrence Plant
 Sekisui Votek, LLC. Coldwater Plant
 Sekisui Specialty Chemicals America, LLC. Pasadena Plant
 Sekisui Specialty Chemicals America, LLC. Calvert City Plant
 Sekisui Diagnostics, LLC, San Diego
 Sekidui Diagnostics P.E.I. Inc.
 Sekisui S-Lec Mexico S.A. de C.V.
 Sekisui S-Lec Thailand Co., Ltd.
 Thai Sekisui Foam Co., Ltd.
 Sekisui Specialty Chemicals (Thailand) Co., Ltd.
 S and L Specialty Polymers Co., Ltd.
 Sekisui Polymatech (Thailand) Co., Ltd.
 PT. Polymatech Indonesia
 Sekisui Pilon Pty. Ltd.
 Sekisui DLJM Molding Private Ltd. Great Noida Plant
 Youngbo Chemical Co., Ltd.
 Youngbo HPP (Langfang) Co., Ltd.
 Sekisui High Performance Packaging (Langfang) Co., Ltd.
 Sekisui S-LEC (Suzhou) Co., Ltd.
 Sekisui Medical Technology (China) Ltd.
 Sekisui Polymatech (Shanghai) Co., Ltd.

[]: Organizations in square parentheses are included in the scope of certification. Some sites not shown above may include related sections that have attained ISO 14001 certification.

☆ Eco Action 21; others ISO 14001

* The Sekisui Chemical Co., Ltd. Tsukuba R&D Site and Development Center share a single certification

Headquarters

Sekisui Chemical Co., Ltd. Development Center
 ENAX, Inc. Headquarters, Chubu office

Indicator	Calculation Method
Number of EMS-certified business sites	Number of business sites that have received external EMS certification External EMS certification: ISO 14001, Eco-Action 21, etc.
The proportion of all business sites within Sekisui Chemical Group that have received external EMS certification	The proportion of all business sites within Sekisui Chemical Group that have received external EMS certification = $\frac{\sum[\text{Number of employees at business sites that have received external EMS certification}]}{\text{Consolidated number of employees: Number of employees on the final day of the relevant fiscal year}}$

Environment-related Accidents, Complaints, etc.

		Content	Response
Complaints	Noise	Noise from exhaust blowers	Exhaust mufflers installed
	Other	Nighttime lighting environment	Lighting angles changed
		Rainwater getting into waste plastic storage containers	Prevention of rainwater ingress by vinyl covers and stretch film
		Failure to submit an application for permission to make alterations to dangerous goods storage	Submission of application for permission to make alterations

In fiscal 2018, there were four environment-related complaints. In each case in turn, we implemented measures to prevent any reoccurrence.

Environmental Education

Fostering Human Resources Who Can Think About the Importance of Environmental Activities and Act on Their Own

Management Approach

Educational Plans and System

The Creation of an Environmental Education System That Follows the Policies of Our Long-term Vision

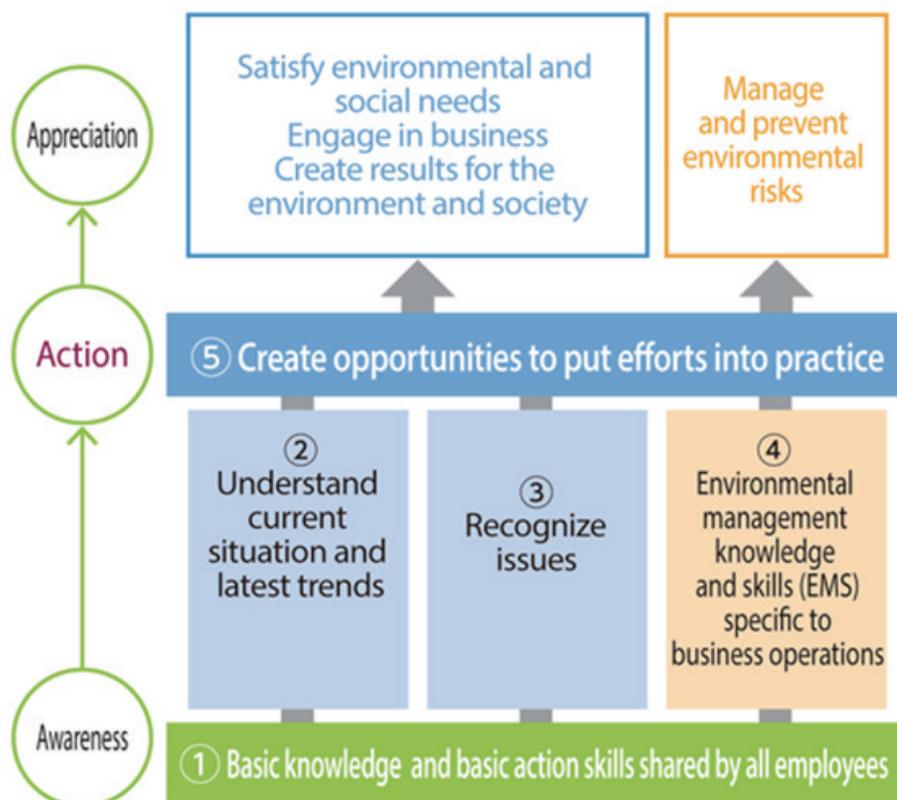
The Sekisui Chemical Group has created an education system to enable it to achieve the “ideal model of environmental human resources” in respect to employees, as drawn up as a means of achieving the group’s Vision. Education based on this system began being conducted in 2014. Through their work, all employees consider on their own what actions they can take to contribute to the environment with the aim of creating “a world in biodiversity is conserved.” The foundation for human resources who think and act in this way is built through environmental education.

Promoting Education

Concept for Promoting Environmental Education over the Long Term

Our environmental education program puts a strong emphasis on the process for instilling “interest, excitement, and gratitude.”

With the goal of raising awareness of environmental issues (creating “interest”), driving action (generating “excitement”), and producing results (fostering “gratitude”), we are conducting a variety of educational activities suited to each situation, with a focus on the most effective teaching methods and targets for each job and area of responsibility.



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Medium-term Plan

Philosophy for Environmental Education in the Environmental Medium-term Plan (2017-2019)

1) A program to assist the transformation to “hands-on” action

Based on monitoring the levels of environmental knowledge and awareness at the Company (organization) level throughout the period of the Environmental Medium-term Plan that was implemented through fiscal 2016, differences based on job type and responsibilities were apparent, but there was almost no difference among regions.

In the Environmental Medium-term Plan (2017-2019), the group will create tools to allow it to monitor individual-level levels of knowledge and degrees of participation so that studies of individual employees can serve as indicators and will create mechanisms that allow employees to engage in activities “hands-on.”

2) The ongoing implementation of effective programs

The programs that proved effective among the various education programs instituted as part of the Environmental Medium-term Plan followed until fiscal 2016 will continue to be implemented in the current Environmental Medium-term Plan, with some revisions to their content.

Major Initiatives

Human Resource Environmental Awareness Indicator

Ascertaining the Level of Environmental Awareness in Human Resources by Indicator

In the surveys on environmental awareness conducted as part of the Environmental Medium-term Plan through fiscal 2016, the level of knowledge was demonstrated to go up, though we noted that there was a need to turn this awareness into action. In order to further boost awareness, we believed it would be effective to create a mechanism that promotes education and training based on each individual’s specific circumstances.

Thus, in fiscal 2017, to “visualize” changes in behavior or in the level of knowledge, a human resource environmental awareness indicator was created to monitor employees’ current levels of environmental knowledge and the status of their behavior and to serve as a progress chart to encourage individuals to engage in self-study.

We use an online “Human Resource Environmental Awareness Check” to promote a better understanding of the human resource environmental awareness indicator.

The Human Resource Environmental Awareness Check focuses on items which Sekisui Chemical Group expects its employees to know about and take action on, including natural capital, SDGs, and environmental policies, and asks the employees in survey form if they know the meaning and purpose of the key terms, and what specific actions the employees may have taken. The results are then scored, with feedback given in regard to each employee’s current level and areas for potential improvement.

Having the employees periodically take the “Human Resource Environmental Awareness Check” allows us to measure the strength of an employee’s environmental activity promotional efforts and through this, his or her knowledge and willingness to act.

2017, the first year in the Environmental Medium-term Plan, is used as the benchmark for the human resource environmental awareness indicator, and the Group is targeting a 20-point improvement from the benchmark level in the course of the current Medium-term Plan. The domestic benchmark is 39 points, and the fiscal 2018 score was 44. While this latter figure represents a five-point improvement, it is still below our target. Thanks to concentrated educational efforts, improvements were shown in areas where low scores had previously been recorded.

However, we believe that among the reasons we did not achieve our target are that a system for undertaking self-study is not yet in place and that the educational opportunities offered are rather limited. Another point was that not all employees were able to attend educational programs. In aiming to expand attendance and increase participation rates, we will work on further horizontal development.

We have started to utilize the human resource environmental awareness indicator overseas as well. In fiscal 2018, we identified the benchmark in North America, and the result was 50 points. In the years to come, we plan to gradually expand the areas to, for example, take in China and Europe, ascertain the trends in each area, and utilize the indicator as a means to improve the level of human resource environmental awareness on a global basis.

Environmental education offered

	Educational program name	Category of education	FY2018 plan		Covered job responsibilities, job types, etc. (Sekisui Chemical Group)
			Japan	Overseas	
1	Environment e-learning 1	②③⑤	✓		Management
2	Environment e-learning 2	②③	✓		All employees
3	Environment e-learning 3	⑤	✓		All employees
4	Workshop Meeting	④⑤	✓	✓	People in charge of environmental affairs
5	EMS Content Distribution (DVD)	①④⑤	✓	△	Production sites, research facilities (Japan, Europe)
6	Training for Fostering Internal Environmental Auditors	④⑤	✓		Production sites, research facilities
7	CSR Training 1	①②	✓		New company employees
8	CSR Training 2	②③	✓		Newly appointed people in management positions
9	Environmental Human Resources Check	①⑤	✓	△	All employees (Japan, America)
10	Pamphlets on Environment-contributing Products	①②③	✓		All employees in Japan
11	Booklet for Publicizing the New Environmental Medium-term Plan (Vision Guidebook)	①②③		△	All employees (Japan, Europe)

△...Conducted in a limited area

1) Environmental e-learning for management

Management regularly introduces environmental topics that are believed necessary to support corporate operations. In fiscal 2018, we implemented an environmental e-learning program focusing on water risks and the issue of plastic pollution in marine environments. We believe we can learn about potential business opportunities by focusing on efforts aimed at resolving environmental issues, as well as on international trends and items requiring corporate compliance.

海洋生態系を乱すマイクロプラスチックのいま SEKISUI

水に関わるものとして忘れてはならないのが、分解されたプラスチック（マイクロプラスチック）による海洋汚染問題。2015年のパリ協定を契機に、世界が気候変動・資源社会へと足掛かりを揃えつつある今、マイクロプラスチック問題はこれまで以上の関心を高め、各国政府や各企業はその懸念に向けて動き始めた。

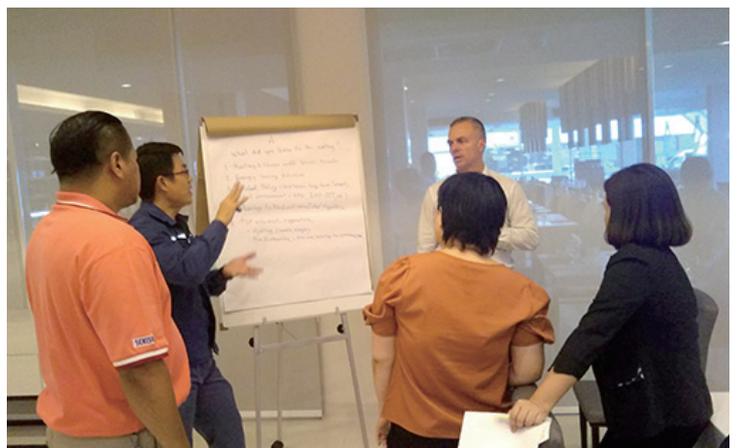
マイクロプラスチック問題とは (2017年最新10ヶ国アンケートの結果)	パリ協定以降の動向 (2017-2018)
<p>洗剤などにスクラップ材として含まれるプラスチック製のマイクロビーズや、不法投棄されたビニール袋などのプラスチック製品が細かく分解され、5mm以下のマイクロプラスチックとして海面を漂い、それを生物が餌と間違えて食べ、食物連鎖（食物網）を通じて濃縮される問題</p> <p>マイクロプラスチックが できる場所</p> <p>▲マイクロプラスチックが 体内に蓄積した魚の稚魚</p>	<p>国際機関や各国政府の方針</p> <p>ケニア ビニール袋の使用・販売・製造・輸入を法律で禁止に。違反すれば最大4年の懲役または約400万円の罰金 ※廃棄物の削減が目標は世界40ヶ国以上</p> <p>日本 第五次環境基本計画でプラスチック使用削減に努めるよう言及</p> <p>欧州委員会 使い捨てプラスチック製品10種の使用をEU全域で禁止する法案を提出</p> <p>国際オリンピック委員会 2024年のパリ大会以降、使い捨てプラスチック製品の利用を禁止する計画</p> <p>企業の対応</p> <p>Unilever 2025年までに全てのプラスチックを再利用可能にする目標</p> <p>DELLなど UNEPと協働で環境プラ削減イニシアチブを発足</p> <p>STARBUCKS 全世界の店舗で2020年までにプラスチック製ストローを廃止すると発表</p>

ポイント
プラスチックは当社にとって切っても切り離せない重要な素材であるからこそ、自分ごととして抜本的な打ち手を見出さなければならない

SHIFT 2019 Fusion... SEKISUI CHEMICAL GROUP 19

2) Workshop Meetings for People in Charge of Environmental Affairs

During fiscal 2018, workshop meetings aimed at improving the environmental management skills of people in charge of environmental affairs at production facilities were held in five areas: Japan, North America, China, Europe, and Thailand. The workshops focused on reducing greenhouse gas emissions—a key item in the Environmental Medium-term Plan—on environmental regulations and improving the green spaces around the operating facilities as well as on assessments of energy-saving policies at model business sites and discussions on how to reduce waste risk.



Workshop Meetings for People in Charge of Environmental Affairs (Left: Europe, right: Thailand)

Environmental Accounting

We compile data on the cost and benefits of our environmental conservation activities.

Management Approach

Compilation Method

Sekisui Chemical Group Refers to Public Guidelines and Adds Its Own Concepts

To fulfill our reporting responsibilities as a company and promote efficient environmental management, we employ environmental accounting that is capable of identifying the cost and benefits of our environmental conservation activities. Calculation is conducted by referring to the Environmental Accounting Guidelines 2005 issued by the Japanese Ministry of the Environment, with the addition of Sekisui Chemical Group's own concepts, such as external economic benefits (estimated effects).

Performance Data

[Scope of Environmental Accounting]

- (1) Summation period: April 1, 2018 to March 31, 2019
- (2) Scope of tabulation: 45 production sites + 5 research facilities + various departments in headquarters + indirect divisions of Companies + 15 housing sales companies

In fiscal year 2016, the scope of tabulation consisted of 40 production sites + 5 research facilities + various departments in headquarters + indirect divisions of Companies + 15 housing sales companies.

Deleted: Four Sekisui Film Co., Ltd. production sites (outside the scope of consolidation),
Sekisui Medical Co., Ltd. Amagasaki Plant (business transferred)

In fiscal year 2017, the scope of tabulation consisted of 42 production sites + 5 research facilities + various departments in headquarters + indirect divisions of Companies + 15 housing sales companies.

Addition: Hanyu Sekisui Co., Ltd. Tohoku Office, Sekisui Medical Co., Ltd. Ami Office

The business sites deleted from and added to the scope of tabulation in 2018 are as follows:

Deleted: Sekisui Techno Molding Co., Ltd. Nara Office (plant closure)

Addition: Sekisui Techno Molding Co., Ltd. Tochigi Office, Sekisui SoflanWiz Co., Ltd. Iwaki Office,
Atsugi Office, Akashi Office

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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(3) Approach toward summation

- Depreciation amounts are the same as those for financial accounting.
- Investment amounts are based on budget approvals during the summation period.
- Expenditures and investments that contain other than environmental conservation activities are distributed pro-rata in 10% increments.

During fiscal 2018, the number of business sites counted as production sites increased.

Concerning costs, management activity costs increased, while upstream and downstream costs, R&D costs, social activity and other costs decreased, and total costs amounted to less than in the previous fiscal year.

Meanwhile, in terms of investment, there was increased investment in pollution prevention measures, and investment in R&D increased; thus, the total amount exceeded that of the previous fiscal year.

In terms of economic effects, profit on the sale of valuables decreased, as did profits from the sale of mega-solar electricity. Additionally, the amount saved on costs from energy-saving activities decreased, while the cost-savings from waste material reduction activities and other efforts increased. The external economic effects from housing equipped with solar power-generation systems and so forth are growing steadily.

Environmental Conservation Costs (Sekisui Chemical Group)

(Millions of yen)

Category	Items	FY2016		FY2017		FY2018	
		Costs	Investments	Costs	Investments	Costs	Investments
1) Costs within business areas	Prevention of air, water, and noise pollution, etc.	1,391	265	1,697	99	1,358	168
	Countermeasures against global warming (energy saving), etc.	383	706	427	1,312	400	870
	Waste reduction, recycling, disposal, etc.	5,370	80	4,967	2,030	5,099	542
2) Upstream/downstream costs	Cost increases due to URU, switching to packaging/packing methods involving reduced environmental impact, greener purchasing, etc.	144	6	218	0	98	7
3) Administrative costs	Environmental education, EMS maintenance, running costs for green action organization, information disclosure, etc.	1,687	5	2,072	0	2,220	13
4) Research & development costs	Research and development on environmental conservation	5,349	804	7,932	1,477	5,983	4,826
5) Social activities costs	Social contributions, etc.	291	0	277	0	271	0
6) Environmental damage costs	Nature restoration, etc.	27	0	29	32	27	0
Total		14,640	1,866	17,618	4,951	15,456	6,426
Total amount of R&D costs* or investment in the fiscal period (million yen)		34,169	20,220	36,974	18,838	38,838	30,551
Ratio of amount related to environmental conservation activities to total amount of R&D costs or Investment (%)		15.7	9.2	21.5	26.3	15.4	21.0

* R&D costs are the total for all consolidated companies.

Environmental Conservation Benefits (Sekisui Chemical Group)

Environmental conservation benefits									Environmental performance criteria: per unit of output; Total				Self-evaluation						
Description of effects		Item	Unit	FY2016	FY2017	FY2018	Effect (18-17)	Item	Unit	FY2017	FY2018								
Effects within business areas	Effects on invested resources	Amount of energy usage	(1) Electricity	TJ	1,124	1,116	1,085	-31	(1) Energy usage per unit of output (electricity + fuel)	GJ/ton	1.05	1.00	✓						
			(2) Fuel	TJ	2,415	2,488	2,507	19											
	Effects on environmental impact and waste			(3) CO ₂ emissions	Thousand tons	318.9	317.4	306.7	-10.7					X					
				(4) Volume of environmental pollutants discharged *	Tons	567.3	649.5	679.7	30.2										
				(5) Waste generated **	Thousand tons	37.2	38.3	40.3	2.0						(2) Waste generated per unit of output	kg/ton	42.3	43.4	X
				(6) Outsourced disposal **	Thousand tons	0.00	0.31	0.55	0.24						(3) Outsourced disposal per unit of output	kg/ton	0.34	0.59	X
Upstream/downstream effects	Effects related to products/services	CO ₂ : reduction by photovoltaic power generation, etc. (cumulative)	Thousand tons	425	452	481	29						✓						
Other benefits to environmental conservation	Others **	Business sites attaining ISO 14001 and other certifications	New acquisitions	Sites	3	2	10	-	Business sites attaining ISO 14001 and other certifications **	Total number of business sites	102	112	✓						
			Renewals	Sites	12	19	14	-											
		Number of business sites achieving zero emissions **	Sites	4	0	0	-	Number of business sites achieving zero emissions **	Total number of business sites	162	162	✓							
		CO ₂ : reduction from use of megasolar facilities	Thousand tons	5.18	4.96	4.57	-0.39												

*1 Class I Designated Chemical Substances specified by PRTR Law.

*2 Amount discharged + Amount disposed of at price + Amount incinerated within own premises.

*3 Simple incineration + Landfill.

*4 Including business sites not subject to environmental accounting summation, such as overseas business sites.

*5 A cumulative total number of sites reviewed for factors, such as consolidation and return of certifications for housing sales companies.

*6 A business site affiliated to multiple companies is counted as one.

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Economic Benefits of Environmental Conservation Measures (Sekisui Chemical Group)

(Millions of yen)

Description of effects		FY2016	FY2017	FY2018	Remarks
Revenue	(1) Profit on sales of valuable resources	129	291	159	Profit on sales of valuable resources from promotion of waste segregation and recycling
	(2) Revenues from sale of electricity	379	384	363	Revenues from sale of electricity generated by megasolar facilities
Cost savings	(3) Savings from simplified packaging	0	4	0	
	(4) Cost savings through energy-saving activities	486	654	595	
	(5) Cost savings through waste-reduction activities, etc.	646	677	1,595	Including resource-saving activities
Subtotal (actual effects)		1,639	2,010	2,712	
(6) Contribution to environmental conservation activities *1		6,694	7,737	11,017	Contribution of environmental conservation activities to added value at business sites *2
(7) External economic effect		30,647	34,982	35,754	Monetary conversion of impact from photovoltaic generation systems and No-Dig pipe rehabilitation method
Subtotal (estimated effects)		37,341	42,719	46,771	
Total		38,980	44,728	49,483	

*1 Excluding housing sales companies

*2 (Added value from business sites) × {(Costs within business areas + Administrative costs)/(Total production costs excluding materials costs)}

Environmental Conservation Costs (by Company)

(Millions of yen)

Category	Items Description of main activities	Housing Company*1		Urban Infrastructure & Environmental Products Company		High Performance Plastics Company		Sekisui Chemical Group*2	
		Costs	Investments	Costs	Investments	Costs	Investments	Costs	Investments
1) Costs within business areas	Prevention of air, water, and noise pollution, etc.	1,168	67	43	17	144	83	1,358	168
	Countermeasures against global warming (energy saving), etc.	120	125	167	269	113	476	400	870
	Waste reduction, recycling, disposal, etc.	4,188	2	284	17	618	523	5,099	542
2) Upstream/downstream costs	Cost increases due to URU, switching to packaging/packing methods involving reduced environmental impact, greener purchasing, etc.	66	0	5	7	17	0	98	7
3) Administrative costs	Environmental education, EMS maintenance, running costs for green action organization, information disclosure, etc.	545	0	296	0	849	11	2,220	13
4) Research & development costs	Research and development on environmental conservation	161	134	1,819	2	729	1	5,983	4,826
5) Social activities costs	Social contributions, etc.	181	0	33	0	16	0	271	0
6) Environmental damage costs	Nature restoration, etc.	0	0	0	0	27	0	27	0
Total		6,429	328	2,648	312	2,514	1,093	15,456	6,426

Total amount of R&D costs ³ or investment in the fiscal period (million yen)	4,249	5,159	5,938	9,249	21,233	13,840	38,838	30,551
Ratio of amount related to environmental conservation activities to total amount of R&D costs or Investment (%)	3.8	6.4	30.6	3.4	3.4	7.9	15.4	21.0

*1 Including 43 business sites of housing sales companies. *2 Total of three division companies and departments of headquarters. *3 R&D costs are the total for all consolidated companies.

Environmental Conservation Costs (by Environmental Conservation Measure)

(Millions of yen)

Category	Items Description of main activities	Housing Company*1		Urban Infrastructure & Environmental Products Company		High Performance Plastics Company		Sekisui Chemical Group*2	
		Costs	Investments	Costs	Investments	Costs	Investments	Costs	Investments
1. Prevention of global warming	Reduction of CO ₂ emissions, etc.	109	125	165	247	111	321	387	693
2. Ozone layer protection	Reduction of chlorofluorocarbon emissions, etc.	7	0	5	8	11	47	23	56
3. Conservation of air quality	Prevention of air pollution by reducing polluting substances	388	63	34	3	39	11	460	77
4. Prevention of noise and vibration	Prevention of noise and vibration pollution	4	0	7	2	10	0	20	2
5. Conservation of water environment, soil environment, ground quality	Preservation of water quality, prevention of subsidence	212	1	18	12	132	58	364	72
6. Waste reduction and recycling	Reduction and treatment of waste, recycling, etc.	4,240	2	290	23	646	523	5,185	549
7. Reduction of chemical substances	Risk management of chemical substances, etc.	527	0	1	0	4	3	533	3
8. Conservation of natural environment	Nature conservation, etc.	103	0	87	0	42	5	263	8
9. Others	Others	840	137	2,041	15	1,518	124	8,221	4,966
Total		6,429	328	2,648	312	2,514	1,093	15,456	6,426

*1 Including 43 business sites of housing sales companies. *2 Total of three division companies and departments of headquarters.

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Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Environmental Conservation Benefits (by Company)

Environmental conservation benefits				Housing Company* ¹			Urban Infrastructure & Environmental Products Company			High Performance Plastics Company			Sekisui Chemical Group* ²			
Description of effects		Items	Unit	FY2017	FY2018	Effect (18-17)	FY2017	FY2018	Effect (18-17)	FY2017	FY2018	Effect (18-17)	FY2017	FY2018	Effect (18-17)	
Effects on invested resources	Effects on environmental impact and waste	(1) Electricity	TJ	151	152	1	573	547	-27	383	377	-6	1,116	1,085	-31	
		(2) Fuel	TJ	131	128	-4	94	90	-4	2,257	2,282	25	2,488	2,507	19	
	Effects within business areas	(3) CO ₂ emissions	Thousand tons	27.7	27.3	-0.4	89.5	81.3	-8.2	198.7	196.4	-2.3	317.4	306.7	-10.7	
		(4) Volume of environmental pollutants discharged ³	Tons	1.5	1.4	-0.2	47.0	46.4	-0.6	601.0	631.9	31.0	649.5	679.7	30.2	
		(5) Waste generated ⁴	Thousand tons	11.2	11.1	-0.1	7.9	7.8	-0.1	190	21.1	2.1	38.3	40.3	2.0	
		(6) Outsourced disposal ⁵	Thousand tons	0.00	0.00	0.00	0.00	0.00	0.00	0.18	0.38	0.20	0.31	0.55	0.24	
Upstream/downstream effects	Effects related to products/service	CO ₂ reduction by photovoltaic power generation, etc.	Thousand tons	452	481	29	—	—	—	—	—	—	452	481	29	
Other benefits to environmental conservation	Others ⁶	Business sites attaining ISO 14001 and other certifications	New acquisitions	Sites	0	0	—	0	0	—	2	10	—	2	10	—
			Renewals	Sites	1	5	—	10	4	—	8	4	—	19	14	—
		Number of business sites achieving zero emissions ⁷	Sites	0	0	—	0	0	—	0	0	—	0	0	—	
		CO ₂ reduction from use of megasolar facilities	Thousand tons	3.11	2.91	-0.20	0.80	0.67	-0.12	1.05	0.98	-0.07	4.96	4.57	-0.39	

*1 Including 43 business sites of housing sales companies *2 Total of three division companies and departments of headquarters. *3 Class I Designated Chemical Substances specified by PRTR Law.

*4 Amount discharged + Amount disposed of at price + Amount incinerated within own premises *5 Simple incineration + Landfill

*6 Including business sites not subject to environmental accounting summation, such as overseas business sites *7 A business site affiliated to multiple companies is counted as one.

Economic Benefits of Environmental Conservation Measures (by Company)

(Millions of yen)

Description of effects		Housing Company* ¹	Urban Infrastructure & Environmental Products Company	High Performance Plastics Company	Sekisui Chemical Group* ²	Remarks
Revenue	(1) Profit on sales of valuable resources	23	32	103	159	Profit on sales of valuable resources from promotion of waste segregation and recycling
	(2) Revenues from sale of electricity	226	59	77	363	Revenues from sale of electricity generated by megasolar facilities
Cost savings	(3) Savings from simplified packaging	0	0	0	0	
	(4) Cost savings through energy-saving activities	21	106	468	595	
	(5) Cost savings through waste-reduction activities, etc.	36	97	1,462	1,595	Including resource-saving activities
Subtotal (actual effects)		306	294	2,110	2,712	Contribution of environmental conservation activities to added value at business sites ³
(6) Contribution to environmental conservation activities ¹		1,408	1,811	7,798	11,017	Monetary conversion of impact from photovoltaic generation systems and No-Dig pipe rehabilitation method
(7) External economic effect		25,242	10,513	—	35,754	
Sub-total (estimated effects)		26,650	12,324	7,798	46,771	
Total		26,956	12,618	9,908	49,483	

*1 Including 43 business sites of housing sales companies *2 Total of three division companies and departments of headquarters. *3 Excluding housing sales companies

*4 (Added value from business sites) × {(Costs within business areas + Administrative costs)/(Total production costs excluding materials costs)}

Indicator	Calculation Method
Environmental Accounting	<p>Calculation based on referring to the Ministry of the Environment's "Environmental Accounting Guidelines 2005 Edition" and adding Sekisui's own concepts, such as external economic effects (estimated effects)</p> <p>Among the economic effects attendant with environmental conservation measures, the external economic effect consist of the effects of energy-savings from sales of housing equipped with solar power-generation systems and the effects of non-digging renovation methods for sewers, and so forth, converted to a monetary value</p>

Usage of Natural Capital

Initiatives by Sekisui Chemical Group to Reduce its Impact on the Environment

Sekisui Chemical Group is involved in business that utilizes fossil fuels, lumber, and other resources of the earth (natural capital).

To balance the irreplaceable global environment with sustainable business, Sekisui's initiatives for "reducing the impact on the environment" are explained here.

Climate Change

Sekisui is engaged in reducing greenhouse gas emissions in all stages from the procurement of raw materials to development, manufacturing, transport, and use.

Efficient Use of Resources

Sekisui strives to thoroughly implement the "3 Rs" (reduce, reuse, and recycle) throughout entire lifecycles and to achieve zero emissions from its business sites.

Conservation of Water Resources

Sekisui monitors the impact of water resources on business continuity and reflects its findings in its business plans.

Chemical Substance Management

Sekisui establishes its own targets and strives to reduce the amount of runoff of chemical substances and the amount transported among sites.

Environmental Impact Assessment

Sekisui runs systems that evaluate the environmental effects of products in all stages from product planning, development, and mass prototyping to marketing and initial distribution.

Material Balance

Sekisui releases information on the resources and energy used in its business activities (inputs) and on the impact on the environment from those activities (outputs).

Climate Change

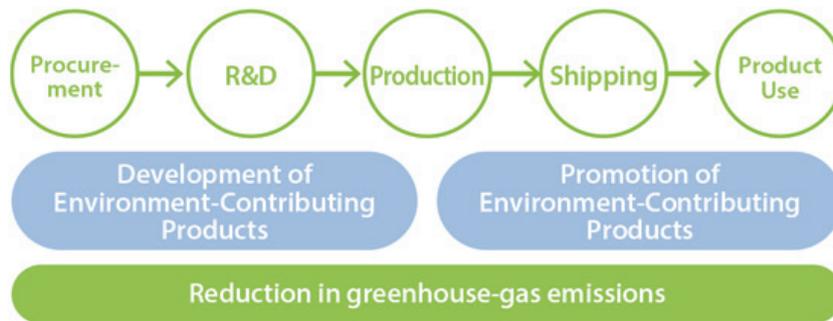
Efforts to Reduce Greenhouse Gas Emissions throughout the Supply Chain

Management Approach

Basic Concept

Reducing Emissions throughout the Supply Chain

Sekisui Chemical Group has formulated a medium-term greenhouse gas emission reduction plan in line with targets established at COP21 (the Paris Agreement). We are identifying and disclosing the effects in terms of “risks and opportunities” that climate will have on business continuity based on science-based scenarios aimed at the achievement of the ambitious goals of the Paris Agreement, which are based on Science Based Targets (SBT). Moreover, we reflect these factors into our business plans and emission reduction targets. Concerning emissions, Sekisui Chemical is engaged in reducing greenhouse gas emissions at every stage, from the procurement of raw materials to development, manufacturing, transport, and use. We monitor these emissions throughout the supply chain, including not just our own business sites but also raw material suppliers and the use of our products after being sold, and publish our findings.



Combating Climate Change

Steadily Reducing Greenhouse Gases in All Business Activities

Under the Environmental Medium-term Plan that we have been implementing since fiscal 2017, we have widened the scope to encompass not only production-related greenhouse gas emissions but also those from all aspects of our business activities. In the case of the latter, we have set a reduction target of 6% against the fiscal 2013 level by fiscal 2019. Sekisui Chemical is also actively engaged in environment-contributing investments that contribute to reducing greenhouse gas emissions from its production divisions. In regard to the electricity that accounts for about half of these greenhouse gas emissions, we are reviewing our selection criteria for electric power suppliers with an eye toward cutting costs and CO₂ emission coefficients. Moreover, we are increasing our utilization ratio for renewable energy by advancing the introduction of solar power equipment to generate electricity for use at the plant or facility in which it was installed.

Looking ahead, we will continue to work toward reducing greenhouse gases at every stage of our business activities, with the COP21 (Paris Agreement) objectives at the forefront of our decision-making.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Climate Change and Our Business

Risks and Opportunities Presented by Climate Change for Our Businesses

Sekisui Chemical Group recognizes that global warming and other forms of climate change are a global problem for society. The Sekisui Environment Sustainability Vision 2030 created in fiscal 2013 aims to realize “a planet where biodiversity is preserved.” Our concept of “a planet where biodiversity is preserved” is a vision where the earth has achieved a state of having solved global-scale social issues, such as climate change, resource depletion and ecosystem degradation.

We also strive to understand the risks and opportunities that climate change presents to the operations of Sekisui Chemical Group, in terms of their magnitude, scope of impact and other matters. For identified risks, Sekisui Chemical Group examines measures to mitigate the risks, and for identified opportunities, it considers the creation of new businesses by developing products and services. Through this kind of management, we believe it is possible to remain a company that meets the demands of society through sustainable business development.

Higher Costs to Address Climate Change Can Be Met with Reductions in Environmental Impact

As an initiative to reduce environmental impact, the Sekisui Chemical Group introduced the ECO-JIT Program* for the purpose of greatly increasing energy efficiency in production processes while working on the visualization of its energy usage and reducing the volume used. We also created a system where employees can select an eco-car from the list of company-owned vehicles and conduct environmental impact assessments and energy conservation assessments when installing new equipment in our plants. Through these and other efforts, the Sekisui Chemical Group has put in place a structure that allows it to meet new environmental regulations around the world at minimal cost.

* ECO-JIT Program: A program to reduce energy costs by thorough detection of energy losses in production processes and thorough innovation

Changes in Market Needs and Stronger Demand for Environmental Products Can Be Addressed by Improving Environment-contributing Products

We manage risks that arise from climate change and other global social issues by continuing to develop Environment-contributing Products and disclosing and distributing detailed data on outcomes, and this also allows us to precisely identify opportunities arising from strengthening demand.

In particular, we believe it is possible to magnify the impact of the products and services we create by quantifying as much as possible the size of the contribution Group products make to solving social issues, which leads to opportunities to create and transform markets in ways that help solve global issues and change the awareness of consumers.

Deterioration in Operating and Working Conditions Can Be Addressed on a Case-by-Case Basis

If climate change becomes a grave problem and significantly increases the highest and lowest temperatures, it is possible that people in manufacturing and construction would be unable to work as much. Since climates vary by region, it may be possible to minimize the effects of climate change by proposing to do construction work and projects during the more favorable seasons in the region. Each company division and Group company has formulated its own BCP based on their unique situation as a means of avoiding as much as possible the risk of loss in operations and work availability due to natural disasters.

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Major Initiatives

Acquisition of SBT Certification

Acquisition of Certification under the SBT* Initiative (a World-First in the Chemistry Industry) Relating to Greenhouse Gas Reduction Targets

To commit before society its stance of actively engaging in corporate efforts to resolve issues of climate change, Sekisui Chemical Group publicly releases CSR reports and other materials relating to its targets. Additionally, in fiscal 2017, the Group applied for certification under the SBT Initiative to demonstrate that the medium- to long-term targets announced for its overall business and for its supply chains reach a scientifically grounded, ambitious level aimed at achieving the COP21 (Paris Agreement) targets. The Group then became the first in the chemical industry worldwide to receive this certification.

<Certified targets>

SCOPE 1+2: Reduce greenhouse gas emissions by 26%, relative to fiscal 2013, by 2030

SCOPE 3: Reduce greenhouse gas emissions by 27%, relative to fiscal 2016, by 2030

The Group will continue to affirm its growing responsibility to play its role as an industry leader and will strive to engage in activities leading and imploring society as a whole to work on measures to combat climate change.

* SBT: SBT (short for Science-Based Targets). Called for by joint initiatives, including the UN Global Compact, in response to the adoption of the Paris Agreement. Through the SBT Initiative, greenhouse gas reduction targets established by companies are certified as science-based targets (SBT) that contribute to long-term measures combating climate change.

Environment-contributing Investments

Environment-contributing Investment Framework Newly Created to Advance Measures for Combating Global Warming

It will first be necessary to steadily achieve the targets, set by backcasting, in the Environmental Medium-term Plan that the Group has been implementing since fiscal 2017 to achieve the Group's 2030 targets for reducing greenhouse gas emissions.

The Group is already implementing extremely high-level initiatives for reducing emissions at its production sites. To achieve its targets of wide-ranging reductions, the Group believes that bold capital expenditures, in addition to mere changes to its operations in production sites, will be essential. To promote capital expenditures that contribute to energy savings, the Group has set a new Environment-contributing Investment Framework, and has established internal systems that support production sites upgrade or replace equipment to reduce greenhouse gas emissions.

The effects of initiatives, such as the undertaking of capital investment that had previously been considered not economically viable and had thus been postponed, have become increasingly apparent. By investing to upgrade older types of manufacturing equipment, introduce solar power equipment to generate electricity for in-house use, utilize energy conversion boilers, and switch to LED lighting, the Group is on track to reduce the greenhouse gas emissions from projects already ordered through fiscal 2018 by 30,000 metric tons, and, with the further spending based on this support system, we aim to achieve total reductions of 40,000 metric tons.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Greenhouse Gas Emissions in the Supply Chain (SCOPE 3)

Reducing Greenhouse Gases at Supply Chain Stage

In the case of Sekisui Chemical Group we were able to determine that greenhouse gas emissions falling under SCOPE 3 are highest at the raw materials procurement and product usage stages. The reason that emissions are high in the raw materials procurement stage is understood to be due to the characteristics of our business as a chemicals manufacturer. Meanwhile, the emissions from the product-usage stage arise from the large volumes of greenhouse gases emitted as the result of energy consumed in the houses that we sell.

Concerning raw materials, going forward, we will revise our selection criteria for new materials at the time of their adoption and reduce the use of four resins known to be raw materials that result in high levels of emissions to reduce the amount of greenhouse gases that are emitted. Thus, we will act to include the entire supply chain, achieving reductions of 20%, relative to fiscal 2016.

In terms of emissions at the stage of product usage, we will contribute to energy usage reductions from occupied housing by increasing the proportion of net-zero energy houses (ZEH) among the housing units that we sell, achieving 50% reductions, relative to fiscal 2016, by fiscal 2030.

Renewable Energy Use

The Installation of Solar Power Equipment Generating Electricity for In-house Use

Sekisui Chemical has been promoting the use of renewable energy by installing solar power generators at our domestic and overseas production sites. In fiscal 2018, solar-derived energy usage amounted to 1,268 MWh, which is equivalent to 0.15% of our total energy usage, including purchased electricity. This equates to a 0.1 of a percentage point improvement compared with fiscal 2017, thanks largely to the installation of solar power generation equipment with 814kW of power output capacity at Sekisui S-Lec America in July 2018. The equipment is expected to produce 1,044MWh of power on an annual basis. In Japan, we installed solar power generation equipment with 644kW of power output capacity at Yamanashi Sekisui Co.,Ltd. in March 2019, with this equipment expected to produce 700MWh of power on an annual basis. Sekisui Chemical Group is actively focused on introducing similar equipment at several of its facilities.

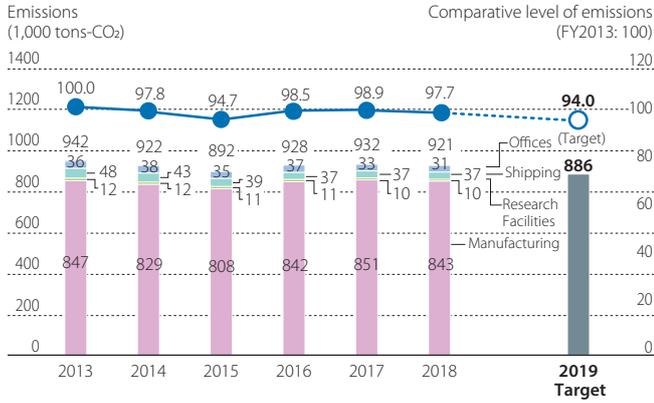
Sekisui Chemical will continue to monitor the proportion of renewable energy out of its total amount of electricity consumed, including purchased electricity, and to strive to increase that proportion to help achieve its Environmental Sustainability Vision 2030 targets.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Performance Data ✓

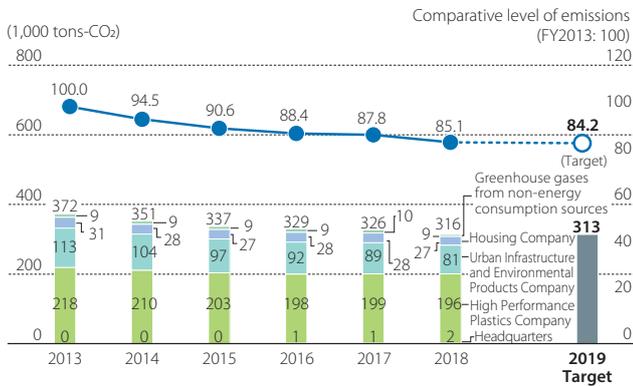
Starting with the current Environmental Medium-term Plan (2017-2019) we have revised the CO₂ emissions coefficient and amount of heat generated per unit of output, resulting in revisions to figures for previous fiscal years.

Greenhouse Gas (GHG) Emissions That Arise from Business Activities



Note: Past figures have been revised due to improvements in precision.

Greenhouse Gas (GHG) Emissions during Manufacturing / Japan

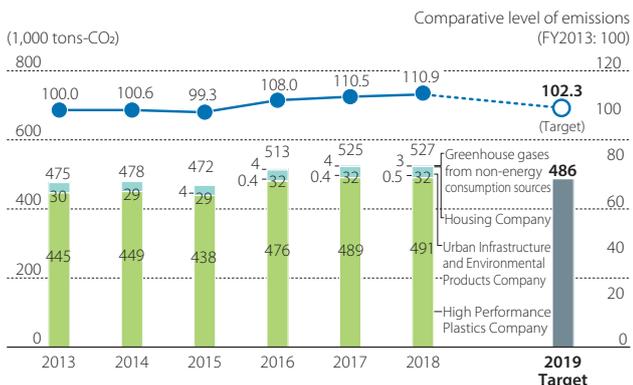


Energy Usage and per Unit of Output* (Index) during Manufacturing / Japan

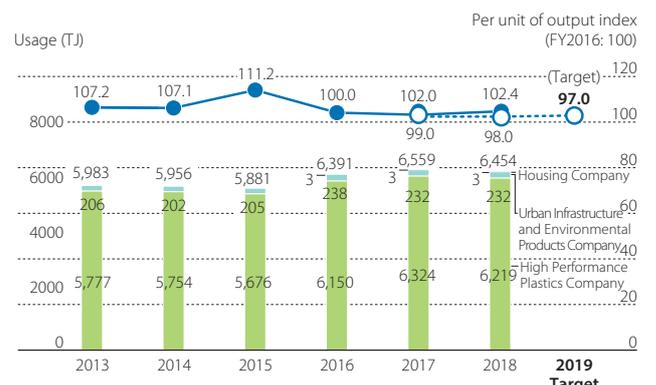


* Energy consumption per unit of production weight

Greenhouse Gas (GHG) Emissions during Manufacturing / Overseas

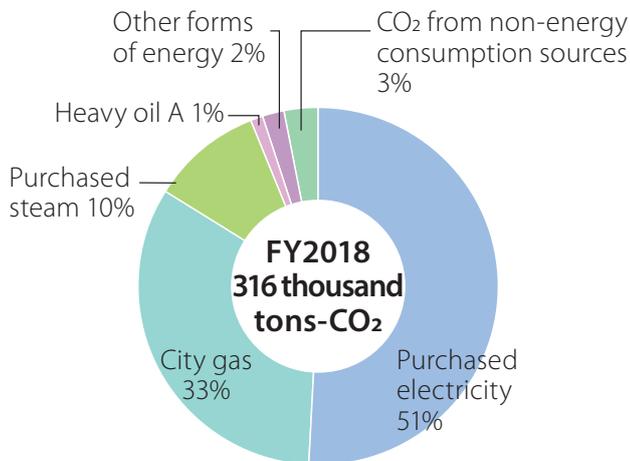


Energy Usage and per Unit of Output* (Index) during Manufacturing / Overseas

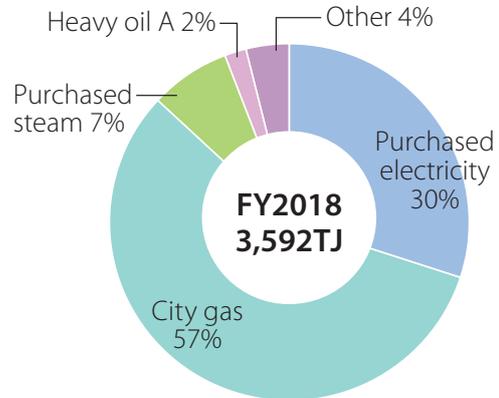


* Energy consumption per unit of production weight

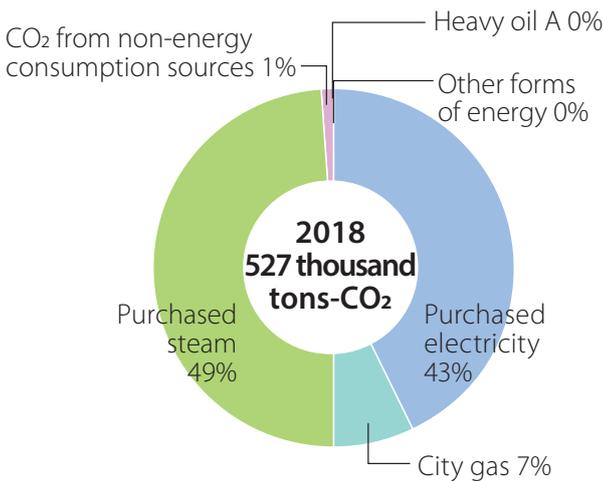
Breakdown of Greenhouse Gas (GHG) Emissions during Manufacturing / Japan



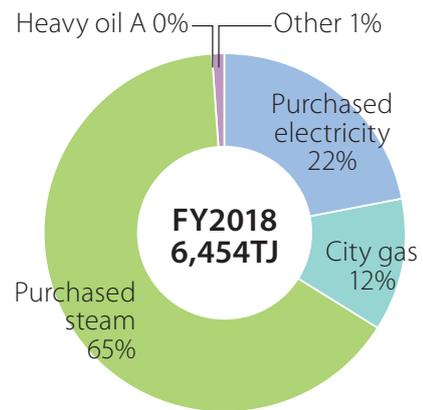
Breakdown of Energy Usage during Manufacturing / Japan



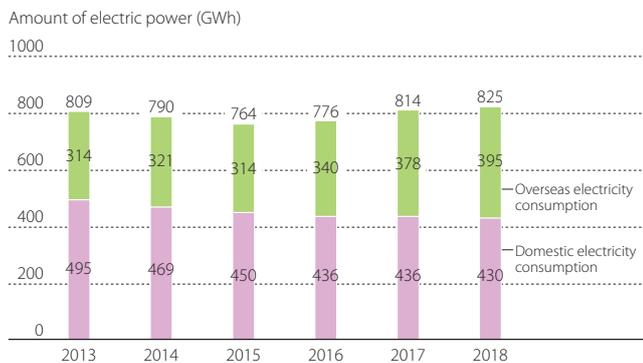
Breakdown of Greenhouse Gas (GHG) Emissions during Manufacturing / Overseas



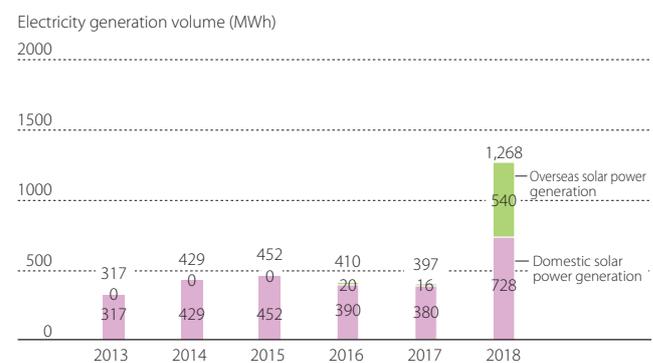
Breakdown of Energy Usage during Manufacturing / Overseas



Electricity Consumption Volume for Research Facilities and Manufacturing / Japan and Overseas

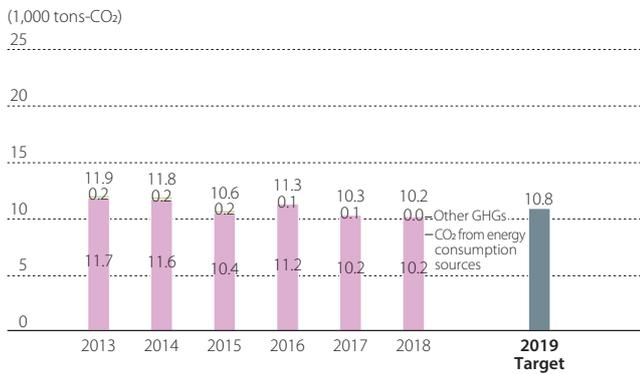


In-House Use Solar Power Generation Volume for Research Facilities and Manufacturing / Japan and Overseas

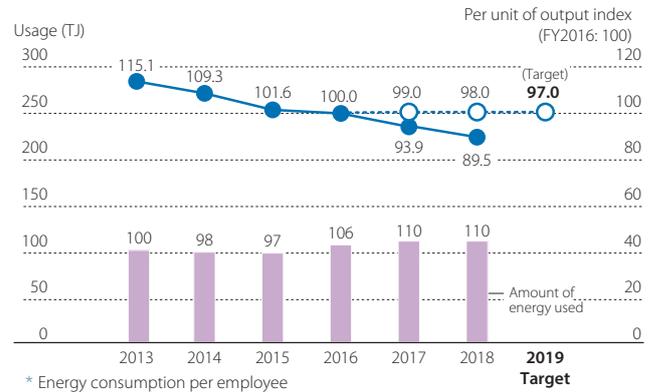


Note: Past figures have been revised due to improvements in precision.

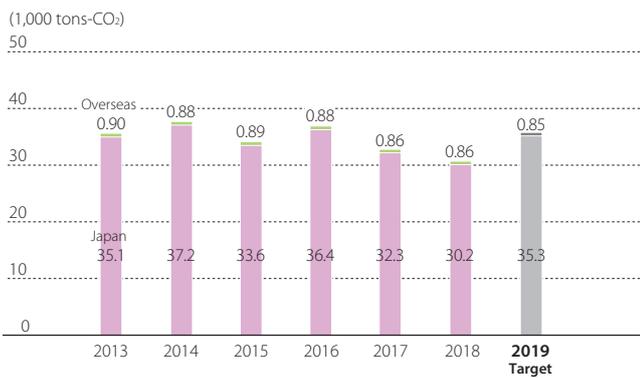
GHG Emissions at Research Facilities



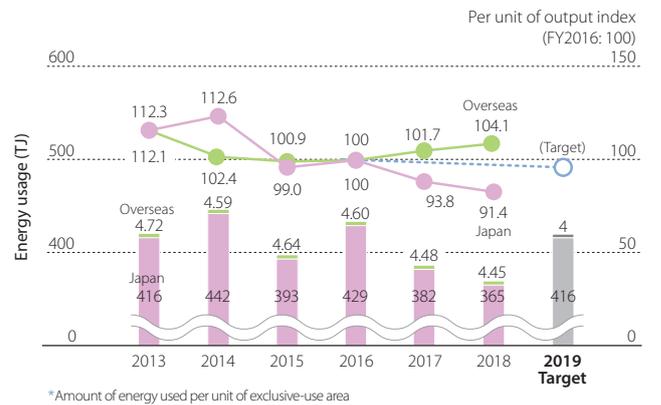
Energy Usage and per Unit of Output* (Index) at Research Facilities



GHG Emissions at Offices



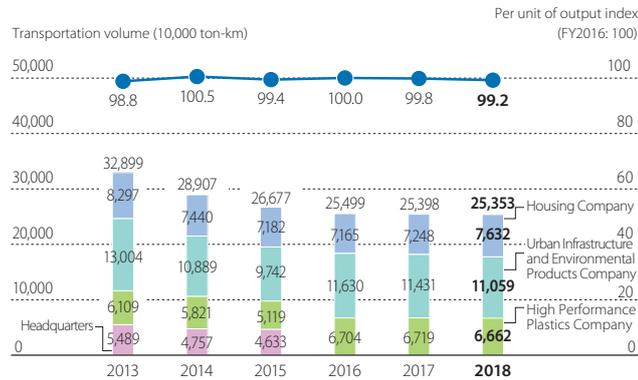
Energy Usage and per Unit of Output* (Index) at Offices



Note: For Japan, electricity and fuel for company cars are tabulated, while only electricity is tabulated for overseas.

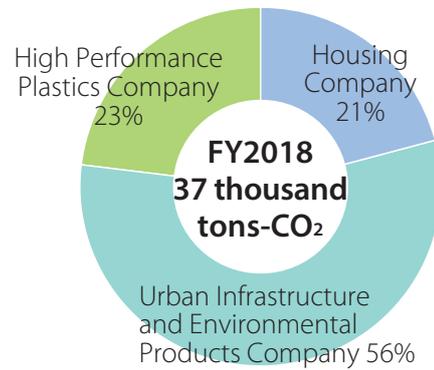
Indicator	Calculation Method
Greenhouse Gas Emissions	<p>GHG emissions = Σ[fuel usage, purchased electricity, purchased steam \times CO₂ emissions coefficient] + greenhouse gas emissions not arising from energy consumption</p> <p>Greenhouse gas emissions not arising from energy consumption = CO₂ emissions not arising from energy consumption* + Σ[emissions of non-CO₂ greenhouse gases \times global warming coefficient]</p> <p>*Includes CO₂ emissions from the burning of non-fuel matter based on the Act on Promotion of Global Warming Countermeasures, both inside Japan and overseas</p> <p>[CO₂ Emissions Coefficient]</p> <p>Purchased Electricity: In Japan, the coefficient provided in notices pursuant to the Act on Promotion of Global Warming Countermeasures is applied to the latest data at the start of each fiscal year. In cases where the Company purchases power with the emission coefficient set by menu, the adjusted emission coefficient applies.</p> <p>For overseas data, the latest coefficient data as of the start of each fiscal year acquired from suppliers is applied.</p> <p>When no data is available, the data is complied with the GHG Protocol and EPA eGRID 2014 for determinations.</p> <p>City Gas and Purchased Steam: Coefficients obtained from suppliers are applied to the latest data at the start of each fiscal year</p> <p>If a coefficient cannot be obtained in this manner, it is based on the Act on Promotion of Global Warming Countermeasures</p> <p>Fuel Other than the Above: Based on the Act on Promotion of Global Warming Countermeasures</p> <p>Global warming coefficient: An emissions coefficient determined based on a system of greenhouse gas emission calculations, reports, and official disclosures</p>
Energy Usage	<p>Energy usage = Σ[amount of fuel used, amount of electricity purchased, amount of steam purchased \times amount of heat generated per unit]</p> <p>[Amount of Heat Generated per Unit]</p> <p>Purchased Electricity: 3.60 MJ/kWh</p> <p>Fuel, Purchased Steam: Based on the Act on the Rational Use of Energy</p>

Transportation Volumes and Energy per Unit of Output* (Index) during Transportation / Japan



* Both transportation volume and Energy per unit of output (index) have been revised from fiscal 2016 due to improvements in precision.

CO₂ Emissions during the Transport Stage / Japan

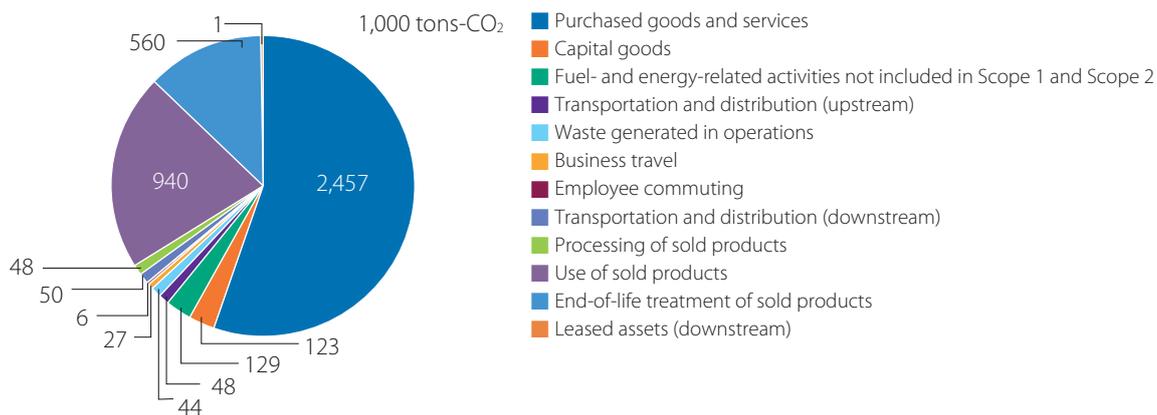


Indicator	Calculation Method
CO ₂ Emissions during the Transport	<p>The calculation is the CO₂ emissions yielded by combining the fuel method (transport of housing units, etc.) and the metric ton-kilo method (other than transport of housing units, etc.)</p> $\text{CO}_2 \text{ emissions} = \sum[\text{fuel usage} \times \text{CO}_2 \text{ emissions coefficient}] + \sum[\text{amount transported (metric tons)} \times \text{distance transported (km)} \times \text{fuel usage per unit of output} \times \text{CO}_2 \text{ emissions coefficient}]$ <p>Fuel usage per unit of output is the value used in the reporting system for specified freight carriers under the Act on the Rational Use of Energy</p> <p>Domestic distribution (shipment of products) is covered</p>

Greenhouse Gas Emissions throughout Supply Chain (SCOPE 3)

Category		Estimated emissions (1,000 tons-CO ₂)				
		FY2014	FY2015	FY2016	FY2017	FY2018
Upstream	Purchased goods and services	1,521	1,455	2,180	2,336	2,457
	Capital goods	31	17	37	171	123
	Fuel-and energy related activities not included in Scope 1 and Scope 2	121	119	127	131	129
	Transportation and distribution (upstream)	24	24	37	46	48
	Waste generated in operations	45	45	46	42	44
	Business travel	30	29	26	30	27
	Employee commuting	5	5	5	6	6
Downstream	Transportation and distribution (downstream)	59	53	45	45	50
	Processing of sold products	42	41	43	46	48
	Use of sold products	1,353	1,528	1,542	1,554	940
	End-of-life treatment of sold products	227	216	310	529	560
	Leased assets(downstream)	1	1	1	1	1
Total(upstream/downstream)		3,461	3,531	4,400	4,937	4,433

Note: Since fiscal 2016, the scope of tabulation of purchased products and services has been expanded; this resulted in the emissions increasing substantially from the previous fiscal year following review of the values for fiscal 2016. After including the effects of reducing energy consumption, emission volumes related to the “use of sold products” declined, and SCOPE3 decreased compared to the previous fiscal year for ZEH specification housing from fiscal 2018.



Greenhouse Gas Emissions Throughout Supply Chain as a Whole (Classified by SCOPE)



Note: Since fiscal 2016, transport energy accuracy has improved and the scope of tabulation of purchased products and services has been expanded in relation to SCOPE3; this resulted in the emissions known increasing substantially from the previous fiscal year.

After including the effects of reducing energy consumption, emission volumes related to the “use of sold products” declined, and SCOPE3 decreased compared to the previous fiscal year for ZEH specification housing from fiscal 2018.

Indicator	Calculation Method	
Greenhouse Gas Emissions throughout Supply Chain	Purchased goods and services	<p>$CO_2 \text{ emissions} = \Sigma[(\text{amount of major raw materials used as listed in Material Balance section of this report} + \text{estimated values for other raw materials}) \times \text{emission coefficient (IDEA v 2.2 (a GHG emissions database by the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry))}]$</p> <p>Up to and including fiscal 2017, the Group gained an understanding of environmental impact, including the volume of greenhouse gases emitted, by making calculations using "MiLCA," the database furnished by the Japan Environmental Management Association for Industry. However, from fiscal 2018, the Group is reflecting the actual emissions of its raw material suppliers with regard to four principal resins (PP, PE, PVC and PVA).</p>
	Capital goods	<p>$CO_2 \text{ emissions} = \Sigma[(\text{amount of spending on capital expenditures authorized for the given fiscal year for buildings, structures, mechanical equipment, and transport vehicles}) \times \text{emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 2.0) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))}]$</p>
	Fuel-and energy related activities not included in Scope 1 and Scope 2	<p>$CO_2 \text{ emissions} = \Sigma[(\text{fuel usage, amount of purchased electricity, and amount of purchased steam}) \times \text{emissions coefficient}]$</p> <p>The emissions coefficients used are as follows. For fuel, IDEA v 2.1 (a GHG emissions database by the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry); for purchased electricity and steam, per unit emission database for calculating greenhouse gas emissions by organizations, etc., arising from supply chains (Ver. 2.0) (Ministry of the Environment and Ministry of the Economy, Trade and Industry).</p> <p>Applicable to production sites, laboratories, and offices both inside Japan and overseas</p>
	Transportation and distribution (upstream)	<p>$CO_2 \text{ emissions} = \Sigma[\text{amount of major raw materials used as listed in the Material Balance section of this report} \times \text{transport distance} \times \text{emission coefficient (IDEA v 2.1 (a GHG emissions database by the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry))}]$</p> <p>(Calculated assuming that the uniform transport distance was 200 km)</p>
	Waste generated in operations	<p>$CO_2 \text{ emissions} = \Sigma[\text{amount of waste materials generated (by type)} \times \text{emission coefficient (IDEA v 2.1 (a GHG emissions database by the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry))}]$ Covers major production sites and research facilities in Japan and overseas</p>
	Business travel	<p>$CO_2 \text{ emissions} = \Sigma[\text{transportation costs by method of transport} \times \text{emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 2.0) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))}]$</p> <p>(Includes estimates of transportation costs for group companies)</p> <p>Covers group companies in Japan and overseas</p>

Indicator	Calculation Method	
Greenhouse Gas Emissions throughout Supply Chain	Employee commuting	<p>$CO_2 \text{ emissions} = \sum[\text{amount spent on commuting assistance} \times \text{emissions coefficient (per unit emissions database for calculating organizational greenhouse gas emissions, etc., arising from supply chains (Ver. 2.0) (Ministry of the Environment and Ministry of the Economy, Trade and Industry))}]$</p> <p>(Calculated based on the assumption that all commuting is done by passenger train) (Group company commuting costs include estimates) Group companies in Japan and overseas all covered</p>
	Transportation and distribution (downstream)	<p>The calculation is the total amount of CO_2 emissions yielded by combining the fuel method (transport of housing units, etc.) and the metric ton-kilo method (other than transport of housing unit, etc.)</p> <p>$CO_2 \text{ emissions} = \sum[\text{fuel usage} \times CO_2 \text{ emissions coefficient}] + \sum[\text{amount transported (metric tons)} \times \text{distance transported (km)} \times \text{fuel usage per unit of output} \times CO_2 \text{ emissions coefficient (value used in the reporting system for specified freight carriers under the Act on the Rational Use of Energy)}]$ (Estimates used for overseas)</p> <p>Covers shipments of products by group companies in Japan and overseas</p>
	Processing of sold products	<p>$CO_2 \text{ emissions} = \sum[\text{production volume of relevant products} \times \text{emission coefficient at the time of processing the relevant products (IDEA v 2.1 (a GHG emissions database by the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry))}]$</p> <p>Covers products for the automotive industry by group companies in Japan and overseas</p>
	Use of sold products	<p>$CO_2 \text{ emissions} = \sum[\text{number of structures sold as housing during the relevant fiscal year} \times \text{amount of electricity purchased from power companies throughout a year} \times 60 \text{ years} \times \text{electricity-based emissions coefficient}]$</p> <p>The amount of electricity purchased from power companies throughout a year is based on the Electricity Income and Expenditure Home Survey of Houses with Built-In Solar Power Generation Systems (2018). The electricity-based emissions coefficient employed is the emissions coefficient from the 2018 report produced by the Act on Promotion of Global Warming Countermeasures reporting system (alternate value), equal to 0.512 metric tons-CO_2/MWh. The calculation is performed under the assumption that housing will be used for 60 years. Housing sold within Japan for the fiscal year relevant to the calculation is covered. Up to and including fiscal 2017, the Group calculated the amount of greenhouse gas reduction achieved through solar power generation as the amount of reduced environmental impact. From fiscal 2018, however, we are also calculating the effect of reduction in energy used in residences built to zero energy house (ZEH) specifications.</p>

Indicator	Calculation Method	
Greenhouse Gas Emissions throughout Supply Chain	End-of-life treatment of sold products	$\text{CO}_2 \text{ emissions} = \sum[\text{amount of major raw materials used in the products sold during the relevant fiscal year} \times \text{emission coefficient (IDEA v 2.1 (a GHG emissions database by the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry))}]$ <p>The calculation assumes that products sold during a given fiscal year are disposed of during the same fiscal year</p>
	Leased assets (downstream)	<p>Calculated to cover construction related to the installation of machinery leased by Sekisui</p> $\text{CO}_2 \text{ emissions} = \sum[\text{relevant installation units} \times \text{emission coefficient (IDEA v 2.1 (a GHG emissions database by the National Institute of Advanced Industrial Science and Technology and the Japan Environmental Management Association for Industry))}]$

Efficient Use of Resources

Working to Reduce Waste and Increase Recycling Throughout Product Life Cycles

Management Approach

Basic Concept

Pursuing the Three R's (Reduce, Reuse, and Recycle) Throughout Product Life Cycles

Sekisui Chemical Group strives to thoroughly implement the “3 Rs” (reduce, reuse, and recycle) throughout the life cycles of its products. We also engage in Zero Waste Emissions Activities with the intention of reusing as resources all the waste we generate from our business activities.



Environmental Medium-term Plan Targets and Directions for the Future

New Waste Reduction Initiatives

Under its Environmental Medium-term Plan that began in fiscal 2017, Sekisui Chemical Group has set a target for reducing the amount of waste generated per unit of output by 1% every year compared with the fiscal 2016 level. Changing our perspective on reducing waste by improving production efficiency, we are taking on the challenge of shifting our emphasis from simply selling waste materials as valuable materials to generating additional value using the resin processing technologies we have developed to date.

Zero Waste Emissions Activities are being conducted in our overseas production sites. While domestic Group facilities have been certified under standards calling for zero direct landfill waste and no incineration without heat recovery in Japan, many sites overseas still bury waste.



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Zero Emissions

Zero Emissions Achievement Criteria and Accreditation System of Sekisui Chemical Group

- (1) Not engaging in any outside incineration without thermal utilization (thermal recycling), or landfill outside or inside of facilities (recycling ratio: 100%)
- (2) If the waste quantity is small and it is a type of waste that has never been recycled before, recycling methods and relevant contractors must be identified, and a service agreement must be executed.

We also have established uniform evaluation criteria known as the Zero Emissions Achievement Evaluation List. We have established a system designed to conduct internal checks and issue approvals for the status of observance of the evaluation criteria as well as legal compliance, rules and signage for waste segregation and storage, management of related facilities and waste reduction planning and management. The list obliges us to conduct inspection of outside contractors and to clarify treatment routes in order to enhance the management system through these activities.

Recycling Construction Materials

Promoting the Effective Use of Construction Materials to Fulfill Our Responsibilities as a Housing Manufacturer

Sekisui Chemical pursues the industry-wide recycling of construction waste produced when houses are demolished—regardless of whether such houses were built by itself or by a competitor—as part of initiatives under the Japan Prefabricated Construction Suppliers and Manufacturers Association's environmental action plan "Eco-Action 2020"

Social Responsibility Regarding Waste

Addressing the Issue of Microplastics

With regard to the waste generated by its production businesses, the Sekisui Chemical Group exchanges manifests with operators and confirms that disposal is undertaken in a sound and proper manner.

While the impact of microplastics on our oceans and marine pollution have emerged as issues of recent concern, Sekisui Chemical Group does not engage in the manufacture and sale of primary microplastics where use presupposes dissolution. However, it cannot be denied that the possibility of deterioration in the natural environment and micro-reduction does exist in the event of the improper disposal of plastic processed products being discarded or of the plastic materials that go into the manufacture of the Group's products either during or after use.

To ensure the proper treatment of waste, Sekisui Chemical Group recognizes the important need to build social systems while promoting a shift in the awareness of each individual and undertaking education and training. The Group is taking initial steps to consider collaboration between industry, government, and academia with a view to the early resolution of issues.

Currently, Sekisui Chemical Group is a member of the Clean Ocean Materials Alliance (CLOMA) led by the Japan Initiative for Marine Environment (JaIME). Every effort is being made to promote international collaboration, consider methods for resolving issues, and engage in a variety of activities, for example in the dissemination of educational information.

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Reducing Packaging Materials

Using Less Product Packaging

Sekisui Chemical Group has long been an environmentally conscious company, and we are reducing packaging volumes, introducing reusable boxes, and eliminating packaging wherever possible, among other initiatives. Our proactive efforts to reduce packaging since the early 2000s have enabled us to achieve results. We will continue these efforts in the future, taking further steps to reduce packaging waste.

As one initiative aimed at using less product packaging, we sell foldable shipping cartons and a range of plastic containers that help facilitate the implementation of returnable box systems.

Major Initiatives

Thermal Recycling Initiatives

Using Chips from Wood Offcuts as Fuel for Boilers

At its Chubu facility, Sekisui Heim Industry Co., Ltd. promotes the thermal recycling of waste materials produced during its manufacturing processes.

Sekisui Heim Industry Co., Ltd. crushes wood offcuts generated during the production of modular houses into chips, which are then utilized as boiler fuel for its plants that manufacture external wall panels.

Reduction of Waste Generated at Construction Sites

Switching to Factory Production to Reduce Materials That End Up Unused on Site

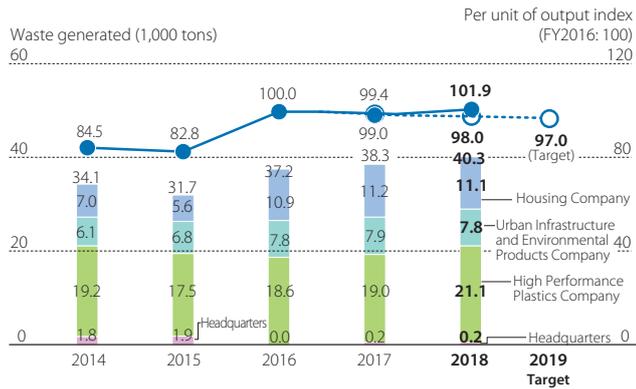
Modular houses are the main pillar of our housing business, and by doing as much as possible at the factory when prefabricating the modules, we are reducing the amount of construction work that has to be done on site. Thus, we are reducing waste from excess materials that end up unused at construction sites.

Performance Data

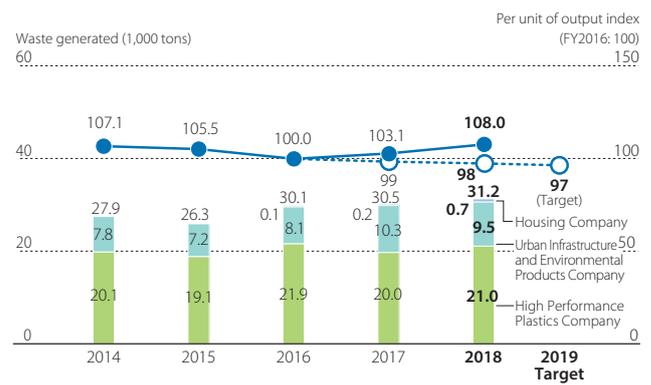
Waste Generated by Production Sites

Some past figures have been revised due to improvements in precision.

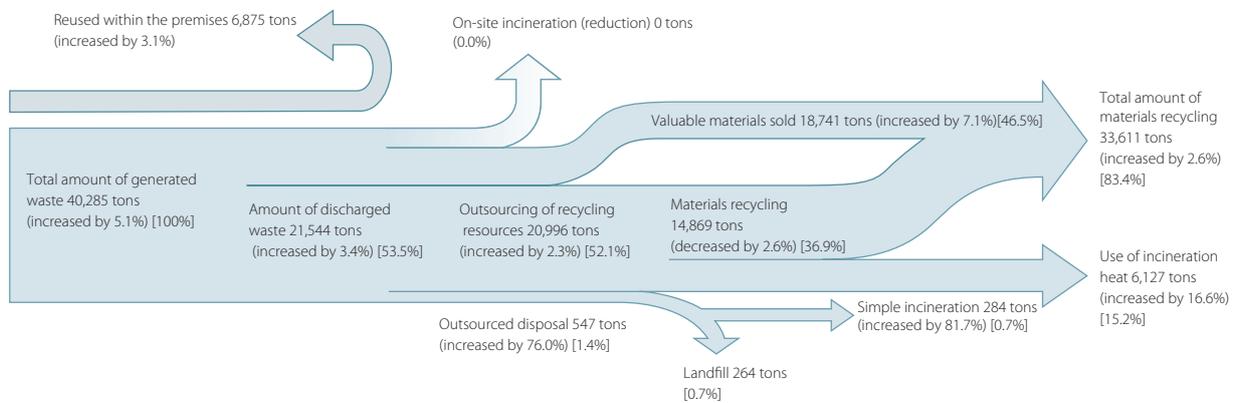
Waste Generated by Production Sites and per Unit of Output (Index) / Japan



Waste Generated by Production Sites and per Unit of Output (Index) / Overseas

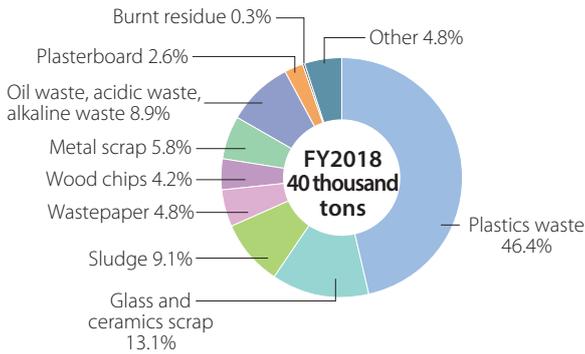


Fiscal 2018 Annual Production Site Waste Generation and Disposal Conditions / Japan



Note: Change over previous year is in () and proportion of total waste generation is in [].

Breakdown of Waste Generated at Production Sites / Japan



Index	Calculation method
Generated waste amount	<p>Amount of waste generated = Amount of waste disposal outsourced + Amount recycled (use of incineration heat + materials recycling + sold at a price) + Amount incinerated in the Company; the items below are excluded:</p> <p>waste generated by demolition of old houses of the clients, left-over materials at construction sites, disposal of facilities, OA equipment, etc., infectious waste generated during medical consultations / medical practices</p>

Waste Generated on Construction Sites of New Housing

Amount of Waste Generated on Construction Sites of New Housing (per Building) / Japan

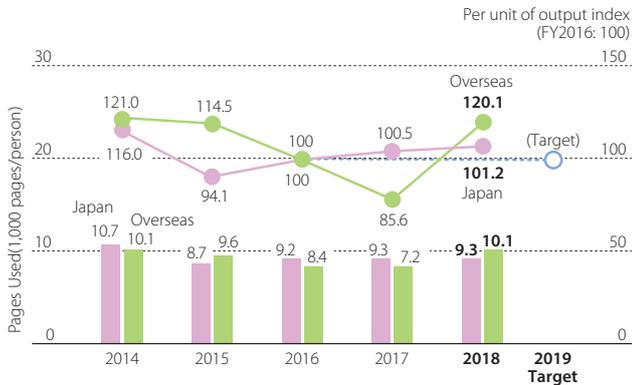


* Because of changes to the waste materials data collection method used by the Housing Company, we are revising the fiscal 2016 benchmark

Index	Calculation method
Amount of waste generated on construction sites of new housing	<p>Amount of waste generated on construction sites of new housing = Amount of waste generated during construction of outer walls (at factory) + Amount of waste generated during assembly (at factory) + Amount of waste generated at construction site of new housing</p> <p>Amount of waste generated per building during construction of new housing = Amount of waste generated during construction of new housing / Number of buildings sold</p> <p>Target: housing business in Japan</p>

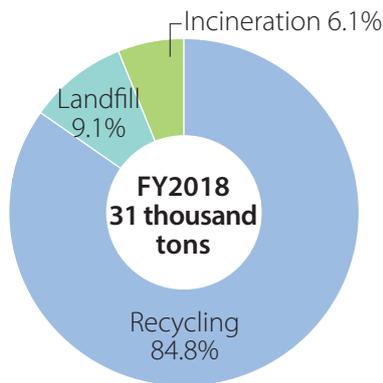
Waste Related to Office Work

Amount of Copy Paper Used at Offices per Unit of Output (Index)



Waste Disposal Methods / Overseas

Waste Disposal Methods at Production Sites



Attainment of Zero Waste Emissions Activity Targets

Production sites	44 plants in Japan and 12 plants overseas, including those of affiliated companies, achieved the target
Research institutes	All research institutes achieved the target by fiscal 2012
Construction of new housing	All production sites achieved the target by fiscal 2003
Remodeling work	All production sites achieved the target by fiscal 2004
Corporate headquarters buildings in Osaka/Tokyo	Achieved the target by fiscal 2005
Demolition work	Specified construction materials for fiscal 2018 Recycling rate (of concrete, wood offcuts, etc.): 99%

Indicator	Calculation Method
Number of production sites that achieved zero emissions	Number of production sites that achieved zero emissions in that year

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Conservation of Water Resources

Working to Preserve Water Resources as a Precious Natural Resource

Management Approach

Basic Concept

Identifying the Impact of Water Resources on Business Continuity and Reflecting this into Our BCP

Sekisui Chemical Group is working to reach its targets—contributing to the return of natural capital through products, reducing environmental impacts, and engaging in environment-contributing activities—as envisioned by the SEKISUI Environment Sustainability Vision 2030, which was formulated in 2014. To this end, the Group has formulated an Environmental Medium-term Plan, in which the following initiatives are considered key issues: reducing water use; identifying water-related risks, including impacts on supply chains and the natural environment; conducting environmental education targeting management and employees; and providing information to stakeholders.

In order to supply products for infrastructure for water supply, storage and drainage, Sekisui Chemical Group recognizes that conveying the importance of safe water supply and water infrastructure to customers is critical for business sustainability. In addition, the Group also realizes that contributions to preserving water resources through its businesses will help achieve one of the 17 Sustainable Development Goals (SDGs): “access to safe drinking water and sanitation.” As for specific initiatives, we have determined the impact (risks and opportunities) of water resources on business continuity and have reflected this into our business and environmental plans. In addition, we conduct surveys of suppliers and procured materials that include water-related risks during procurement, recognizing that such risks pose difficulties for sustaining procurement from suppliers.

Assessment of Water-related Risks

Conducting Water Risk Surveys at All Production Sites and Research Institutes

Sekisui Chemical Group has conducted water risk surveys at all of its production sites and research institutes since fiscal year 2013 using a mapping tool for water-related risks (Aqueduct: Aqueduct Overall Water Risk map)* and proprietary surveys. These proprietary surveys use factors related to water intake such as future increases in water intake and presence or absence and frequency of water outages, as well as water quality fluctuation issues, factors related to wastewater such as wastewater destinations and usage conditions downstream from wastewater, water quality regulation trends, and water quality measurements to compile the current conditions, predicting future water shortages based on water source conditions, supplier water supply restrictions, and other related factors. In addition, the surveys also include items related to wastewater processing facilities, wastewater quality, changes in business and population size, possibilities of flooding, and the necessity for water-related investment. We hold interviews at each production site or research institute deemed to have high water-related risks based on survey results.

Prior to undertaking large-scale developments (such as factory construction), new investment and M&A, we employ the Environmental Safety Check Sheet that is later used to examine capacity expenditures, convene a commission to examine capacity expenditures that include environmental considerations, and conduct other environmental assessments that include water risks.

In development of new products also, we implement design reviews based on the Environmental Impact Assessment List to evaluate the impact of our products on the environment.

* A global map showing water-related risks / information tool developed by the World Resources Institute (WRI)

Region (Number of locations)	Risks of direct water use				Water discharge risks				Location risks		
	Water pollution	Direct water supply restrictions	Increased costs	Groundwater pumping	Waste water processing	Discharge to water source	Strengthening regulations	Increased costs	Regional water pollution	Future water supply uncertainty	Flooding Drought
Domestic (50)	2.0 %	4.0 %	4.0 %	38.0 %	32.0 %	24.0 %	0.0 %	2.0 %	0.0 %	0.0 %	4.0 %
Central and North America (14)	0.0 %	0.0 %	7.1 %	14.3 %	7.1 %	57.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Europe (12)	0.0 %	0.0 %	0.0 %	8.3 %	8.3 %	50.0 %	0.0 %	8.3 %	0.0 %	0.0 %	0.0 %
Asia and Australia (12)	16.7 %	8.3 %	0.0 %	25.0 %	16.7 %	33.3 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
China (10)	0.0 %	10.0 %	10.0 %	30.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	20.0 %	0.0 %

Water risk survey results (ratio of production sites and research institutes judged to have risks)

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Impact of Water-related Risks on Business

Direct Impact on Operations

As production sites in Japan manufacturing synthetic resins drain their wastewater directly into rivers or the sea / ocean, even though the water quality of the wastewater complies with the present control levels, we understand that if any changes to, reinforcements of, etc. of the laws and regulations regarding water quality of drainage are implemented in the future, it may cause major impact on the continuity of our business activities.

For that reason, we check on a continuous basis the future trends in regulations at every area our business bases are located in, and, at the same time, to improve the water quality of drainage, implement Whole Effluent Toxicity (WET) tests assessing the effect of drainage on the ecological system. If any negative impact is identified with the WET tests, we investigate the causes and strive to eliminate them using the PDCA cycle to reduce the impact of water-related risks as much as possible.

Risks Identified, Their Potential Impact on Operations, and Strategies for Mitigation

Impact on Supply Chain

Manufacturers of steel materials used in the Housing Business and manufacturers of synthetic resins used in the Plastics Business are suppliers of primary materials of Sekisui Chemical Group that consume large quantities of fresh water during manufacture. Although we do not directly encourage such suppliers to conform to environmental standards, with our Sekisui Environment Sustainability Index we calculate as 'use of natural capital' the environmental impact of the pollutants contained in drainage generated during manufacture of primary materials and monitor it on a continual basis. At the same time, we monitor reduction of impact on water environment made possible through our business activities, expansion of products and services contributing to water environment, and other aspects, through which we contribute to the environment, calculating them as our returns to the natural capital. The goal is to reach the Sekisui Environment Sustainability Index of returns to the natural capital of 100% or more by 2030.

Contribution to Reduction of Water-related Risks Through Operations

Sekisui Chemical Group develops a range of businesses related to water infrastructure, such as supply, storage, and drainage of water, contributing to the society not only by technologies and products that help to improve the quality of drainage, such as water treatment systems and drain pipes, but also by creating strong water infrastructure made to withstand natural disasters.

For example, one of our Environment-Contributing Products which is being marketed in Japan, India, China, Taiwan, and other ASEAN areas, the "Cross Wave*" rainwater collection system, is used for the prevention of chronic water shortages and to achieve both greening of urban areas and disaster prevention. Since 2010, we have been continually working to reduce water-related disaster risks such as flooding through this product.

In fiscal 2018, we made further contributions to infrastructure business with Cross Wave, including participation in planning such as the Indian government's smart city project.

* Cross Wave: Rainwater storage system. This molded product made from recycled plastic creates an underground space which is used to store rainwater. It regulates the rain volume flowing into sewer systems and rivers during torrential rains and makes reuse of rainwater possible.

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Activity Policy and Reduction Targets

Target an Annual 1% Reduction in Water Usage, Making Fiscal 2016 the Base Year

Sekisui Chemical Group draws the water it needs to use in its business activities from public water systems, water systems for industrial use, underground reservoirs, and surrounding rivers. With the understanding that water is a precious natural resource shared by everyone in the community, we do our best to reduce the amount of water used, such as by reusing cooling water.

Under its Environmental Medium-term Plan (2017 – 2019), Sekisui Chemical Group targets a 1% annual reduction in water usage (intake volume), with fiscal 2016 serving as the base year. At the same time, the Group has set the goal for reducing the impact of wastewater chemical oxygen demand (COD) by 1% annually.

Major Initiatives

Reduce the Amount of Water Used

The Amount of Water Used Increased by 3.0%, Compared to the Base Fiscal Year

The amount of water used in fiscal year 2018 increased by 3.0%, relative to results in the base fiscal year of 2016. This is due to the reduction activities being insufficient to cover the increased usage resulting from the larger number of production sites and expanded production volume due to M&A.

As a specific initiative specialized for production sites with especially large water intake and wastewater COD output volume, we have started proactive reduction goal setting and considerations for facility improvement. We are using the environmental contribution investment framework to provide the necessary investment for this purpose and support these sites.

Ongoing Monitoring of Water Risks

Continuously Assess Water Extracted from Production Sites and Wastewater Risk

In fiscal years 2014 and 2015, we surveyed 98 production sites and R&D laboratories around the world to gain a firm understanding of our sources of water, destinations for wastewater, the current and future prospects of continuing to acquire water, and related matters. As a result, we now understand there are major differences in water supply volume and water quality by region, although the in-depth survey did not identify any water supply risks, such as potential increases in costs or restrictions on water sources that would be severe enough to adversely impact production activities. We also found out that there are many business sites that rely on ground water as their main water source. Of particular significance, 18 business sites, accounting for 35% of all business sites in Japan, use ground water or spring water (including industrial water in some cases), and 44% of the total amount of water intake for all domestic business sites depends on ground water or spring water.

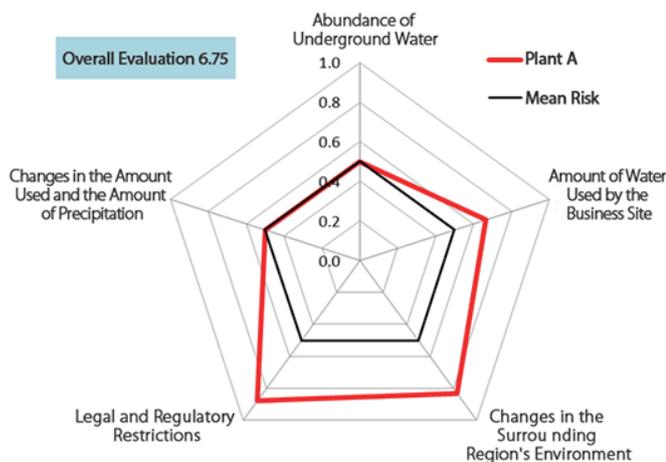
Although ground water is a cheap and very effective source of water, due to unforeseen factors it may become impossible to use it in the future, and we perceive it as a risk to our business continuity.

In fiscal year 2017, we created a tool for qualitative assessment of ground water risks using our own original method. The assessment tool allows us to apprise the risks from three viewpoints, namely, susceptibility, concerns in the area, and future changes. The tool uses five evaluation criteria of abundance of ground water, amount of water used by the business site, environmental changes in the surrounding area, restrictions by laws and regulations, and changes of amounts used / precipitation; it consists of 12 assessment indices.

In fiscal year 2018, using the evaluation tool created, we implemented risk assessment at all business sites that use ground water in Japan, extracted the three sites with the greatest risks, and also added the two sites with the largest comparative volume of water intake to our considerations. For these five production sites, we analyzed hypothetical scenarios resulting from climate change due to global warming and estimated future ground water replenishment.

Regarding wastewater risks, we have been using assessment of the effects of wastewater on biodiversity in the surrounding area as a means for wastewater WET tests of production sites since fiscal year 2013. In fiscal year 2018, we also continued the implementation of investigations into the causes at sites where effects on biodiversity were discovered up until now and were able to identify specific causative agents.

Example of Ground Water Risk Assessment



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Water Recycling

Recycling Cooling Water Used for Plastic Moldings

Sekisui Chemical Group promotes the reuse of water in its production processes and the use of recycled water in order to reduce the amount of water it draws from water sources. At the production plants of Urban Infrastructure & Environmental Products Company and High Performance Plastics Company, large volumes of cooling water is recycled and reused in manufacturing processes. In fiscal 2018, at production sites in Japan and overseas, we used 104 million cubic meters of recycled water. This is equivalent to 5 times the amount of water used from all other sources.

The main water supply for Kurohama Lake*—which has been designated as a natural conservation area in Saitama Prefecture—is wastewater from the Musashi Plant (located in Hasuda City) that has been purified in accordance with environmental standards.

* For more information about Kurohama Lake, see the page below.

<https://www.sekisui.co.jp/musashi/eco/>

Performance Data

Some past figures have been revised due to improvements in precision.

Water Intake Volume at Production Sites / Japan



Water Intake Volume at Production Sites / Overseas



Water Intake Volume at Production Sites by Water Source Type / Japan and Overseas

	(thousands of m ³)			
	2015	2016	2017	2018
Public Water Systems	3,016	3,132	3,200	3,374
Water for Factory Use	13,656	14,943	15,085	15,682
Underground Water	2,172	1,787	1,803	1,908
Rainwater	0	0	0	0
Other	951	747	1,156	265
Total	19,795	20,610	21,245	21,229

* "Other" refers to the direct use of river water domestically and purchase of purified water overseas.

Wastewater Volume at Production Sites by Discharge Destination / Japan and Overseas

	(thousands of m ³)			
	2015	2016	2017	2018
Rivers	11,018	10,993	11,477	11,179
Industrial Waterways	564	249	176	194
The Ocean	2,741	2,892	2,503	2,277
Sewers	2,897	3,509	3,695	3,663
Other	1,555	1,498	1,464	1,885
Total	18,776	19,140	19,316	19,197

* "Other" refers to drainage to industrial park waste water treatment facilities.

Fiscal 2018 Water Intake Volume at Production Sites by Region

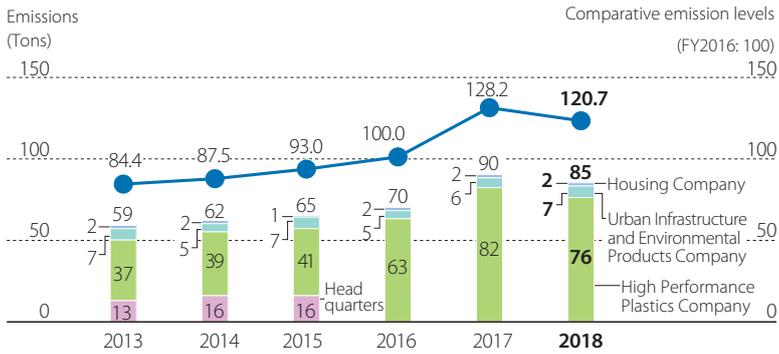
	(thousands of m ³)					
	Japan	China	The Rest of Asia and Oceania	Europe	North and Central America	Total
Public Water Systems	673	324	216	1,834	327	3,374
Water for Factory Use	12,547	0	729	32	2,374	15,682
Underground Water	1,798	0	110	0	0	1,908
Rainwater	0	0	0	0	0	0
Other	197	0	69	0	0	265
Total	15,214	324	1,125	1,866	2,700	21,229

Fiscal 2018 Wastewater Volume at Production Sites by Region and Discharge Destination

	(thousands of m ³)					
	Japan	China	The Rest of Asia and Oceania	Europe	North and Central America	Total
Rivers	11,159	0	20	0	0	11,179
Industrial Waterways	194	0	0	0	0	194
The Ocean	2,277	0	0	0	0	2,277
Sewers	615	308	760	1,860	120	3,663
Other	0	0	55	0	1,829	1,885
Total	14,245	308	835	1,860	1,949	19,197

Index	Calculation Method
Water intake volume	<p>Water intake volume = Amount of public water systems + Amount of water for factory use + Amount of underground water taken on site + Amount of rainwater + Other water intake*</p> <p>* Other water intake: Water taken directly from rivers, etc.</p>

COD Emission Volume / Japan



Index	Calculation Method
COD emission volume	<p>Emission volume = Σ[COD concentration (annual average of measured value) x Drainage volume]</p>

Chemical Substance Management

Minimizing Environmental Impact through Proper Control and Emission Reductions of Chemical Substances

Management Approach

Basic Concept

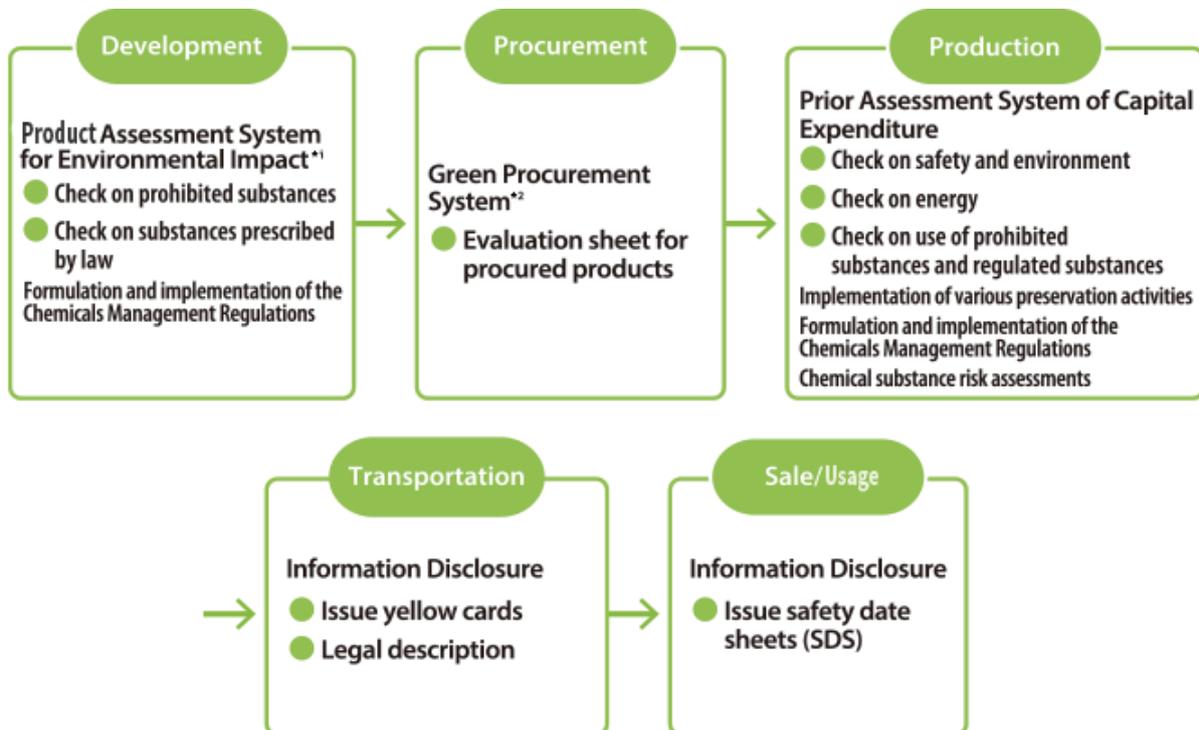
Minimizing Environmental Impact through Proper Control and Emission Reductions of Chemical Substances

While chemical substances make people's lives more convenient, they also could have harmful effects on the environment or on human beings. Therefore, we believe that consideration of product safety, occupational safety and health and environmental impact through proper management of chemical substances is an important responsibility of an enterprise.

Since fiscal 1999, Sekisui Chemical Group has set and worked toward its own targets for reducing emissions and the transfer of chemical substances in addition to implementing efforts such as the Product Assessment System for Environmental Impact*¹ and the Green Procurement System*². Periodically we also review chemical substances, in accordance with the establishment and amendment of relevant laws and regulations.

*1 Product Assessment System for Environmental Impact: A system for assessment of the environmental impact of product development all the way from raw material procurement through manufacture, use, disposal, transport and all other stages.

*2 Green Procurement System: A system of giving priority to choosing raw materials, parts, etc. with lower levels of environmental impact when procuring them.



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Major Initiatives

Controlling VOC Emissions

VOC Emissions Increased by 7.1% Compared with the Fiscal 2016 Level

Sekisui Chemical maintains the medium-term target of reducing VOC emissions by more than 3% compared with the fiscal 2016 level. In fiscal 2018, VOC emissions in Japan increased by 7.1% compared with fiscal 2016. The reason for the greater emissions was a higher volume of production by the Adhesive Tape Manufacturing Department, which uses solvents

Preventing Air and Water Pollution

Managing Gas Emissions and Wastewater in Accordance with Regulations

Sekisui Chemical Group complies with the regulatory values under laws and ordinances for the various types of equipment it uses in connection with exhaust gases and water drainage. We also strive to control the discharge of pollutants through appropriate maintenance and management, including periodic inspections.

Soil Surveys

Surveys of All Planned Business Sites Completed

We drew up plans to conduct a self-assessment of soil contamination at our business sites and conducted ongoing surveys. The planned business site surveys had all been completed by fiscal 2011. Surveys have also been conducted since fiscal 2012 as and when required. In fiscal 2018, conditions did not require any assessments of soil contamination.

Disposal and Storage of Devices Containing PCBs and Management of Equipment That Uses Fluorocarbons

Properly Storing and Disposing of Devices Containing PCBs in Line with Regulations

Transformers and condensers that contain PCBs are being disposed of steadily, where PCB treatment facilities are available. Machines and equipment in storage that contain PCBs are managed strictly and thoroughly, through means including locked storage and periodic inspection.

Steps are being taken to enhance awareness toward mandatory requirements regarding equipment that use fluorocarbons in accordance with Japan's Act on Rational Use and Proper Management of Fluorocarbons (Freon Emission Control Act) and to ensure thoroughgoing management including periodic inspection.

Response in Emergencies

Training to Respond to Unforeseen Events That Impact the Environment

To prevent and mitigate environmental pollution during an emergency, our employees at each business site are trained at least once a year in emergency procedures and communications for a variety of scenarios unique to each business site. The implementation results from the main training held in fiscal 2018 are set out below.

Training for Measures to Be Done / Notices to Be Made in Time of Emergency

Simulated emergency situation	Number of times drills performed
Leakage and outflow of oils	41
Atmospheric discharge of solvents	0
Fire	35
Earthquake	16
Emergency communication training	7
Comprehensive disaster drills	32
Responding to other equipment-related emergencies	11

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

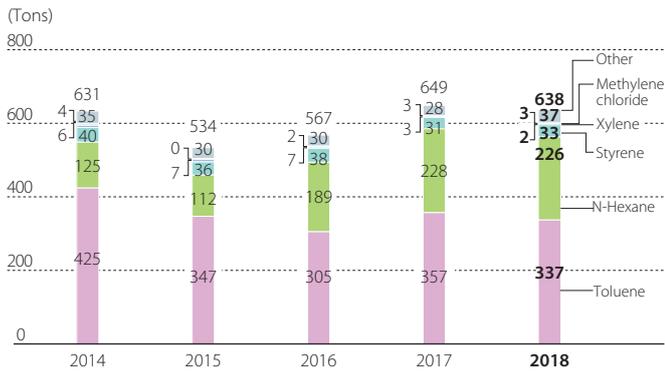
Performance Data

Aggregated Results Based on the PRTR Law (Substances Handled at the Business Sites Subject to Assessment with Volume of Handling of 1 Ton or More Are Aggregated)

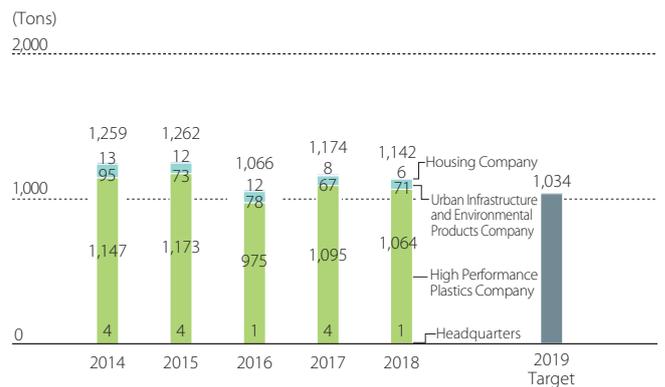
Substance	Govt. ordinance notification no.	Emission volume	Emission volume				Transfer volume			Detoxification
			Atmospheric	Public water areas	In-house soil	In-house landfill	Sewage system	Transfer in waste disposal	Transfer in waste recycling	
Acrylic acid and aqueous salt solutions thereof	[4]	15.9	0	0	0	0	0	0	1.6	14
n-Butyl acrylate	[7]	230.9	0.27	0	0	0	0	0	1.8	229
Acrylonitrile	[9]	468.3	3.7	0	0	0	0	0	0.0080	465
Acetaldehyde	[12]	260.3	0.19	0	0	0	0	0	0	260
Acetonitrile	[13]	90.1	7.2	0	0	0	0	0	83	0
2,2'-Azobisisobutyronitrile	[16]	5.5	0	0	0	0	0	0	0	5.5
Antimony and its compounds	[31]	11.5	0	0	0	0	0	0	1.2	0
Isobutyraldehyde	[35]	175.3	1.8	0	0	0	0	0	0	173
2-Ethylhexanoic acid	[51]	6,617.5	0	0	0	0	0	0	5.6	6,608
Ethylbenzene	[53]	2.1	2.1	0	0	0	0	0	0	0
ε-Caprolactam	[76]	55.4	0	0.018	0	0	0	0	0	55
Xylene	[80]	37.1	2.3	0	0	0	0	0	0.061	35
Vinyl chloride	[Special 94]	107,244.1	4.0	0.12	0	0	0	0	0	107,240
Chloroform	[127]	7.8	0.42	0	0	0	0	0	4.4	0.80
Vinyl acetate	[134]	58.5	4.6	0	0	0	0	0	4.0	50
Inorganic cyanide compounds (not including complex salts and cyanate)	[144]	61.6	0	0	0	0	0	0	0	62
Cyclohexylamine	[154]	9.3	0.52	0	0	0	0	0	0	8.7
Methylene chloride	[186]	202.0	2.6	0	0	0	0	0	0	199
Divinylbenzene	[202]	2.0	0	0	0	0	0	0	0	2.0
2,6-di-t-butyl-4-cresol	[207]	62.4	0	0	0	0	0	0	0	62
N,N-dimethylacetamide	[213]	4.0	0.016	0	0	0	2.5	0	1.5	0
Organic tin compounds	[239]	133.5	0	0	0	0	0	0	0.67	0
Styrene	[240]	1,470.5	33	0	0	0	0	0	0.011	776
Terephthalic acid	[270]	80.2	0	0	0	0	0	0	0	80
n-Dodecyl alcohol	[273]	23.2	0	0	0	0	0	0	0	23
1,2,4-Trimethylbenzene	[296]	1.4	1.4	0	0	0	0	0	0	0
Tolylene Diisocyanate	[298]	9.6	0	0	0	0	0	0	0	0
Toluene	[300]	818.2	337	0	0	0	0	0	42	396
Lead compounds	[Special 305]	560.5	0	0	0	0	0	0.069	2.5	59
Phenol	[349]	23.4	0.0021	0	0	0	0	0	0.038	21
Bis-(2-ethylhexyl) phthalate	[355]	1,019.9	0	0	0	0	0	0	1.5	0
n-Hexane	[392]	299.9	226	0	0	0	0	0	11	63
Poly (oxyethylene) = alkyl = ether (C = 12-15 and other blends)	[407]	2.8	0	0	0	0	0	0	0	0
Formaldehyde	[Special 411]	16.3	0.0093	0	0	0	0	0	0	16
Manganese and its compounds	[412]	7.0	0	0	0	0	0	0	7.0	0
Methacrylate	[415]	224.5	1.3	0	0	0	0	0	0.0050	223
Methyl methacrylate	[420]	154.4	1.4	0	0	0	0	0	0	153
Methylnaphthalene	[438]	7.0	0.034	0	0	0	0	0	0	6.9
Methylenebis (4,1-phenylene) = diisocyanate	[448]	1,455.4	0	0	0	0	0	5.0	0.17	1,429
		121,929.0	630	0.14	0	0	2.5	5	168	118,716

Index	Calculation Method
Volume of chemical substances handled	Volume of handling of substances subject to regulation by the PRTR Law Production sites and research institutes in Japan are subject to assessment
Volume of emissions / transfer of chemical substances	Volume of emission / transfer of chemical substances subject to regulation by the PRTR Law Volume of emissions = Volume of emissions into the air + Volume of emissions into public waters + Volume of emissions into the soil on-site + Volume disposed by burial on-site Transfer volume = Volume transferred to sewers + Volume transferred as waste material Covers production sites and research facilities in Japan
Volume of chemical substances subjected to detoxication	Volume of chemical substances subject to regulation by the PRTR Law subjected to detoxication Amount detoxified = Amount consumed in reaction + Amount consumed through combustion, etc. Covers production sites and research facilities in Japan

Chemical Substance Emission and Transfer Volumes (PRTR Law) / Japan



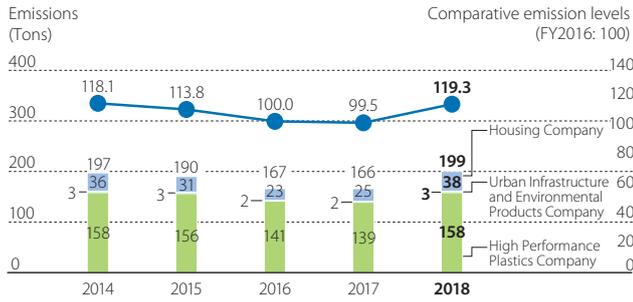
Discharge of Volatile Organic Compounds (VOCs) into the Atmosphere / Japan



Index	Calculation Method
Volume of emission / transfer of chemical substances	Volume of emission / transfer of chemical substances subject to regulation by the PRTR Law Volume of emission = Volume of emission into the atmosphere + Volume of emission into the public waters + Volume of emission into the soil on site + Volume disposed of as landfill; Volume of transfer = Volume discharged into sewage systems + Volume discharged as waste elsewhere Production sites and research institutes in Japan are subject to assessment

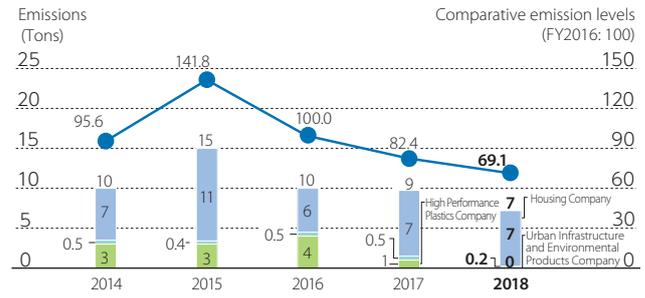
Index	Calculation Method
VOC emissions	Volume of emission into the atmosphere of volatile organic compounds (VOC) among the substances subject to regulation by the PRTR Law and Japan Chemical Industry Association

NOx Emissions / Japan



Index	Calculation Method
NOx emissions	NOx emissions = Σ (Amount of exhaust gas airflow per year x NOx concentration x 46/22.4)

SOx Emissions / Japan



Index	Calculation Method
SOx emissions	SOx emissions = Σ (amount of SOx per year x 64/22.4)

Soot and Dust Emissions / Japan



Some past figures have been revised due to improvements in precision.

Index	Calculation Method
Soot and Dust emissions	Soot and Dust emissions = Σ (amount of exhaust gas airflow per year x soot concentration)

Environmental Impact Assessment

Understanding the Impact of Our Products and Services on the Global Environment

Management Approach

Basic Concept

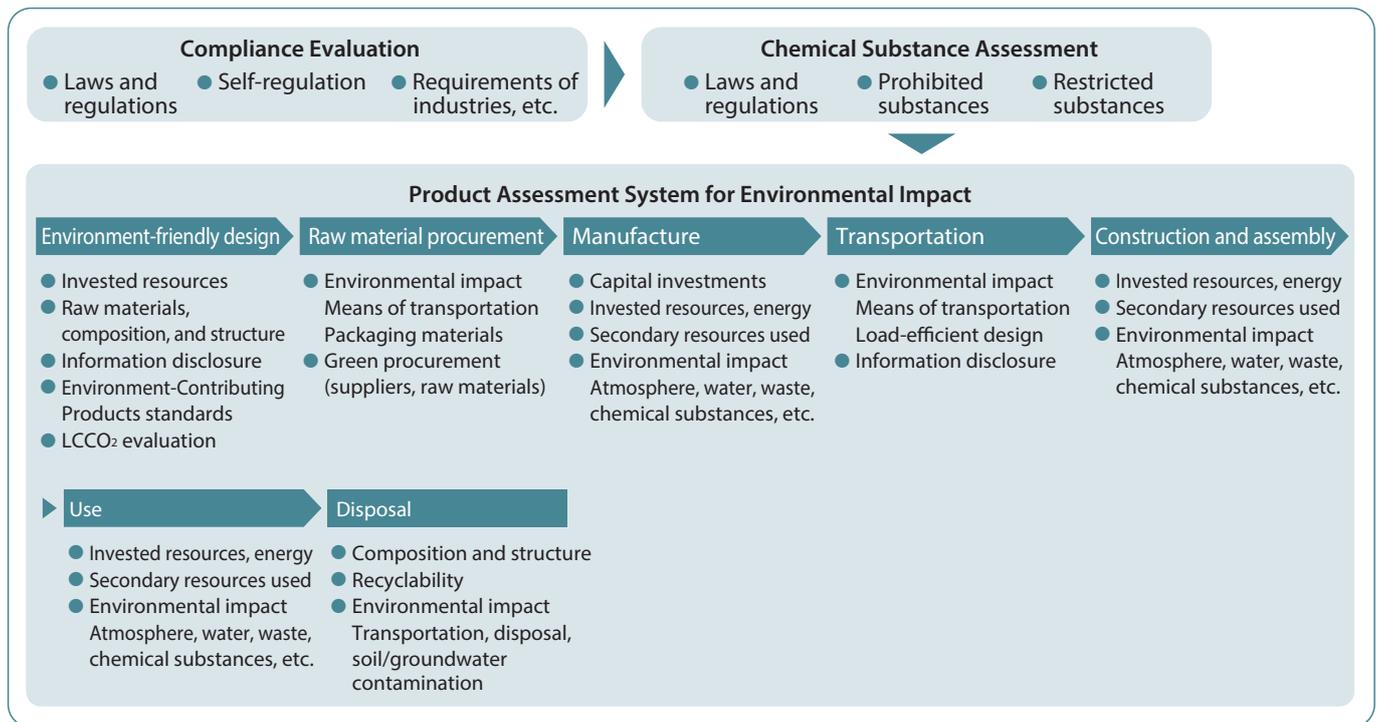
Results of Environmental Impact Assessments for Each Product Reflected in Measures

Sekisui Chemical Group assesses environmental impact at every stage of a product's lifecycle when product processes are developed or changed.

Assessment of environmental impact of products

Range: all stages of product life cycle

Targets: products and processes

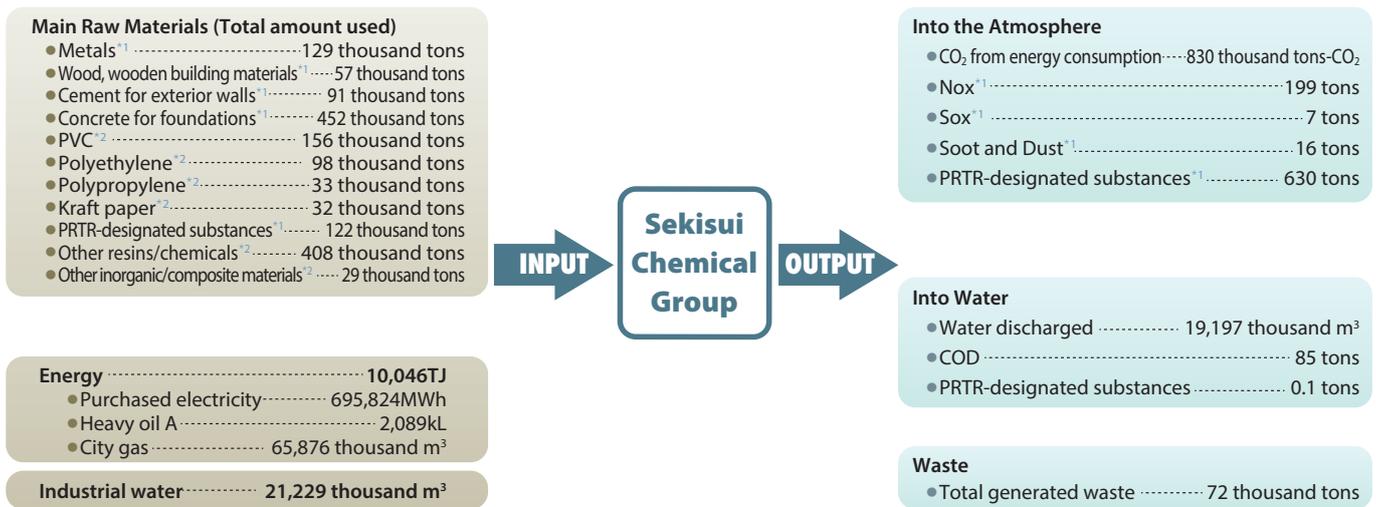


Material Balance

Performance data

Shows resources and energy used in business activities (input) and substances that constitute environmental impact (output) generated in connection with business activities.

Material balance



*1 The scope of tabulation for environmental performance data in Japan has been set as only those domestic business sites listed as falling within that scope.

*2 The following overseas business sites have been excluded from the scope of tabulation for environmental performance data.

- Sekisui-SCG Industry Co., Ltd.
- S and L Specialty Polymers Co., Ltd.
- Sekisui Specialty Chemicals (Thailand) Co., Ltd.
- Youngbo HPP (Langtang) Co., Ltd.
- Sekisui High Performance Packaging (Langfang) Co., Ltd.
- Sekisui Medical Technology (China) Ltd.
- Sekisui Xenotech, LLC.
- Sekisui Diagnostics, LLC. San Diego
- Sekisui Diagnostics (UK) Ltd.
- Sekisui Diagnostics P.E.I. Inc.
- Sekisui DLJM Molding Private Ltd. Greater Noida Plant
- Sekisui DLJM Molding Private Ltd. Tapukara Plant
- Sekisui DLJM Molding Private Ltd. Chennai Plant
- PT. Adyawinsa Sekisui Techno Molding
- Sekisui Polymatech (Thailand) Co., Ltd.
- PT. Polymatech Indonesia
- Sekisui Polymatech (Shanghai) Co., Ltd.

Contributing to Return of Natural Capital

Co-existing with the Global Environment Through Business Activities and Environment-contributing Products

Toward the realization of earth with maintained biodiversity, Sekisui Chemical Group is committed to returning more natural capital back to the planet than it uses through three initiatives: expand and create Environment-Contributing Products, reduce environmental impact*, and conserve the natural environment.

* See page 63 of "Usage of Natural Capital" for more information.

Environment-contributing Products

Environment-contributing Products are internally certified products that have demonstrated a high level of environmental contribution when used by customers.

Conservation of Natural Environment

Sekisui Chemical Group improves the quality of green spaces on its business sites in order to coexist in harmony with the local environment. To prevent negative effects on and ensure the safety of the water environment for aquatic life in the places where wastewater flows, the Group conducts assessments of impact of wastewater on aquatic life.

Environment-Contributing Products

Create and Expand Markets for Products That Display Significant Environmental Contribution Effectiveness During Customer Use

Environment-Contributing Product Certifications

Certifications Based on Proprietary Criteria, and Third-party Evaluations of Validity

For the Environment-Contributing Products of Sekisui Chemical Group, the internal certification screening committee undertakes certifications based on criteria established in cooperation with internal committee members while receiving opinions and advice on the criteria, the stance they are based on, and the validity of results from the External Advisory Board.

Evolution of Frameworks for Environment-Contributing Products

Beyond Just the Natural Environment, Expanding into Standards That Include Contributions to the Social Environment

We have shifted frameworks for Environment-Contributing Products since fiscal 2017.

Since the system was first established in 2006, we have focused on products that contribute to solving issues on the Earth's natural environment and have worked to create and expand such frameworks. On the other hand, in terms of the Company's business, we also possess many products that contribute to solving matters that concern the social environment. Raising such contributions, we believe, is another mission of Sekisui Chemical Group. This stance is embodied in the long-held Group Vision of "improving the lives of the people of the world and the Earth's environment through its businesses."

Based on this stance, and to extend product contributions beyond the natural environment, we have also included such social environments as human capital and social capital in our efforts, in effect expanding the scope of our work across natural capital as a whole since fiscal 2017.

To this end, Sekisui Chemical Group will begin first and foremost by expanding its contributions to "healthier and longer lives," "promoting the resiliency and spread of strong social infrastructure" and "safe living and strengthened disaster resistance."

Therefore, Sekisui Chemical Group will strive to contribute to the realization of the SDGs through tackling these issues.

Unwavering Stance

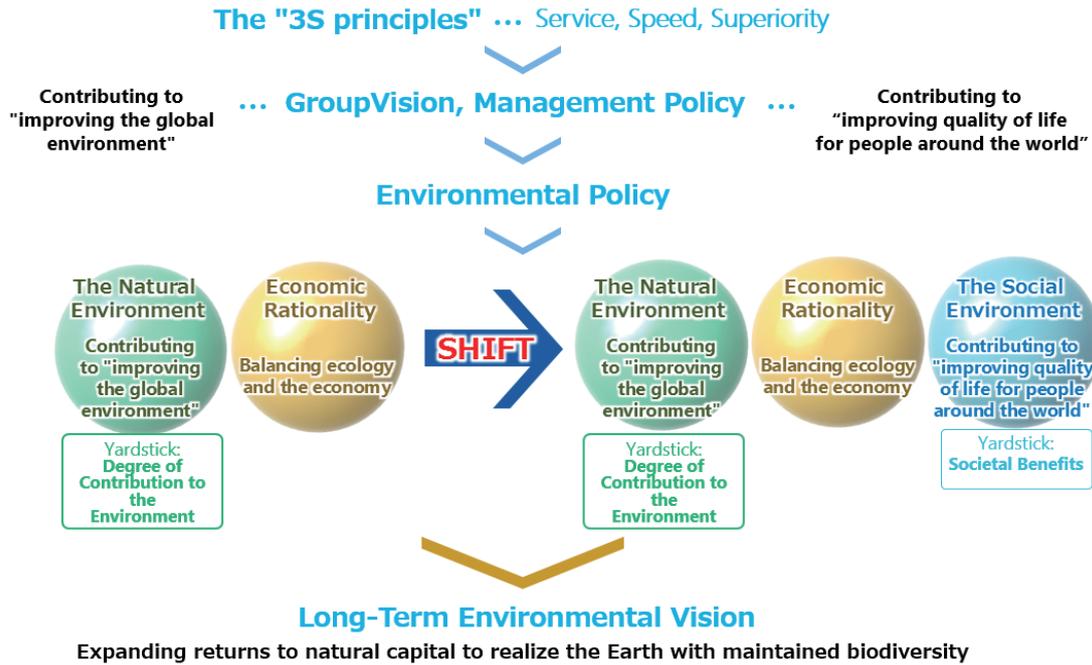


Definition

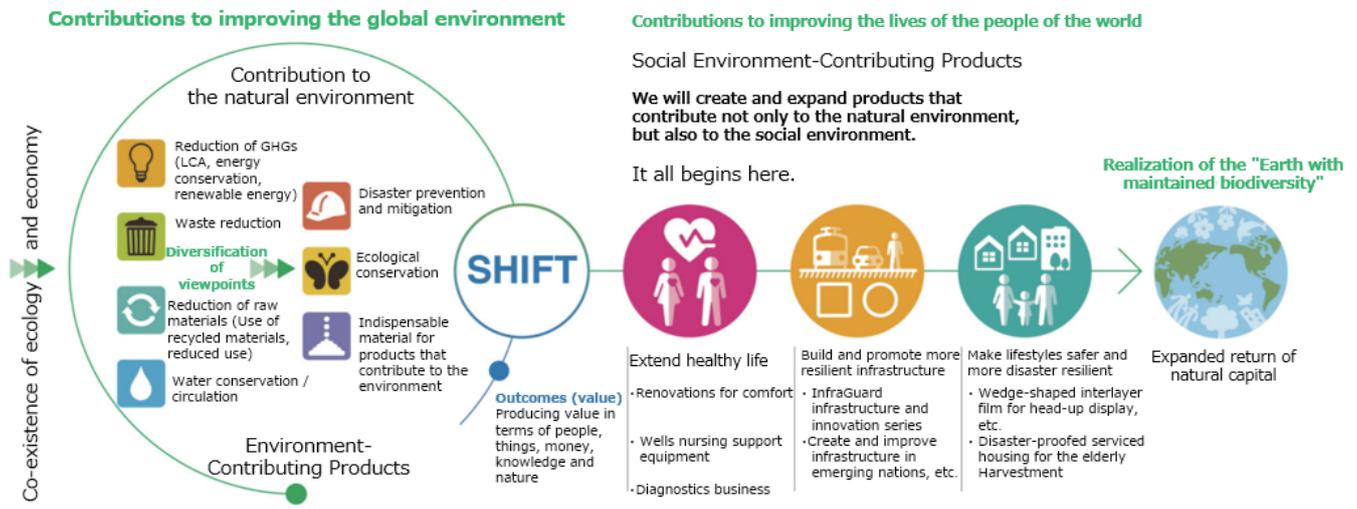
- Products and business that demonstrably assist our customers and society to reduce their environmental impact.
- Environment-Contributing Products refer to products that achieve a certain level of environmental impact reduction in comparison to previous products and systems.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

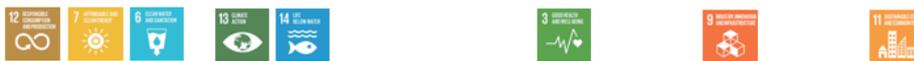
SHIFT of Environment-Contributing Products



New Environment-Contributing Products Perspectives



SDGs where contributions can be made



SUSTAINABLE DEVELOPMENT GOALS

17 goals to change the world

This Agenda is a plan of action for people, planet and prosperity, establishing declarations and goals. These are the Sustainable Development Goals (SDGs), consisting of 17 goals and 169 targets.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Environment-Contributing Products PR
External Promotional Activities

In fiscal 2018, Sekisui Chemical participated in the Eco Products 2018 exhibition, an environment-focused tradeshow. The Company showcased Environment-Contributing Products and introduced the dual perspectives of contributing to both the natural environment and social environment, while providing explanations to booth visitors.

Visitors were especially interested in our Bio-Refinery technology which uses microbes from burnable trash to create ethanol, a compound used in the production of materials such as plastics, which is currently undergoing inspection at a verification plant, as well as our next-generation energy technologies such as film batteries for indoor use and perovskite solar cells with outdoor specifications. We reconfirmed the social significance of these technologies through discussions and negotiations participants had with the staff explaining the products from technical, business, and environmental perspectives.

Prior to the upcoming Tokyo Olympics, Sekisui Chemical Group has contributed to trash collection method innovations in the city of Tokyo through polyethylene buckets. Through the Bio-Refinery technology mentioned above, we are working toward a “circular economy” in which waste materials have economic merits with the goal of achieving this goal by 2020, the year the Tokyo Olympics will be held. By spreading the awareness of waste materials as resources with value, we think this is one technology which will bring about social reforms.



Exhibition at Eco Products 2018

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Discussion with External Advisors

Considering the Opinions of External Stakeholders Related to Environmental Contributions of Products

Since fiscal 2012, we have held an External Advisory Board as an opportunity to receive opinions and advice from renowned authorities from outside the Company, with regard to the standards and registration of Environment-Contributing Products, positions to take in the future, and other comments.

The External Advisory Board meetings are sponsored by the supervising director of the organization in charge of environmental issues and CSR, and the members of the internal certification screening committee for Environment-Contributing Products, including staff such as executive officer representatives from each division company who unify the technical side, organization heads carrying out management project work with a grasp for business conditions as a whole, participate in this board. We also ask others from outside the Company coming from various backgrounds in industry, government, and academia who are currently engaged in CSR-related work, including related to the environment, to take part as external experts. We currently request participation from representatives of a public corporation which serves as a consulting service providing advice to consumers, an NPO engaged in forestry preservation and education for the next generation, the representative of an office which has released numerous publications related to natural resources and the environment, a corporation which is an auxiliary organization for a government administrative office, and individuals active in media-related capacities for other companies (see photo in the next page for reference).

In fiscal year 2018, one study session was held with the External Advisory board in September, and one meeting of the Advisory Board was held in March.

At the study session held in September, external advisors spoke to core employees and younger members involved in company and corporate Environment-Contributing Product development, business plans, and sales about trends in environmental and social problems, needs, and demands being made of the company from a variety of different perspective, and also discussed these issues with participants directly. In addition to deepening the understanding of individual employees, the event was also a chance for the individual participants to consider what they can do in their position, as well as the various trends moving forward.

The Environment-Contributing Product External Advisory Board meeting held in March was sponsored by the supervising director of the organization in charge of environmental issues and CSR (Senior Managing Director and Executive Officer Kato) to consider the 18 total Environment-Contributing Products approved by the internal certification screening committee* in two separate instances in fiscal year 2018. External advisors each shared advice and important points from their respective specialties.

The experts shared comments such as “I hope you will carry out processes like standard registration and clarification for visualizing the contribution of Social Environment-Contributing Products in order to show the world at large their value and the thinking behind them” and “be aware of the fact that the same issue consists of varying problems in different global areas and consider these differences when thinking about the contribution aspect of products,” touching on issues points to be careful when expanding Environment-Contributing Product business in the future and new thinking related to solving environmental and social problems. The speakers covered topics which will be useful references for the promotion of Environment-Contributing Product business expansion in the future.

* Internal certification screening committee

The chairman of this committee is the supervisor of the Environment Department, and corporate and company technology and business supervisors participate in the committee’s meetings as members. These meetings are held for screening related to certification of Environment-Contributing Products. Held regularly twice per year.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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External Advisory Board (from the left)

- Minako Oishi, Nippon Association of Consumer Specialists (public corporation), Representative Director, Deputy Chairperson, Environmental Committee
- Juichi Shibusawa, President of the specified non-profit corporation "Network for Coexistence with Nature"
- Masatsugu Taniguchi, Representative of the Resource and Environment Strategic Planning Office
- Takehisa Kabeya, Japan Environmental Management Association for Industry, Deputy Director, Department of Regional and Industry Support
- Shoichi Saito, Nikkei Business Publications, Executive Director, ESG Forum

Visualization of Environmental Contributions

Environmental Assessment and Quantification of Environment-Contributing Products

To clarify the amount of return to natural capital, Sekisui Chemical Group endeavors to visualize the environmental contribution for each Environment-Contributing Product. We calculate and quantify into a single indicator (damage costs) the various contribution vectors in the life cycle of Environment-Contributing Products. We multiply the market impact, based on sales, by the environment contribution of each product to arrive at a quantifiable contribution by product, reflected in the Sekisui Environmental Sustainability Index.

In calculating the impact on the environment for each Environment-Contributing Product until fiscal 2016, we broadly classified environmental issues into three areas that should be resolved in our aim to help realize a planet where biodiversity is preserved. However, by broadening the scope of Environment-Contributing Products, we have since taken steps to integrate contributions across four areas adding the area of human health / social assets.

Previous Approach (Until Fiscal Year 2016)

- (1) Limiting global warming
- (2) Impacts on plants (reducing interference with growth)
- (3) Impacts on biodiversity (limiting the extinction of species)



From Fiscal Year 2017

- (1) Human health (includes the effects of global warming)
- (2) Social assets (includes the effects of global warming)
- (3) Impacts on plants (reducing interference with growth)
- (4) Impacts on biodiversity (limiting the extinction of species)

How to Visualize Environmental Contribution

- (1) Determine technologies and products to be compared.
- (2) Gather quantifiable data related to environmental impact of each stage of a product's lifecycle (from raw materials to production, transport, use and disposal).
- (3) Apply a coefficient* to calculate environmental impact for each factor affecting the environmental impact data obtained and consolidate the results.
- (4) Environmental contribution is the difference between the coefficient-derived value in (3) above and the original value.

* Coefficient: Calculated using a customized version of MiLCA, a system developed by Japan Environmental Management Association for Industry using LIME2, an environmental impact assessment method created by Professor Norihiro Itsubo at Tokyo City University.

Performance Data

Net Sales / Proportion of Environment-Contributing Products



Revenue from Products That Contribute to the Environment Over Time

(Unit: Billions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018
Housing Company	305.8	280.6	290.9	317.6	364.3
Urban Infrastructure & Environmental Products Company	99.8	103.5	90.3	93.7	97.7
High Performance Plastics Company	88.1	99.8	99.4	142.2	178.9
Headquarters	1.4	1.8	0.6	2.4	2.8
Company-wide total	495.1	485.8	481.2	555.9	643.8

Index	Calculation Method
Net sales of Environment-contributing Products	Net sales of Environment-contributing Products = Consolidated sales across Sekisui Chemical Group of products internally certified as Environment-contributing Products All businesses of the Group in and outside Japan are subject to assessment Note: See pages 100-101 for a definition of Environment-contributing Products and the way of thinking behind them.
Proportion in net sales of Environment-contributing Products	Proportion in net sales of Environment-contributing Products = Net sales of Environment-contributing Products / Consolidated sales All businesses of the Group in and outside Japan are subject to assessment Note: See pages 100-101 for a definition of Environment-contributing Products and the way of thinking behind them.

Number of Environment-Contributing Products Newly Registered

Number of Environment-Contributing Products newly registered in FY2018	Number of registrations as of the end of March FY2019
18	160

Conserving the Natural Environment ~ Biodiversity ~

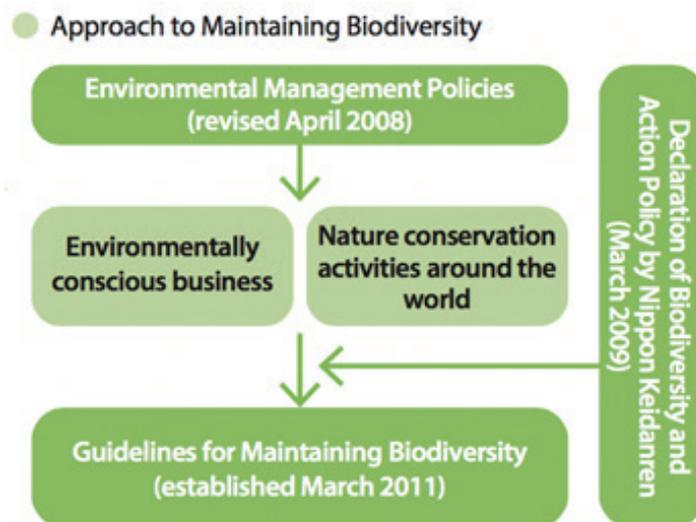
We Strive to Conserve Natural Environments and Biodiversity.

Management Approach

Basic Concept

Lessening the Impact of Business Activities on Biodiversity

While the business activities of Sekisui Chemical Group receive blessings of nature coming from biodiversity, they also negatively impact the ecosystem. In April 2008, the Sekisui Chemical Group incorporated biodiversity-related items into its Environmental Management Policy. Following this, the Group has been making efforts to reduce the environmental impact of, for example, greenhouse gas emissions and hazardous chemicals and to prevent pollution by promoting the effective use of resources and energy that are more limited than ever. Having established a set of guidelines on biodiversity in 2011, the Group strives to conserve biodiversity, including the natural environment, through both environmentally conscious business activities and actions to preserve the environment undertaken around the world.



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Long-term Environmental Management Vision

Toward the Realization of a Planet Where Biodiversity Is Preserved

To contribute to the realization of a planet where biodiversity is preserved, Sekisui Chemical Group aims to return more natural capital to the planet than it uses by 2030, through three initiatives: expand and create Environment-contributing Products, reduce environmental impact, and conserve the natural environment.

Note: See page 38 for details of Long-term Environmental Management Vision "Sekisui Environment Sustainability Vision 2030".

Note: See page 46 for details of Integrated Index "Sekisui Environmental Sustainability Index".

Major Initiatives

SEKISUI Environment Week

Held to Help Develop Human Resources with Excellent Environmental Activity Promotional Skills

At the Sixth SEKISUI Environment Week, held in fiscal 2018, a total of 28,396 employees participated in activities. The activities were creatively devised to match each business site and included beautification around the areas, tree planting, energy-conservation in the offices and much more.

Procurement of Sustainable Raw Materials

Usage of Sustainable Timber and Assurance of Traceability

To contribute to the elimination of deforestation as well as the sustainable use of timber resources, at Sekisui Chemical Group every effort is made to ensure that the timber used in products is logged in accordance with statutory and regulatory requirements, such as FSC-certified wood. In addition, the Group conducts investigations into commercial distribution with regard to the logging area, tree species and quantity of timber materials to ensure traceability. For recycled materials, we use timber- and wood-based materials that are already used in markets, as well as unused thinnings and branches.

Initiatives to Improve Green Space Quality

Initiatives to Improve Green Space Quality at All Domestic Production Sites and Laboratories

We are moving forward with efforts to improve green space quality at business sites with the aim of maintaining flora and fauna habitats, building ecosystem networks that connect regions and business sites and invigorate regional partnerships. Under the Environmental Medium-term Plan (2017-2019), we aimed to improve our score on the JBIB Land Use Score Card® by five points compared with fiscal 2016. As a result of improving the environment of water-side biotopes in co-sponsorship with museums and planting native shrubs in green spaces, we improved our average score by 4.3 points (compared with fiscal 2016) in fiscal 2018.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Example of Green Space Quality Improvement
Tsukuba Office Biodiversity Project

Sekisui Chemical's Tsukuba Office launched the Tsukuba Works Biodiversity Project, a project open to all general employees on a voluntary and participatory basis, and 17 members who had put up their hands promote green space activities at the office. Planting seedlings that include those of Japanese aster and Tsurigane carrots, which are native to the Tsukuba area, and other highly regional flora, the members create green spaces that show consideration for biodiversity so that the fauna that inhabit the area can live. During SEKISUI Environmental Week in fiscal 2018, calls were made to employees to mark out a green space promenade. In addition to its use as a relaxation area for employees on weekdays, this promenade hosts "sowing meetings" during which members engage in the planting of highly regional seeds. Organized by members of the Biodiversity Project, these meetings are also a forum for exchange between employees of the Tsukuba Office.

The members will carry out activities to increase the value of green space, to enable the conducting of environmental education utilizing green space long into the future.



SEKISUI Environment Week activity (marking out)



The promenade and planting zone established on the office premises.



General view of a sowing meeting

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

An Example of Our Initiatives to Improve Green Space Quality

Creating a Biotope in Harmony with Regional Ecosystems

In 2000, Kyushu Sekisui Industry Co., Ltd. created an around 6,300m² biotope named “Country Woods” on its premises. Drainage from the factory (cooling water from machinery) is reused for the biotope’s pond. The trees that were small when the creation of the biotope began have now grown, and some are over 15m high.

Also, a variety of species can be found inside the biotope. Kingfishers are among the birds that make visits, purple emperor butterflies flutter around the weeping willow, and Japanese moles live underground. Around April and May, the light purple flowers of *Salvia plebeia* (sage weed, a species on the Near Threatened list) come into bloom by the waterside.

In an ongoing regional environmental project, a company called Environment Consultants conducts surveys of the pond in particular. A survey in 2015 found 15 individuals of the rare species *Abbottina rivularis* (a fish on the Endangered IB category list). After that, when the habitat was improved by removing the koi and ginbuna carp from the biotope pond, an average of 72 individuals could be confirmed in surveys in 2017 and 2018, and the number of *Abbottina rivularis* increased. Furthermore, not noted at the time of the 2015 survey, four individuals of the fish known as the rosy bitterling were found for the first time in the 2017 survey. Having then introduced bivalves and improved the habitat and breeding environment, one survey in 2018 was able to confirm the presence of an average of 10 individuals, and the rosy bitterling population thus appeared to be gradually increasing, too.

Since this biotope is open to the public, it has also become a place for relaxation for the local community. Continuing to improve the biotope environment while conducting biological research, we will also conduct education for nature conservation by organizing natural environment field trips.



Autumn colors in the biotope



General view of biological research being conducted with a casting net.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Park-like Production Plant in the Middle of a Forest Rich with Nature

Sekisui Medical Co., Ltd.'s Iwate Plant is a park-like facility, the grounds of which are rich in greenery and natural beauty; 95% of the plant's area is covered by green. There, high-quality pharmaceutical products which are distributed throughout the world are manufactured, in a safe and efficient manner. Through its environmentally friendly wastewater treatment system and reduction of CO₂, the plant aims to exist in harmony with its precious surrounding natural environment. As a result of surveys of the birds and plants as well as of the animals that gather in the surrounding area, including streams and springs, 673 species were found. Of these, 14 species, including *Argyronome laodice* (Pallas' fritillary, a species of butterfly on the Endangered II category list) and *Hynobius lichenatus* (Tohoku salamander, a species of amphibian on the Near Threatened list), are recognized as ecologically valuable. In recognition of the above activities, the Iwate Plant has acquired 4 Stars (the highest rank) under the "Iwate-friendly business place certification system," certified by Iwate Prefecture. Through manufacturing, the plant will continue to contribute to people's healthy and fulfilling lives, and the conservation of ecosystems.



Making a forest by planting saplings



Watching the species that live in spring water

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Promoting Biodiversity in the Housing Business

Town Development That Takes Natural Environments and Ecosystem Preservation into Consideration

The Sekisui Heim Group is working to create sustainable town schemes by maintaining and improving the property value of the towns in its residential housing business.

In Smart Heim City Asaka, the lots of which Tokyo Sekisui Heim Co., Ltd. commenced selling in the spring of 2019, approximately 25% of the development area was set aside as green space,*1 and town development was carried out in consideration of the surrounding natural environment and ecosystem preservation. We established a park with an open grassed space in "Neighbors Circle"*2, which will become a town landmark, and the road leading from there to the area where the lots are being sold is being developed as a lush, dedicated road for pedestrians and cyclists. In addition, "Fitness Park", which consists of a park with fitness equipment and a promenade along the Kurome River, is a healthcare area zone where people can exercise while communing with Nature. As a result of its greening policy with a sense of unity and continuity, Smart Heim City Asaka acquired Ikimono Symbiotic Coexistence Enterprise Certification, awarded by ABINC*3, in fiscal 2018.

- *1 Refers to the "green coverage ratio" that shows the proportion of green space etc. with regard to the ABINC*3 application site.
- *2 Neighbors Circle is the name of a plaza that includes Neighbors Store, a childcare facility, clubhouse and Miyadai Park (managed by Asaka City).
- *3 The Association for Business Innovation in harmony with Nature and Community (ABINC) is a system that certifies the results of biodiversity conservation efforts to encourage businesses to coexist with nature and people.



Artist's impression of the Neighbors Circle meet-up area upon completion



Fitness Park



Full area diagram of Smart Heim City Asaka

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Environmental Contribution Activities in Collaboration with Local Communities

Expanding Initiatives at Domestic Production Sites and Housing Companies

Sekisui Chemical Group is promoting measures aimed at protecting the natural environment in collaboration with local communities at domestic products sites and laboratories. Working in partnership with NPOs, elementary schools, and local government authorities, we pushed forward various initiatives in such areas as woodland conservation and environmental education at 26 business sites in fiscal 2018. This was an implementation rate of 55%.

At seven* of its mainstay housing companies, Sekisui Chemical Group has also been engaging in forest and woodland conservation activities since fiscal 2013. In addition to gaining an insight into the importance of the multifaceted functions of forests, steps are being taken to improve communication with local communities through increased collaboration. All seven housing companies took part in activities in fiscal 2018.

For an example of our initiatives, please see Social Contribution Activities on page 252

* The seven companies are: Hokkaido Sekisui Heim Group, Sekisui Heim Tohoku Group, Tokyo Sekisui Heim Group, Sekisui Heim Chubu Group, Sekisui Heim Kinki Group, Sekisui Heim Chushikoku Group, and Sekisui Heim Kyushu Group



“Sekisui Forest” Preservation Activities (Tokuyama Sekisui Co., Ltd.)



Cooperation with NPO / Making a children’s forest hands-on workshop (Sekisui Heim Chubu Group)

Wastewater WET

Investigation of Causes at Business Sites Where Impact Had Been Confirmed by Previous Surveys

Sekisui Chemical Group strictly adheres to wastewater standards regulated by laws and ordinances and has set even tougher standards for the management of wastewater from its production sites. To prevent negative effects on and ensure the safety of the water environment for aquatic life in the places where wastewater flows, the Group has conducted whole effluent toxicity (WET) assessments of wastewater and surveys of the habitat conditions in the rivers where wastewater is released since fiscal 2013. Looking at past surveys, 96% of the water emitted into public water areas by Sekisui Chemical Group production sites has been checked. In fiscal 2018, the Company continued to conduct investigations into causes at business sites where past surveys have revealed an impact on living organisms. As a result, we have been able to specify causative agents.



General view of a river ecosystem survey



Examples of living creatures used in WET assessments (zebra fish)

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Cooperation with External Organizations

Dialogue and Partnership with Stakeholders

An Association Aiming for and Taking Action in Biodiversity Conservation

In 2013, Sekisui Chemical Co., Ltd. became a member of JBIB (Japan Business Initiative for Biodiversity), which is a group of Japanese corporations committed to biodiversity conservation. In order to contribute to the conservation of biodiversity in and outside Japan, we promote diverse activities, such as conducting research regarding biodiversity together with various companies.

Activities to Conserve Green Spaces

We work together with an environmental consulting firm on environmental conservation activities and development of local environment, such as research on ecosystems at production sites and laboratories, conservation of biodiversity, and extermination of non-native species.

Social Contribution Activities

To develop personnel who contribute to the environment, we engage in natural environment conservation activities in various regions around the world, through cooperating with local governments, academic institutions, schools, NPOs and NGOs.

Note: Please see page Social Contribution Activities, page 252.

Note: See page 272 for details of the Innovations Inspired by Nature Research Support Program.

Performance Data

Results from the JBIB Land Use Score Card®

	FY2017	FY2018
JBIB Land Use Score Card®	Increase by 2.6 points	Increased by 4.3 points

Index	Calculation method
Points of JBIB Land Use Score Card®	<p>JBIB Land Use Score Card® is a tool promoted by JBIB, which evaluates the level of effort to preserve biodiversity with respect to the land owned by the Company. It is a sheet for evaluation of every business site regarding the size and quality of its green space, management system, etc. on a scale from 0 to 100.</p> <p>We implement assessments of every business site for the fiscal year using the JBIB Land Use Score Card® and calculate the increase from the number of points it had in fiscal 2016. The index is the average value of the points increase of all business sites.</p>

SEKISUI Environment Week Participation Rate

	FY2017	FY2018
Participation rate in the SEKISUI Environment Week initiative	84.9%	88.1%

Index	Calculation method
Proportion of participants in the SEKISUI Environment Week initiative	$\frac{\text{Total number of participants in the SEKISUI Environment Week initiative}}{\text{total number of employees in the business sites participating in the initiative}} \times 100$

**Rare Species Identified at Sekisui Chemical Group Facilities and Their Surroundings up to Fiscal 2018
(including out-of-area conservation*)**

2019 Ministry of the Environment Red List	Category		Severity of Endangerment	Number of Species	Species Name	Classification	Confirmation Location
	Endangered IA Species	CR	High 	1	Rhodeus ocellatus kurumeus	Fish	Kyushu Sekisui Industry Co., Ltd.
	Endangered IB Species	EN		2	Hemigrammocypripis rasborella	Fish	Kyushu Sekisui Industry Co., Ltd.
				Abbottina rivularis	Kyushu Sekisui Industry Co., Ltd.		
	Endangered II Species	VU		8	Haliaeetus albicilla	Bird	Hokkaido Sekisui Heim Industry Co., Ltd.
					Argyronome laodice	Insect	Hokkaido Sekisui Heim Industry Co., Ltd.
							Sekisui Medical Co., Ltd. Iwate Office
					Anser fabalis	Bird	Hokkaido Sekisui Heim Industry Co., Ltd.
					Cipangopaludina chinensis	Invertebrate	Sekisui Chemical Hokkaido Co., Ltd.
					Rumex longifolius	Plant	Sekisui Medical Co., Ltd. Iwate Office
Rubus rosifolius					Plant	Sekisui Medical Co., Ltd. Iwate Office	
Cephalanthera falcata					Plant	Sekisui Heim Industry Co., Ltd. Kanto Office	
	Chiba Sekisui Industry Co., Ltd.						
Oryzias latipes	Fish	Sekisui Heim Industry Co., Ltd. Tokyo Office					
		SEKISUI SEIKEI CO., Ltd. Izumo Factory					

* Out-of-area conservation: A method for protecting endangered species by sheltering them in safe facilities and increasing their numbers, avoiding extinction.

**Rare Species Identified at Sekisui Chemical Group Facilities and Their Surroundings up to Fiscal 2018
(including out-of-area conservation*)**

	Category		Severity of Endangerment	Number of Species	Species Name	Classification	Confirmation Location
	2019 Ministry of the Environment Red List	Endangered II Species	NT		19	Anser albifrons	Bird
Gallinago hardwickii						Bird	Hokkaido Sekisui Heim Industry Co., Ltd.
Accipiter nisus						Bird	Hokkaido Sekisui Heim Industry Co., Ltd.
Lasius teranishii						Insect	Hokkaido Sekisui Heim Industry Co., Ltd.
Radix auricularia japonica						Invertebrate	Sekisui Chemical Hokkaido Co., Ltd.
Hydrophilidae						Insect	Sekisui Chemical Hokkaido Co., Ltd.
Vallisneria natans						Plant	Sekisui Chemical Hokkaido Co., Ltd.
Hynobius lichenatus						Amphibian	Sekisui Medical Co., Ltd. Iwate Office
Paeonia japonica						Plant	Sekisui Medical Co., Ltd. Iwate Office
Corydalis raddeana						Plant	Sekisui Medical Co., Ltd. Iwate Office
Rana porosa porosa						Amphibian	Sekisui Heim Industry Co., Ltd. Tokyo Office
Sasakia charonda						Insect	Chiba Sekisui Industry Co., Ltd.
Calanthe discolor						Plant	Chiba Sekisui Industry Co., Ltd.
Macromia daimoji						Insect	Sekisui Chemical Co., Ltd. Shiga-Minakuchi Plant
Eupatorium japonicum						Plant	Sekisui Chemical Co., Ltd. Kyoto Research Institute Sekisui Chemical Co., Ltd. R&D Institute
Biwia zezera						Fish	Kyushu Sekisui Industry Co., Ltd.
Pandion haliaetus						Bird	Kyushu Sekisui Industry Co., Ltd.
Ardea intermedia						Bird	Kyushu Sekisui Industry Co., Ltd.
Salvia plebeia						Plant	Kyushu Sekisui Industry Co., Ltd.
Insufficient Information	DD		2	Formica fukaii	Insect	Hokkaido Sekisui Heim Industry Co., Ltd.	
				Ectemnius nitobei	Insect	Sekisui Medical Co., Ltd. Iwate Office	

* Out-of-area conservation: A method for protecting endangered species by sheltering them in safe facilities and increasing their numbers, avoiding extinction.

**Rare Species Identified at Sekisui Chemical Group Facilities and Their Surroundings up to Fiscal 2018
(including out-of-area conservation*)**

Species Protected by the Act on Protection of Cultural Properties	Category		Severity of Endangerment	Number of Species	Species Name	Classification	Confirmation Location
	Special Natural Treasure	SN	High 	1	Capricornis crispus	Mammal	Sekisui Medical Co., Ltd. Iwate Office
	Natural Treasure	N		4	Anser fabalis	Bird	Hokkaido Sekisui Heim Industry Co., Ltd.
					Anser albifrons	Bird	Hokkaido Sekisui Heim Industry Co., Ltd.
					Haliaeetus albicilla	Bird	Hokkaido Sekisui Heim Industry Co., Ltd.
					Pica pica	Bird	Kyushu Sekisui Heim Industry Co., Ltd.
	Kyushu Sekisui Industry Co., Ltd.						
						Sekisui Hinomaru Co., Ltd. Tosu Plant	
	Prefecturally-Designated National Treasure	PN	Low 	1	Carassius auratus	Fish	SEKISUI SEIKEI CO., Ltd. Izumo Factory

* Out-of-area conservation: A method for protecting endangered species by sheltering them in safe facilities and increasing their numbers, avoiding extinction.

Prominence in CS & Quality

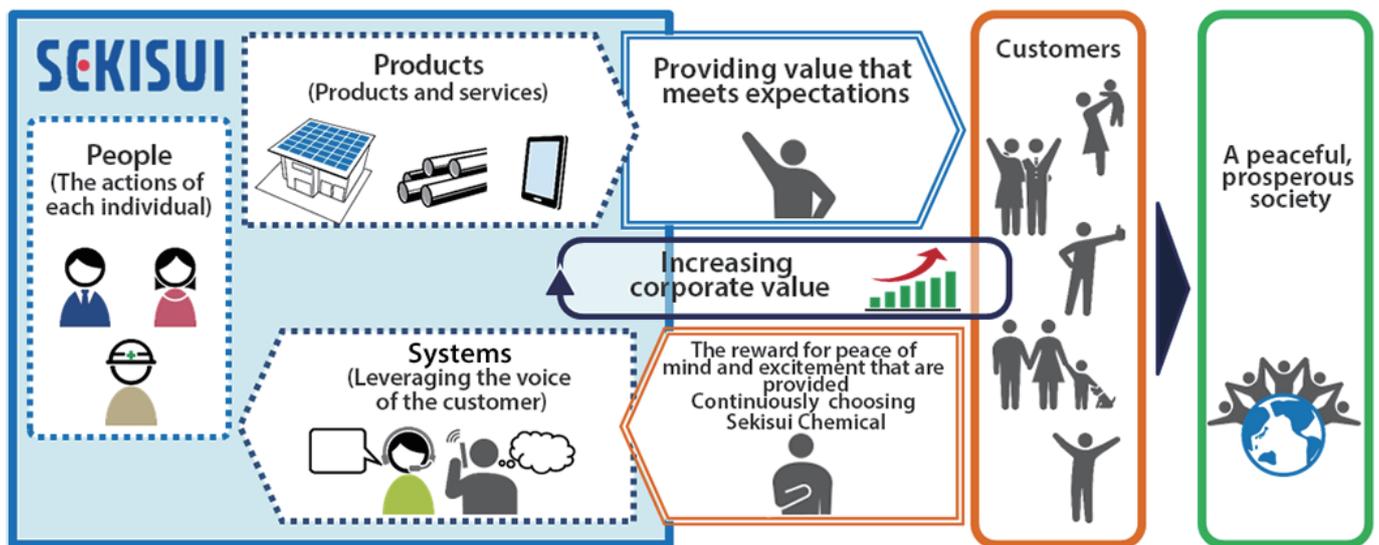
Pursuing the Quality Always Specified by Customers by Maximizing "Quality of People," "Quality of Systems," and "Quality of Products."

Management Approach

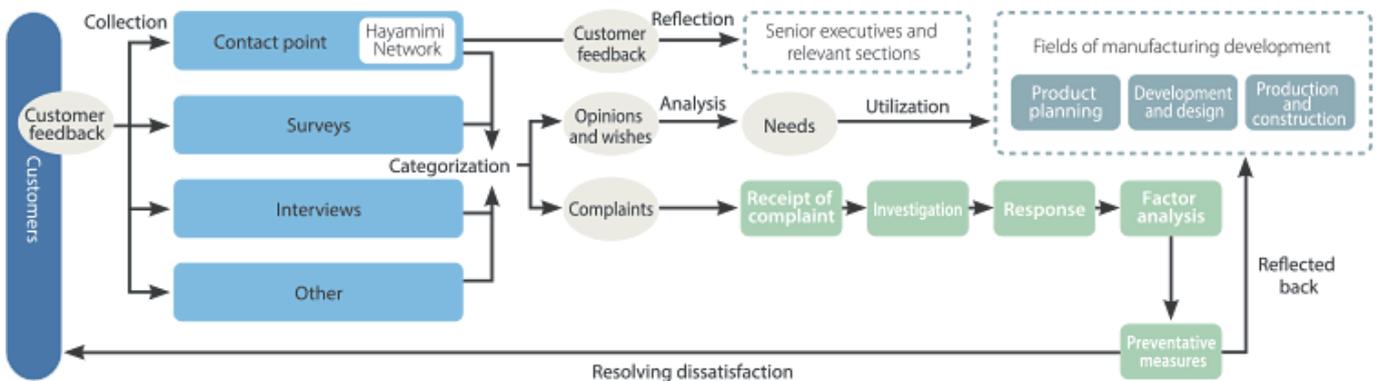
Our Philosophy

Since 1999, Sekisui Chemical Group has practiced customer satisfaction (CS) management. In 2004, we coined the phrase CS & Quality in the belief that customer satisfaction and quality are inseparable. We began CS & Quality Management to consistently deliver value to our customers so that they will always choose our products and services. As we consider customer's feedback as the beginning of our manufacturing activities, we are actively honing the Quality of Our People, the Quality of Our Systems, and the Quality of Products and Services. In this manner, the Group is working in unison to consistently deliver the quality that is always specified by customers.

Sekisui Chemical Group's CS & Quality Management Circulation Diagram



Flow of Utilizing Customer Feedback in Management



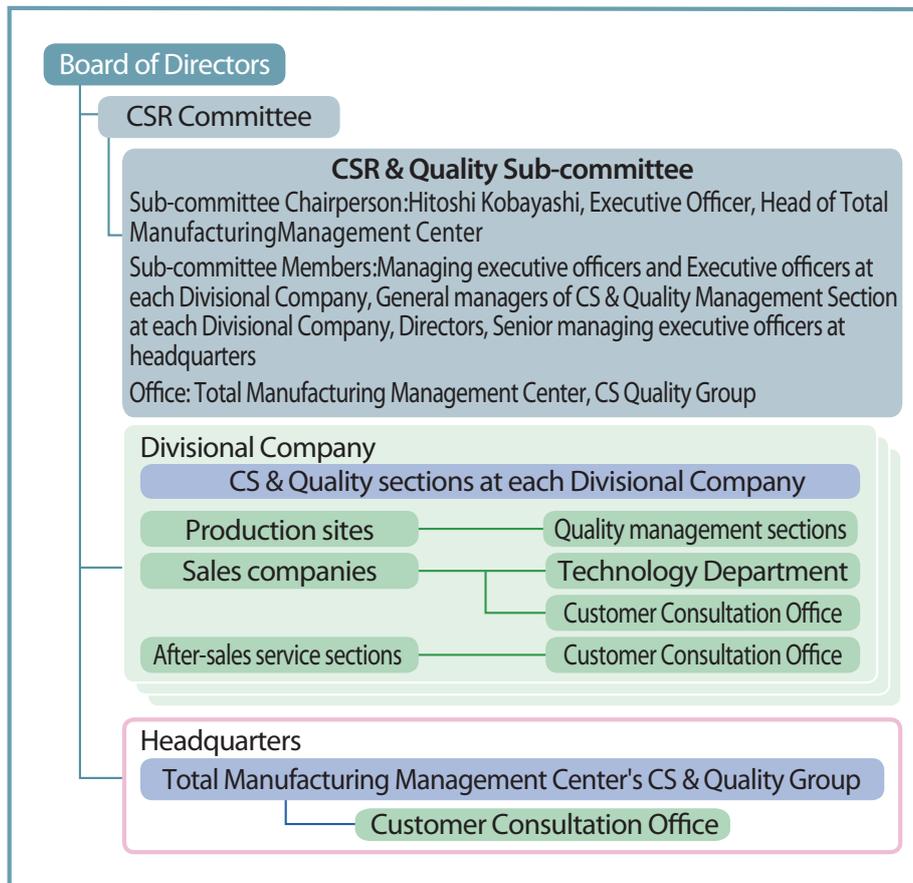
CS & Quality Management Promotion System

Establishing the CS & Quality Subcommittee That Reports to the CSR Committee

Sekisui Chemical Group deliberates on and determines all financial and non-financial initiatives and policies through its Board of Directors.

Sekisui Chemical maintains a CS & Quality Subcommittee, which reports to the Company's CSR Committee. Both the CSR Committee and CS & Quality Subcommittee meet twice a year to deliberate on non-financial CS & Quality issues. In fiscal 2018, meetings of the CS & Quality Subcommittee were held in September and March.

CS & Quality Management Promotion System



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Creating Customer-oriented Products

About the Follow-up Activities for the Self-declaration for Customer-oriented Management

Sekisui Chemical is in favor of the Consumer Affairs Agency's initiatives for bringing about "Customer-oriented Management" and made a "Self-declaration for Customer-oriented Management*," expressing Sekisui Chemical philosophy and plans for initiatives, in January 2017.

* Companies declare to engage in consumer-oriented management, take action based on their declarations and disclose the outcomes of their initiatives.



Mindful that customer opinions are a valuable resource for management, our CS & Quality Management is based on the motto "customer feedback is the beginning of our manufacturing activities" and is focused on aggressively pursuing innovations in the "Quality of Our People", the "Quality of Our Systems", and the "Quality of Our Products." We aim to contribute to the realization of a worry-free and abundant society by continuing to provide new value to our customers and society.

Below are five activities undertaken in fiscal 2018 based on our "Self-declaration for Customer-Oriented Management."

1. Ensuring Basic Qualities

Sekisui Chemical Group conducts the CS & Quality Seminar: Basic Qualities Edition every year with the goal of bolstering the level of Basic Qualities among Group employees. With a focus on people, the fiscal 2018 seminar centered on the fostering of human resources with an eye toward eliminating human error.

Group companies in Japan and overseas are developing and promoting Group KAIZEN Activities, in which employees in each workplace form small groups to address various topics, including improvements in quality and productivity, increasing operational efficiency, and policy and management issues. Sekisui Chemical Group is also focused on establishing a common language in quality and employs a QC Certification system to measure the level of quality knowledge in its employees.

2. Creating Attractive Qualities

Sekisui Chemical Group conducts the CS & Quality Seminar: Attractive Qualities Edition with the goal of bolstering attractive qualities. In fiscal 2018, the seminar was focused on the building of a corporate culture that fosters the creation of attractive qualities from the workplace in line with Company policies aimed at bolstering workplace abilities.

With the goal of accelerating the creation of attractive qualities, Sekisui Chemical Group has established the Attractive Qualities Screening System, in which a third party measures the attractiveness of our products once every three years. In fiscal 2018 we introduced our employees through the intranet The Story of Attractive Qualities, a summary of the development efforts and ideas of departments with award winning products in fiscal 2017.

As part of our effort to build a corporate culture that creates attractive qualities, Sekisui Chemical Group has established the Wakuwaku Chaya Study Group in fiscal 2013 where employees steer their own study groups in order to focus on how to best improve CS culture, with the ultimate goal of promoting communication on the topic across organizational boundaries. The methodology of these study groups is used each year in the training of newly appointed managers, and with the goal of creating a corporate culture that fosters the creation of attractive qualities, participants have declared through dialogue their commitment toward determining their own CS & Quality activities.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

3. Upgrading Technological Capabilities

We are holding a variety of seminars to learn effective and efficient preventative measures in order to avoid the occurrence of quality issues when developing new products.

We are also effectively utilizing our quality management systems (QMS) in the implementation of attractive qualities process approach. For internal audits in particular, we are promoting activities aimed at increasing the use of the SPMC (Sekisui Process Management Chart), an in-house assessment tool.

We believe the ability to respond effectively to our customers is a key attractive quality and have accordingly established a Telephone Service Training program to improve the ability of our employees to provide phone-based service to our customers.

4. Enhancing Communications

Sekisui Chemical Group believes a customer-oriented business requires a developer to effectively understand the needs of its customers, through communication with individuals from both inside and outside the Company. To this end we are focused on creating a variety of communication opportunities.

Our efforts to take into account the voices and values of those outside the Company include our CS & Quality Seminar, which invites external experts to speak, the Attractive Qualities Screening System, which involves product quality assessments provided by third-party experts, and customer satisfaction surveys in the housing company business. In addition, and separate from this survey, each year we publish and distribute to all Group companies the VOICE booklet summarizing customer inquiries and feedback gathered by the Customer Consultation Office.

With the goal of improving communication among employees, Sekisui Chemical Group shows CS & Quality videos from other companies, sponsors the Wakuwaku Chaya Study Groups to promote increased CS awareness and the shared understanding of individual perspectives, and conducts employee CS & Quality assessments and workshops aimed at promoting employee discussions on CS & Quality systems and activities.

5. Providing Thorough Employee Education

Sekisui Chemical Group distributes to all Group employees the CS & Quality Management booklet summarizing the Company's CS & Quality management philosophy and policies. We published this booklet in English, Chinese and other languages in fiscal 2017 and fiscal 2018 for distribution to our overseas locations. We also distribute our STAR 55 Bulletin, a newsletter collecting outstanding examples of CS & Quality management to our Group employees.

We see the introduced initiatives (1) to (4), which cover such wide-ranging fields as CS & Quality Seminar, Attractive Qualities Screening System, Wakuwaku Chaya, Telephone Service Training, VOICE, and Employee CS & Quality Assessments as measures that facilitate the education of employees.

Medium-term Plan

Sekisui Chemical Group Has Put in Place a CS & Quality Policy Under Its Medium-term Management Plan

Management Approach

Medium-term Plan Implementation

Initiatives Under the CS & Quality Medium-term Plan (Fiscal 2017 to Fiscal 2019)

Roadmap for CS & Quality Control Initiatives

	FY2017	FY2018	FY2019	
Appealing quality	Selection of appealing qualities	The Appealing Qualities Screening System selects and provides awards for products with appealing quality	<ul style="list-style-type: none"> Publishing the Story of Appealing Quality, stories about the creation of appealing products Reconsidering the evaluation axis for the Appealing Quality Screening System 	Selecting and providing awards for products with appealing quality Revising the evaluation axis for the Appealing Quality Screening System
	Dissemination and confirmation of CS & Quality Management Policy	<ul style="list-style-type: none"> Feedback results from Employee CS & Quality Assessments Reconsidering assessment questions 	Dissemination of CS & Quality Management Policy Employee CS & Quality Assessment with revised questions	Feedback results from Employee CS & Quality Assessments
	Developing appeal in human resources	Company-wide CS & Quality training separated by skill level CS fundamental training (telephone service training, email training, study sessions to think about CS culture) (held from time to time)		
Fundamental quality	Enhancing basic development capabilities	Deploying group-wide development guidelines Developer/reviewer (DR) training, improving DR quality, practical SQC training		Developing a certification system for DR reviewers
	Enhancing basic manufacturing capabilities	Developing a process management chart for group-wide use Restructuring the quality auditing framework	SPMC group-wide development*	Defining a process management chart SPMC establishment*
	Improving quality overseas	Promoting visualization and monitoring of quality, conducting day-to-day management assessments, and promoting continuous improvement Conducting overseas quality control technical skill training and e-learning sessions		
Common Initiatives	Fostering a CS & Quality culture	Publishing STAR 55 Bulletin, an internal newsletter introducing prominent activities for improving CS & Quality (published 3-4 times a year) Holding CS & Quality seminars to learn from prominent case studies in various industries (held 3-4 times a year)		

Note: SPMC (short for Sekisui Process Management Chart)

Major Initiatives

Medium-term Plan (Fiscal 2017 to Fiscal 2019) Progress

Decrease in External Failure Costs Compared with Fiscal 2017

In fiscal 2018, the middle year in the medium-term plan, there was one incidence of a major quality issue*¹. This was the first incidence of a major new product*² quality issue within the period of the current medium-term plan. In addition, external failure costs*³ decreased compared with fiscal 2017. To achieve zero major quality issues in the future, we aim to improve Basic Qualities by ensuring thorough adherence to the practice of Development Guidelines and Everyday Management Guidelines throughout the entire Group.

We aim to continue to decrease external loss costs by rolling out across the entire Group a more robust quality assurance system, management of changes and alterations to this system, and quality risk-reduction activities based on the prevention of defects.

*1 Major quality issues: Problems related to product and service quality that could cause significant damage to customers, society, or Sekisui Chemical Group if not thoroughly resolved on an urgent basis.

*2 New product: A challenging product selected by divisional companies through the development of new fields and technologies.

*3 External failure costs: Costs arising from responding to product-related complaints.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Enhance Basic Manufacturing Capabilities

Rebuilding of Quality Audit Mechanisms

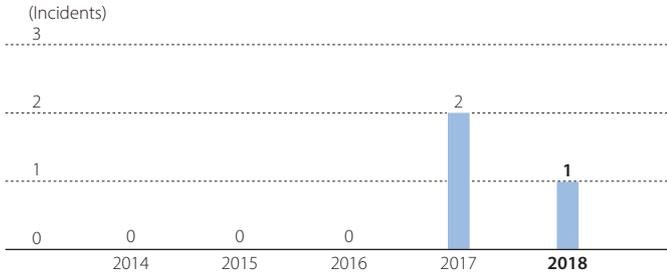
In accordance with the “CS & Quality Management Activity Roadmap,” we promoted the rebuilding of our auditing mechanisms in fiscal 2018. This initiative was done in response to the updates in the 2015 edition of the ISO 9001 standard and each company has conducted a continuous review of its quality-management system from fiscal 2017. The major change in the new auditing system was the introduction of Sekisui Chemical Group's tailor-made “Sekisui Process Management Chart” (SPMC), which is used to conduct process management using charts. By advancing internal audits using the SPMC, we aim to efficiently perform quality control throughout the entire supply chain, including suppliers and cooperating companies. During fiscal 2018, we advanced initiatives to promote the understanding and widespread use of the SPMC on the manufacturing shop floors at each company.



Performance Data

Data Concerning Major Quality Issues

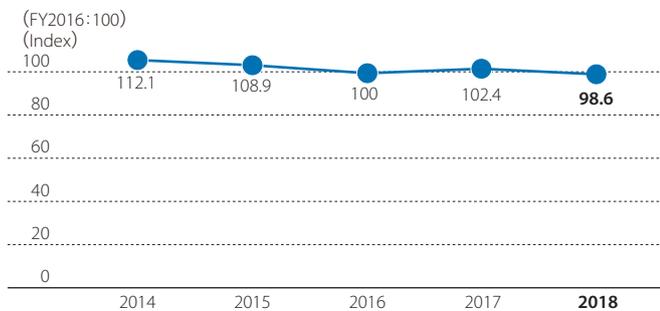
Number of Major Quality Issues



Indicator	Calculation Method
Major Quality Issues	<p>These refer to product and service quality issues determined by Headquarters or the divisional company presidents, based on evaluations and judgments by the quality assurance manager, which could cause significant damage to customers, society, or Sekisui Chemical Group and lead to the loss of society's trust in the Group if not thoroughly resolved on an urgent basis including:</p> <ol style="list-style-type: none"> 1) Problems that could have a serious impact on (or cause severe damage to) society, such as product recalls 2) All serious problems involving human safety and those acknowledged by the Divisional Company to be serious problems involving the safety of property 3) Compliance-related problems concerning the quality of products or services (e.g., those involving compliance with relevant laws and regulations) 4) Problems that could inflict serious financial damage on customers

Data Concerning External Failure Costs

External Failure Costs



Indicator	Calculation Method
External failure costs	Costs arising from responding to product-related complaints

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Creating Attractive Products and Services

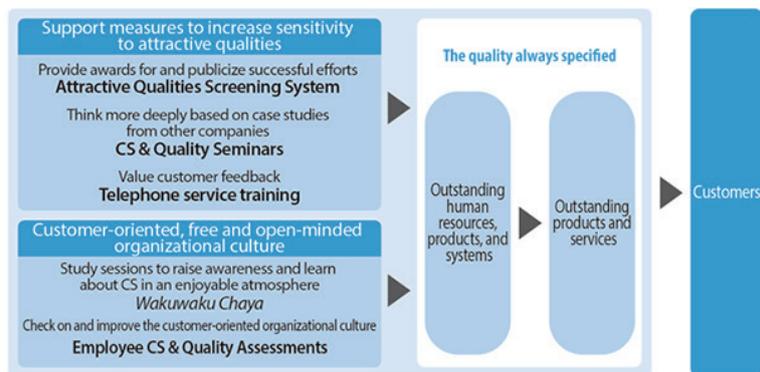
Advancing the Development of Human Resources, Systems, and a Culture Enabling the Creation of Attractive Qualities

Management Approach

Basic Concept

Building a Customer-oriented, Free, and Open-minded Organizational Culture

Sekisui Chemical Group is working on building a customer-oriented, free and open-minded organizational culture to create Attractive Qualities that customers will continue to ask for by name.



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Major Initiatives

Systems That Convey CS & Quality Management Mission to Employees

Building Systems That Will Encourage Concrete Action by Employees to Enhance CS & Quality

Sekisui Chemical Group formulated its CS & Quality Management Mission in fiscal 2004 and on three occasions since then, in fiscal 2004, 2005 and 2007, has issued a CS & Quality Management Guide, which serves as a tool for explaining to employees that the Group positions CS & Quality activities at the foundation of its management.

In addition, in fiscal 2008, the basic policies needed to bring the CS & Quality Management Mission to realization were compiled and disseminated to Group employees for their information.

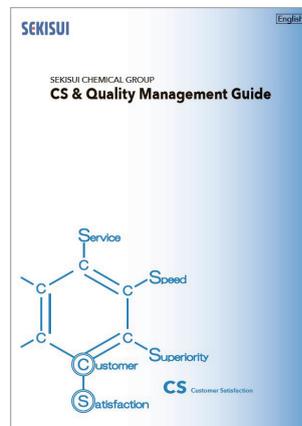
In fiscal 2016, in view of the fact that more than 10 years had passed since the formulation of the CS & Quality Management Mission, the Group issued the fiscal 2016 edition of the CS & Quality Management Guide with the purpose of once again internally instilling its mission and policies. In addition to restating the CS & Quality Management Mission and basic policies, it was intended that the fiscal 2016 edition make all employees consider the universal and basic parts of the question "Who is your customer?" In fiscal 2017, this 2016 Edition CS & Quality Management Guide was also translated into other languages, including English and Chinese, and distributed to 14 companies in China, 10 companies in North America and Mexico as well as to 11 Group companies in Europe.

In fiscal 2018, to continue working to instill CS & Quality Management at overseas Group companies, we distributed the 2016 Edition CS & Quality Management Guide to 21 Southeast Asia companies and to two companies that had newly joined the Group companies in China.

CS & Quality Management Booklet



Japanese edition



English edition

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Measures to Create Attractive Qualities

Providing Products and Services While Enhancing CS Sensitivity

To continue creating Attractive Qualities Sekisui Chemical Group strives to improve the CS sensitivity of individual employees and to build an organizational culture focused on CS.

Wakuwaku Chaya Study Groups for CS Culture

Study Groups for CS Culture began as a measure to improve awareness of CS when we realized there was not enough communication across organizational borders in the Employee CS & Quality Assessments that were conducted in fiscal 2012. Employees steer their own study groups about how best to improve CS culture and have nicknamed the groups Wakuwaku Chaya.

Moderated by the managers in charge of CS & Quality, study groups were started at factories and sales offices in fiscal 2013. In addition, in that year's educational program for newly appointed managers, participants were encouraged to declare their own actions through dialogue with others on the program. Since fiscal 2014, an organization has been in place to set up and maintain a facilitator within the organization, and activities have continued in each department within the Group up to the present day.

Sekisui Chemical Group believes that having an organization where employees are able to enjoy and fully engage in work is a shortcut to enhancing its CS culture. Our Study Groups for CS Culture are not meetings or debates, but opportunities for employees to engage in discussions among themselves.

Specifically, all participants view documentaries about how other companies have promoted CS activities and share their thoughts and feelings with one another about CS. The participants declare action targets during the sessions and take back to their workplaces the knowledge they gained from this dialogue with their peers. Departments that have continued to hold these study groups have witnessed a natural improvement in their CS culture. Energies remain directed toward further advancing Study Groups for CS Culture not only as a forum to reflect on dialogue that promotes mutual understanding, but also as the means to deliberate on future aspirations and scenarios and to enhance employee satisfaction by sharing forward-looking visions.

CS & Quality Seminars

For CS & Quality Seminars we invite people from a variety of fields outside the Company to give lectures with the intention of improving awareness of CS & Quality. Held several times a year, the lectures are split into Attractive Qualities themes about creating attractive quality and Basic Qualities themes to strengthen core quality. A total of 53 seminars have been held from the first event in 2001 through to the end of fiscal 2018.

Under the Attractive Qualities themes, we hold various lectures not only on excellent case studies of the planning and development of hit and long-selling products, but also on matters related to hospitality and employee motivation to achieve customer satisfaction. From fiscal 2016, we held video conferences on case study videos from other companies similar to the lecture themes to coincide with the days on which CS & Quality seminars were held. From fiscal 2018 we also set up a forum for employees to share their thoughts with their peers after trial meetings while working to enhance communications.

In fiscal 2018, a total of 281 people participated in the three seminars held at Sekisui Chemical's Tokyo Headquarters on plant floor ideas of how to create ways of thinking and systems to instill CS activities voluntarily.



● May 18, 2018
 “Guiding Principles of Managers Who Learned to Strengthen the Front Line at Disney and USJ”
 Chihiro Imai, Director, Communication Energy Co., Ltd.



● August 24, 2018
 “What Do People Need to Work Happily? Cybozu Thoughts about Improving Motivation”
 Takenori Wada, Executive Director, Teamwork Research Institute, Cybozu, Inc.



● February 1, 2019
 “Giving Form to Feelings Leads to CS. Things I Learned from Restaurants, Tiffany & Co. and Disney”
 Hiroshi Ueda, Representative at Otona no Terakoya Enkaina

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Telephone Service Training

As part of efforts to improve customer satisfaction, the Customer Consultation Office has been conducting telephone service training since fiscal 2008 to horizontally deploy the customer telephone service skills that are cultivated in business operations in each division company. Having implemented Telephone Service Training since fiscal 2008, back office staff from the Customer Consultation Office serve as instructors and visit each office, thereby providing employees with opportunities to improve Sekisui Chemical Group's telephone service skills.

Initially, Telephone Service Training was only conducted at the Housing Company, which handles many general inquiries from individual customers, but from fiscal 2011 we also deployed the training at the Urban Infrastructure and Environmental Products Company, the High Performance Plastics Company, Headquarters and each subsidiary company that focus on corporate customers. From fiscal 2016 onwards, Telephone Service Training has been introduced in the Urban Infrastructure and Environmental Products Company's educational programs for new employees.

The "All-Japan Telephone Service Contest," in which Sekisui Heim sales company call center employees from across the country pit their telephone service skills against each other, has been held every year from fiscal 2013 to fiscal 2017. Although postponed for various reasons in fiscal 2018, plans are in place to hold the contest in fiscal 2019 using a new method.

Systems That Confirm Attractive Qualities from the Viewpoint of Society

Attractive Qualities Screening System for Evaluating by Outside Experts

Sekisui Chemical Group has set up the Attractive Qualities Screening System for evaluating its Attractive Quality products from an external third-party viewpoint, in order to accelerate the creation of attractive qualities. The evaluations are based on a product's ability to provide value to customers and society, not just on sales and profits.

This system has been implemented since fiscal 2008 and a cumulative total of 13 products has been selected for awards: four in fiscal 2008, three in fiscal 2011, four in fiscal 2014, and two in fiscal 2017.

In addition, and in order for Sekisui Chemical Group employees to share what concepts and perspectives were used to commercialize award-winning products, we post on our intranet The Story of Attractive Qualities, the secrets behind the development of these products. More than just a means to provide helpful hints and increase awareness, this initiative is instilling a greater sense of pride while motivating employees to take on the challenge of developing new products despite the various hurdles they may face.

In fiscal 2018, we posted details of each Story of Attractive Qualities based on interviews with related parties in connection with the two products that received awards in 2017 on the intranet. Drawing on the opinions of various sources including outside experts, we undertook a review of the management and other methods of the Attractive Qualities Screening System in the leadup to implementation in fiscal 2019.

Note: See the Performance Data on page 135 for details of Attractive Qualities Screening System results.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Systems to Measure the Degree to Which CS & Quality Management Has Spread

Surveying Awareness of and Behavior Regarding CS & Quality Management by Employee CS & Quality Assessments

Since fiscal 2012, Sekisui Chemical Group has been utilizing e-learning to conduct a CS & Quality Assessment (survey) program once every two years for employees in Japan, the aim being to ascertain the degree to which CS & Quality Management has spread throughout the organization, identify any related issues by measuring employees' awareness of CS & Quality and related activities, and reflect this information in the code of conduct. More specifically, the survey identifies issues for creating the groundwork for CS & Quality culture, such as by measuring the degree that management's philosophy and policies have spread throughout the organization, and communications up and down the ranks, across organizations and among members. Thereafter, based on the final report, new action objectives are set for each organizational unit with the aim of gradually fostering a culture of CS & Quality within Sekisui Chemical Group.

We believe that employees' awareness of CS & Quality is steadily improving, as the number of respondents is increasing year by year. In addition to conducting results feedback through individual visits to executives at each business site from the fiscal 2014 results, since fiscal 2015 we have worked to expand overseas by conducting employee CS & Quality assessments in China as well.

In fiscal 2018, we partially reviewed the content of the questionnaire, following the judgement made through the assessment completed three times from 2012 to 2016 that the CS & Quality system in each organization had to some extent been fixed. As a result, wording of a question was changed from "presence or absence of system" to "presence or absence of system operation." In addition, from fiscal 2018, when providing feedback to each business site, we hold a workshop where executives talk to each other about the CS & Quality system and the activities of their own organizations.

Systems That Use Customer Feedback to Increase CS & Quality

Improve the Responsiveness of Customer Consultation Office

The staff of the Customer Consultation Office responds to questions, concerns, opinions, requests, and other inquiries from customers. To provide support that satisfies customers without requiring them to be directed to call the departments responsible for the matters concerned, all employees of the Customer Consultation Office learn about our products and technologies and strive to offer, as much as possible, responses to inquiries at a one-stop shop. Thanks to this initiative, we have received praise from customers concerning calls relating to opinions and requests.

Systems for Employees to Share Customer Feedback

Publication of VOICE and VOICE PLUS That Summarize Customer Feedback

Sekisui Chemical Group's Customer Consultation Office receives over 10,000 inquiries and comments every year. Sekisui Chemical Group directly answers each inquiry and analyzes the factors that motivated the customer to make the inquiry in the first place, in order to discover the hidden needs of customers. Many of these customer inquiries contain requests and ideas for making improvements, such as changing product specifications and increasing the range of variations. By feeding back these customer opinions to the divisions of each internal company, we are able to improve CS & Quality by revising specifications and enhancing catalog markups from the users' perspective.

As a new initiative starting in fiscal 2015, the Group has published VOICE, which is a summary of the inquiries received by Customer Consultation Office. This booklet is published with the aim of reflecting customer feedback in management activities, cultivating and instilling a culture of CS & Quality in all employees, and promoting understanding of these issues in Group-wide businesses in a manner that transcends particular operational areas. Sekisui Chemical Group aims to improve three qualities (people, systems, products and services) based on feedback from customers.

Following on from the publication of the first issue in fiscal 2015 and the second issue in fiscal 2017, the third issue was published in fiscal 2018. In addition to the number of incoming calls from customers and the content of their inquiries, we worked to further enhance the editorial mix with a booklet that contributes to the improvement of CS & Quality, such as by posting the content of interviews with related departments with regard to the improvement case studies of products that had prompted many general inquiries. Moreover, in order to provide more familiar information that would serve as a hint for better responding to customer and that could not be conveyed solely through the VOICE publication, we prepared and posted VOICE PLUS, a special issue, on the Company's intranet.



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Systems to Confirm Customer Satisfaction

Conducting a Customer CS Survey

Sekisui Chemical Group's Housing Company conducts CS surveys of customers for whom it has built Sekisui Heim homes. The feedback from the customers who kindly respond to the surveys is broadly shared throughout the Company and used in product development and in improvements in the quality of the Group's services for its customers. Details of any customer dissatisfaction are closely assessed, and steps then taken to change dissatisfaction into satisfaction. In fiscal 2018, customers who had responded that they were "very satisfied" reached 75.6%.

System to Convey CS & Quality Activities to Employees

STAR 55 Bulletin Highlights Good Examples of CS & Quality for Group Employees

In 2002, its 55th anniversary, Sekisui Chemical Group implemented STAR 55 as a program to promote CS throughout the Company and declared CS to be positioned as the foundation of management for all employees. So that the STAR 55 activities did not lose momentum, in 2006 we also issued the first STAR 55 Bulletin, a newsletter compilation of excellent case studies for CS & Quality for Group employees. We have continued to publish STAR 55 Bulletin since fiscal 2006.

The name STAR 55 embodies Sekisui, Trust, Action and Revolution, meaning that each and every employee of Sekisui Chemical Group promises action to gain the trust of customers and will attempt to bring about a revolution in the Group's spirit and culture while the Company allows each to take a leading role and become a STAR.

In addition to announcing the results of employee CS & Quality assessments, in the 37th to 39th issues of STAR 55 Bulletin published in fiscal 2018, a year in which natural disasters frequently occurred, we carried articles on the activities of employees and partner companies that, while maintaining their close links with customers, were actively involved in disaster recovery activities.

STAR 55 Bulletin No.'s 37, 38, and 39



Note: Origin of the name: STAR 55 Bulletin

- S = Sekisui,
- T = Trust,
- A = Action,
- R = Revolution,
- STAR = Leader,
- 55 = 55th anniversary since founding.

Performance Data

Attractive Qualities Screening System Results

	Number of Award-winning Products	Award-winning Products
First (Fiscal 2008)	Four Products	<ul style="list-style-type: none"> • Attractive Quality Award SPR method and materials • Attractive Quality Gold Award ·S-LEC (sound and heat insulation, sound and heat insulation interlayer film) ·SMART HEIM (advancing energy self-sufficient house) • Special Recognition Award Lineup of Eslo Hyper products (earthquakeresistant, high-performance polyethylene water pipes)
Second (Fiscal 2011)	Three Products	<ul style="list-style-type: none"> • Attractive Quality Award Comfortable Air System • Attractive Quality Gold Award ·NORUDIA N ·CALMMOON
Third (Fiscal 2014)	Four Products	<ul style="list-style-type: none"> • Attractive Quality Award Rapid-Tester™ RSV-Adeno • Attractive Quality Gold Award ·Fire-resistant VP Pipe Piping System ·Liquid crystal UV sealant ·Smart Power Station
Fourth (Fiscal 2017)	Two Products	<ul style="list-style-type: none"> • Attractive Quality Gold Award ·Energy self-sufficient housing Smart Power Station “100% Edition” ·“Kucho Hyper CH” high-performance polyethylene tube for air conditioner piping <p>Note: Attractive Quality Award not applicable</p>

Indicator	Calculation Method
Attractive quality products	Products selected under the Attractive Qualities Screening System

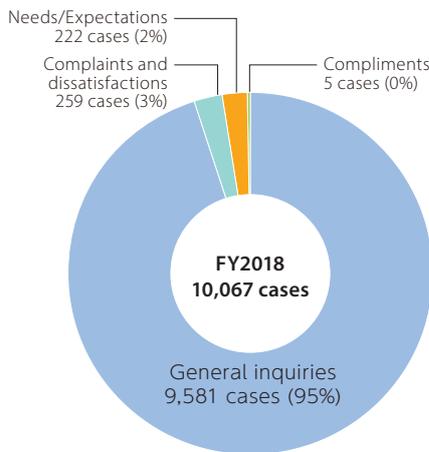
Data Related to Support Improvement at the Customer Consultation Office

Number of Incoming Calls, etc., from Customers



Indicator	Calculation Method
Number of incoming calls, etc.	Number of inquiries by telephone, email, letters, faxes, and other means

Breakdown of incoming calls (Sekisui Chemical)



Indicator	Calculation Method
Breakdown of incoming calls	<p>The subjects of incoming calls are recorded on "Insider Net" and categorized as follows:</p> <ul style="list-style-type: none"> •General inquiries: questions about Sekisui Chemical Group product specifications, how to use products, construction methods, stores selling the products, repairs, and related matters •Complaints and dissatisfactions: Incidents during which customers expressed their dissatisfaction or lodged rebukes concerning Sekisui Chemical Group products or support •Compliments: Calls during which praise was received for satisfaction with the Sekisui Chemical Group's products or support •Needs and expectations: What customers require of Sekisui Chemical Group products and services (product improvements and new products, etc.), and inquiries relating to business activities, or comments on what is expected of Sekisui Chemical Group <p>Note: "Insider Net": A Sekisui Chemical Group intranet site on which incoming calls to the Customer Consultation Office are released in real-time.</p>

Data Relating to Employee CS & Quality Assessments in Japan

Employees in Japan Outline of CS & Quality Assessments

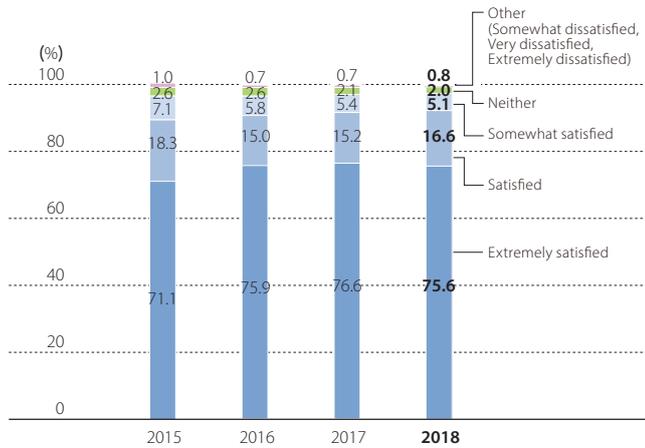
	Total Number of Responses	Number of Bases Visited to Give Feedback
FY2012	8,399	—
FY2014	8,957	63
FY2016	16,243	94
FY2018	19,765	100

The number of bases visited is calculated on the basis of offices with the same address excluding Headquarters and research institutes.

For example: Visits to Tokyo Sekisuiheim Co., Ltd. and Tokyo Sekisui Famis Co., Ltd., which have the same address, are counted as one base.

Data Relating to Customer Surveys

CS Questionnaire 7-Step Evaluation (Housing Company)



Improving Quality

Pursuing the “Three Zeros” in Accidents, Waste and Complaints

Management Approach

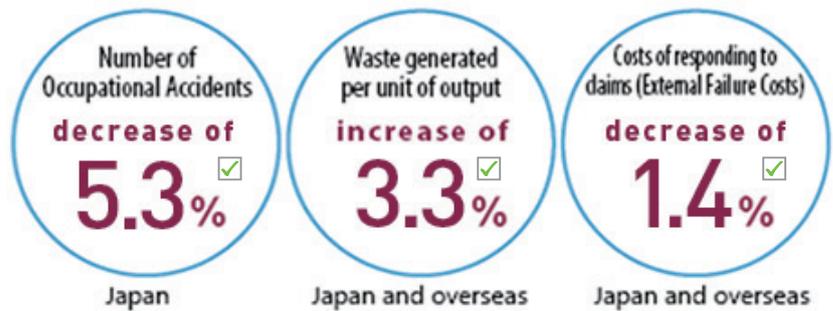
Basic Concept

On-site Manufacturing Supports Quality

Recognizing that it is the fields of manufacturing development that support quality, since fiscal 2006 Sekisui Chemical Group has focused its efforts on innovation in production. Based on its belief that quality defects lead to higher costs arising from handling complaints or increased waste, we are trying to reduce costs by targeting the “three zeros” of accidents, waste, and complaints.



Accidents, waste, and complaints compared to fiscal 2016

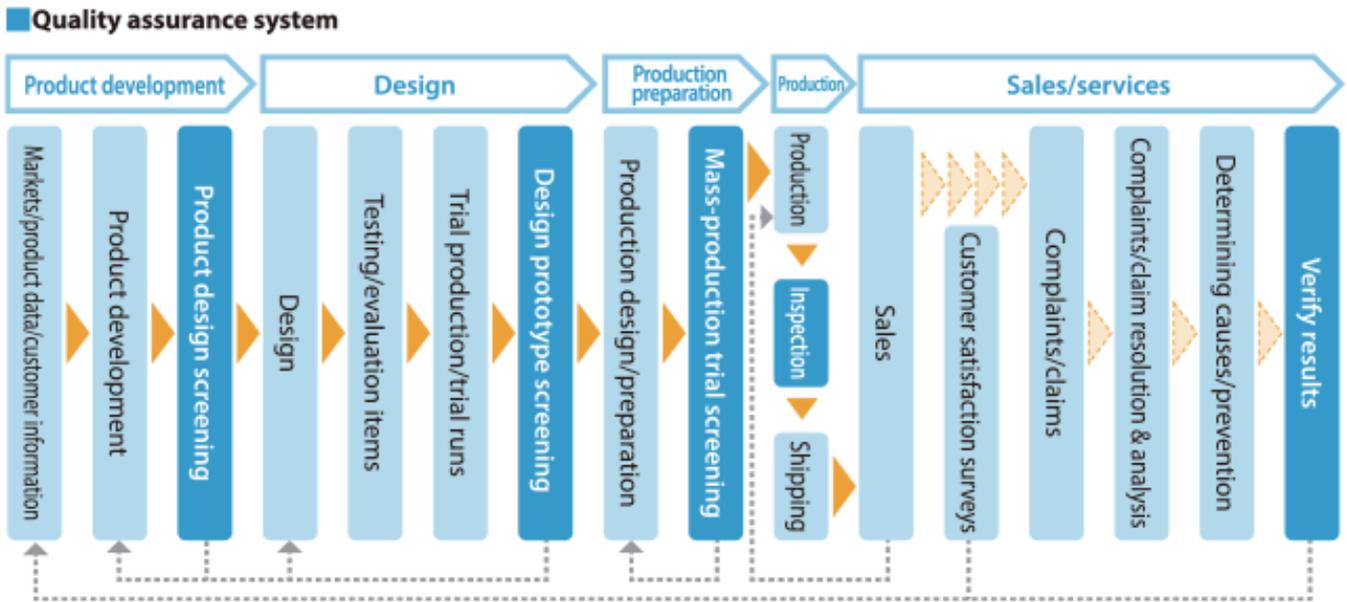


Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Quality Management

Systems in Each Section Reflect Business Characteristics

Sekisui Chemical Group has developed quality control systems covering every process from production to product use by customers. Each section has developed a quality assurance system, and in each process, we promote standards-based controls on a daily basis. In developing products and making improvements to quality, we conduct screening from a variety of perspectives, such as those of quality assurance and safety.



Formulating Three Quality Guidelines

Maintaining Uniform Quality Control from Development to Sales

Undertaking uniform quality control throughout the value chain—from development, manufacturing, and sales—Sekisui Chemical Group is working to improve the level of its quality control by formulating and issuing three guidelines: Development Guidelines for Strengthening Quality Assurance, Guidelines for Daily Management Activities, and Contract / Specification Guidelines.

Development Guidelines are aimed at preventing Basic Quality-related problems from occurring by predicting quality risks that can arise after commercialization. Guidelines for Daily Management Activities are a collection of basic guides to management on a daily basis that must be undertaken in manufacturing and post-development processes. Contract / Specification Guidelines were added in fiscal 2015 with the aim of reducing expanded compensation* risks related to product sales.

* Expanded compensation: Customers compensation in the case of product defects that extend beyond returns and exchanges to include compensation for processing / construction / items made with these products, and other related damage.



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Preventing Quality Fraud

Implementing In-house Quality Control Investigations

In light of the frequent occurrence of quality control related fraud from 2017 to 2018 in Japan, Sekisui Chemical implemented an in-house investigation to confirm that our quality data is not fraudulent and that inspection, etc., has not been conducted by uncertified personnel for all products throughout the Group in order to ensure that we do not put the lessons learned by others to waste. As a result, we have confirmed that there are no cases of deficiencies regarding certification of auditors, official certification and quality that hold the risk of violation or fraud.

Sekisui Chemical Group will continue to ensure that the specifications agreed upon with our customers are observed and that we re-instill an awareness of compliance for the purpose of enhancing our quality assurance capability. At the same time, by ensuring the reliability and transparency of inspections, we will continue to implement in-house quality control investigations that extinguish any potential for fraud.

Product Safety

Compliance with Laws and Internal Rules for Product Safety

When a legal violation related to product safety becomes known internally or is pointed out from external sources, Sekisui Chemical Group rapidly discloses information about the incident and moves quickly to discover the cause and prevent a reoccurrence. This is also true if internal rules and standards for product safety have not been followed.

In fiscal 2018, there were no cases where we violated laws or internal rules related to product safety.

Products Information Disclosure and Labeling

Compliance with Laws and Internal Rules Relating to Product Information Disclosure

Sekisui Chemical Group complies strictly with laws and internal rules relating to the disclosure of product quality and safety.

In fiscal 2018, there were no cases where we violated laws or internal rules related to the disclosure of product quality and safety.

Major Initiatives

Review of the Quality Management Systems

Certification Migration to the Revised ISO 9001 Standard Completed at All business Sites

During fiscal 2015, ISO 9001 underwent a full-scale revision, and in response, each company and each Group company revised its quality management systems (QMSs) starting in fiscal year 2016 in turn. As a result, all business sites had completed migrating their certification by the migration deadline of September 2018.

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Design and Development Seminars

Development Risk Prevention Seminar and DR* Reviewer Training Seminar

Continuing from fiscal 2013, we held the Development Risk Prevention Seminar aimed at acquiring effective, efficient prevention methods as well as the DR Reviewer Training Seminar to improve the skills of people who conduct DRs. Both seminars are based on the topic of preventing quality problems before they arise.

In fiscal 2018, we held case study meetings for ongoing development themes with the Musashi Plant of the High Performance Plastics Company and the Nara Plant of the Urban Infrastructure & Environmental Products Company. We reconfirmed the importance of predicting and identifying risks to quality by focusing on points of change with existing products. We plan to hold these seminars again in fiscal 2019.

Note: DR: Design Review



DR Reviewer Training Seminar

CS & Quality Seminar

CS & Quality Seminar: Basic Qualities Edition Held during Quality Month

CS & Quality Seminars invite people from a variety of fields outside the Company to give lectures with the intention of improving awareness of CS & Quality. The lectures are split into Attractive Qualities themes about creating attractive quality and Basic Qualities themes to strengthen core quality and held several times each year. A total of 53 seminars have been held from the inception of the program in 2001 through the end of fiscal 2018.

With respect to the Basic Qualities lecture in fiscal 2018, Ryutaro Kawano (professor emeritus at Jichi Medical University), Representative and Center Director of the Safety Promotion Research Center, was invited to speak on the theme of the mechanisms that cause human error and their countermeasures. Mr. Kawano provided easy to understand explanations on the importance of assessing the actual conditions and having a scientific understanding when errors occur, as well as on the importance of maintaining a stance whereby we question why we considered something to be correct as an important attribute of error analysis. His talk made for an in-depth seminar that highly satisfied the participants.



CS & Quality Seminar

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Steady Penetration of Manufacturing Education and Training

Implementing Manufacturing Supervisor Management Skills Investigations

During fiscal 2018, we implemented the Second Manufacturing Supervisor Management Skills Investigation. In order to reflect the results of this investigation into our education and training programs, we implement this investigation once every three years. As a result of comparing the scores received by manufacturing training program participants during the previous and current investigations, we observed positive results of the training, including particular improvements in facility management, production and inventory management, and cost management. However, because the scores did not achieve our expected level for each rank (assistant manager, section chief), we will work to improve the scores received in low-scoring areas through employee rank-based training, etc.

QC Certification

Acquisition of QC Certification*

Sekisui Chemical Group also employs QC Certification effectively to measure levels of quality knowledge, and as of the end of fiscal 2018, over 4,300 members of the Company had attained QC Certification.

Note: A certification system conducted by the Japanese Standards Association and the Union of Japanese Scientists and Engineers and certified by the Japanese Society for Quality Control.

* Figures show the total number of employees who have acquired QC Certification levels 1 through 3

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Group KAIZEN Activities on a Global Scale

Holding the Group KAIZEN Activities Award / Presentation Meeting Annually

Group KAIZEN Activities* are an initiative in which employees in each workplace form small groups to address various topics such as improvements in quality and productivity and increasing operational efficiency, and to take on various subjects through policy management. These activities have a track record of more than 50 years. They are underway at numerous business sites in Japan and around the world, centered on production companies. Once a year in January, presentations are made by the representative group in each area - Japan, North America / Mexico, China, Europe, and Asia / Oceania - to share information and foster mutual improvement.

In the 53rd Sekisui Chemical Group KAIZEN Activities Presentation Meeting held in January 2019, a total of 13 groups (nine from Japan and four from other countries) made presentations. As a result, the sense of representing the Company among the various regions was stronger than ever before. 22 companies made requests in advance to view the proceedings of Sekisui Chemical Group KAIZEN Activities Presentation Meeting in real-time, and the event was broadcast to their offices as requested. This meeting has become a valuable opportunity to deepen our employee's understanding of improvement activities, which was underscored by participants' statements such as, "I was able to hear more details about the content presented," "I had a chance to exchange information and opinions with those working at other business sites and companies," and "I was glad the real-time broadcast did not have any problems with the images and interpretation (business site in China)."

* Group KAIZEN Activities: Activities that began in 1966 as Quality Control (QC) groups and later evolved into small group activities before taking the form they have today. Group KAIZEN Activities on a Global Scale.

Award name	Site	Group
Gold Prize	Iwate Plant, Sekisui Medical Co., Ltd.	Yamadori
Silver Prize	Shiga-Ritto Plant, Sekisui Chemical Co., Ltd.	Resi-cons
Bronze Prize	Musashi Plant, Sekisui Chemical Co., Ltd.	PT-D Group



Representatives who Participated in the KAIZEN Activities Presentation Meeting

Efforts to Reduce Energy Consumption

Improving Production Process Quality by Reducing Energy Use

With the intention of creating products with superior quality at a proper price (reduce loss-related costs), Sekisui Chemical Group is promoting energy innovation activities at its business sites in Japan and overseas as a part of its production processes in order to improve quality in line with its mission of helping customers achieve their green procurement standards. These activities are aimed at rethinking the inherent (ideal) role of energy. Aiming to consume the least amount of energy necessary, we are reassessing each production process at the design stage to cut projected energy loss.

In fiscal 2018, energy innovation measures that equate to approximately 3.5% of the CO₂ emissions generated by Sekisui Chemical Group's operations were undertaken.

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Instilling and Utilizing SPMC

Activities for More Effectively Utilizing ISO9001 (QMS)

The 2015 edition of the ISO 9001 standard incorporated ways of thinking based on PDCA cycles and risks for the purpose of enhancing a process approach. In order to address this change, we developed SPMC (SEKISUI Process Management Chart) as a tool for organizing the essential factors for putting a process approach into practice in chart form. We are promoting activities to instill the effective use of QMS and to ensure that SPMC can be applied during internal audits in particular.

Training Content and Details

- (1) Commentary on methods for preparing and applying SPMC (SEKISUI Process Management Chart)
- (2) Commentary and exercises for internal audit procedures using SPMC

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Performance Data

Business Sites That Have Received Third-party Certification for Their Quality Management Systems

Housing Company

Sekisui Chemical Co., Ltd. Housing Company (integrated certification)
 Housing Product Research & Development Department
 Technology & CS Promotion Department
 Administrative Management & Control Department
 Information Systems Group
 Hokkaido Sekisui Heim Industry Co., Ltd.
 Tohoku Sekisui Heim Industry Co., Ltd.
 Sekisui Heim Industry Co., Ltd.
 Tokyo Site
 Kanto Site
 Chubu Site
 Kinki Site
 Chushikoku Sekisui Heim Industry Co., Ltd.
 Kyushu Sekisui Heim Industry Co., Ltd.
 Sekisui Global Trading Co., Ltd.
 Sekisui Heim Supply Co., Ltd. Technology Department
 Sekisui Board Co., Ltd.

Headquarters

Sekisui Chemical Co., Ltd. R&D Center, LB Project
 ENAX, Inc.
 Tokuyama Sekisui Co., Ltd.
 Sekisui Medical Co., Ltd. (headquarters)
 Sekisui Diagnostics, LLC.
 Sekisui Diagnostics, LLC. San Diego
 Sekisui Diagnostics P.E.I. Inc.
 Sekisui Diagnostics (UK) Ltd.
 Sekisui Medical Technology (China) Ltd.

Urban Infrastructure and Environmental Products Company

Sekisui Chemical Co., Ltd. Gunma Plant
 Sekisui Chemical Co., Ltd. Shiga-Ritto Plant
 Sekisui Aqua Systems Co., Ltd. Plant
 Engineering Division / Water Supply & Drainage Division
 Sekisui Home Techno Co., Ltd.
 East Japan Sekisui Industry Co., Ltd.
 Sekisui Seikei, Ltd.
 Yamanashi Sekisui Co., Ltd.
 Sekisui Chemical Hokkaido Co., Ltd.
 Toto Sekisui Co., Ltd. Headquarters, Ota Plant
 Chiba Sekisui Industry Co., Ltd.
 Okayama Sekisui Industry Co., Ltd.
 Shikoku Sekisui Industry Co., Ltd.
 Kyushu Sekisui Industry Co., Ltd.
 Sekisui Pipe Renewal B.V.
 SEKISUI Polymer Innovations, LLC.
 Bloomsburg Plant
 SEKISUI Polymer Innovations, LLC.
 Holland Plant
 SEKISUI Rib Loc Australia Pty. Ltd.
 SEKISUI ESLON B.V.
 Sekisui Refresh Co., Ltd.
 Sekisui (Shanghai) Environmental Technology Co., Ltd.
 Sekisui (Wuxi) Plastics Technology Co., Ltd.
 Sekisui (Qingdao) Plastic Co., Ltd.
 Sekisui Industrial Piping Co., Ltd.

High Performance Plastics Company

Sekisui Chemical Co., Ltd. Musashi Plant
 Sekisui Chemical Co., Ltd. Shiga-Minakuchi Plant
 Sekisui Chemical Co., Ltd. Taga Plant
 Sekisui Chemical Co., Ltd. Tsukuba Site / IM Project
 Sekisui Techno Molding Co., Ltd. Aichi Plant
 Sekisui Techno Molding Co., Ltd. Nara Plant
 Sekisui Techno Molding Co., Ltd. Mie Plant
 Sekisui Polymatech Co., Ltd.
 Sekisui Nano Coat Technology Co., Ltd.
 Sekisui Fuller Company, Ltd. (integrated certification)
 Hamamatsu Plant
 Shiga Plant
 Tokyo Office
 Osaka Office
 Sekisui Material Solutions Co., Ltd.
 Sekisui Soflan Wiz Co., Ltd.
 Sekisui High Performance Packaging (Langfang) Co., Ltd.
 Sekisui Voltek, LLC. Lawrence Plant
 Sekisui Voltek, LLC. Coldwater Plant
 Sekisui Alveo A.G.
 Sekisui Alveo G.m.b.H.
 Sekisui Alveo (Benelux) B.V.
 Sekisui-Alveo S.A.
 Sekisui Alveo S.r.L.
 SEKISUI Alveo BS G.m.b.H.
 Sekisui Alveo Ltd.
 Sekisui-Alveo B.V.
 Youngbo Chemical Co., Ltd.
 Thai Sekisui Foam Co., Ltd.
 Sekisui Pilon Plastics Pty. Ltd.
 Sekisui S-Lec America, LLC.
 Sekisui S-Lec B.V.
 Sekisui S-Lec (Suzhou) Co., Ltd.
 Sekisui S-Lec (Thailand) Co., Ltd.
 Sekisui S-Lec Mexico S.A. de C.V.
 Sekisui Specialty Chemicals America, LLC.
 Calvert City Plant
 Sekisui Specialty Chemicals America, LLC.
 Pasadena Plant
 Sekisui Specialty Chemicals (Thailand) Co., Ltd.
 Sekisui Specialty Chemicals America, LLC.
 Dallas HQ
 Sekisui Specialty Chemicals Europe, S.L.
 Tarragona Plant
 SEKISUI Polymatech (Shanghai) Co., LTD.
 SEKISUI Polymatech (Thailand) Co., LTD.
 PT. SEKISUI Polymatech Indonesia
 S and L Specialty Polymers Co., LTD
 SEKISUI DLJM Molding Pvt. Ltd Chennai
 SEKISUI DLJM Molding Pvt. Ltd Gr. Noida
 SEKISUI DLJM Molding Pvt. Ltd Tapukara
 PT. ADYAWINSA SEKISUI Techno Molding

Other Data

	FY2016	FY2017	FY2018
Number of participants in the Development Risk Prevention Seminar	302	418	502
Number of participants in the DR Reviewer Training Seminar	166	259	283
Participants in employee grade-based training system for managers in production departments	2,252	2,768	3,174

	FY2016	FY2017	FY2018
Number of people with QC Certification	4,103	4,228	4,337

Prominence in Human Resources

Actively Supporting Individual Prominence and Self-realization While Contributing to Society through Business Activities

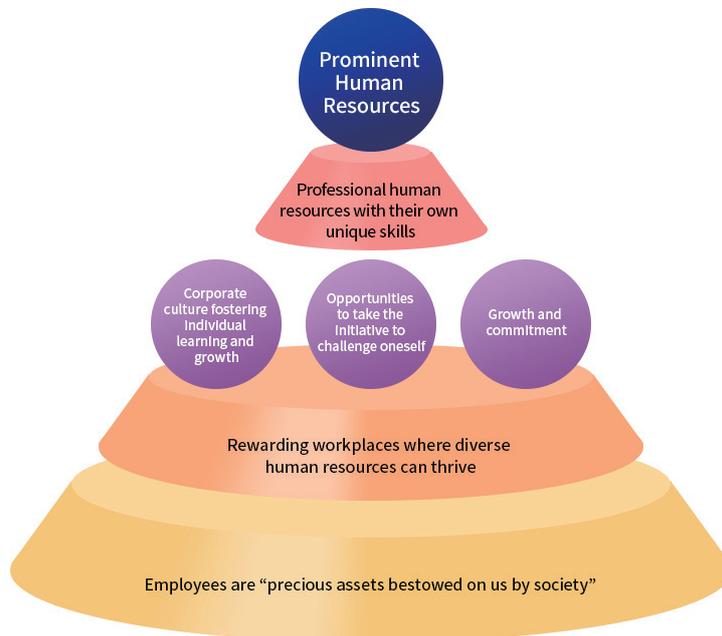
Management Approach

Our Philosophy

Based on our belief that “employees are precious assets bestowed on us by society,” we, Sekisui Chemical Group, are committed to developing an environment where employees can work enthusiastically. We also offer various opportunities through which we help individual employees enhance their “unique skills” while achieving personal growth.

We also firmly believe that we have a responsibility towards the society to uphold human rights of every individual, respect employees' diversity, personality, and individuality, create diverse work places meeting the needs of the countries and regions we operate in, and allow diverse ways for people to work and be at ease at their work place.

This fundamental way of thinking regarding human resources is shared throughout the entire Group, and we are striving to ensure that our work places enable diverse personnel to play an active role, fulfilling for each and every person.



Diversity Management

Fostering a Corporate Culture Where Diverse Human Resources Can Work with Enthusiasm and Make Unique Contributions

Formulated a Diversity Management Policy

In November 2015, Sekisui Chemical Group formulated its Diversity Management Policy following deliberations at meetings of the Board of Directors and Policy Committee. Not only perceiving diversity by differences understood from outward appearance such as gender, age and, nationality, Sekisui Chemical Group will also focus on differences that include careers, values and, personality while understanding, recognizing, and utilizing the differences between each and every employee as strengths.

Sekisui Chemical Group's Diversity Management Policy

Diversity is essential to maintain our strong corporate presence for 100 years and beyond. We understand and recognize that every employee's orientation to work and life, and their personal strengths are different and thus we use this to our advantage. Through employee dialogue, we will strengthen our organizational culture by providing employment, opportunities for development and an enhanced work environment to support growth.

Created a Statement of Work Style Reform

Moreover, we put in place an organizational culture in which all employees can work dynamically in 2017. We then positioned fiscal 2018 as the inaugural year for promoting work style reform in order to remain the preferred choice of stakeholders. As one step in our efforts to push forward Group-wide endeavors, we also created the Statement of Work Style Reform.

Statement of Work Style Reforms

We determine work methods that promote growth over time to enable each and every individual employee to manifest their personal "characteristics," and pursue highly productive work methods that maximize success. In order to improve productivity, the Company actively invests in management resources, and unifies managers and workers to coalesce their wisdom Companywide. We nurture work worth doing by improving the quality of the job, and promote workers' diverse activities by returning the success of reforms to them.

Distributed the President's Top Message to Employees

We distributed a message from the president to employees outlining the background behind as well as our philosophy and approach toward diversity management. At the time the Diversity Management Policy was formulated in 2015 and again when we created the Statement of Work Style Reform in 2017, we published the president's message in the D-Book and D-Book 2 for employees. On both occasions, these publications and messages were distributed to all employees.

See page 352 of the reference materials the president's message regarding the Statement of Work Style Reform published in the D-Book 2.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Building a Diverse Organizational Structure

Every Effort Is Being Made to Build an Organizational Culture in Which All Employees Are Able to Work Dynamically and Make the Most of Their Unique Characteristics and Talents

Management Approach

Organization-wide Initiatives

Promoting the Entrenchment of Diversity Management

Sekisui Chemical's organizational culture is based on actively taking advantage of each and every employee's orientation and their distinctive characteristics. To this end, activities are divided into two categories: "promotion" and "implementation." We launched our "promotion" efforts in fiscal 2015 and moved on to "application" in fiscal 2016. In fiscal 2018, we focused on entrenching diversity management so that we could achieve an organizational culture that makes best use of each person's orientation and distinctive characteristics by fiscal 2019, the last year in our current CSR Medium-term Plan.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

	Purpose	Major initiatives	Targets	Implementation period				
				2015	2016	2017	2018	2019
				Spreading knowledge	Implementation		Established practice	
Spreading knowledge	Building a corporate culture Spread and penetration of Diversity Management Policies	Diversity Management Policy	All members	Policy expansion				
		Frontier Leader (FL) Workshop Leader Workshop	Superiors	FL and Leader Workshop Explanatory meetings at each department				
		Creation of tools for spreading Diversity Management Policy knowledge	All members	D-Book drafting	Poster creation	D-Book 2 drafting		
Implementation	Building a corporate culture	Making use of the individual strengths of each individual member to achieve results for the organization	Superiors		Implementation training	Implementation training follow-up	Implementation training follow-up 2 (multifaceted observation)	
		Bottom-up improvement activities for achieving diversity management at each organization	Organization		Launch	Start with the theme of diversity promotion and add work style reforms as an essential theme in 2018		
	Promotion of women's activities	Facing your own goals and individual strengths and making your own decisions about your career for the future	All members	Activities starting with Sekisui Chemical alone	Expansion to group companies			
		Achieving established practice and active participation among young female employees	Superiors	Activities starting with Sekisui Chemical alone	Expansion to group companies and from new female employees only to all employees			
		Fostering women's candidacy for management positions	Female candidates for management positions Superiors	Activities starting with Sekisui Chemical alone	Expansion to group companies			
		Hiring of disabled people	Promotion of disabled hiring	Organization		Expansion to group companies		
Monitoring	Understanding the current status of employee job satisfaction and contributing factors	Employee awareness survey	All members		Implementation			

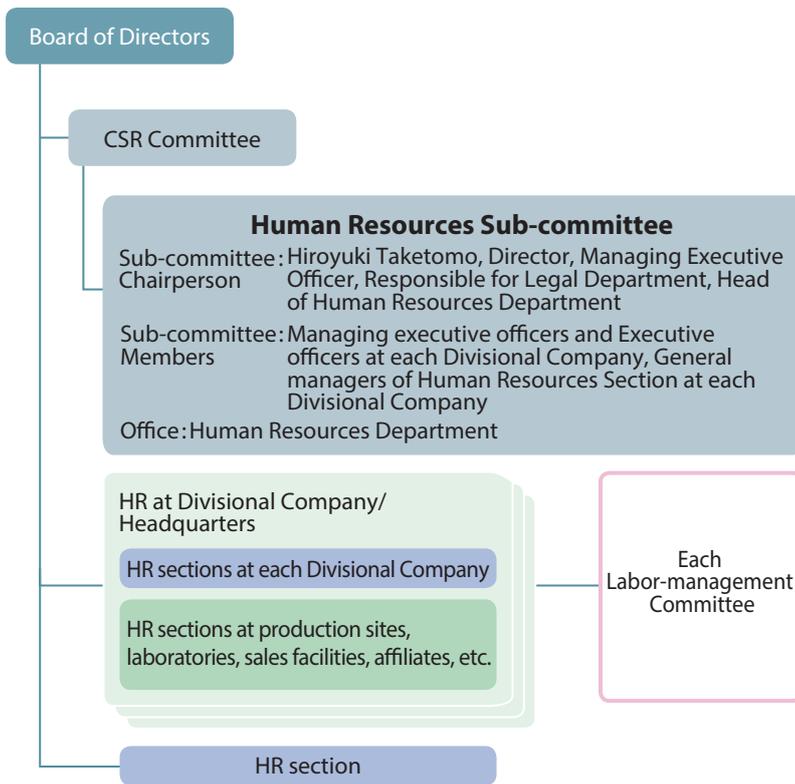
Diversity Management Promotional Structure

We are Putting in Place a Structure That Promotes Diversity Management Across the Entire Group.

CSR Committee, Human Resources Committee

The CSR Committee deliberates on CSR measures generally. This includes matters relating to diversity management. Chaired by the president, the CSR Committee is comprised of such senior executives as the presidents of division companies as well as employee representatives including female employees and the head of the Labor Union. Matters that require resolution are also reported to the Board of Directors.

In addition to deliberating on Group-wide diversity management issues, the Human Resources Committee puts in place and monitors measures aimed at securing and developing the personnel necessary for diversity management. Chaired by the managing executive officer and head of the Human Resources Department, the Human Resources Committee is comprised of executive officers and the heads of human resources departments selected from each division company. The Human Resources Committee met twice in fiscal 2018, once in September and once in March.



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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The Ongoing Project to Develop a Workplace in Which All Employees Can Excel

Separate from the CSR Committee and the Human Resources Committee, the Group in its goal of creating a system that allows diversity promotion strategies to reach each of its employees has established the Project to Develop a Workplace in Which All Employees Can Excel. Sekisui Chemical Group has appointed those responsible for and those in charge of the promotion of this project at each of its 178 domestic bases. Each manager is working to ensure the smooth implementation of diversity management measures at each location.

Promotion

Awareness and Entrenchment of Diversity Management Policies

In November 2015, Sekisui Chemical Group formulated its Diversity Management Policy following deliberations at meetings of the Board of Directors and Policy Committee. Ongoing communicative efforts from management since 2015 have contributed to an improved understanding regarding Sekisui Chemical Group's goal of focusing not only on a person's attributes, such as gender or disability, but rather on making best use of each person's orientation and defining characteristics.

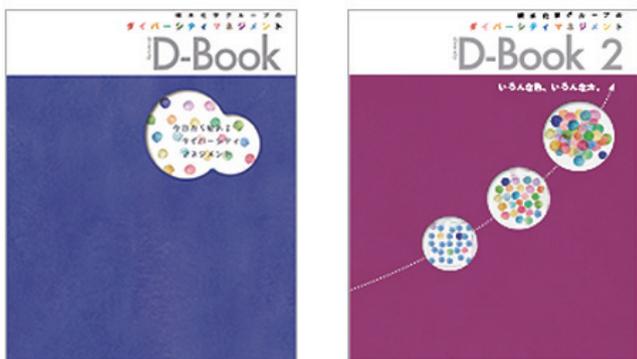
Distributed the "D-Book"

As a means for promoting diversity management, Sekisui Chemical drafted the "D-Book" in fiscal 2015 and "D-Book 2" in fiscal 2017, both of which have been distributed to all domestic Group employees.

Kicking off our diversity management policies, D-Book features an overview of management's commitment, stance, and details on initiatives.

D-Book 2 showcases initiatives and case studies undertaken since fiscal 2015 and describes work-style reforms that will commence in earnest starting in fiscal 2018.

The Group has used D-Book 2 to further educate employees as part of diversity-related training. Using material from the section covering the discovery of distinctive characteristics and the worksheet, some employees are applying their understanding of diversity to their own lives.



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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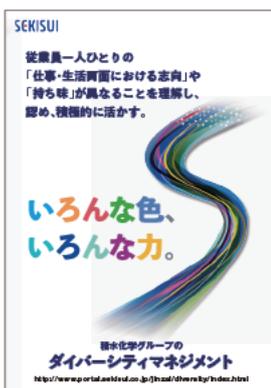
Conducts Frontier Leader Workshops & Leadership Workshops

Sekisui Chemical conducted top-down-based explanations with the aim of promoting its Diversity Management Policy. To begin, the Company president provided explanations of the meaning behind diversity management promotion through Frontier Leader Workshops targeting 200 senior managers (Frontier Leaders) in December 2015. Subsequently, we held workshops to raise awareness of the meaning behind diversity management promotion for 1,800 department managers, who in turn conveyed this information to employees at each department.



Understanding and Awareness of Our Diversity Management Initiatives

With the aim of fostering understanding and awareness of our diversity management initiatives, we created a slogan and logo that puts a face to our Sekisui Chemical Group's Diversity Management Policy. After promotion managers and supervisors decided on a logo and slogan "Project to Develop a Workplace in which All Employees Can Excel," both of these were featured in a poster that was distributed to every workplace. With the goal of further entrenchment, the Group in fiscal 2018 updated information contained on the intranet in order to promote understanding and reaffirm awareness regarding the importance of diversity and work style reforms. The Group continues to provide information on diversity management, including through the distribution of a quarterly Group newsletter to all employees, including non-regular employees.



Slogan: Diverse Colors, Diverse Strengths

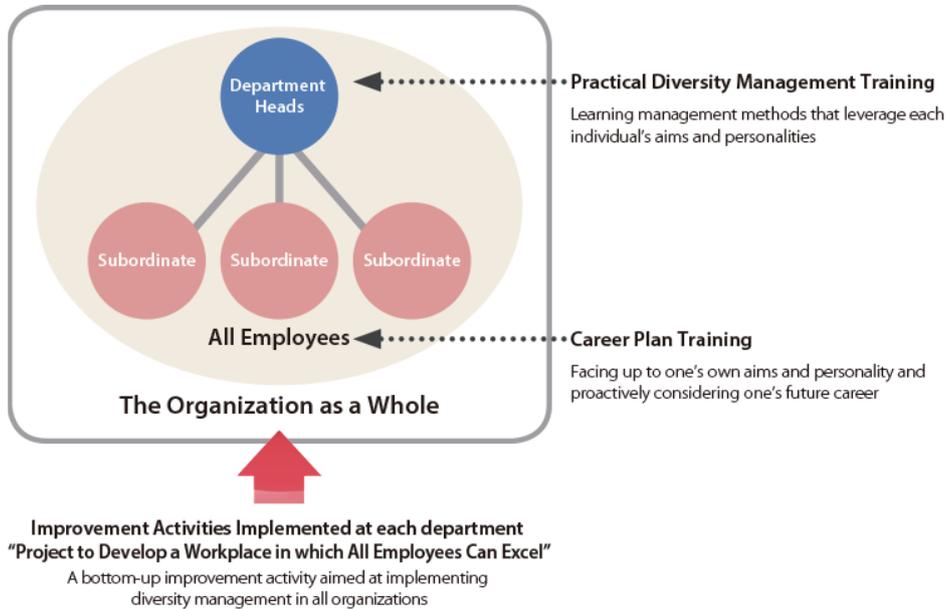
Featuring the capital letter S for Sekisui, the logo features intersecting lines with varying colors and widths to express the coordination of diversity as well as illustrates forward-looking activities that will enable all employees to shine.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Implementation

Initiatives to Build an Organizational Culture

Implementing Initiatives from Three Perspectives: Organization-wide, Department Managers, All Employees



Project to Develop a Workplace in Which All Employees Can Excel

The Project to Develop a Workplace in Which All Employees Can Excel began in December 2016 as improvement activities implemented at each department.

The purpose of the Project to Develop a Workplace in Which All Employees Can Excel is to create ideal workplaces where diversity management is realized. Targeting 159 domestic Group organizations, the project involves assigning a promotion manager and supervisor at each department, recognizing that each department has different issues. Improvement activities are carried out spearheaded by these promotion managers and supervisors.

Kicking off project activities in fiscal 2016, we created ideal images for each department along with formulating proposals to analyze the status quo, identify issues, and set improvement plans.

From fiscal 2017, the project focused on the implementation of measures to help solve issues at each department, while efforts were made to identify issues at 152 organizations within the Group. In fiscal 2018 we sought to make the changes achieved through our efforts more visible, and enacted a variety of measures, including those aimed at the building of a system in which activities are based not only on the efforts of the promotion managers and supervisors, but also the organizational representatives and employees.

We aim to realize these improvements by fiscal 2019.

How Project to Develop a Workplace in Which All Employees Can Excel Works



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Examples of visible changes (comments from employees)

- By recognizing differences in each person, including understanding whose performance can improve through praise, whose performance can improve through strict guidance, and who can improve their performance on their own, work is now assigned with consideration given to the distinctive attributes of the individual worker.
- I have noticed a completely new level of growth and clear sense of purpose gained as a result of carefully listening to what a person was saying and deriving what they really meant.
- We were able to complete work at the regularly scheduled time by shifting factory operations previously accomplished by one man doing overtime work to two women working on a shift schedule. It appears misconceptions about women, including the idea that factory work is a man’s job, have all but disappeared.

Educational Programs on Diversity Management Implementation

In working toward the realization of diversity management, since it is important for department managers, who play a key role, to understand, recognize and utilize the fact that attitudes to work and life and distinctive characteristics differ from one team member to another, we have since 2016 been implementing educational programs on diversity management that are geared toward the managers of all groups and sections from domestic Group companies. With the goal of acquiring management methods that would allow us to make better use of each employee’s orientation and special characteristics, we focused our efforts through fiscal 2017 on managers understanding and organizing the special characteristics of employees, and learning how to effectively leverage these to produce organizational results. In fiscal 2018, we confirmed through multiple checks the degree to which leaders were using diversity management to make best use of the distinctive characteristics of their employees, and on the practical front we continued to implement training to bolster the quality of our activities.



Performance Data 

Educational Programs on Diversity Management Implementation

	FY2016	FY2017	FY2018
Number of participants in programs	1,168	1,723	1,736

Career Plan Training by Age

	FY2016	FY2017	FY2018
Number of participants at career plan training	1,276	1,429	1,745

Project to Develop a Workplace in Which All Employees Can Excel

	FY2017	FY2018
Number of organizations engaged in activities	159 organizations	178 organizations

Organizations: Organizations linked to management at Sekisui Chemical subsidiary companies in Japan

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Allowing Diverse Human Resources to Excel

Allowing Diverse Human Resources to Excel (Depending on the Individual Career Orientation)

Management Approach

Basic Concept

Providing Opportunities for Personnel Training According to Individual Career Orientation

As an overall company activity, we strive to ensure that the Group can move forward on the two pillars of business leaders, who will someday shoulder management, and efficient staff that can maintain our manufacturing processes.

Major Initiatives

Developing Business Leaders

1) Developing Business Leaders from an Early Stage

We have developed a consistent training system covering all stages from new hires to management positions, in order to systematically train business leaders to power Sekisui Chemical Group into the future.

Based on the concept that the foundations of growth are the experience gained through everyday business activities and learning from such experience, we have developed a training system that links these two elements together. Through this system we will enhance each individual's mastery of the skills required of business leaders, by running through the cycle of growth through experience, from when a new hire joins the Company through to management.

2) Developing Employees to Fill Senior Management Position Going Forward

With an eye toward management positions throughout the Group, Sekisui Chemical has established the Saijuku School. This internal training and development tool is designed to help enhance the scope and depth of future business leaders going forward.

Employees participating in the Saijuku School review a wide range of case studies while attending lectures. In addition to the skills required to put forward management strategies, the Saijuku School provides details of important business theories and philosophies. This in turn provides participants with the broad perspective necessary to engage in global business development and to further hone the abilities to think and act. Working to instill a broad mindset that encompasses the Group as a whole, employees are encouraged to take the initiative in their own development and to establish action plans geared toward reform.

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3) Innovation School (Fostering of Business Leaders by Newly Appointed Operating Officers)

The Innovation School has been held since fiscal 2003 to “change the Company and change each individual’s behavior” and with the aim of having operating officers themselves directly train Sekisui Chemical Group’s next-generation business leader candidates. Up to and including fiscal 2017, a total of 1,039 next-generation business leader candidates had taken part. In fiscal 2018, with operating officers up to their second year in office acting as headmasters, we again trained young, highly motivated employees, irrespective of their Group company or business domain, as candidates to become next-generation business leaders across the whole Group. In addition to talking directly with senior management and learning as potential business leaders while engaging in discussions at great length, the Innovation School offers an excellent opportunity for the candidates to broaden their horizons through interaction with parties from both inside and outside the Company.

Training Human Resources to Support the Workplace

The human resources who will support the foundations of management in practical terms in the workplace must undergo self-growth as highly capable practitioners accumulating experience over the long term and acquiring highly specialized knowledge and skills. Based on this concept, Sekisui Chemical Group hires human resources who will support the workplace as permanent, full-time employees, creates an environment in which they can demonstrate their abilities with peace of mind over the long term, and deploys the Meister System to strengthen their abilities in the workplace.

In the future as well, we will promote measures to strengthen training abilities in the workplace on a Group-wide basis.

Follow-up Training for New, Mid-career Hires

With the aim of, for example, acquiring knowledge from outside the Company and enhancing its business potential, Sekisui Chemical is increasingly active in mid-career appointments (the hiring of experienced personnel). Meanwhile, having joined the Company, there are few examples of a lack of understanding with regard to the workplace culture or inhouse systems on the part of the mid-career hires themselves proving to be an obstacle to the process of having them display their skills at an early stage. Providing new, mid-career employees (those hired based on their previous experience) with the opportunity to learn the basic knowledge (including the Company’s unique history, culture, policies and systems), Sekisui Chemical Group draws on the high levels of competence and specialized skills they have accumulated up until their previous positions and implements follow-up training for new, mid-career hires as an environment improvement so they demonstrate those attributes and participate actively at an early stage.

Group Internal Job Posting

Sekisui Chemical Group supports its employees’ willingness to take on challenges. At the same time, assistance is given to realize career plans by providing opportunities to thrive within the Group through the internal posting of job openings.

Support System for Diverse Career Paths

The Company has in place a system that enables partner employees who—after having reviewed their careers and written self-assessments—are involved in the career planning-based course conversion system or are working in pre-specified workplaces or areas of business operations, can choose to switch to becoming permanent, full-time employees.

Performance Data

Results from Main Recruitment-type Training Programs

Name of Training Program	Numbers of Attendees in FY2015	Numbers of Attendees in FY2016	Numbers of Attendees in FY2017	Numbers of Attendees in FY2018
The Saijuku School	34	33	37	27
Innovation School	70	72	58	86

Follow-up Training for New, Mid-career Employees

	FY2016	FY2017	FY2018
Number of training participants	45	87	60

Results of Intra-Group Job Postings

	FY2016	FY2017	FY2018	Cumulative Total since FY2000
Number of recruitment cases	44	46	46	477
Number of employees recruited	149	130	140	1,218
Number of applicants	83	98	115	1,848
Number of employees transferred	12	18	26	369

Career Path Support System

(Number of people)

		FY2017	FY2018
Course conversion system	Men	14	9
	Women	2	2
Permanent, full-time employee conversion system	Men	5	3
	Women	11	7

Allowing Diverse Human Resources to Excel (Gender)

Management Approach

Organization-wide Initiatives

Stepping up: adding the promotion of workstyle reforms to the empowering of women in their careers

The CSR Medium-term Plan launched in fiscal 2017 sets specific targets in line with the Company's goal of becoming "an organization where women can truly thrive." As a first step, we launched measures aimed at the hiring and retention of women, as well as initiatives targeting their training as managers. With the goal of moving on to the next step from fiscal 2018, we have designated 2018 as the inaugural year for promoting workstyle reforms throughout Sekisui Chemical Group, and are developing a variety of initiatives in line with three workstyle-reform targets.

CSR Medium-term Plan (Fiscal 2017 to Fiscal 2019) Targets

Ratio of women to total hires: 35%

Number of women in management positions: 200 (Sekisui Chemical non-consolidated: 50; Consolidated Group companies in Japan: 150), Ratio of women in management positions: 4.4%

Ratio of permanent, full-time female employees: 15% (Sekisui Chemical non-consolidated)

Results as of the end of fiscal 2018

Ratio of women to total hires: 29.7%

Number of women in management positions: 160 (Sekisui Chemical non-consolidated: 44; Consolidated Group companies in Japan: 116)

Ratio of women in management positions: 3.2% (Sekisui Chemical non-consolidated)

Ratio of permanent, full-time female employees: 14.8% (Sekisui Chemical non-consolidated)

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Recognition of Sexual Minorities, Including LGBT

In its Personnel and human rights policies, Sekisui Chemical Group states that all forms of discrimination are prohibited. The Company's diversity management policy recognizes that the orientations and strengths of each employee are different, and aims to make the most of these differences through the implementation of initiatives based on a broad definition of diversity, rather than one based solely on gender.

Major Initiatives

Retention and Empowerment of Young Female Employees

New Female Hire Assignment Support Seminars

Sekisui Chemical Group up through fiscal 2017 conducted New Female Hire Assignment Support Seminars for those who were charged with the management of new female recruits before and after the new female hires were assigned. The seminars were devised to get new female hires established and thriving at an early stage by increasing awareness from the point of view of those attending the seminars. From fiscal 2018 the focus of the seminars has been expanded to include not only new female hires, but all new personnel targeted for training, with initiatives being developed also at each Sekisui Chemical Group companies.

These efforts have contributed to the enhanced realization by managers regarding the importance of communication that is based on an understanding that different people can hold differing values and enacted in a manner that takes into account each person's individual characteristics.

Retention and Empowerment of Young Female Employees

Female Subordinate Management Seminar

Geared toward those in management positions overseeing female staff members who are up to their fourth year since joining the Company, this training program has provided opportunities to learn about day-to-day guidance and training methods to all relevant personnel participating in the program through fiscal 2017. Beginning in fiscal 2018, the program has been expanded to include managers overseeing not only women, but younger workers in general, and now includes new content alongside diversity management training.

Thanks to this training, there has been an increase in the number of managers focused less on the conventional method of guidance and more on listening to the thoughts of their employees and offering career formation guidance in line with the aspirations of those individuals.

Fostering Women's Candidacy for Management Positions

Career Development Program for Women

Targeting women employees who hope to be appointed to management positions and their direct supervisors, the Company is conducting a Career Development Program for Women. This educational program has been put in place with the aim of fostering awareness and gaining the achievements appropriate for management positions. We have been continually conducting this program as essential training across the entire Group since fiscal 2016.

It would appear that attitudes of the female employees themselves are changing, with comments from those participating in the training including, "I'd like to change the organization so that women can participate more in decision making" and "I am no longer worried about becoming a manager."

Balanced Support for Child Rearing and Nursing Care

Supporting Flexible Workstyles in Tune with Life Events

Sekisui Chemical Group introduces a variety of systems designed to enable employees to work flexibly in tune with life events and lifestyles.

In addition to system upgrades that go beyond those stipulated under law, the childcare support system is covered in a guidebook, which summarizes the necessary information to support a flexible workstyle, including from pregnancy to childcare leave, and working mother know-how is posted on the Company intranet. To encourage male employees to participate in childcare, the first five working days of childcare leave are paid, and we are advancing the use of a system for male employees whose children have just been born and their superiors.

Performance Data

Number of Women in Management Positions and Ratio of Women to Total Hires

Number of Women Directors and Managers

	FY2017	FY2018
Number of women directors (Sekisui Chemical Group)	2	2
Number of women in management positions (Sekisui Chemical Group in Japan)	138	160

Ratio of Women to Total Hiresn (Sekisui Chemical Group in Japan)

Note: Includes certain affiliates accounted for by the equity method and non-consolidated subsidiaries.

	Entered in FY2015	Entered in FY2016	Entered in FY2017	Entered in FY2018
Ratio of women to total hires (%)	26.5	31.3	29.8	29.7

Career Development Program for Women

		FY2016	FY2017	FY2018
Number of program attendees	Women	90	58	35
	Superiors	77	44	31

Main Systems Allowing Various Workstyles and Their Use

(Number of people)

Name of system	Main content		FY2015	FY2016	FY2017	FY2018
Childcare leave	Can be taken until the end of the month in which the child reaches three years of age. (The statutory end date is until the child reaches two years of age.)	Women	18	22	30	32
		Men	12	14	20	28
		Total	30	36	50	60
Shortened working hours for childcare	Can be extended until the child starts fourth grade. (The statutory end date is until the child reaches three years of age.)	Women	30	30	34	41
		Men	0	0	0	2
		Total	30	30	34	43
Use of flexible working hours	Times of starting and finishing work may be moved earlier or later by up to 60 minutes until the child reaches junior high school age.	Women	3	6	8	9
		Men	0	1	6	4
		Total	3	7	14	13
Nursing care leave	Up to a total of 93 days for each individual eligible for care (Up to a maximum of one year for the first individual eligible for care)	Women	1	0	1	0
		Men	0	2	3	4
		Total	1	2	4	4
Shortened working hours for nursing care	Two days per week or 4.5 hours per day for a maximum of three years for each individual eligible for care	Women	0	0	0	0
		Men	0	1	2	2
		Total	0	1	2	2
Family leave	Three days of special care leave per year granted until the child or grandchild starts high school.	Women	40	43	48	62
		Men	73	77	101	146
		Total	113	120	149	208

		FY2017	FY2018
Employees whose babies were newborns	Women	14	21
	Men	101	111
	Total	115	132
Employees who took childcare leave	Women	11	15
	Men	17	25
	Total	28	40
Ratio of those who took childcare leave (excludes those who are taking maternity leave) (%)	Women	100	100
	Men	16.8	22.5
Employees who returned to work after childcare leave	Women	12	15
	Men	19	27
	Total	31	42
Ratio of those who returned to work after childcare leave	Women	91.6	100
	Men	100	100
Retention rate after one year of those who returned to work after having taken childcare leave (%)	Women	100	100
	Men	100	94.7

Allowing Diverse Human Resources to Excel (People with Disabilities)

Management Approach

Efforts to Employ People with Disabilities

Putting in Place an Invigorating and Comfortable Workplace Environment That Is Conducive to the Hiring and Retention of Employees

We believe it important not only to hire people with disabilities, but to create an environment where those with disabilities can easily work. Maintaining an environment in which people with disabilities can work easily at the same time leads to an environment in which all employees find it easy to work. To help maintain that environment, we have been conducting joint brainstorming sessions for people with disabilities that involve the personnel departments of the entire Group since fiscal 2016. We also conduct study sessions with experts in advance for employees in departments where people with disabilities work, and conduct training on aspects of working with people with disabilities.

Major Initiatives

Creating an environment receptive to workers with disabilities

Creating a comfortable work environment for all and raising awareness among those working with these employees

In the brainstorming sessions on employment of people workers with disabilities that took place in fiscal 2018, we implemented training divided into three segments—employment planning, establishing worker responsibilities, and actual hiring methods—and worked to improve performance of human resource workers throughout the Group. To accept a wide range of people interested in working together, it is essential to establish close relationships with partner organizations, including employment transfer support. So that more workers with disabilities are introduced to Sekisui Chemical Group as a whole, the Company has been working to build close relationships with these kinds of organizations, including through on-site visits to related locations primarily in the Kanto and Kansai areas. At Sekisui Chemical we also conduct pre-hiring training so that people with disabilities can play an active part not only at our special provision subsidiary but also at regular workplaces. As a result, we encourage mutual understanding with employees who work with the people with disabilities themselves and work to create environments in which people with disabilities can work for a long time. In addition, when calculating the employment rate for people with disabilities, we always make sure to confirm and report the existence of a physical disability certificate beforehand.



A workshop held as part of the employment planning program for people with disabilities

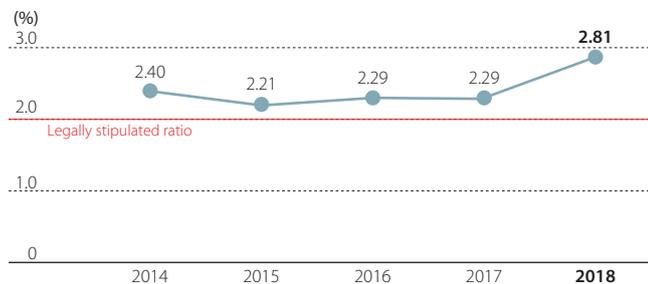


General view of people with disabilities working together at their workplace.

Performance Data

Employment Ratio of People with Disabilities (Sekisui Chemical)

Note: Including Special Provision Subsidiary (as of March 2018)



Indicator	Calculation method
Employment ratio of people with disabilities	(Number of regular workers who have physical or mental disabilities ÷ Number of regular workers) × 100

Brainstorming Sessions on Employment of People with Disabilities

(Number of Participating Companies)

	FY2016	FY2017	FY2018
Action plan seminar for hiring people with disabilities	23	27	14
Workplace improvement and operational review program	—	42	11
Short-term intensive program on hiring people with disabilities	—	—	12

Allowing Diverse Human Resources to Excel (Age)

Management Approach

Retaining and Utilizing Young Employees

Training Manager (Brother/Sister) Program

Sekisui Chemical has established a training manager (brother/sister) program aimed at enabling new employees to smoothly adapt to their assigned workplaces and quickly hit the ground running.

The role of training managers goes beyond job-related instruction to play a role in providing guidance on how adult members of society should conduct themselves while following up on new employees' state of mind. The program also encourages training managers to leverage their experience guiding junior employees to gain a new perspective and thereby grow themselves.

Promote the Active Participation of Seniors

Enhance Initiatives Aimed at Enabling Active Roles for Employees Aged 65

In fiscal 1993, Sekisui Chemical introduced a reemployment system for employees who had reached mandatory retirement age.

Since fiscal 2006 this program has been expanded to Group companies as well. A new program of training for employees aged 57 was introduced as an opportunity to think about their careers after retirement. This was the start of a new effort to enable motivated employees to remain in active employment through age 65. In October 2015, Sekisui Chemical revised its Senior Expert System, a system for reemploying elderly retirees in order to foster greater employee motivation.

We have finished putting in place systems for employees to continue working through to the age of 65 at all Group companies, ensuring that 100% of the employees that elect to do so can remain employed or be reemployed.

Major Initiatives

Career Plan Training by Age (Sekisui Chemical Group)

All employees are called to take it upon themselves to proactively display their distinctive characteristics, learn, and grow in order to realize diversity management.

To this end, faced with their orientation to work and life and distinctive characteristics, the Company is conducting career plan training by age (young employees and employees aged in their 30s, 40s, and 50s) to give employees an opportunity to consider their future careers for themselves. From fiscal 2016, career plan training is being extended to cover all domestic Group employees. We are conducting training to draft career plans.

Performance Data

Number of Elderly Employees Reemployed and Reemployment Rate (Sekisui Chemical)

	FY2015	FY2016	FY2017	FY2018
Number of elderly employees reemployed	104	65	21	49
Reemployment rate (%)	82.5	83.3	63.6	76.6

Note: The reemployment rate for applicants is 100%.

Indicator	Calculation method
Reemployment of elderly employees	$\frac{\text{Number of reemployed elderly employees}}{\text{number who have reached mandatory retirement age}} \times 100$ (Number who have reached mandatory retirement age includes those who do not wish to be reemployed)

Career Plan Training by Age

	Young Employees	In Their 30s	40s	50s	57	Total Number of Participants
Number of participants in FY2017	107	311	360	535	116	1,429
Number of participants in FY2018	117	321	383	609	315	1,745

Allowing Diverse Human Resources to Excel (Global)

Management Approach

Basic Concept

Fostering Personnel Based on Conditions in Each Area

In the Medium-term Management Plan (SHIFT 2019-Fusion-), HR (Human Resources) is listed as one of the basic strategies to achieve a “new phase of growth.” Amid accelerating global business development, it is essential to make active use of diverse human resources supporting each business and to revitalize the organization in order for each company of Sekisui Chemical Group to maintain autonomous growth. To adapt to the different business characteristics, history, management styles, lifestyle habits, as well as the various laws and regulations of each country and region, Sekisui Chemical Group is focusing on training human resources capable of demonstrating their abilities in their respective countries and regions.



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Major Initiatives

Developing Personnel Who Can Succeed on the Global Stage

Fostering Personnel Based on Conditions in Each Area with International Experience to Ensure Sustainable Growth

As our business categories expand, the proportion of foreign sales and overseas personnel are increasing year by year. We believe that to develop as a Group, we need each and every employee of the Group working in various countries across the globe to develop themselves through their work, to learn to create and provide products and services matching the needs of each country.

This way of thinking lies at the base of our efforts to develop training programs for our human resources, programs that are firmly rooted in each area we operate in, enabling every employee to maximize his or her distinctive capabilities at their place of work. In 2017, following the U.S. and Europe, we established regional headquarters in China and several regions of the ASEAN, giving them substantial freedom to decide personnel-related matters. In addition to engagement surveys, training programs, and other initiatives organized on the Group-wide basis irrespective of regional differences, we also develop a wide range of personnel policies based on the specifics of each area including training programs, personnel systems, personnel recruitment systems or recruitment activities.

Integration and Training of Personnel across Regional Boundaries

In fiscal 2017, to reinforce the ties of cooperation across regions regarding human resource development tasks, we held the first Global HR Conference of managers in charge of personnel affairs of various countries, including 28 overseas subsidiaries of the Group. Overcoming language barriers and national differences, the conference actively developed discussion, such as how to help diverse human resources to excel, how to strengthen management base, and how to solve the problems shared by Group companies across the world. In addition to construction of a global HR network, the ideas of the participants are already being reflected in a number of personnel policies that shall pave the way for further growth, including those supporting better understanding of management philosophies of the Group in overseas subsidiaries, increasing educational opportunities across regions, and working on creation of a new infrastructure system.

Hiring Foreign Nationals

Sekisui Chemical Group is actively hiring foreign nationals for the purpose of further globalizing the Group's businesses. In addition to hiring students who have been studying in Japan, the Company launched overseas recruitment activities in fiscal 2015. In fiscal 2018, the Company carried out the hiring of engineers in India and of personnel for office-based positions in the UK and the Netherlands. We will allow our diverse human resources to excel and accelerate globalization by expanding the area in which we recruit new employees, acquiring the best candidates from around the world, and having them work with a global perspective.

Global Talent Employee System

Developing Personnel to Be Immediately Effective Overseas

The Group has established a Global Talent Employee System dedicated to nurturing of global human resources that can succeed on the global stage, and about 1,700 employees of the Group working in Japan have registered with it. The participants are provided with cultural training programs and professional education necessary for working overseas, and we are currently promoting measures to create opportunities for them to actually go to other countries and gain work experience there.

Global Trainee Program

Providing Opportunities to Succeed Overseas

The Group offers a Global Trainee Program that enables employees to gain work experience overseas. Employees working in sales, accounting, product development, and some other areas with a certain achievement level are eligible to participate in the program allowing them to apply for posts at the overseas companies affiliated with the Group. In fiscal 2018, we organized our Overseas Engineers Dispatch Program aiming at training engineers with globally competitive high-level expertise as well as Short-term Overseas Dispatch Training Program that teaches the participants to cultivate their own abilities and behavioral patterns that are required to succeed in global business. The Group shall continue expanding the programs allowing more and more employees working in various countries to gain experience in business overseas.

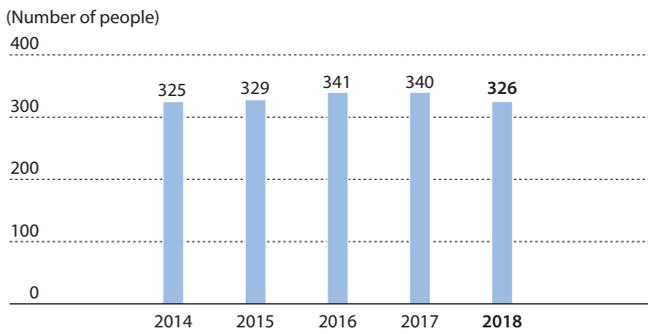
Performance Data

Breakdown of Number of Employees (Sekisui Chemical Group)

(Number of people)

Number of employees		26,486
Breakdown by region		
	Japan	19,464
	The Americas	1,494
	Europe	958
	Asia/Pacific	4,570

Number of Japanese Global Talent Employees



Indicator	Calculation method
Global talent employees	Japanese employees with overseas assignment experience

Number of Participants in the Global Trainee Program

	FY2017	FY2018
Number of participants	10	21

Basis for Fostering Personnel

Management Approach

Basic Concept

Improving Group-wide Human Resources Capabilities

As it strives to empower Group human resources to achieve sustainable growth, Sekisui Chemical Group is advancing a variety of efforts to secure and train human resources.

Medium-term Plan

Specific Targets Set, Various Measures Being Enacted

Under the CSR Medium-term Plan (fiscal 2017 to fiscal2019), through even further advancements for diversity and the promotion of initiatives for work style innovation, we are endeavoring to build an organizational culture in which all employees can work dynamically.

Human Resources

Key Measures		Medium-term Targets	FY2018 Targets	FY2018 Results <input checked="" type="checkbox"/>	FY2018 Self-evaluation
Promote diversity	1)Empower women	① Secure a ratio of women to total hires of 35% ② Number of women in management positions: 200	① Maintain the ratio of women to total hires at 30–39% ② Number of women in management positions: 165	① Secured a ratio of women to total hires of 29.7% ② Number of women in management positions: 160	× ① To promote diversity, we will further promote the creation of a working environment in which women can work comfortably × ② The number of female managers steadily increased due to training for female manager candidates
	2)Develop global talent employees	Number of participants in the Global Trainee Program: 20	Number of participants in the Global Trainee Program: 15	Number of participants in the Global Trainee Program: 21	○ Target achieved. Positioned and promoted short-term overseas practical training as one of the experiences of working abroad

○... Achieved, ×... Target not achieved, —... Not applicable

Pledge to Society

Key Measures		Medium-term Targets	FY2018 Targets	FY2018 Results <input checked="" type="checkbox"/>	FY2018 Self-evaluation
Workplace Environment	1. Manage and control prolonged working hours (in excess of 2,000 hours annually)	Reduce the number of subsidiary companies where employees work more than 2,000 hours on an annual basis by 30% (vs. FY2016)	Reduce the number of subsidiary companies where employees work more than 2,000 hours on an annual basis by 9% (vs. FY2016)	Reduced the number of subsidiary companies where employees work more than 2,000 hours on an annual basis by 8.5% (vs. FY2016)	Paid vacation day utilization rate, number of days off increasing. We will continue efforts to reduce total working hours.
	2. Promote health management management	Raise the number of Group companies certified as an Excellent Enterprise of Health and Productivity Management White 500 by Japan's Ministry of Economy, Trade and Industry to 21	Raise the number of Group companies certified as an Excellent Enterprise of Health and Productivity Management White 500 by Japan's Ministry of Economy, Trade and Industry to 21*	Raised the number of Group companies certified as an Excellent Enterprise of Health and Productivity Management White 500 by Japan's Ministry of Economy, Trade and Industry to 21*	Target achieved. In-house and external health management initiatives and awareness of necessity instilled.

○...Achieved, ×...Target not achieved, —...Not applicable

* Includes 13 companies subject to the Act on Promotion of Women's Participation and Advancement in the Workplace

Major Initiatives

Training Systems to Support Our Businesses

Promoting the Growth of Each Employee

Sekisui Chemical Group is operating a training system with various programs tailor-made to match various career plans with stages differentiated by level and skill. As our business categories are extensive and we employ a divisional company system whereby each department is given substantial authority to make its own decisions, the Group operates its system of development of human resources at the level of each company and subsidiary of the Group, based on the philosophy and programs that serve as the fundament.

At the same time, some programs such as initial training of new employees, level-specific training by qualification grade, career planning training, or business leaders' training are developed across the Group to promote improvements in power of human resources in the Group as a whole.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Consolidation of Labor Conditions

Measures to Improve Compensation and Labor Conditions

With the aim of securing and developing personnel throughout Sekisui Chemical Group that goes beyond company and individual Group company frameworks, we will continually work to upgrade various systems and improve labor conditions based on the results of our analysis of labor conditions at domestic Group companies. We also conduct investigations of not only compensation levels but also the working hours, use of paid leave, and flexible work styles - aspects that are linked to reform of the very way we work - with the intent of optimizing conditions across the entire Group.

Labor-management Relations

Labor-management Cooperation and Communication

Sekisui Chemical Group strives to understand and respects the positions of labor unions. We believe that through close communications between labor and management we can resolve our common problems based on a shared objective of advancing the Company. In Japan, in fiscal 2018, there were 15 independent labor unions with 5,349 employees in the All-Sekisui Chemical Labor Union Federation, while Sekisui Chemical Labor Union, which is the core organization in the Federation, had 2,445 members (as the Group employs a union shop system, the membership rate of employees eligible to become union members is 100%).

Benefits

Providing Adequate Benefits Regardless of Gender, and Welfare Benefits to Non-full-time Employees, Including Health Insurance and Childcare Leave

At Sekisui Chemical, base salaries are the same for each gender, and proper benefits are provided regardless of gender.

Sekisui Chemical also has systems in place that provide welfare benefits to contracted employees, such as contract employees, including healthcare (i.e., health checkups), compensation for disabilities and illnesses that arise at work, and childcare leave. Only indefinite-term employees are eligible to join the Company's life insurance, defined-benefit retirement plans, and shareholding programs.

Periodic Evaluation of Individual Performance and Career Development

At Sekisui Chemical, we are working to build a system for human resources that enables people to thrive, regardless of age or attributes. Our source of growth is found in those tasks we perform on an everyday basis. Indicating the specific actions an employee needs to take and the abilities needed to execute tasks in order to achieve a sustained level of consistently optimal results, there is the Sekisui Self-accountability & Competency Sheet (SSAC Sheet).

Sekisui Chemical Group bases all of its business activities on its corporate philosophy called the "3S Principles" aiming to achieve satisfaction of its stakeholders. Based on these 3S Principles, the SSAC Sheet lists the roles and responsibilities of our employees in execution of their business duties as well as concrete behavior required by the Group from employees in each course, at each qualification level.

Under the Group's evaluation system, employees are assessed not only by their business results but also by the process that led them to the results and the personal growth they achieved through accomplishment of the tasks (increase of task-execution abilities). The SSAC Sheet serves as a standard for this evaluation.

Superiors and subordinates are provided with regular opportunities to discuss the individual goal setting and assessment. All permanent, full-time employees irrespective of their job description or level are target to this initiative.

Employee Awareness Surveys (Engagement)

Monitoring whether work is fulfilling for its employees, finding aspects that can be improved, and implementing the required measures at each organization, Sekisui Chemical Group conducts employee opinion polls (engagement surveys) of all the workers of the Group once every three years.

The term "engagement" refers to the feeling of individual workers that they are the key players, to the pride and enthusiasm they feel regarding their work, the determination to do one's best and not give up until the results surpass everyone's expectations $\hat{=}$ willingness to contribute to the organization, sense of fulfillment.

With the employee opinion poll conducted in 2016, we analyzed the state of engagement and factors that improve it. Based on the results of the analysis, we have implemented a variety of diversity and workstyle reform-related measures as the most effective means to improve worker engagement. We also conducted a special opinion poll for interested overseas Group companies in fiscal 2018.

Performance Data

Average Hours per FTE of Training and Development (Sekisui Chemical)

	FY2017	FY2018
Average hours per FTE of training and development	9.9 hours	9.4 hours

Note: Educational programs held at Sekisui Chemical's Human Resources Department at Headquarters

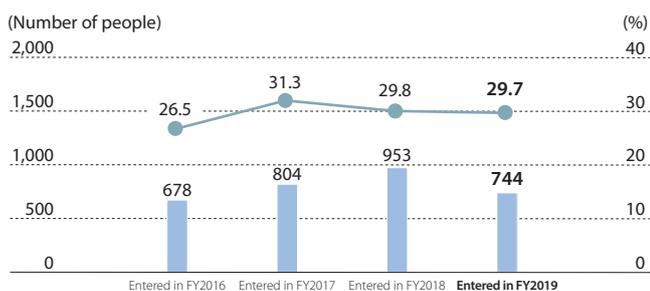
Training Programs Common to Entire Company to Improve Group-wide Human Resources Capabilities

(Number of people)

	FY2017	FY2018
New employee induction training	223	251
Training for newly appointed managers	245	210

Number of New-graduate Hires / Ratio of Women among New-Graduate Hires (Sekisui Chemical Group in Japan)

Note: Includes certain affiliates accounted for by the equity method and non-consolidated subsidiaries.



Employee Turnover Rate in First Three Years of Employment (Sekisui Chemical)

	Entered in FY2013	Entered in FY2014	Entered in FY2015	Entered in FY2016
Employee turnover rate in first three years of employment (%)	10.7	7.4	8.0	1.8

Indicator	Calculation method
Employee turnover rate in first three years of employment (%)	Employee turnover rate in first three years of employment for each fiscal year

Data on Employees

Performance Data

■ Sekisui Chemical

		FY2015	FY2016	FY2017	FY2018
Employees* ¹	Men (number of people)	3,233	3,239	3,290	3,330
	Women (number of people)	445	490	533	587
	Ratio of women (%)	12.1	13.1	13.9	15.0
Permanent, full-time employees* ²	Men (number of people)	2,991	2,955	3,005	3,071
	Women (number of people)	403	441	483	532
	Ratio of women (%)	11.9	13.0	13.8	14.8
Average years of continuous employment* ²	Men (number of people)	19.9	18.1	17.7	17.3
	Women (number of people)	15.4	14.3	13.7	13.2
New graduates hired* ³	Men (number of people)	74	77	90	114
	Women (number of people)	39	35	39	39
	Ratio of women (%)	34.5	31.3	30.2	25.5
Employees hired mid-career* ³	Men (number of people)	40	39	70	46
	Women (number of people)	3	5	6	9
	Ratio of women (%)	7.0	11.4	7.9	16.4
Managerial positions (managers)	Men (number of people)	697	696	689	685
	Women (number of people)	21	24	27	30
	Ratio of women (%)	2.9	3.3	3.8	4.2
Managerial positions (department managers and general managers)	Men (number of people)	602	597	612	637
	Women (number of people)	11	11	14	14
	Ratio of women (%)	1.8	1.8	2.2	2.2
Managerial positions	Men (number of people)	1,299	1,293	1,301	1,322
	Women (number of people)	32	35	41	44
	Ratio of women (%)	2.4	2.6	3.1	3.2
Employees newly appointed to managerial positions	Men (number of people)	46	46	53	63
	Women (number of people)	5	1	6	3
	Ratio of women (%)	9.8	2.1	10.2	4.5

*1 Workers with direct employment relationships with the Group (including permanent, full-time employees and non-regular employees as well as workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group)

*2 Employees with no determined period of employment (including workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group)

*3 Number of employees, who joined the Group from April to March of the following year (Employees with no determined period of employment)

All Consolidated Subsidiaries in Japan

		FY2015	FY2016	FY2017
Employees	Men (number of people)	15,619	15,684	16,136
	Women (number of people)	4,313	4,394	4,702
	Ratio of women (%)	21.6	21.9	22.6
New graduates hired	Men (number of people)	453	395	486
	Women (number of people)	176	145	211
	Ratio of women (%)	28.0	26.9	30.3
Managerial positions (managers)	Men (number of people)	2,763	2,843	2,922
	Women (number of people)	84	92	118
	Ratio of women (%)	3.0	3.1	3.9
Managerial positions (department managers and general managers)	Men (number of people)	1,512	1,520	1,534
	Women (number of people)	18	23	22
	Ratio of women (%)	1.2	1.5	1.4
Managerial positions	Men (number of people)	4,275	4,363	4,456
	Women (number of people)	102	115	140
	Ratio of women (%)	2.3	2.6	3.0
Management personnel (frontier leaders)	Men (number of people)	204	167	167
	Women (number of people)	1	4	5
	Ratio of women (%)	0.5	2.3	2.9
Employees newly appointed to managerial positions	Men (number of people)	160	180	215
	Women (number of people)	15	7	29
	Ratio of women (%)	8.6	3.7	11.9

Note: Data for fiscal 2018 is calculated based on current statistics as of June 2019.

Age Composition of Permanent, Full-time Employees* in Fiscal 2018 (Sekisui Chemical)

		Less than 30 years old	30 to 39 years old	40 to 49 years old	50 to 59 years old	60 and above
Number of permanent, full-time employees by age	Men	449	540	1,031	1,018	33
	Women	162	104	142	119	5

Note: Employees with no determined period of employment (including workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group)

Employee turnover in Fiscal 2018 (Sekisui Chemical)

	Men	Women	Total
Employee turnover (number of people)	42	13	55
Employee turnover rate (%)	1.4	2.4	1.5

Indicator	Calculation method
Employee turnover rate	(Employee turnover (number of people) in Fiscal 2018 / Number of employees as of April 2018) x 100

Note: Excluding those who retired after reaching the mandatory retirement age and those who moved to another company of the Group

Note: Employees with no determined period of employment (including workers on loan from the Group to other companies but excluding workers on loan from other companies to the Group)

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Pledge to Society

Sekisui Chemical Group Is Engaged in Initiatives Relating to Safety, Compliance and Respect for Human Rights, and the Working Environment

Management Approach

Basic Concept

Sekisui Chemical Group Will Fulfill Its “Pledge to Society” as Part of Its Responsibilities as a Company While Engaged in its Business Processes

Sekisui Chemical Group believes that it has responsibilities that it must fulfill on behalf of society as it engages in business as a company. Sekisui Chemical Group considers these responsibilities to be its “Pledge to Society” and is engaged as part of business processes in initiatives relating to safety, compliance and respect for human rights, and the working environment.

In terms of safety, Sekisui Chemical Group is engaged in creating a safe working place that provides peace of mind to employees and local communities. In terms of compliance and respect for human rights, the Group is involved in initiatives aimed at implementing compliance management and avoiding involvement in violations of human rights to promote fair, good-faith corporate behavior. In terms of the working environment, the Group strives to create workplaces that give employees a sense of purpose through their work by promoting work style reforms and health management.

Working Environment

Management Approach

Work Style Reforms

In order to accelerate the pace of diversity management, Sekisui Chemical Group has positioned 2018 as its inaugural year of promoting work style reforms. After first putting in place a "Statement of Work Style Reforms," the Group has initiated three reform activities, and it is steadily making improvements. It continues its efforts to address long working hours by improving productivity, and energies are being directed toward the creation of an invigorating and rewarding workplace.

Statement of Work Style Reforms

We determine work methods that promote growth over time to enable each and every individual employee to manifest their personal "characteristics," and pursue highly productive work methods that maximize success. In order to improve productivity, the Company actively invests in management resources, and unifies managers and workers to coalesce their wisdom Companywide. We nurture work worth doing by improving the quality of the job, and promote workers' diverse activities by returning the success of reforms to them.

Three Reforms

Improving productivity is essential to maximizing results in a limited time. With this in mind, Sekisui Chemical Group will push forward three reforms, specifically relating to "Business," "HR system," and the "Work environment." Both management and employees will take up the challenge of promoting reform in line with the specific issues of each business.

< Three Reforms >

Business reforms: Identify the environment to be changed regardless of existing customs, and reform the work structure

HR system reforms: Reform the HR system to improve the growth and performance of each and every employee, and expand employment support

Work environment reforms: Reform the work environment by investing so that diverse employees can work in the optimal environment

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Work Style Reforms Achievement Targets

With endeavors to achieve work style reforms, we are setting targets through to fiscal 2020.

Throughout Sekisui Chemical Group, we are taking up the challenge of building an organizational culture that (1) realizes total hours worked per year to be less than 2,000 hours; (2) allows employees to take at least 120 days off; and (3) maintains a paid leave take-up rate of at least 50%.

Investment in Work Style Reforms

Substantial capital investment and the introduction of systems are essential to continuously realizing the effects of business and work environment reforms. With this in mind, Sekisui Chemical Group has decided to invest 10 billion yen over the two years of 2018 and 2019 in an effort to reduce working hours Group-wide.

In 2018, the first year of our efforts, we made investments of approximately 8 billion yen (including an amount intended for after 2020). With the goal of promoting reduction in working hours from which we will not backtrack, we have invested in a production management system and automated inspection equipment, as well as a video conferencing system and strategies aimed at improving the workplace environment.

Regulation of Long Working Hours

Work Hour Shortening Committee

To create a working environment that allows each and every employee to work to their fullest, Sekisui Chemical Group engages in ongoing labor-management discussions about ways to shorten work hours, to encourage employees to utilize paid days off, and to introduce flexible work styles.

With the Act on the Arrangement of Related Acts to Promote Work Style Reform set to go into effect, in fiscal 2018 we entered into further negotiations with labor union members. In terms of regulating the upper limit of long working hours, we consolidated 36 Group-wide protocols, and strengthened governance. Looking to make the taking of paid leave compulsory, from September 2018 we initiated a Group-wide trial of a planned annual leave system, and owing to the significant results obtained, we have decided to implement it as an official system from fiscal 2019. We continue to hold further discussions with regard to easy-to-work and flexible work styles, and are moving toward the creation of work sites that motivate employees.

Notifications of Major HR-related Changes

Major Changes with Significant Effects on Employees Are Implemented After Labor-management Meetings

Based on the proposals submitted to the labor union and feedback received from each of the union branches, Sekisui Chemical has decided to move forward with HR system revisions and large-scale organizational reforms which will entail major changes and have significant effects on employees.

The labor agreement specifies that when employees belonging to the labor union are to be seconded or transferred, the labor union is to be notified at least one month prior to the change and the applicable employee's willingness to accept their new position is confirmed prior to assignment.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Health Management

We Are Moving Forward on Five Initiatives to Promote Our Employees' Health

Sekisui Chemical Group strives to improve its employees' physical and mental health based on the idea that employees are valuable resources entrusted to the Group by society. To further advance these initiatives, in March 2019 Sekisui Chemical formulated a philosophy regarding our goals for health and productivity management in a Declaration of Health, and establishing the Basic Policy for Health and Productivity Management. Sekisui Chemical Group positions health as the "Well-being" that is defined in the WHO Charter, aiming for health as a state of complete physical, mental and social well-being. Moreover, in line with this, we have organized our efforts into segments, and have newly formulated medium- and long-term goals in five segments.

Note: "Health and Productivity Management" is a registered trademark of the NPO Kenkokeiei.



Declaration of Health for SEKISUI CHEMICAL Group

SEKISUI CHEMICAL Group has been engaged in health management initiatives for our employees based on our belief that **"employees are precious assets bestowed on us by society."** SEKISUI CHEMICAL endeavors to take these initiatives to the next level by treating **the promotion of the health of our employees as a management strategy** that is aimed at achieving the physical, mental, and social **well-being of all employees.**

SEKISUI CHEMICAL Group's Basic Policy for Health and Productivity Management

Strive to achieve the **well-being** of all employees,
and create workplaces where a diverse personnel can play an active role with vitality.

- Practice a comprehensive health promotion program that encompasses everything from health management (defense) to improving (offense) the fulfillment and rewards of working.
- Focus on improving productivity by advancing the awareness and behavior of each and every employee.
- Encourage employees to make a proactive and ongoing effort to strive for well-being now and in the future.
- Strive to contribute to society by realizing the happiness of employees and their families, and our customers through the well-being of our employees.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Initiative 1. Health Checkups and Measures to Prevent Lifestyle Diseases

Sekisui Chemical collaborates with Sekisui Health Insurance Association to facilitate health, and jointly carries out health checkups. In this way health checkups are conducted uniformly throughout the Group, and from October 2018 we have introduced a common Group-wide health management system.

In addition, from 2015, we developed the Sekisui Health Network (SHN) that can respond to business sites of less than 50 people, so we are advancing better health among such small-scale work sites as well.

As a measure to prevent lifestyle diseases, we have made the goal of having 50% of employees practice at least four of the seven health habits advocated by Dr. Lester Breslow, by 2021, and we are now planning for a health habit support program.

Initiative 2. Mental Health

Sekisui Chemical Group is taking the following initiatives as measures to support mental health.

1. Utilizing Stress Checks

Sekisui Chemical Group strives to maximally leverage the stress checks that are provided for in law. Specifically, it undertakes obligatory efforts at population analysis and work environment improvements as an element of its Group-wide stress checks for employees, including those working at business sites with fewer than 50 employees. In fiscal 2018, the Group made it a requirement to conduct population analyses within the Group. With 86% of all business sites having participated in the population analyses, the submission of a report to management was completed. With the support of HR's welfare and health support group, the Health Promotion Office, workplace environment improvements were made at 20 sites in 20 companies this fiscal year, up from four sites at four companies in the previous fiscal year.

2. Stress Management Training by Telephone

We have conducted stress management training by telephone for newly appointed managerial staff, mid-career hires, and overseas assignees who may experience stress in line with considerable changes in their environments. This training has proven effective as stress self-control indicators appeared to rise compared to before the training was implemented.

3. Enhanced Consultation Centers Where Employees Can Comfortably Seek Advice

We have established consultation centers that are available to any employee of Sekisui Chemical Group, regardless of employment format, thus strengthening a safety-net function.

Initiative 3. Systems and Workplaces Where People Can Work with Peace of Mind

There are a variety of existing factors at workplaces that may hinder health, including chemical substances, work approach, noise and others. To counter these factors, we are undertaking activities across the Group through the utilization of an occupational health and safety management system. In addition, not only for those employees who are healthy, we are also striving to enhance a range of internal systems that take into consideration an environment to work in with peace of mind for those with medical conditions as well.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Initiative 4. Group-wide Initiatives

Health management promotion is a Group-wide effort at Sekisui Chemical, and for that reason, we are moving forward with Group application of the Health and Productivity Management Organization, in the large enterprise category. Our efforts with this increased the number of subsidiary companies to which this applied to, from five companies in fiscal 2017, to 20 in fiscal 2018. This recognition applies to groups where their companies have conducted a pre-assessment, and undertaken actual activities to increase the level of health. In cases where the pre-assessment indicates areas that are lacking, the Health Promotion Office provides support by building a framework, or through other measures.

In addition, we have appointed people responsible for, and others in charge of health management at approximately 300 business sites, covering the entire Group. This represents our efforts to build a structure in which steady measures can be put in place to advance health management.

Initiative 5. Increase Motivation and Productivity

With the intent to achieve productivity indicators, together with the visualization of productivity increases made through health promotion, we are steadily implementing the four above initiatives with the aim of raising motivation and productivity.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Major Initiatives

Stress Check

Sekisui Chemical Group strives to maximally leverage the stress checks that are provided for in law. Therefore, we are also implementing the following three topics as obligatory efforts.

- Performed for all Sekisui Chemical Group employees, including at those work places with less than 50 employees
- Population analyses
- Improvement of the workplace environment

As part of making population analyses mandatory, from 2016, we commenced the holding of workshops on how to read stress checks for approximately 400 people who have been appointed to be responsible for, or to be in charge of health management at all business sites. In this way these employees acquired knowledge on how to conduct population analysis, the proper way to read them, and how to share this information, in preparation for being able to utilize population analysis results in a positive manner. From fiscal 2018, we made it mandatory to conduct population analysis at all business sites with 10 employees or more.

Furthermore, from fiscal 2016, we started to build models to improve workplace environments, and in fiscal 2017, with the support of the Health Promotion Office, undertook efforts to provide assistance to improve workplace environments at a total of four companies, two companies with high-risk workplaces with high overall health risks*, and two companies to create “vibrant workplaces.” Among these, three companies showed improvements to their stress check results in the following year. Essential support to improve workplace environments are being conducted by the Health Promotion Office at more than 120 workplaces identified as high-risk workplaces from an overall health risk perspective from fiscal 2018. Also, no matter what the overall health risk, regarding the creation of better workplaces and the creation of invigorating and rewarding workplaces as “creating vibrant workplaces,” we raise the aspirations of all Group companies and are actively supporting the creation of vibrant workplaces. Support was provided to high-risk workplaces at four companies as assistance to improve workplace environments, and 13 companies participated in facilitator–coordinator training courses to create vibrant workplaces.

* In the stress check, the risk level from health problems (health risk) is shown as a value based on the average of the standard population, with 100 as the “overall health risk.” Research findings show that a variety of stress problems often appear in workplaces with a health risk of 120-130 or more.

Effects of workplace environment improvement efforts by the Health Promotion Office

Company Name	Fiscal year implemented	No. of relevant people	Overall health risks	Improvement Effect (FY2017→ FY2018)
Company A (support for high-risk workplaces)	2017	103	128 ↓	-6 (improvement)
	2018	106	122	
Company B (support for high-risk workplaces)	2017	158	121 ↓	-11 (improvement)
	2018	196	110	
Company C (Create “vibrant workplaces”)	2017	116	100 ↓	-6 (improvement)
	2018	120	94	
Company D (Create “vibrant workplaces”)	2017	97	90	8
	2018	99	98	

Stress check initiatives at Sekisui Chemical Group are being introduced as part of a section covering case studies (No. 12) on the Ministry of Health, Labour and Welfare’s “Kokoro-no-Mimi” portal site.

<http://kokoro.mhlw.go.jp/case/stresscheck/stresscheck012/>

Participation rate for the workshop on accurate reading of population analyses

2017	2018
70.0%	92.6%

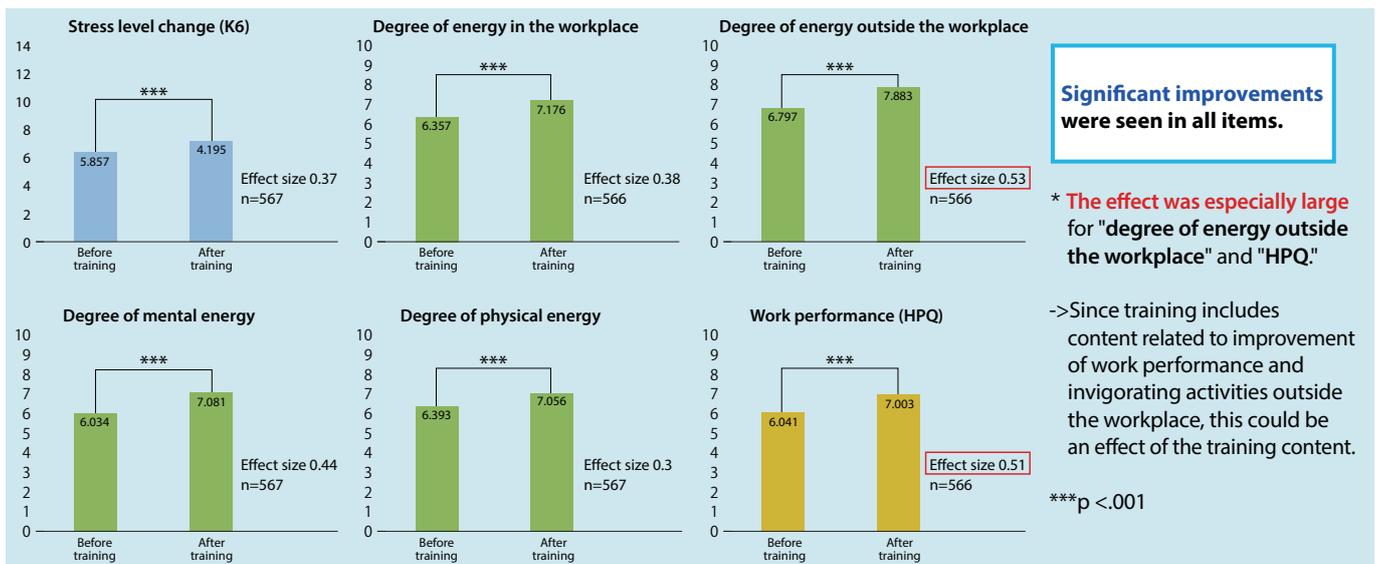


Workshop on the creation of vibrant workplaces

Stress Management Training

From 2015 the Group has been offering telephone-based stress management training ("Mindbics") for newly appointed managerial staff, mid-career hires and overseas assignees, so that they can be able to control their own stress given that they may experience stress from the considerable change in their environments and as they are expected to actively engage in their new roles within short periods. The use of telephone-based training allows employees to participate from home and while away on business trips. It also reduces the burden on employees and facilitates their participation even when they are busy. Each year, around 400 employees participate in the sessions, which are considered required training at Sekisui Chemical Group.

In fiscal 2018 we requested expert analysis of the results aggregated since 2015, accurately confirming effectiveness.



Features of the Training Program



Telephone-based Stress-management Training that Can Be Held Even in Far-flung Locations

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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External Evaluations

Recognized as a 2019 Certified Health and Productivity Management Organization

Sekisui Chemical was recognized for its Companywide efforts to resolve issues relating to the health of its employees and was certified as a 2019 Health and Productivity Management Organization*² by both the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi*¹ for the third year in a row in the large enterprise category (“White 500”).



- *1 The Nippon Kenko Kaigi is an operation organized to allow effective action to be taken based on comprehensive support from government for expanding the healthy lifespans and offering adequate medical treatment to all people in Japan, undertaken in partnership with private-sector organizations and in a country with a declining birth rate and a rapidly aging population.
- *2 The “Health and Productivity Management Organization Recognition Program” awards large companies, small- and medium-sized business, and other corporations that practice health management especially well through initiatives tailored to local health issues and initiatives for improving health promoted by the Nippon Kenko Kaigi.

Companies receiving certification	Name of company certified together with the Company described on the left <input checked="" type="checkbox"/>
Sekisui Chemical Co., Ltd.	Hokkaido Sekisui Heim Industry Co., Ltd.
	Sekisui Heim Tohoku Co., Ltd.
	SEKISUI FAMIS TOHOKU Co., Ltd.
	Tohoku SEKISUI HEIM Real Estate Co., Ltd.
	Tokyo Sekisui Heim Co. Ltd.
	Tokyo Sekisui Famis Co., Ltd.
	Sekisui Heim Chubu Co., Ltd.
	SEKISUI FAMIS CHUBU Co., Ltd
	Sekisui Heim Kinki Co., Ltd.
	Sekisui Famis Kinki Co., Ltd.
	Sekisui Heim Chushikoku Co., Ltd.
	Sekisui Heim Kyushu Co., Ltd.
	Sekisui famis kyusyu Co., Ltd.
	Kyusyu SEKISUI HEIM Real Estate Co., Ltd.
	Kyushu Sekisui Heim Industry Co., Ltd.
	Nishinohon Sekisui Industry Co., Ltd.
	Sekisui Hinomaru Co., Ltd.
	Kyushu Sekisui Industry Co., Ltd.
SHIKOKU SEKISUI CO., LTD	
SEKISUI MEDICAL Co., Ltd.	

From the list of corporations certified as 2019 Health and Productivity Management Organizations in the Large Enterprises (“White 500”) category

Performance Data

Amount of Overtime Work* (Sekisui Chemical)

	FY2015	FY2016	FY2017	FY2018
Monthly average per employee (hours)	17.5	19.2	19.9	19.9

* Calculated on the basis of a prescribed number of working hours of 7.5 hours.

Paid Vacation Day Utilization Rate (Sekisui Chemical)

	FY2015	FY2016	FY2017	FY2018
Average per employee (%) (Excluding managers)	46.4	45.9	51.1	64.0

Average Number of Paid Vacation Days Taken (Sekisui Chemical)

	FY2015	FY2016	FY2017	FY2018
Average per employee (days) (Excluding managers)	8.8	8.7	9.6	12.1

Stress-check Examination Rate

	FY2016	FY2017	FY2018
Examination Rate (%)	72.0	81.9	87.1

Note: Scope of stress-check implementation: Companies that are members of the Sekisui Health Insurance Association (including some affiliates)

Safety

Targeting Zero Occupational Injuries Through Risk Reduction by All Personnel, from Top Management to the Plant-floor Frontlines

Management Approach

Basic Concept

Each and Every Employee Has the Ability to Identify Dangerous Situations

At the core of safety, it is important that each and every employee has the ability to identify dangerous situations and take appropriate steps to protect themselves and fellow employees. Even if equipment can be made completely safe, it is necessary to recognize that work and actions taken by individuals can have hidden risks. For this reason, we are making concerted efforts at safety education and raising sensitivity to risks, while following rules and creating a protective corporate culture.

At the same time, constructing a work environment in which employees can work with safety and security is our responsibility as a company and we consider it to be one of the most important priorities for management. Sekisui Chemical Group is implementing total safety activities (i.e. zero occupational injuries, zero equipment-related accidents, zero commuting-related accidents, and zero extended sick leave) based on five themes*.

* Five themes:

(1) Intrinsic safety of equipment; (2) safety management using OHSMS; (3) safety education of employees; (4) risk prevention through risk detection activities and other initiatives; and (5) auditing of health, safety, and accident prevention.



Activity Policy and Promotion System

We Thoroughly Implement a Safety Policy That Includes Partner Companies Outside the Group

In the case of the various efforts related to occupational health and safety, an activity policy is formulated by the Safety Committee established under the CSR Committee. These actual activities are promoted by the Total Manufacturing Management Center Safety & Environment Group.

We have formulated the Sekisui Chemical Group Safety Policy, which forms our basic philosophy on occupational safety and is shared by all employees within the Group. In addition to collecting a range of occupational health and safety data such as incident frequency rates, we also collect data from partner companies outside the Group including those that occur during production and construction operations as well as any incidence of occupational health and safety issues during research activities. In fiscal 2018, two meetings of the Safety Committee were held in September and March.

Safety-Promotion System



Occupational Safety Committee Held

Management and Labor Work Together to Assess, Research and Propose Solutions for Occupational Safety

The Occupational Safety Committee at each business site of Sekisui Chemical Group holds a meeting every month, as mandated by law. In addition, the Central Occupational Safety Committee, consisting of members from corporate headquarters and labor unions, meets once a year. The Central Occupational Safety Committee was created on the basis of collective labor agreements to conduct disaster-related investigations and make strategic proposals related to occupational health and safety. Every employee can potentially become a member of the Central Occupational Safety Committee.

Based on the outcome of the Occupational Safety Committee's deliberations, Sekisui Chemical Group aims to strictly comply with laws and regulations, including the Industrial Safety and Health Act, ensure the safety and health of employees at work, and create a comfortable workplace environment. The Central Occupational Safety Committee and the Occupational Safety Committees at each business site assess workplace environments, draw up and implement solutions to workplace problems, and decide rules with regard to various topics related to occupational safety and health.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Major Initiatives

Development of Human Resources to Take the Initiative in Safety Activities

Encouraging the Gaining of Qualifications to Become Key Persons in Charge of Safety Activities

In fiscal 2018, 18 employees (30 in total since fiscal 2017) were certified under the “safety leader” qualification to serve as personnel who take the initiative in safety activities. Safety leaders are tasked with identifying and mitigating risks at their respective workplaces, holding workshops with other safety leaders Group-wide, and promoting the standardization of safety training curriculum.

In addition, we encourage employees to obtain the qualification called “safety sub-assessor,” holders of which play a role in promoting intrinsic safety in equipment. Since fiscal 2017, 81 employees in total have been certified as safety sub-assessors. We have deployed safety sub-assessors in Group-wide projects extending over several business sites, where they promote improved safety in areas such as elevated opening/closing fences, pinch rollers, and handcarts commonly used at these locations.

Review of Equipment Safety Standards

Reviewing Equipment Safety Standards in Conjunction with Providing Explanations to Equipment Manufacturers

In fiscal 2017, we issued Equipment Design Safety Guidelines, which summarize the safety design standards necessary for production equipment used by Sekisui Chemical Group. Steps are taken to monitor the status of compliance on an ongoing basis. Safety specification checklists must be attached to equipment manufacturer estimates. Corporate audits are conducted to verify that equipment safety standards are actually being adhered to at workplaces and intrinsic safety is being promoted.

Early Detection of Risks

Training to Improve the Ability to Identify Risks

We conduct practical risk assessment-improvement training in order to develop personnel able to identify and mitigate risks at their workplaces. In fiscal 2018, training sessions were conducted at the Musashi Plant, Chiba Sekisui Industry Co., Ltd., and the Sekisui Heim Industry Co., Ltd.'s Kinki office. Training participants identify risks and monitor improvements at their workplaces. Since fiscal 2016, this training program has been held at a total of eight workplaces, with the number of participants reaching 194 to date. In addition, the training program has resulted in over 1,600 risk items being identified and unacceptable risks being mitigated.

Measures to Prevent Fires and Explosions

Initiated Emergency Audits, to Which Outside Experts Are Invited

To prevent fires and explosions that, once they occur, have a major impact on the surrounding environment and on business continuity, in addition to the safety audits performed thus far, we implement emergency response audits, to which we invite outside disaster experts. We verify items such as the storage and handling status of hazardous materials as well as the recovery systems used following a disaster, including natural disasters, and promote the quick identification of disaster risks and the subsequent implementation of preventative measures.

Of the 147 measures implemented to prevent a reoccurrence of the 20 fires (including small fires) between fiscal 2104 and fiscal 2017, we confirmed that 139 were still in place. We recommended further measures for strengthening the remaining eight measures and confirmed that these improvements had been made.

Based on the accident prevention handbook issued in November 2017, we have worked to identify fire and explosion risks at 48 workplaces nationwide. By fiscal 2018, 1,255 risks were identified, and 687 (74%) of 923 risks requiring improvement were mitigated as of the end of fiscal 2018.



Type of audit	Target / aim of audit
Safety audit	<ul style="list-style-type: none"> • Document review Checking of conditions relating to health and safety management activities • On-site inspections Confirmation of the safety of people’s work, their working environments, the surfaces on which they walk, and so forth • Essential safety measure compliance status Includes accident-prevention measures at the facility design and installation stages • Process examinations of facility management departments Facility installation management, construction management, maintenance management <p>Note: At business sites that themselves implement safety audits only, auditing is performed nearly identically as previously, including “disaster-preparedness audits,” as outlined below.</p>
Disaster-preparedness audit	<p>Primarily consists of audits for accident-prevention measures relating to business continuity</p> <ul style="list-style-type: none"> • Checking of storage and handling conditions of dangerous articles and designated flammable materials • Checking of fire-fighting equipment maintenance status • Measures for responding to earthquakes and other natural disasters

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Emergency Response Measures

For the Purpose of Fine-tuning Unexpected Situation Response Skills in the Event of a Disaster

We have established getting caught or entangled in machinery at a production facility, falling off equipment or falling over at a business site, and a fire or explosion in a chemical process as high-risk scenarios on which Sekisui Chemical Group should place a particular focus on preventing. The Company conducts "Heads-up Training" where chemical processes are integral to production.

At Sekisui Chemical Group, we conduct "Heads-up training" to fortify the decision-making abilities of all our employees in the event that they encounter an emergency situation. More specifically, supervisors with years of experience will ask trainees what they would do if equipment designed to prevent danger fails and the trainees will be tasked with providing responses off the top of their heads. This training improves the skills needed to respond to unexpected situations in the event of a disaster by passing down to younger employees the on-site safety know-how accumulated over many years by senior employees. Through this training, we were able to improve equipment countermeasures and revise operating procedures. In addition to teaching trainees how to handle potential problems, the training has been applied on various occasions, including evacuation drills and disaster prevention drills.

In fiscal 2018, a total of 2,135 people participated in the training sessions that were held a total of 273 times in 98 departments at 17 business sites.

Deployment of Basic Safety Principles

Preparation of Basic Safety Principles Poster

We are working to prevent occupational injuries caused by machines and equipment by making the equipment itself intrinsically safer while also preventing occupational accidents caused by worker operations. Based on the lessons learned from past occupational accidents that actually occurred on Group business sites, the "Six Basic Safety Principles," which summarize compliance matters and matters prohibited during operations for each operational process, were established in fiscal 2017. In order to promptly disseminate these principles within the Company, we created and distributed to each workplace a poster that showed them in an easy to understand, illustrated format.

We confirmed that these posters are being utilized at each business site through corporate audit inspection tours conducted in fiscal 2018. In addition, we implement safety activities at overseas business sites by distributing posters featuring similar information in English, Chinese, and other languages.

Overseas Business Site Safety Audits

Visualizing the Status of Safety Management Activities at Overseas Business Sites

At our overseas production sites, which operate under the varying laws and regulations as well as differing cultural awareness of safety issues in each region, Sekisui Chemical Group has, since fiscal 2013, been deploying safety global standards to raise the level of safety activities. Having commenced safety audits based on these global standards in earnest in fiscal 2014, in fiscal 2018 we implemented audits at 12 business sites. We are also holding regional safety brainstorming sessions in North America and China to share regional issues and discuss countermeasures. Planning and implementation, which had been previously spearheaded in Japan, have been shifted to regional head office staff. The program is undertaken each fiscal year based on such themes as policy development, sharing workplace initiatives, lectures by experts, and methods to investigate the causes of accidents.

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Safety & Environment Conference and Safety Awards

Presidential Award Given to the Business Site with the Best Safety Record for the Fiscal Year

Sekisui Chemical Group Safety & Environment Conference is usually held to coincide with National Safety Week in July of each year. In fiscal 2018, the president was among the total of 241 people, who also included other directors, business heads from domestic production business sites and laboratories, construction companies as well as those in charge of safety, etc. who attended the conference on July 13. During the conference, the fiscal 2017 presidential award was given to the business site with the best safety record for the fiscal year.

Safety Management Along Supply Chains

Sharing Safety Policies While Providing Training Opportunities

Based on the idea of securing the safety of employees from partner companies involved in the on-site construction of housing, the Housing Company organizes the Sekisui Heim Cooperation Association with its partner companies and holds periodic meetings while utilizing other methods to share the Group's safety policy. We also provide a variety of training opportunities related to occupational safety, such as safety education sessions.

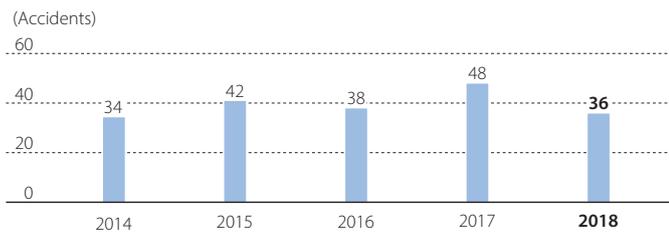
Performance Data

Safety Performance

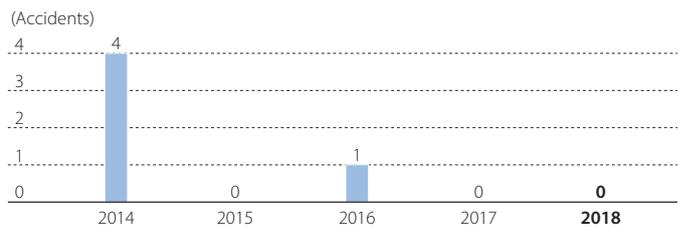
Japan

Aggregate scope: 48 production sites and 5 research institutes in Japan

Number of Occupational Accidents



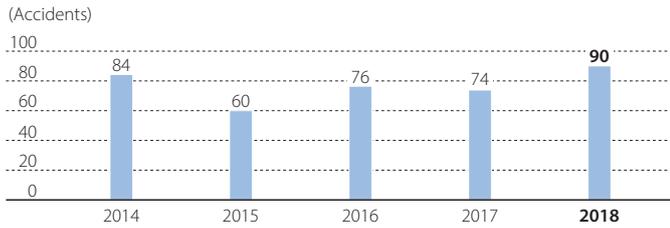
Number of Facility Accidents



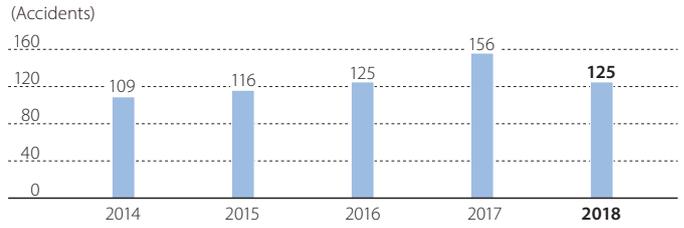
Indicator	Calculation Method
Number of occupational accidents	The number of occupational accidents (both those resulting in lost time and those not) occurring during a given fiscal year (April through the following March)

Indicator	Calculation Method
Number of Facility Accidents	The number of incidents of malfunctioning (fires, leaks, etc.) at facilities that fulfill at least one of the following criteria (Sekisui Chemical Group criteria), from (1) to (3), occurring during a given fiscal year (April through the following March) (1) Human harm: An accident causing at least 30 days' lost work (2) Material harm: 10,000,000 yen or greater (3) Opportunity loss: 20,000,000 yen or greater

Number of Long-term Sick Leave



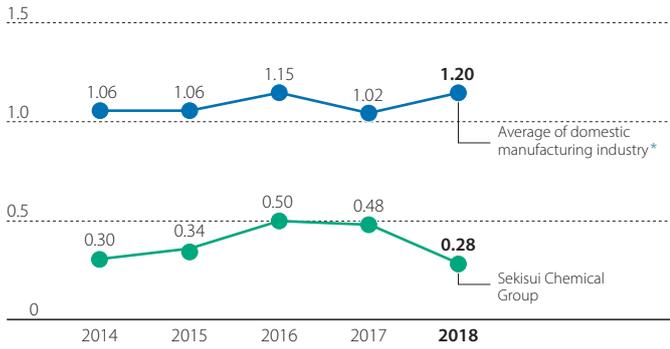
Number of Commuting Accidents



Indicator	Calculation Method
Number of Cases of Long-Term Sick Leave	Describes leave of 30 days or more consecutively for sickness or injury occurring in a Japanese production sites or research institutes during the given fiscal year (April to the following March), and which is newly-occurring. Recurrences within 6 months of the start of work attendance are not counted. However, absences caused by industrial accidents are not classified as long-term sick leave.

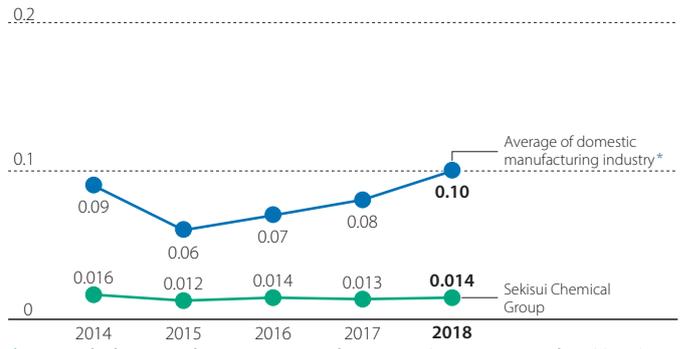
Indicator	Calculation Method
Number of commuting accidents	The number of accidents occurring during commutes to Japanese production sites and research institutes during a given fiscal year (April to the following March); includes injury to others, injury to the commuter, him or herself, damage to the commuter's own vehicle, and physical damage occurring while operating an automobile or other vehicle

Frequency Rate Over Time



*Source of information for Japanese manufacturing industry: Ministry of Health, Labour and Welfare, Survey on Occupational Accidents

Severity Rate Over Time

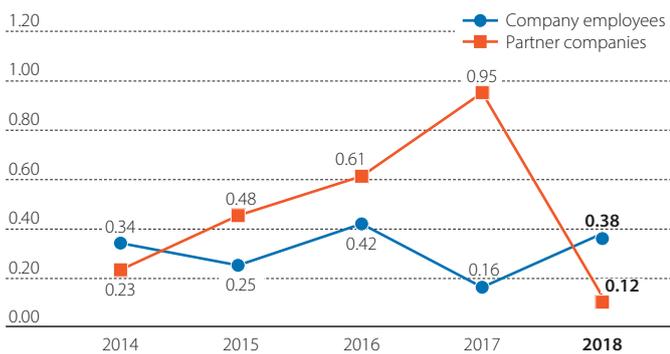


*Source of information for Japanese manufacturing industry: Ministry of Health, Labour and Welfare, Survey on Occupational Accidents

Indicator	Calculation Method
Frequency rate	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) Formula for calculation: (Number of injuries, illness and fatalities in occupational accidents with lost time / total number of man-hours worked) × 1,000,000

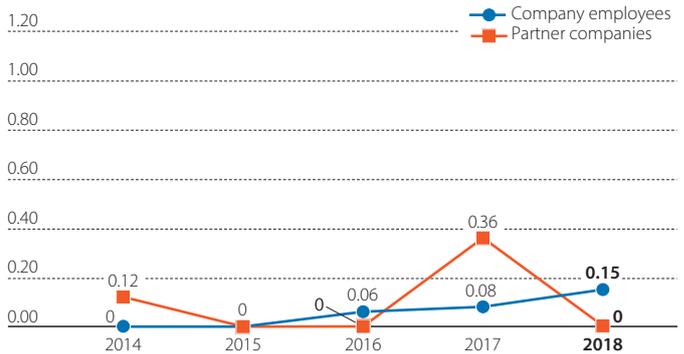
Indicator	Calculation Method
Severity rate	The total number of days of work lost per 1,000 hours of total time worked during a given fiscal year (April through the following March) Formula for calculation: (Number of days of work lost / total number of man-hours worked) × 1,000

Lost Time Injury Frequency Rate (LTIFR)



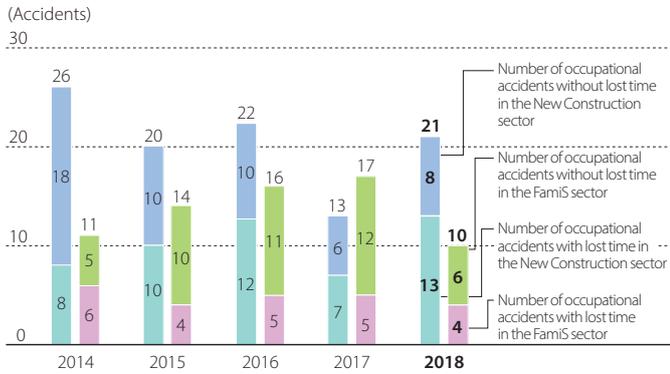
Indicator	Calculation Method
Lost Time Injury Frequency Rate	(Number of accidents causing sick leave / total number of man-hours worked) × 1,000,000

Occupational Illness Frequency Rate (OIFR)

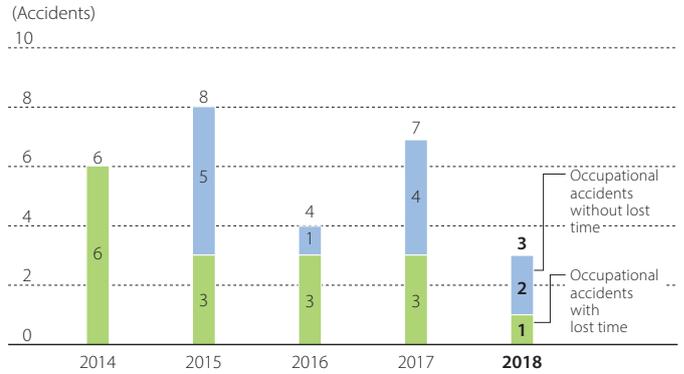


Indicator	Calculation Method
Occupational Illness Frequency Rate	(Occupational illnesses / total number of man-hours worked) × 1,000,000 Occupational illnesses as defined by the Ministry of Health, Labour and Welfare, including heat stroke, lower back pain, and intoxication by chemical substances

Safety Performance In the Housing Company's Construction Sites



Safety Performance with Respect to Construction Sites in the Urban Infrastructure & Environmental Products Company



Indicator	Calculation Method
Safety performance on the Housing Company's construction sites	The number of occupational accidents (both those resulting in lost time and those not) occurring on construction sites under the jurisdiction of the Housing Company during a given fiscal year (April through the following March)

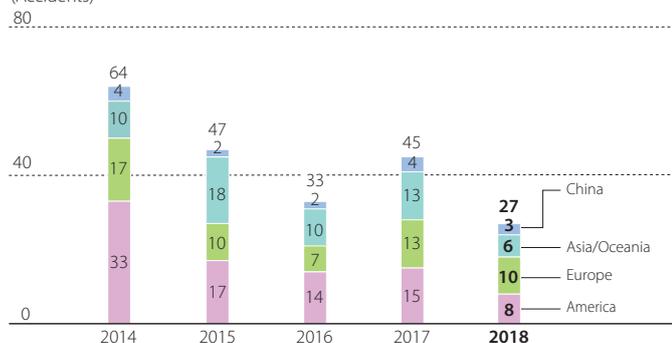
Indicator	Calculation Method
Safety Performance with Respect to Construction Sites in the Urban Infrastructure & Environmental Products Company	The number of occupational accidents (both those resulting in lost time and those not) occurring on construction sites under the jurisdiction of the Urban Infrastructure & Environmental Products Company or the Sekisui Chemical company headquarters during a given fiscal year (April through the following March)

Overseas

Aggregate scope: 46 production sites and 1 research institute overseas

Number of Occupational Accidents

(Accidents)



* Past fiscal year data has been partially revised in line with the details survey of overseas business sites.

Indicator	Calculation Method
Occurrence of occupational accidents at overseas production sites and research institutes	The number of occupational accidents (both requiring and not requiring time off from work) occurring at overseas production sites and research institutes during a given fiscal year (April through the following March)

Japan and Overseas

Aggregate scope:

48 production sites , 5 research institutes and 34 construction offices in Japan

46 production sites and 1 research institute overseas

Occurrence of fatalities due to occupational accidents

(Number of people)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Employees	0	0	0	0	0
Japan	0	0	0	0	0
Overseas	0	0	0	0	0
Partner Companies	1	1	0	0	0
Japan	1	1	0	0	0
Overseas	0	0	0	0	0
Total	1	1	0	0	0

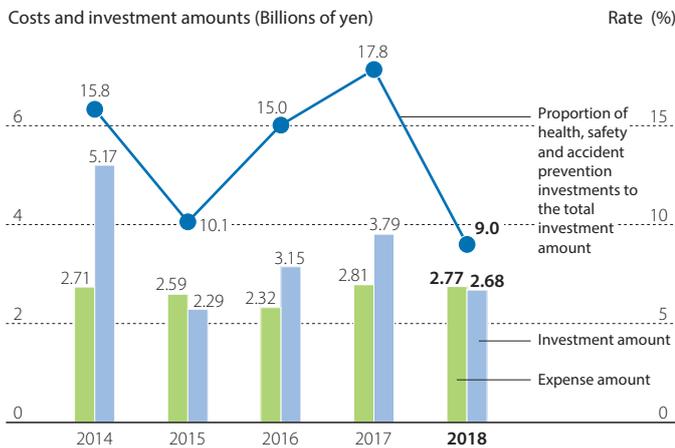
Health and Safety / Accident Prevention Costs

Aggregate Scope: 48 Domestic Japanese Production Sites and 5 Research Institutes, Headquarters, Back Offices of Division Companies

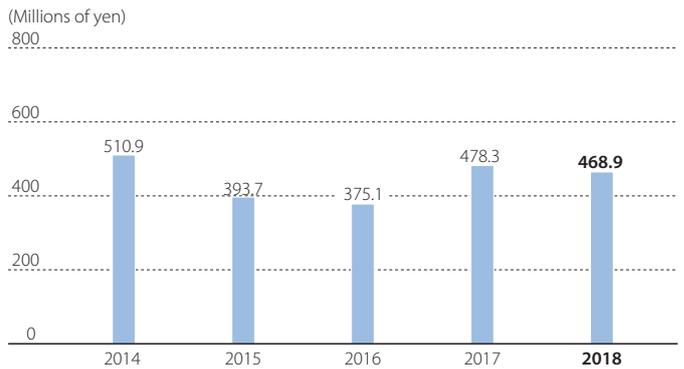
Health and Safety / Accident Prevention Costs

		(Millions of yen)	
Classification	Item	Sekisui Chemical Group	
		Expense amount	Investment amount
1) Costs within business site areas	Health and safety measures, rescue and protective equipment, measurement of work environment, health management, workers' accident compensation insurance, etc.	946	2,676
2) Administrative costs	Establishment and implementation of OHSMS, safety education, personnel costs, etc.	1,814	–
3) Other	Safety awards, etc.	6	–
Total		2,766	2,676

Costs and Investments Over Time



Loss Costs Over Time



Indicator	Calculation Method
Investment amounts	The amount invested in health and safety and accident prevention-related measures authorized during a given fiscal year (April through the following March)

Indicator	Calculation Method
Loss costs	The costs of responding to, and the labor costs incurred due to, occupational accidents, facility accidents, commuting accidents, and long-term sick leave due to illness occurring within a given fiscal year (April through the following March)

Compliance and Respect for Human Rights

Giving Consideration to Human Rights on a Global Scale, Strengthening Compliance Management

Compliance

Management Approach

Our Approach to Compliance Management

Compliance Management Depends on the Good Intentions of Each Employee

In Sekisui Chemical Group, we established our “Compliance Declaration” in 2003 based on principles such as “contributing to society,” “being a trusted company,” and “adherence to the letter and spirit of the law.” In keeping with the spirit of the Group Principles and our Corporate Code of Ethics, we defined our stance for the acquisition of high social trust through compliance. In April 2019, under the leadership of President Koge, compliance is management itself for Sekisui Chemical Group, and each and every one of our employees joined together to declare they will act in accordance with our compliance regulations. In order to ensure Sekisui Chemical Group will be widely trusted by society, we will continue to carry out initiatives for improving compliance awareness.



Prevent Compliance Issues

Prevent Major Compliance Issues

In the CSR Medium-term Plan, which we started to implement in fiscal 2017, we carried over “zero incidents of major compliance issues” as a KPI target from the previous medium-term plan. From fiscal 2015 onward, Sekisui Chemical has continually achieved zero incidents of corruption and fraud.

In fiscal 2018 as well, no cases of major compliance issues arose.

We will continue strengthening our management of compliance and work to prevent compliance issues before they occur.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Growing Awareness Toward Compliance

Compliance Manuals and Compliance Cards Distributed

Sekisui Chemical Group has created and distributed the Compliance Manual, in which are described the matters with which each Group employee should comply, and also created a pocket version called the Compliance Card in order to instill awareness of compliance in each and every employee. The Compliance Manual includes information on topics such as the prohibitions on corruption and bribery, respect for human rights and the prohibition of discrimination, data management and protection, compliance with antitrust legislation, prohibitions on insider trading, conservation of the global environment and compliance with labor-related laws and regulations, and the internal whistleblowing system; it publicizes, and promotes thorough adherence with, these requirements among all employees.

In addition to the existing Compliance Manual, we have created a Global Compliance Manual covering regulations around the world. To allow all overseas Group employees to understand this manual, we have created English, Chinese, Thai, Indonesian, German, and Korean editions, and are proceeding with translating the manual into more local languages.



The Company's Compliance Manual



The conveniently sized Compliance Card

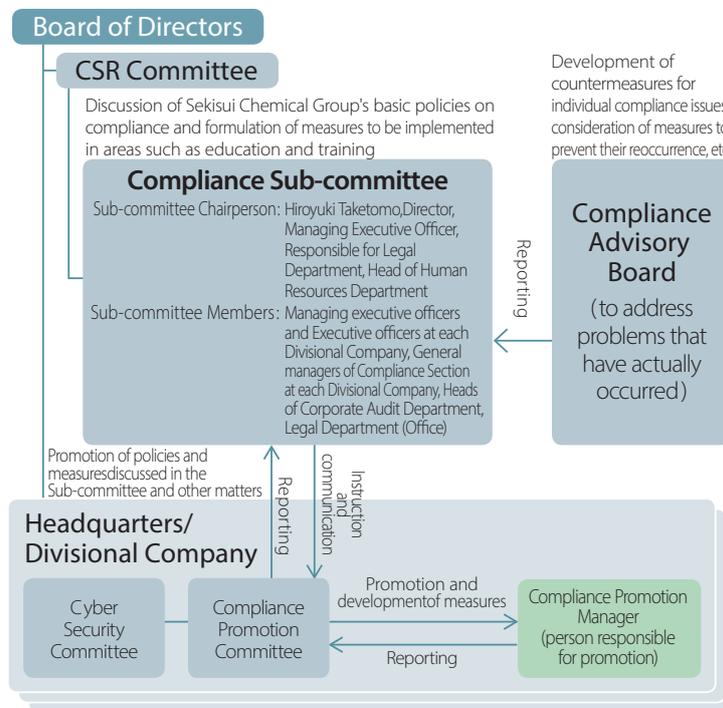
Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Putting Compliance Management Efforts into Practice

Building an Effective Compliance Promotion System

We are building a realistic and effective compliance promotion system to ensure that compliance management is fully put into practice. In addition to having established a Compliance Subcommittee—which reports to the CSR Committee and is chaired by the executive officer who heads the Legal Department—as an organization to oversee Group compliance and to put forward policies and implementation measures, we are also establishing compliance promotion subcommittees at headquarters and at each divisional company, appointing persons responsible for putting compliance promotion into practice and implementing and deploying each measure. In the unlikely event that a major compliance issue arises, we will hold a Compliance Advisory Board meeting to address any problems that have actually occurred and examine measures to prevent a recurrence. The Compliance Subcommittee met twice in fiscal year 2018, in March and September.

Compliance Management Promotion System



Compliance Training

Ongoing Provision of Opportunities to Learn About Compliance

As part of our efforts associated with putting compliance management into practice, we also focus on employee compliance education. We continuously provide opportunities for all Group employees to learn about the importance of compliance, such as by conducting e-learning sessions specific to compliance quarterly. These e-learning programs include information about compliance as training for new employees and as rank-specific training.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Upgrade of the Whistle-blowing Program

We Are Promoting Knowledge of S.C.A.N.'s Existence and Its Effective Operation

In 2002, Sekisui Chemical Group developed the Sekisui Compliance Assist Network (S.C.A.N.) intra-company whistle-blowing system, which is the mechanism that has been made available for use by all Sekisui Chemical Group employees and its business partners.

Operated under the supervision of the executive officer in charge of the legal department, S.C.A.N. enables direct reporting not only to the Legal Department but also to an outside law firm. In addition to serving as a reporting system, S.C.A.N. also plays a role as a point of contact for consultations, such as whether a specific act would be classed as a compliance violation.

In order to create an organizational culture that maintains full awareness of compliance, the system also prescribes the protection of the whistleblower and stipulates that information on the person who provided the information be kept secret from everyone other than at the point of contact and the prohibition of any prejudicial treatment toward that person. Regarding the report content, interviews are held to investigate the claims of both the informer and the informee, and eyewitnesses are interviewed as well when necessary. The truthfulness of these reports is confirmed in this way, ensuring intra-organizational issues are handled in a fair manner.

Responses to External Notifications

In accordance with the establishment of the Corporate Governance Code, we reconfigured the intra-company whistle-blowing system in fiscal 2015 as part of the strengthening of governance functions at each Sekisui Chemical Group company and newly put in place points of contact for consultations from, and whistleblowing by, suppliers.

This consultation / notification point of contact is 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 occasionally accept requests for consultations and receive reports via a form made available on Group company websites and, while conducting consultations with business partners, proceed to confirm the facts and take corrective action concerning any alleged "law-violating conduct." The content of consultations and reports is shared only among the minimum number of people necessary to resolve the "law-violating conduct" concerned, and all parties that need to be involved are obliged to keep that content confidential.

Prevention of Bribery and Corruption

Guidelines in Place, Educational Programs Conducted for High-risk Divisions

A signatory to and an approver of the UN Global Compact, which stipulates anti-corruption efforts under its voluntary action principles, Sekisui Chemical Group is promoting efforts to prevent acts of bribery and corruption in that spirit.

As part of our internal regulations, we have put in place rules to prevent bribery and corruption and are promoting their introduction at all Sekisui Chemical Group companies. We have also formulated anti-bribery guidelines, which summarize matters concerning bribery and corruption, that employees should observe when doing business in Japan, the United States and China. We have worked to make these regulations and guidelines known via the intranet, so that Group employees can check them at any time.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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■ Main Measures Relating to Bribery and Corruption

In our efforts to prevent the breaking of any laws, we identify high risk cases regarding corruption and bribery, and put countermeasures in place. For example, when a government official is to be entertained or presented with a gift, a form must be submitted in advance to obtain approval from management. In the event that we appoint an agent or consultant in connection with business transactions, including those involving public officials from other countries, we stipulate that this can only be undertaken once we have confirmed that payments of remuneration to that agent or consultant could not be classed as bribes, that there are no reasonable grounds to suspect that payments could constitute bribes and only after a predetermined settlement procedure has been followed.

■ Identification of High-risk Divisions and Employee Training

In the sales and purchasing departments, which are especially at risk for bribery and corruption, we encourage them to learn about regulations and guidelines, such as by conducting training specific to countering graft and corruption, and to make full use of the relevant forms, among other measures.

In fiscal 2018, we conducted continuing training for the prevention of bribery at domestic business sites, with a focus on departments at high risk. At overseas business sites as well, we conducted bribery prevention training linked to the “Compliance Reinforcement Month,” held yearly throughout the Group in October.

In the United States, training sessions were held mainly for locations where no training was held in fiscal 2017, and training sessions in line with specific circumstances were also held at Group companies in China and Europe. In the Southeast Asia region as well, training visits were used in conjunction with e-learning to ensure the contents of the “Global Compliance Manual” were common knowledge among employees.

■ Cases of Violations in Fiscal 2018

No cases of major violations of the laws governing bribery and corruption occurred in fiscal 2018.

Protection of Intellectual Property

Protecting Our Intellectual Property and Respecting the Intellectual Property Rights of Others

The Company regards intellectual property (IP) that has resulted from its R&D activities to be an important management resource underpinning Sekisui Chemical Group's growth and profitability as well as efforts toward the maximization of corporate value.

For that reason, Sekisui Chemical Group endeavors to secure strategic IP that supports our business activities, as well as to maintain and manage any acquired IP. Meanwhile, we conduct periodic investigations to avoid infringing upon the IP rights of others, and take appropriate measures to avoid and prevent others from infringing upon the IP rights of Sekisui Chemical Group. In order to thoroughly implement these measures, we have prepared several educational programs tailored to the level and needs of participants, from the acquisition of basic knowledge to strategy building, and conduct Group-wide educational activities relating to IP.

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Reasonable Evaluations with Regard to R&D

Paying Fair Monetary Incentives for Valuable Inventions

In addition to paying monetary incentives for inventions made by employees, the Invention Grand Prize has been established as one part of our efforts to ensure researchers and engineers receive the evaluations and recognition they deserve. The Invention Grand Prize pays out monetary incentives to inventors employed by the company as compensation for those of their achievements that have made a particularly large contribution to profits.

Major Initiatives

Upgrade of Legal Affairs Structure

Reinforcement of Global Legal Affairs Structure

Sekisui Chemical Group has been reinforcing its legal affairs structure by developing and deploying legal personnel, strengthening collaboration among legal departments and enhancing legal functions.

In fiscal 2017, employees responsible for legal affairs at Sekisui Europe B.V. and Sekisui Southeast Asia Co., Ltd., our regional headquarters in Europe and Thailand, respectively, took up new posts. Initiatives undertaken during the Compliance Reinforcement Month in Japan have also been extended to the US and China. In fiscal 2018, initiatives undertaken during the Compliance Reinforcement Month were extended to the Southeast Asian and European regions.

Compliance Reinforcement Month

Conducting Educational Programs in the Three Areas of Quality Fraud, Labor Management, and Information Management

In fiscal 2014, we decided that October of each year would be Compliance Reinforcement Month, to give all employees the opportunity to reflect on their compliance awareness and actions.

In fiscal 2018, we conducted educational programs covering the three areas of quality fraud, labor management, and information management.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Initiatives Taken During Compliance Reinforcement Month in Japan (FY2018)

1. Disseminated the President's Top Message
2. Introduced the Compliance Reinforcement Month activities from the European and Southeast Asian regions in Group newsletters
3. Implemented all types of compliance training / Held an open-style legal seminar in which employees participated of their own accord (8 locations, 11 times in total)
4. Conducted e-learning / Implemented e-learning on the Company intranet (questions centered on quality fraud and information management)
5. Compliance Implementation Report by frontier leaders
6. Distributed Compliance Posters in 9 languages to business sites in Japan and overseas

< Other compliance training >

1. Implemented education programs conducted by visiting staff at business sites where there had been several compliance issues
2. Provided educational opportunities at business sites in Japan where the opportunities were deemed insufficient

Marketing Communications

Legal Compliance with Regard to Advertising and Labeling

When conducting business activities, Sekisui Chemical Group strictly adheres to laws and regulations while engaging in good-faith marketing activities. In fiscal 2018, there were no cases of serious violations of laws, regulations or internal rules to report within the context of marketing communications related to advertising and product labeling.

Handling Measures for Antitrust Laws

At Sekisui Chemical Group, we have been operating a business organization membership payment system, a pre-application and follow-up report system for competitor contact, and a price revision committee system since 2007 as a compliance program for antitrust laws. The implementation status of these systems is audited yearly, and the program is revised as needed. We are currently working to expand these systems to Group companies, and the introduction of the program was completed at domestic business companies with high cartel risk in fiscal 2018. There were no cases of major violations of antitrust laws in fiscal 2018.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Respect for Human Rights

Management Approach

Basic Concept

Striving to Respect the Human Rights of All Individuals Affected by Business Activities

At Sekisui Chemical Group, we consider it our duty to advocate for the human rights of all people affected by our business activities. Nowadays, the enactment of rules and laws related to human rights continues to progress both inside and outside of Japan, and human rights issues are getting increasing attention in society. In these conditions, we consider human rights initiatives for not only employees of the Group but also our business partners and other stakeholders to be essential for solidifying our sustainable management platform.

Human Rights Policy Formulation

Newly Formulating Sekisui Chemical Group “Human Rights Policy”

Sekisui Chemical Group began formulating Sekisui Chemical Group “Human Rights Policy” in October 2018. Subsequently, we have established a new Human Rights Policy in June 2019 after implementing a human rights risk assessment and approval at a meeting of the Board of Directors. This policy has been disclosed on this CSR Report.

Unlike the earlier Sekisui Chemical Group Personnel and Human Rights Policy, which mainly focused on Group employees, the new Human Rights Policy is different in that it proposes to firmly respect human rights across the board, including the value chain beyond the Group, in compliance with the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council.

Going forward, we will work to achieve an understanding of and instill this new Human Rights Policy among all employees of the Group, as well as our suppliers and business partners.

Note: For details regarding Sekisui Chemical Group “Human Rights Policy,” see page 18.

Identifying Human Rights Risks Within the Group

Employing a Specialized Agency to Assess Human Rights Risks in Primary Business Activities

In November 2018, we employed an external specialized agency (Verisk Maplecroft*1) to conduct a human rights risk assessment among the primary business activities of Sekisui Chemical Group. On the basis of 10 human rights issues, this agency calculated a human rights risk score for four industries, namely Homebuilder, Auto Parts, Industrial Machinery and Goods, and Pharmaceutical. Moreover, the results, which take into account the risks of each country in which Group companies are located, confirmed that Sekisui Chemical Group business activities, particularly overseas (China, India, Thailand, Brazil), held a potentially high risk of human rights violations in terms of occupational health and safety, etc.

10 Human Rights Issues in Primary Business Activities

(1) Child labor (2) Fair wages, (3) Fair working hours, (4) Discrimination in the workplace, (5) Modern slavery*2 (6) Freedom of association and right to collective bargaining, (7) Rights of indigenous peoples, (8) Rights relating to property, assets, and housing, (9) Occupational health and safety, and (10) Right to privacy

Industry	Priority Country	(Latent) Priority Issues
Homebuilder	Thailand	<ul style="list-style-type: none"> ● Modern slavery ● Occupational health and safety ● Fair wages
Auto Parts	China India Brazil Thailand	<ul style="list-style-type: none"> ● Fair wages ● Modern slavery ● Occupational health and safety
Industrial Machinery and Goods	China Thailand	<ul style="list-style-type: none"> ● Occupational health and safety
Pharmaceutical	China	<ul style="list-style-type: none"> ● Occupational health and safety ● Right to privacy

*1 A risk analysis and research corporation with a global perspective and knowledge of human rights, economic, and environmental risks.

*2 The definition of slavery in the modern era as established in the UK Modern Slavery Act 2015. Primarily refers to (1) slavery, servitude, forced or compulsory labor, (2) human trafficking, and (3) exploitation (sexual exploitation, organ harvesting etc.).

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Identifying Human Rights Risks within the Group

Implementation of Internal Interviews Based on Risk Assessment Results

Since February 2019, we have been implementing interviews of related internal staff with third parties (Caux Round Table Japan*). By carrying out these interviews regarding countries with high latent risks identified in human rights risk assessments and with staff at the Group who have experience stationed in Thailand, China, and India, as well as related internal departments, we confirmed whether there was any gap between the assessment results and actual business conditions at the Company.

Interview Results

- Awareness of safety at overseas production companies is high and safety activities have taken hold
- Positive conditions such as a lack of discrimination toward immigrant laborers, foreigners, and women working there were identified at the Group companies involved in the interviews
- Although headquarters-led CSR procurement survey are implemented for suppliers, no supplier checks were performed from the perspective of human rights at the site level
- Some overseas production companies have factories that use a large number of temporary workers (fixed-term employees)

As per above, some of the findings indicated issues requiring further confirmation of on-site conditions.

Moving forward, Sekisui Chemical Group will identify possible human rights burdens which could be imposed on society and aim to build a human rights due diligence framework which can prevent and reduce the impact of these problems.

* A non-profit organization with a network of a variety of CSR initiative organizations both inside and outside of Japan and extensive experience with support programs for initiatives to reduce human rights risks within corporate supply chains

Business Activities That Respect Human Rights

Deepening Understanding of Human Rights, Implementing Business Activities That Respect Human Rights

Along with its suppliers, Sekisui Chemical Group engages in business activities that respect human rights as part of its obligation to all stakeholders. All Group employees are provided with a copy of the Company's Compliance Manual. We have set strict standards for respecting human rights, prohibiting discrimination, preventing harassment, and protecting personal information. We conduct training and e-learning sessions for employees about the prevention of all forms of harassment. We work diligently to raise the understanding and awareness of such issues among all of our employees.

Preventing Harassment

Conducting Educational Programs for the Purpose of Preventing Harassment

In order to prevent power, sexual, maternity, and other forms of harassment, Sekisui Chemical Group continues to cover harassment prevention as part of its compliance educational programs during employee rank-based training, including new employee and newly appointed manager trainings. In this way, we provide knowledge for preventing harassment tailored to each rank and position. We also periodically provide harassment training as part of field-based educational programs.

Assessing the Human Rights Situation at Our Suppliers

Caring About Human Rights Issues Across the Entire Supply Chain

Through CSR procurement with our suppliers, we make sure our business partners respect human rights. In order for our suppliers to understand the Group's procurement policy, including respect for human rights, we have produced English and Chinese translated versions as well as the Japanese version and are promoting the process of making procurement policies available in a variety of languages, such as by posting them in Japanese and English on our websites.

With regard to suppliers that do not meet the prescribed standards, a request is made to ensure that the necessary steps are taken to resolve any issues. Sekisui Chemical Group works together with suppliers in the implementation of appropriate measures. We are making progress with the development of mechanisms, designed specifically for our overseas business partners and suppliers, to encourage improvements via our regional headquarters.

Major Initiatives

Internal Deliberations During Human Rights Policy Formulation

Inviting External Specialized Agencies to the Human Rights Policy Formulation Workshop

As part of our initiatives related to formulating the new Human Rights Policy, in December 2018 we held the Human Rights Policy Formulation Workshop. This workshop was attended by each of the headquarters' Group department managers.

Under the guidance of external specialized agency (Caux Round Table Japan), participants considered the association between our mission (3S Principles/Group Vision, etc.) and human rights issues, the policy's scope of application, and norms, laws, and ordinances that must be referenced during policy formulation, among others. In this way, participants confirmed that taking on the challenge of preparing a human rights policy must first consider a wide range of risks while taking the business characteristics and features of Sekisui Chemical Group into account.



Scenes from the Human Rights Policy Formulation Workshop

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Initiatives Geared Toward Suppliers

Conducting CSR Procurement Surveys

Guided by its procurement policy, Sekisui Chemical Group has been conducting surveys as a part of the process to select new suppliers in Japan since 2007.

Through these surveys, the Company works to ascertain the stance of each supplier toward human rights and environmental protection as well as the status of each supplier's CSR activities. In fiscal 2017, we formulated and put into effect CSR Status Survey Guidelines for Suppliers, which are geared toward the raw materials procurement departments at each divisional company.

Following upon the survey implemented in fiscal 2017, in fiscal 2018 we assessed the status of human rights related initiatives among the major suppliers for Group Companies in the Asian and Oceania regions by implementing the CSR procurement survey. As a result, we confirmed that no major human rights infringements, including child labor and forced labor, occurred at our major suppliers.

Initiatives Geared Toward Employees

Implementing Human Rights Training and Education

Sekisui Chemical Group conducts training and educational programs focusing on the theme of human rights for its employees. In this manner, the Group is endeavoring to engage in management that takes into consideration concerns regarding human rights.

We incorporate content that raises awareness about human rights issues, such as forced labor, child labor, harassment, etc., in particular in training carried out at career milestones, such as when joining the Company or upon promotion.

In fiscal 2018, we invited a lawyer with a strong background in harassment issues from outside the company to hold lectures on the theme of harassment during the Headquarters Compliance Training implemented at each headquarters business site. These training sessions were held at four business sites in Tokyo, Osaka, Tsukuba, and Kyoto, and were attended by a total of 191 employees.

In addition, training programs that aim to prevent all forms of harassment are held every year. In fiscal 2018, 722 employees participated in these programs.

Addressing the Issue of Conflict Minerals

"Conflict Minerals Survey Guidelines" Put into Effect

Sekisui Chemical is concerned about the conflict mineral problem, namely the mineral resources controlled by armed forces in the Democratic Republic of Congo and neighboring countries that commit human rights violations and destroy the environment. We conduct surveys on the use of conflict minerals at companies throughout our supply chain from a CSR perspective.

We put our "Conflict Minerals Survey Guidelines" into effect in April 2017. These guidelines were newly formulated for each Group division* responsible for receiving survey requests for conflict minerals from suppliers and for conducting the surveys.

In fiscal 2018, we conducted 569 conflict mineral surveys (as of June 18, 2019) at Sekisui Chemical's Urban Infrastructure & Environmental Products Company, High Performance Plastics Company, and the Group companies of each. We were unable to identify any conflict minerals among the surveyed companies. However, there were some issues such as the smelting facility being unclear for 2 of these surveys. These surveys will continue to be implemented in fiscal 2019.

In addition, we provided instructions and began implementation of the Conflict Minerals Survey Guidelines in fiscal 2018 at Sekisui Polymatech Co., Ltd., a member of Sekisui Group since August 2017.

* For the quality control department of each divisional company factory and the quality control departments of affiliated companies or affiliated company factories

Addressing the Procurement of Timber Materials

Started Implementation of Timber Procurement Survey Guidelines

We have been implementing Timber Procurement Surveys for Housing Company suppliers since fiscal year 2015, and Timber Procurement Survey Guidelines for the procurement departments of each divisional company were established in 2017. Implementation of the guidelines began in April 2018.

In order to contribute to the eradication of deforestation as well as the sustainable use of timber resources, every effort is made to ensure that the timber used in products is logged in accordance with statutory and regulatory requirements (FSC etc.).

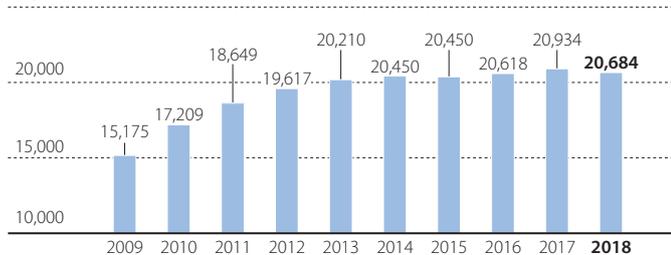
In fiscal 2018, we conducted a survey based on the Timber Procurement Survey Guidelines for all companies. The results confirmed that all of the timber was logged in accordance with statutory and regulatory requirements for the business partners (39 companies) of the Housing Company. In addition, testing surveys were started for the paper products purchased by the High Performance Plastics Company (craft paper, release paper) at the same time, and the Timber Procurement Survey Guidelines were revised for applicability to paper product testing surveys.

Performance Data

Employees Using the e-learning System Over Time

Employees Using the e-learning System Over Time

(Number of participants)
25,000



* Average values for four sessions conducted in each year. However, the third and fourth sessions were underway during fiscal year 2018 when this chart was created, so the average value for sessions one and two is provided for that year.

* With the exception of overseas local hires, all Sekisui Chemical and Sekisui Chemical Group employees are required to take part in e-learning programs.

List of Results Relating to Compliance Training

Fiscal Year 2018 List of Results Relating to Compliance Training

Training	Training content	Trainees			Attendance
		Sekisui Chemical Co., Ltd.	Group companies		
			Domestic	Overseas	
Regular training	Training for new employees	○	○		143
	Training for new managers	○	○		210
Training for specific employee ranks	Training for employees in their 3rd year		○		19
	Newly appointed senior management training	○	○		48
	Newly appointed assistant manager training	○	○		200
	Newly appointed executive officer training	○			4
	Executive officer training	○			29
	Affiliated company full-time directors training		○		48
	Training for new auditors at affiliated companies		○		11
	Training for those responsible for management		○		14
	Training for those responsible for compliance	○			29
	Training for compliance promotion committee members	○			19
	Training for auditing office supervisors	○	○		58
Area-specific training	Compliance training	○	○		1263
	Harassment preventing training	○	○		722
	Export controls training	○	○		240

Training	Training content	Trainees			Attendance
		Sekisui Chemical Co., Ltd.	Group companies		
			Domestic	Overseas	
	Act against Delay in Payment of Subcontract Proceed, etc. to Subcontractors training	○	○		154
Area-specific training	Bribery prevention training	○			48
	Training in Act against Unjustifiable Premiums and Misleading Representations		○		47
	Stamp Tax Act training	○			30
	Risk management training		○		257
	Mental health training	○	○		26
	Accounting training	○	○		17
	Human rights training		○		168
	Contract fundamentals training	○	○		40
	Information management training		○		43
Global training	Training for prior to overseas transfers	○	○		29
	Compliance training			○	34
Compliance Reinforcement Month	Domestic training	○	○		1102
	North America training			○	711
	China training			○	446
	Southeast Asia training			○	275
	Europe training			○	40

Number of Whistleblowing Cases and Consultations

Fiscal Year 2018 Number of Whistleblowing Cases and Consultations

Reports/consultations	Number of cases
Power harassment	44
Working conditions	34
Sexual harassment	6
Workplace environmental concerns	7
Misuse of expenses	5
Sales methods related	0
Misrepresentation of work performance	2
Incidents with business partners	0
Others	14
Total number of complaints	112

Donations

Donations Relating to Governmental Policies

Donations (made by Sekisui Chemical non-consolidated) to industry bodies and political groups for fiscal 2014 to fiscal 2018 are as follows:

(Thousands of yen)

FY2014	FY2015	FY2016	FY2017	FY2018
18,681	18,936	19,050	22,909	23,596

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Stakeholder Engagement

Improving Corporate Value Through Strengthening Dialogue with Stakeholders

Management Approach

Basic Concept

Promoting Constructive Dialogue with Stakeholders

To build relationships of trust with its five stakeholders—customers, shareholders, employees, business partners as well as local communities and the environment—Sekisui Chemical Group considers that it is important to improve corporate value through constructive dialogue.

Positioning its stakeholders as partners in improving corporate value, having constructive dialogue with them, assessing their expectations and requests as well as resolving society-wide issues together with them, leads to great opportunities for Sekisui Chemical Group.

We will create a relationship of mutual prosperity with our stakeholders while continuing to promote sustainable growth.

Promoting Engagement with Stakeholders

Reflecting Stakeholder Opinions in Corporate Activities

The ESG Management Department, which falls under the purview of the Representative Director and Head of the Business Strategy Department, is responsible for promoting constructive dialogue with all stakeholders. The various assessments and opinions of all stakeholders are reported to the CSR Committee, which is chaired by the Company president and is composed of directors, and the Company strives to adequately reflect these views in its activities.

There were no major concerns voiced by stakeholders through any of the engagements in fiscal 2018.

Main Responsibilities, Communication Channels, and Communication Methods

Stakeholders	Sekisui Chemical Group's Commitment	Contact	Communication Methods	Frequency
Customers	We take the voices of our customers seriously, offer prominent products and services and strive to build a long-term relationship of trust with our customers.	<ul style="list-style-type: none"> ● Departments in Charge of CSR ● Departments in Charge of Quality Control ● Sales Department 	<ul style="list-style-type: none"> • Customer Consultation Office (handles inquiries) • CS surveys (customer satisfaction surveys) • Sales activities • Website, social media • exhibition spaces, expos / events 	<ul style="list-style-type: none"> • Day-to-day • As necessary (carried out whenever needed at each divisional company, business site, or sales office) • Day-to-day • Day-to-day • As necessary (implemented through questionnaires and conversations at venues)
Shareholders	To meet the expectations of all our valued shareholders, we strive for highly efficient use of capital, fair ethical disclosure of information, adequate returns from profit, and increasing corporate value through sustainable growth.	<ul style="list-style-type: none"> ● Departments in Charge of General Affairs ● Departments in Charge of IR ● Departments in Charge of Public Relations ● Departments in Charge of CSR 	<ul style="list-style-type: none"> • General Meeting of Shareholders • Management briefings • Integrated reports • Responding to surveys from institutions that evaluate ESG 	<ul style="list-style-type: none"> • Once per year • Twice per year • Issued once per year • As necessary (handled in order of inquiry)

Stakeholders	Sekisui Chemical Group's Commitment	Contact	Communication Methods	Frequency
Employees	We foster among our employees a spirit of taking on new challenges and are actively creating workplaces where every employee can stand out and diverse human resources can both excel and feel that their work is worthwhile.	<ul style="list-style-type: none"> ● Departments in Charge of Human Resources ● Departments in Charge of Safety ● Departments in Charge of Legal Affairs ● Departments in Charge of CSR ● Departments in Charge of Public Relations 	<ul style="list-style-type: none"> • Individual boss and subordinate interviews • Counseling • Labor-management meetings • Central Occupational Safety Committee • Internal whistle-blowing system • Employee satisfaction surveys • Various employee questionnaires • Dialogues with management • Intranet and internal newsletter 	<ul style="list-style-type: none"> • Regularly • As needed (counseling available upon request through an in-house occupational counselor or external clinical psychologist) • Regularly • Once per year • As needed (handling for consultations and reports) • Once every three years • As needed (questionnaires implemented for internal publications, various types of training sessions, etc.) • Regularly • As needed (information updated when necessary), four times per year

Stakeholders	Sekisui Chemical Group's Commitment	Contact	Communication Methods	Frequency
Business partners	When procuring materials, we follow the fundamentals of being open, fair, compliant with the law, engaged in relationships of mutual trust, and environmentally conscious. We aim to achieve coexistence and shared prosperity by building more robust partnerships with our business partners and engaging in fair trade. We are also engaged in promoting CSR based on cooperation with our business partners.	<ul style="list-style-type: none"> ● Departments in Charge of Purchasing ● Departments in Charge of Legal Affairs ● Departments in Charge of CSR 	<ul style="list-style-type: none"> • Purchasing activities • Explanatory meetings with suppliers • CSR procurement questionnaires • Points of contact for consultations from, and whistleblowing by, business partners • Website 	<ul style="list-style-type: none"> • Day-to-day • Regularly • Once per year • As needed (handling for consultations and reports) • As needed (information updated when necessary)
Local communities	We emphasize a perspective that encompasses contributions to the development of communities through our business, coexistence with communities, and environmental conservation. We think about how to make measures that are tailored to the needs of each community and practice business in ways that engender trust.	<ul style="list-style-type: none"> ● Departments in Charge of CSR ● Factories and Offices ● Departments in Charge of Public Relations 	<ul style="list-style-type: none"> • Volunteering by employees • Dialogues with NPOs and NGOs • Support for learning (dispatching of instructors, factory tours, etc.) • News releases 	<ul style="list-style-type: none"> • Regularly • As needed (implemented as necessary before and after activities) • Regularly • As needed (latest information posted as necessary)
Global environment	We are engaged in expanding and creating the market for Environment-Contributing Products, reducing our environmental impacts, and conserving the natural environment—all with the aim of realizing “earth with maintained biodiversity.”	<ul style="list-style-type: none"> ● Departments in Charge of CSR ● Factories and Offices ● Departments in Charge of Sales ● Departments in Charge of Purchasing 	<ul style="list-style-type: none"> • Volunteering by employees • Dialogues with NPOs and NGOs • Sales operations • Purchasing activities 	<ul style="list-style-type: none"> • Regularly • As needed (implemented as necessary before and after activities) • Day-to-day • Day-to-day

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Major Initiatives

Dialogue with Stakeholders

Dialogue through Various Methods of Communication

Continuing from last fiscal year, we implemented conversation through the “CAT (Customer And Top” meeting (fiscal 2018: held 284 times, 2,125 participants), which features housing sales company executives listening to customer feedback directly, as well as initiatives such as communication with customers at the Eco Pro* event we participate in every year, interviews with investors and investigative organizations, and conversation with business partners at events such as the “Heim Mutual Prosperity Meeting.”

As for employees, we set up opportunities for direct conversation with the company president and other high-ranking management officials and carried out information gathering activities to collect the opinions and requests of employees related to CSR activities. These internal opinions and requests, as well as the opinions and requests received from outside the company in response to CSR reports and other public information, are used for the promotion of CSR.

* For more information about Eco Pro, see the “Environment-Contributing Products” on page 102.

Dialogues with Employees

Direct Communication between Management and Employees at “Town Hall Style Meeting with President / Top Management

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

Sekisui Chemical Group in fiscal 2018 held “Town Hall Style Meeting with President / Top Management,” in which employees and management leaders were able to exchange views, in three domestic locations and one overseas location. Dialogue included discussion on “work style reforms,” a subject also highlighted in the Medium-Term Management Plan. The meetings brought in employees from the venue business as well as nearby locations, and participants from different companies and working environments engaged in an exchange of views from widely differing perspectives. Employees were able to interact directly with executive officers, asking questions in regard to work style reforms and voicing their expectations of management.

Based on the opinions voiced in fiscal 2017, the Company in fiscal 2018 advanced efforts aimed at improving workplace productivity through investment in work style reforms, as well as improving paid leave utilization and reducing working hours. Among the opinions received, concerns were raised that the effects of such initiatives as awareness reform were not being felt. Every effort will be made to reflect these concerns in activities going forward.



President Koge speaking directing with employees

Dialogue with Investors

Continuing to Engage in Direct Communication in an Effort to Enhance Understanding

Interest in ESG investment, by which investments are actively made in companies that engage in CSR activities, has been mounting recently. At the same time, ratings agencies are increasingly undertaking surveys. As its business domains are so diverse, Sekisui Chemical Group believes it important to give explanations individually and carefully to ensure that the Group's overall business characteristics and CSR initiatives are sufficiently and correctly understood. We list "active engagement between investors and management" as one of the crucial tasks in which we are engaged in our CSR Medium-term Plan. To assess how our corporate value and sustainable growth are reflected in how we appear from an outside perspective, we have set a medium-term target of holding over 70 dialogues and are continuously engaged in direct dialogues with ESG investment assessment and ranking institutions, particularly in Europe, as well as with financial institutions and investors in Japan and throughout the world. During the fiscal 2018, we held 87 engagements.

As we did in fiscal 2017, Sekisui Chemical Group in fiscal 2018 held management briefings for investors living in the Kanto region. We also held our first ESG Small Meeting, which we established to provide opportunities for direct dialog and discussions regarding Sekisui Chemical Group initiatives with domestic institutional investors with a focus on Group shareholders.

With the investor and ESG investment assessment as well as SRI ratings agencies very much in mind, Sekisui Chemical discloses detailed information, including through CSR Reports, Notices of Convocation for the Annual General Meetings of Shareholders, and Integrated Reports on its website. Since 2016, the Group has published an integrated report that explains its economic value, the outcomes of activities to create social value, Group strategies, its medium-term vision, as well as to discuss its financial strategy, shareholder return policy and other measures that form the basis of corporate activities. Information in the CSR Report is provided in line with what is considered important to both society and Sekisui Chemical Group, is based on internal and external surveys as well as third-party reviews, and references various report-drafting guidelines.



General Meeting of Shareholders in Tokyo

Active Engagement Between Investors and Management

	FY2017 Results	FY2018 Results <input checked="" type="checkbox"/>
Number of engagements	88	87

Note: The number of engagements represents the number of times company presidents and executives in charge of specific areas had dialogues with investors.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Spreading Awareness of CSR Through Communication

Various initiatives to deepen understanding among employees

We are carrying out a variety of initiatives to deepen understanding of Sekisui Chemical Group's CSR among our employees.

In fiscal 2018, we published and distributed to Sekisui Chemical Group employees the Sustainability Report, which aims to provide an "integrated story" for the Company's businesses and CSR activities. The Sustainability Report was produced in both Japanese and English.

Sekisui Chemical Group provides CSR training to new employees, newly appointed managers, and all Group company employees.

The following communication tools also allow us to increase awareness and understanding of the Group CSR concepts.

- A variety of CSR materials on the intranet, including "Our CSR," which explains the concepts of Sekisui Chemical Group's CSR, in seven languages (Japanese, English, Chinese, German, Spanish, Dutch, and Thai).
- CSR navigator email newsletter to employees to keep them up to date with the latest CSR topics at Sekisui Chemical Group.

In addition to having reached the stage at which employees are able to freely download them via the intranet, these kinds of communications and CSR-related materials are also distributed to all target employees, regardless of whether they are regular or non-regular staff, on an as needed basis, for example when employees join the Company or when implementing CSR-related educational programs.

In the US and Europe, regional headquarters distribute CSR-related information to employees working in each of the respecting operating areas. In Europe, information is posted on the intranet once a month, while information in the US is distributed via the News Wave booklet.

Sustainability Report



Japanese

English

Our CSR



Japanese



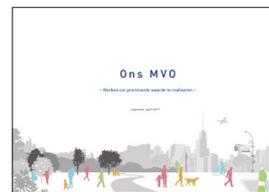
English



Chinese



German



Dutch



Spanish



Thai

Distribute Value to Stakeholders

Calculating Economic Value Distribution Based on GRI Standards

Sekisui Chemical Group calculates distribution status for each stakeholder based on its financial statements, using GRI and other accounting standards as a reference. We will accelerate CSR by quantifying, visualizing and assessing the business and social value brought about by engagement with our stakeholders.

(Unit: Millions of yen)

Stakeholders	Method of Calculating Amounts	FY2016	FY2017	FY2018
Shareholders	Dividends	16,063	19,064	20,615
Business partners	Cost of Sales, Selling Costs / General Administrative Costs (Excluding Personnel Costs)	778,623	811,642	840,514
Employees	Labor costs, Salaries and allowances as part of sales costs and general administrative costs, Provisions for bonuses, Provisions for retirement pay	190,676	196,554	206,511
Local communities	Donations	186	150	165
Global environment	Environmental conservation costs	16,506	22,569	21,882
Government and administrative bodies	Corporate taxes, local taxes, business taxes	23,396	23,393	22,261
Creditors	Interest paid as part of costs apart from sales	610	533	480

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Governance and Internal Control

Sekisui Chemical Group Has Put in Place Its Own Corporate Governance System That Reflects Its Divisional Company Organization System

Management Approach

Basic Philosophy

Basic Philosophy and Framework for Corporate Governance

Sekisui Chemical Group (the 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 and long terms. 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.

SEKISUI Corporate Governance Principles

The Company has established and disclosed the Sekisui Corporate Governance Principles for the purpose of further evolving its corporate governance initiatives and communicating our corporate governance approach and initiatives to our stakeholders.

In addition to the above Principles, the status of the Company's initiatives and its approach with respect to all 78 items of the Corporate Governance Code, consisting of the General Principles, Principles and Supplementary Principles, are summarized and disclosed in the form of the Initiatives to Each of Principles of the Corporate Governance Code.

- Corporate Governance Report (June 21, 2019)
<https://www.sekisuichemical.com/about/outline/governance/pdf/20190621cgre.pdf>
- SEKISUI Corporate Governance Principles (June 21, 2019)
<https://www.sekisuichemical.com/about/outline/governance/pdf/20190621cgpe.pdf>
- Initiatives to Each of Principles of the Corporate Governance Code (June 21, 2019)
<https://www.sekisuichemical.com/about/outline/governance/pdf/20190621cgje.pdf>

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Corporate Governance Systems

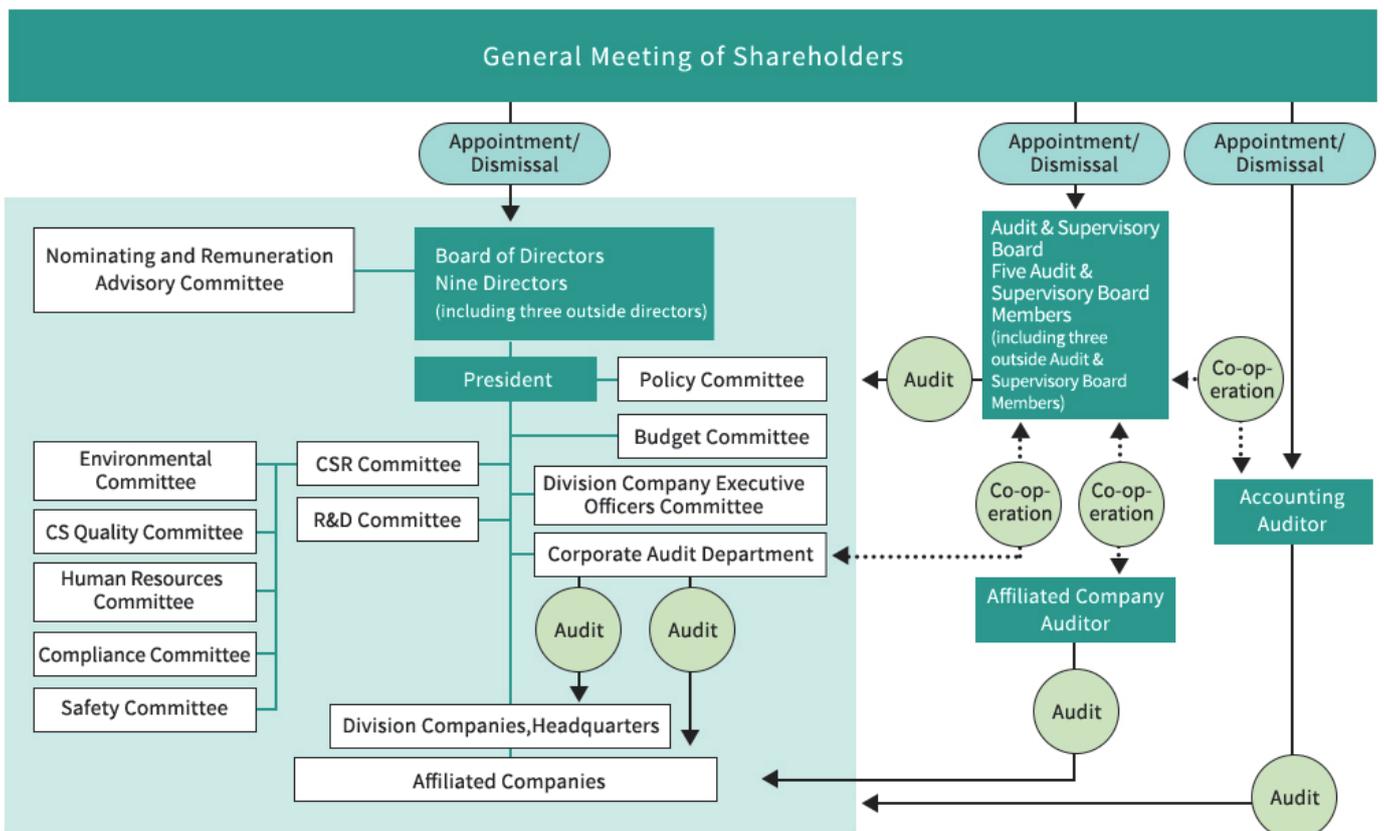
Organizational Structure

As an organizational structure under the Companies Act, the Company has chosen to be a company with Audit and Supervisory Board. Under the Divisional Company Organization System, the Company has adopted the Executive Officer System in order to clearly distinguish the business execution function from the decision-making function in management.

Initiatives Taken to Enhance Corporate Governance

- 2001 Divisional Company Organization System introduced
- 2008 Executive Officer system introduced
 - Outside Director system introduced, two independent management executives invited to serve as Outside Directors
- 2015 Independence standards of Outside Directors formulated
- 2016 Nomination and Remuneration Advisory Committee (chaired by Outside Director) established
- 2018 Number of Outside Directors increased by one, change to three outside director system

Corporate Governance System Chart



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Board of Directors

Roles and Responsibilities of the Board of Directors

Positioned as the body responsible for decision-making concerning the Company's fundamental policies and upper-level management issues as well as for supervising the execution of business, the Board of Directors has in place a highly effective supervisory system for Directors by appointing three sufficiently experienced Outside Directors to ensure transparency in management and fairness in business decisions and operations.

Composition of the Board of Directors

The number of Directors shall not exceed 15, and two or more of them shall be Outside Directors.

The Board of Directors of the Company shall consist of Directors who are of excellent character, have insight and high moral standards in addition to knowledge, experience, and competence. In addition, Audit and Supervisory Board Members, including Outside Audit and Supervisory Board Members, shall attend the meetings of the Board of Directors.

The Company ensures diversity among board members and keeps the number of Directors at an optimal level for appropriate decision-making that is commensurate with the business domain and size. The presidents of the divisional companies, who are the top management of each business and senior corporate officers with significant experience and strong expertise, are appointed as inside Directors. Together with the independent Outside Directors, who have broad knowledge and experience, and Audit and Supervisory Board Members with strong expertise, the presidents of the divisional companies effectively perform the roles and responsibilities of the Board of Directors and maintain a balance with respect to diversity, optimal size, and capabilities.

Name	Position in the Company	Number of Years (At the closing of the Annual General Meeting of Shareholders held on June 20, 2019)	Number of Attendance of the Board of Directors Meetings of the Company (Fiscal 2018)	Number of Attendance of the Audit and Supervisory Board Meetings of the Company (Fiscal 2018)	Nominating and Remuneration Advisory Committee
Teiji Koge	President and Representative Director Chief Executive Officer	14 years	100% (17 out of 17)	—	●
Keita Kato	Representative Director Senior Managing Executive Officer	5 years	100% (17 out of 17)	—	
Yoshiyuki Hirai	Director Managing Executive Officer	4 years	100% (17 out of 17)	—	
Hiroyuki Taketomo	Director Managing Executive Officer	3 years	100% (17 out of 17)	—	
Toshiyuki Kamiyoshi	Director Managing Executive Officer	—	—	—	
Ikusuke Shimizu	Director Managing Executive Officer	—	—	—	
Yutaka Kase	Independent Outside Director	3 years	100% (17 out of 17)	—	●
Hiroshi Oeda	Independent Outside Director	1 year	100% (13 out of 13)	—	●
Yoko Ishikura	Independent Outside Director	—	—	—	●
Moritoshi Naganuma	Corporate Audit and Supervisory Board Member	2 years	100% (17 out of 17)	100% (18 out of 18)	
Yuichi Hamabe	Corporate Audit and Supervisory Board Member	3 years	100% (17 out of 17)	100% (18 out of 18)	
Tetsuo Ozawa	Independent Outside Audit and Supervisory Board Member	5 years	100% (17 out of 17)	100% (18 out of 18)	●
Kazuyuki Suzuki	Independent Outside Audit and Supervisory Board Member	4 years	100% (17 out of 17)	100% (18 out of 18)	
Ryoko Shimizu	Independent Outside Audit and Supervisory Board Member	—	—	—	

Name	Directors' and Audit and Supervisory Board Members' Outstanding Expertise, Experience and Capabilities						
	Corporate Management / Management Strategy	Financial Affairs/ Accounting	Legal Affairs	Quality Control	Human and Labor Administration / Human Resources Development	International Mindset	Research & Development
Teiji Koge	●				●		
Keita Kato	●			●		●	●
Yoshiyuki Hirai	●	●				●	
Hiroyuki Taketomo	●		●		●		
Toshiyuki Kamiyoshi	●						
Ikusuke Shimizu	●			●		●	●
Yutaka Kase	●					●	
Hiroshi Oeda	●					●	
Yoko Ishikura	●					●	
Moritoshi Naganuma		●					
Yuichi Hamabe					●		
Tetsuo Ozawa			●				
Kazuyuki Suzuki				●			
Ryoko Shimizu		●				●	

* The list above does not reflect the full range of expertise possessed by the Directors and Audit and Supervisory Board Members.

About the Age-group Composition of Corporate Officers

		Under 30	30~39	40~49	50~59	60 or older
Number of Officers by Age	Men	0	0	0	4	4
	Women	0	0	0	0	1

* As of the end of the General Meeting of Shareholders held on June 20, 2019.

Outside Directors

The Company appoints to the Board three Outside Directors with verified independence from the Company who contribute to the enhancement of corporate value by providing oversight and advice based on their extensive administrative experience and specialized knowledge gained in backgrounds different to those of the Company. Based on their diverse and objective perspectives, the Outside Directors provide counsel especially on priority management issues, such as global development strategy, business model revisions, and the strengthening of ESG management.

Yutaka Kase, Outside Director

Mr. Kase is taking office of Advisor of Sojitz Corporation. Mr. Kase has provided advice with respect to the business management of the Company and supervised business execution appropriately by leveraging his abundant experience and past achievements regarding global corporate management and business strategy fostered through his position as a corporate manager of a general trading company. Therefore, the Company has judged that he would be able to contribute to further enhancing the corporate value of the SEKISUI CHEMICAL Group and thus appointed him as Director.

Hiroshi Oeda, Outside Director

Mr. Oeda is taking office of Corporate Special Advisor of Nisshin Seifun Group Inc. As Mr. Oeda has been a management executive of the largest milling company in Japan, the Company expects him to provide advice with respect to the business management of the Company and supervise business execution appropriately by leveraging his abundant experience and skill regarding global corporate management, business strategies and M&A activities fostered through his positions. Therefore, the Company has judged that he would be able to contribute to enhancing the corporate value of the SEKISUI CHEMICAL Group and thus appointed him as Director.

Yoko Ishikura, Outside Director

Ms. Ishikura is the Professor Emeritus of Hitotsubashi University. Ms. Ishikura has advanced academic expertise in international politics/economics and international corporate strategy, and is well-versed in corporate management through her experience as outside director at multiple global enterprises. Furthermore, she has been actively involved in diversity management and promotion of greater participation of women, which are areas being addressed by the Group. Therefore, the Company has judged that she would be able to contribute to enhancing the corporate value of the Company and thus appointed her as Director.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Assessment Relating to the Board's Effectiveness

The Company evaluates the effectiveness of the Board of Directors every year.

Having set an appropriate agenda, the Board of Directors engages in sufficient discussion with opinions and recommendations actively provided by Directors (including Outside Directors) and Audit and Supervisory Board Members. The Company has therefore determined that the current Board of Directors is contributing to enhancing the corporate value of the Group and functioning properly.

In fiscal 2018, the Board of Directors thoroughly deliberated important management issues such as growth strategies, including R&D, M&A, investment, and large new businesses, and fundamental strategies, including work style reform and CS & quality. The Board also ensured that adequate time was provided to sufficiently discuss these issues and active participation and opinions and recommendations were actively provided by both outside and inside Directors as well as Audit and Supervisory Board Members.

The Nomination and Remuneration Advisory Committee made recommendations to the Board of Directors on such matters as Director nominations, individual performance, and remuneration levels. The Nomination and Remuneration Advisory Committee met nine times, including to discuss the plan for the president's succession, the composition and effectiveness of the Board of Directors, and initiatives for strengthening governance.

In fiscal 2019, the Company will further enhance deliberations on important management issues and ensure fairness and transparency in the Company's management by making what the Board of Directors deem to be appropriate decisions.

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 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 several times a year. To further enhance the effectiveness of management supervision by Outside Directors, the Company is making improvements to the deliberations that take place at the Nomination and Remuneration Advisory Committee, where the majority of the members are Outside Directors, and facilitating their dialog with Audit and Supervisory Board Members and corporate auditors. From the point of view of succession planning, the Company is strengthening contacts between current management and next-generation management candidates, for example by having Outside Directors give lectures at Executive Officers Liaison Meetings that are held on a quarterly basis and providing opportunities for Directors, Audit and Supervisory Board Members and Executive Officers to meet when the new management system is inaugurated following the Annual General Meeting of Shareholders.

Business Site Visits

To deepen their understanding of the Company and the characteristics of the Group's wide-ranging businesses, Outside Directors conduct business site visits every year. In fiscal 2018, Outside Directors visited a Heim Museum development, which the Housing Company is focusing on rolling out nationwide, and the Group's growth domain, Sekisui Medical Co., Ltd.

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Consultations with Stakeholders on Economic, Environmental and Social Topics

At the quarterly Executive Officers Liaison Meetings, the sharing of earnings announcements is combined with invited speakers from outside the company, so that stakeholders obtain the latest information on economic and social trends that are directly linked to management issues.

Fiscal 2018 Executive Officers Liaison Meeting Lecture Topics

- 2025 – The Year Decoded As Third Super Economy Golden Cycle
- Purpose and Methods of Company-conducted Fraud Investigations
- Toward Execution of Strategic M&A
- Cyber Security Trends and Enhancement Measures

Nominating and Remuneration Advisory Committee

The Company has established an optional advisory committee concerning nomination and remuneration to further enhance the fairness and transparency of management.

The Nomination and Remuneration Advisory Committee deliberates matters related to enhancing the effectiveness of the Board of Directors, including the nomination and non-reappointment of senior executives, including representative directors, the nomination of candidates for Director, and the system of remuneration and levels of remuneration for Directors. The Committee also discusses the commissioning of and dealings with advisors or executive advisors, including former representative directors and presidents, and submits recommendations and advice to the Board of Directors. The Nomination and Remuneration Advisory Committee comprises five members, the majority of whom are independent Outside Directors. The Chairperson is elected from the independent Outside Directors.

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Remuneration and Other Compensation for Officers

(1) Policy regarding determination of remuneration and other compensation

(1) 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 policy should contribute to continuous growth and medium- to long-term improvement of corporate value for the Group
- Officers of the Company should share value with shareholders and increase their awareness of shareholder-focused management
- The remuneration policy should be highly-connected to business performance, providing motivation for officers of the Company to achieve management plan goals
- The policy should provide a framework and baseline which enables the Company to acquire and keep on staff with a diverse variety of management talent in order to increase the competitiveness of the Group

(2) Remuneration mindset

Remuneration and other compensation for executive directors of the Company is made up of basic remuneration, bonuses, and stock options. For Outside Directors and Audit and Supervisory Board Members, remuneration is made up of basic remuneration only.

<Basic Remuneration>

Basic remuneration within the framework of officer remuneration is a fixed payment determined by the roles and responsibilities of each Director. For executive directors, a portion of the basic remuneration is required to be used for the purpose of the Company's stock through the Officers Stock Ownership Plan, increasing the emphasis on and awareness of stock prices in management.

<Bonuses>

The bonus represents the performance-based remuneration, the amount of which is determined based on the payment standards linked to the business performance of the Company and each divisional company, ROE (return on equity), and dividend policy.

<Share-based compensation>

The share-based compensation is an incentive plan aimed at further raising motivation to contribute to the improvement of mid- and long-term business performance and improve the Group's corporate value, under which the number of shares to be granted is determined in accordance with the position of Directors (excluding Outside Directors). Said plan has a structure enabling Directors to receive a benefit at the time of retirement for the results for which they contributed to enhancing the Company's mid- and long-term corporate value in the form of the Company's shares reflecting such enhancement in share value, thereby enhancing the link with mid- and long-term shareholders' value.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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(2) Determination Process for Officer Remuneration and Other Compensation

In order to achieve the goals of the officer remuneration system, the Company has established a Nomination and Remuneration Advisory Committee as an advisory organization to the Board of Directors. This committee deliberates on the structure and levels of Director remuneration and verifies the validity of remuneration for individuals, carrying out these processes with objectivity and transparency.

<Overview of Nomination and Remuneration Advisory Committee Activities>

- This committee is convened by the chairperson (an Outside Director).
- The agenda items of this committee are introduced by the committee members, and the secretariat compiles them and presents them to the chairperson.
- The deliberation results of this committee are reported to the Board of Directors by the chairperson.
- The Board of Directors carries out final policy determination, respecting the report of this committee. In addition, the Directors and members of this committee must carry out these decisions from the perspective of whether or not they contribute to the corporate value of the Company and providing benefit to shareholders. Decisions must never have the goal of providing individual benefit to the Directors or committee members themselves, management ranks, or any other third party.

Officer Remuneration in Fiscal 2018

(Amount: Millions of yen)

	Basic remuneration		Bonus		Share-based compensation		Total	
	Number of eligible officers (persons)	Amount						
Directors	11	308	7	142	7	57	11	508
(Of which Outside Directors)	3	33	—	—	—	—	3	33
Audit and Supervisory Board Members	5	85	—	—	—	—	5	85
(Of which Outside Audit and Supervisory Board Members)	3	28	—	—	—	—	3	28

Notes:

1. The number of eligible officers includes one Director who retired at the closing of the 96th Annual General Meeting of Shareholders held on June 27, 2018.
2. The amount paid to officers does not include the portion of employee's salary (including bonus) amounting to 134 million yen for Directors who concurrently serve as employees.

⇒ Notice of Convocation of the Annual General Meeting of Shareholders

<https://www.sekisui.co.jp/ir/document/invite/index.html>

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Director Company Stock Ownership Guidelines

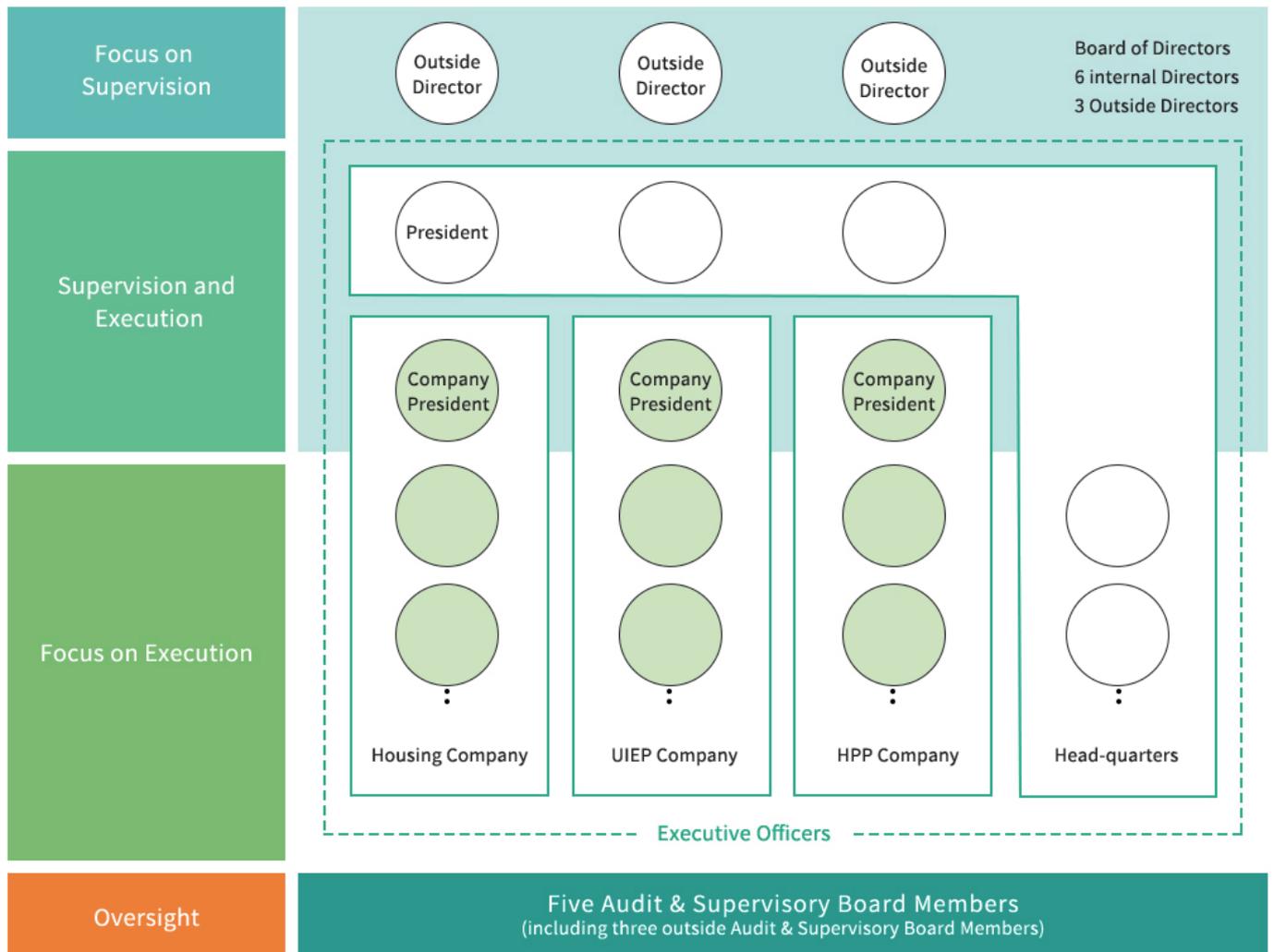
In addition to having introduced, for Directors (excluding Outside Directors) and divisional company Executive Officers, a share-based compensation plan to further raise motivation to contribute to the improvement of mid- and long-term business performance and improve the Group's corporate value, the Company has established "Company Stock Ownership Guidelines" for those who are holding more than a certain number of shares.

Executive Officer System and Executive Committee

To maximize corporate value, the Company has built its management structure based on the Divisional Company Organization System. Together with assigning to each divisional company Executive Officers specializing in business execution, an Executive Committee has been established to serve as the top decision-making body in each divisional company. Executive Committee members, whose term of office is deemed to be for one year, are appointed by resolution of the Board of Directors.

By transferring authority to the divisional companies, the Board of Directors strives to achieve continual improvements in corporate value as an organization responsible for decisions on basic policies of Sekisui Chemical Group's management as well as high-level management decision-making and supervision of business execution.

Management System



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Auditing System

Approach to Appointment of Audit and Supervisory Board Members

The Company is working to appoint talented people who possess exceptional corporate management as well as finance and accounting knowledge to Audit and Supervisory Board Member positions.

In fiscal 2019, a total of five Audit and Supervisory Board Members, consisting of two full-time Corporate Audit and Supervisory Board Members and three part-time Outside Audit and Supervisory Board Members, were appointed. For the two Corporate Audit and Supervisory Board Member positions, the Company appointed the former heads of the Corporate Audit Department and Corporate Finance & Accounting Department. One of the Outside Audit and Supervisory Board Members appointed is Ms. Ryoko Shimizu, who possesses experience as a certified public accountant and from having worked for an auditing company.

Internal Control System

In May 2006, the Board of Directors resolved to adopt a fundamental policy regarding the establishment of an internal control system for ensuring the appropriateness of the Group's business activities.

Based on the Corporate Activity Guidelines set forth in accordance with the Group corporate philosophy, the Company seeks to realize collaborative interaction concerning the supervision, directives, and communications of Sekisui Chemical Group (the Company and its subsidiaries), and Sekisui Chemical's duties include providing guidance and counsel, and undertaking evaluations of all Sekisui Chemical Group members to ensure that their business activities are being conducted in an appropriate manner.

Compliance

To further strengthen the Group's compliance activities, the CSR Committee, chaired by the president, deliberates the Fundamental Compliance Policies, which are subject to approval by the Board of Directors. In addition, the Compliance Sub-committee supervises compliance activities Group-wide, and conducts activities to highlight the importance of compliance as a fundamental aspect of our corporate culture.

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Risk Management

Sekisui Chemical maintains a companywide risk management structure for integrated management of measures to prevent risk events from occurring (risk management) and to respond with risk events occur (crisis management). The Risk Management Group of the Human Resources Department maintains and refines the risk management structure and disseminates information to all Directors, Executive Officers, and employees of the Company and the Group companies.

In fiscal 2018, 173 task forces are working to reduce and eliminate risk by analyzing and assessing conditions and implementing risk management measures followed by periodic reviews and implementation of the PDCA cycle of risk management for ongoing improvement. The Risk Management Group addresses risk expediently and systematically, reports to each subcommittee of the CSR Committee, and considers measures for implementation throughout the Company.

Crisis management activities are carried out following Sekisui Chemical Group Crisis Management Guidelines. Risk management officers of each department regularly hold crisis management liaison meetings to research incidents and reinforce practices.

The Company's overseas crisis management activities are overseen by the Global Crisis Management Office and Regional Crisis Management Responsibility in each of the Company's nine regions in line with Sekisui Chemical Group Global Crisis Management Guidelines.

Information Disclosure and Communication with Stakeholders

In order to deepen mutual trust with all of our shareholders, we believe it is important not only to actively disclose information in a timely and appropriate manner, but also to enhance two-way communications with our shareholders. To steadily put this belief into practice throughout the Group, we established the "Principle of Corporate Information Disclosure" in December 2005 and simultaneously, beefed up our internal information disclosure framework. For instance, we have set up the "Corporate Information Disclosure Regulations" which specify the content and system of disclosure. In order to pursue this principle further, that is to actively disclose more information, since fiscal 2006 we have been holding meetings with the staff who are responsible for information disclosure at the respective divisions. In Sekisui Chemical Group, the Investor Relations Group within the Business Strategy Department is working hard to strengthen two-way communications with our shareholders and investors, not only by disclosing financial statements in a timely and appropriate manner but also by actively reflecting our shareholders' voice in our management. For example, we hold quarterly briefings on financial results where our management explains these figures. Also, we pay heed to the voice of capital markets by holding one-on-one meetings with analysts and investors.

To ensure information is provided in a fair manner, the Group posts its financial statements and results briefings on the Company website in Japanese and English simultaneously and additionally provides audio recordings of the briefing and a transcript of the question and answer session.

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Risk Management

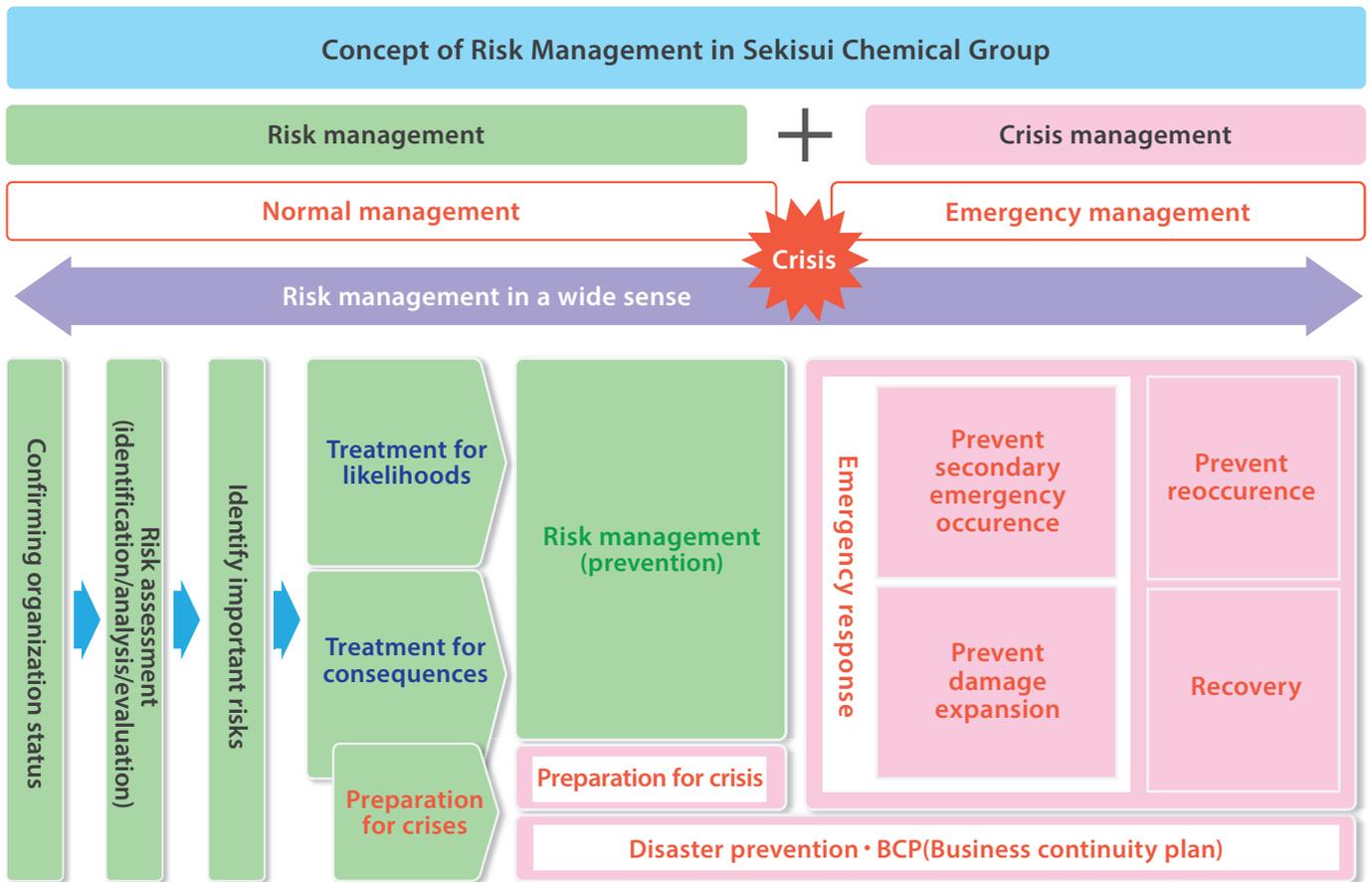
We Are Increasing Risk Sensitivity and Improving the Quality of Our Activities Through Further Strengthening of Our Risk-management Structures

Management Approach

Basic Philosophy

A System That Can Be Brought to Bear on Ever-changing Risks and Crises

Here at Sekisui Chemical Group, we are working to build a risk management structure that unifies “risk management,” which aims to prevent risks from occurring in the first place, and “crisis management,” which responds to serious risks that have manifested. Through this unification of concepts, we aim to build a system that can be brought to bear on ever-changing risks and crises.



Management Structure

Explicitly State Risk Management Policies in Writing and Share Them with All Company Employees

In Sekisui Chemical Group's risk management structure, the head of the HR department, who is also a Director and Managing Executive Officer, holds ultimate responsibility, and the Risk Management Group of the HR Department at headquarters handles day-to-day risk-management operations.

We are striving to publicize and thoroughly install among the directors, executive officers, and employees of Sekisui Chemical and its Group companies the "Sekisui Chemical Group Risk Management Guidelines," which were established based on the revised "Basic Philosophy on Internal Corporate Governance Systems" of April 2015, to identify significant risks and to prevent them from manifesting by centrally and comprehensively collecting and evaluating information about risks. In the event that a significant risk does become manifest, an Emergency Response Headquarters will be established based on the "Sekisui Chemical Group Crisis Management Guidelines," creating a framework capable of swiftly and appropriately handling the situation.

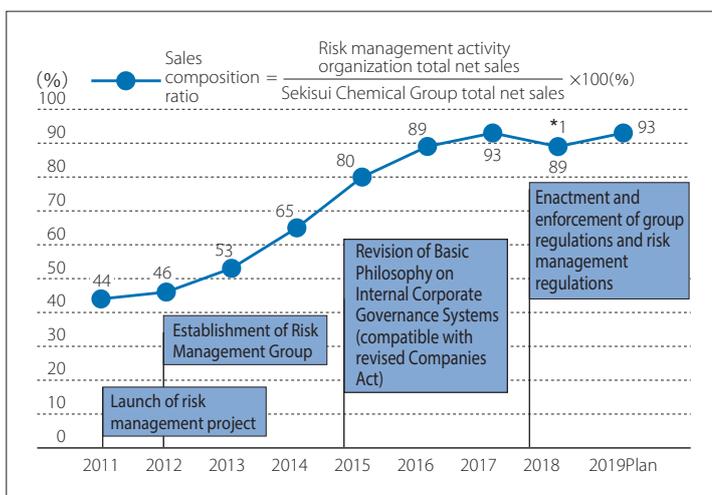
In preparation for such rare contingencies, a code of conduct regarding this framework, to be referred to by all employees, has also been shared with all group employees via the group intranet and other means.

Bolstering Risk Management (Prevention) Structures

Increasing Risk-sensitivity Using PDCA Cycles

It is extremely difficult to accurately monitor for risks that could foreseeably occur at some point in the future, as our corporate activities become more complex. We at Sekisui Chemical Group believe that increasing risk sensitivity among employees is essential to handling such risks, and the Group continuously runs PDCA cycles in line with the international standard for risk management ISO 31000.

These activities launched during fiscal 2011 among 27 organizations, primarily business units within the Company. The number of organizations engaged in these actions has increased each year, reaching 173 in total, including Japanese and overseas affiliates, in fiscal 2018. In fiscal 2019, we will bring the number of organization to 177 while aiming to cover around 93% of consolidated revenue. The Group is also working to improve the effectiveness of these actions through inter-organizational cooperation and linkages among specialist divisions.



*1 Temporary decline resulting from a large-scale M&A. Recovery is expected once new organizations begin participating in Risk Management Activities.

Notes: The ratio of consolidate revenue for the entire Group accounted for by those organizations involved in Risk Management Activities serves as an indicator that considers the extent of impact on Sekisui Chemical Group.

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Identifying Risks

Listing of Risks for Which the Group Should Be Prepared, Including ESG Risks

To make clear which risks the Group as a whole should prepare itself for, the scope of anticipated risks has been identified comprehensively, going beyond ESG risks alone, and these risks have been compiled into the "Sekisui Chemical Group Risk List." In 2018, this list of risks was revised based on changes in the surrounding environment, and has been newly implemented after organizing the list into 120 categories.

● Major ESG Risks Faced by Sekisui Chemical Group

- Environmental risks (soil and air pollution / leaks of harmful substances / tightening of environmental regulations, etc.)
- Societal risks (worsening of relations with local communities / rumor-based reputational harm/spread of communicable diseases / breakdowns of functions provided by public bodies, etc.)
- Legal risks (unethical or criminal behavior / violations of the Monopolies Act or fraudulent transactions / unauthorized overwriting of data / behavior constituting harassment / sudden changes to laws or regimes / infringements on intellectual property rights, etc.)
- Quality-related risks (responsibility for manufactured goods / product recalls / mistakes during construction, etc.)
- Human resources / labor risks (labor practices that violate the law / discrimination / changes to the composition of employees, etc.)
- Safety risks (employee health and safety / workplace accidents / the safety of employees stationed or traveling abroad, etc.)
- Financial risks (various risks relating to finances, accounting, and taxes)
- Information-management risks (information leaks / destruction or loss of electronic data, etc.)
- Management decision- and business design-based risks (unclear vision and management policies / defects in work processes / product-related incidents, etc.)
- Affiliated company and supplier risks (scandals at affiliated companies / disasters or accidents affecting affiliated companies, etc.)

Bolstering the Crisis-management System

The Operating of the Crisis-management System

Based on its experience during the Great East Japan Earthquake, Sekisui Chemical Group carried out a full-scale overhaul of its crisis management system in fiscal 2011 and has been refining that system ever since.

Specifically, the Group, among other initiatives, has been conducting drills (at least twice yearly) based on the Emergency Response Headquarters Procedures Manual, annual education (for all employees) using the Emergency Situation Initial Response Procedures Manual, and organizing disaster-preparedness systems based on disaster-preparedness checklists in all offices (around 800 within Japan).

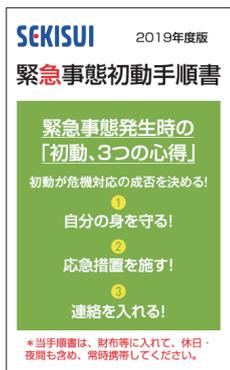
As of January 2012, the rate of sufficiency regarding disaster-preparedness systems, in reference to the Cabinet Office's "Table of Self-evaluation Items," averaged 41% among all offices. Because of instituting concrete measures, however, the Group has, since fiscal 2015, reached a point where it has been able to maintain an average rate of over 90%.

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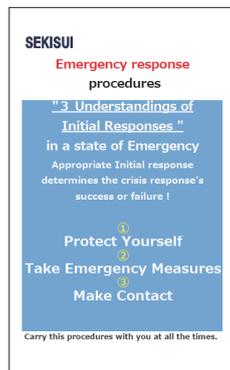
The Operating of the Crisis-management System

In preparation for emergency situations, Sekisui Chemical Group implements Companywide response measures for emergencies as provided for in the Crisis Management Guidelines and the Emergency Response Headquarters Procedures Manual. Through training and providing the Emergency Situation Initial Response Procedures Manual to all employees, including temporary and other staff, who carry this manual at all times, we ensure that all employees can take the appropriate action in the event of an emergency. In 2018 we also prepared an English version of our Emergency Situation Initial Response Procedures Manual, which has been provided to those employees that require English.

Emergency Response Headquarters Procedures Manual (April 2019 revised edition)

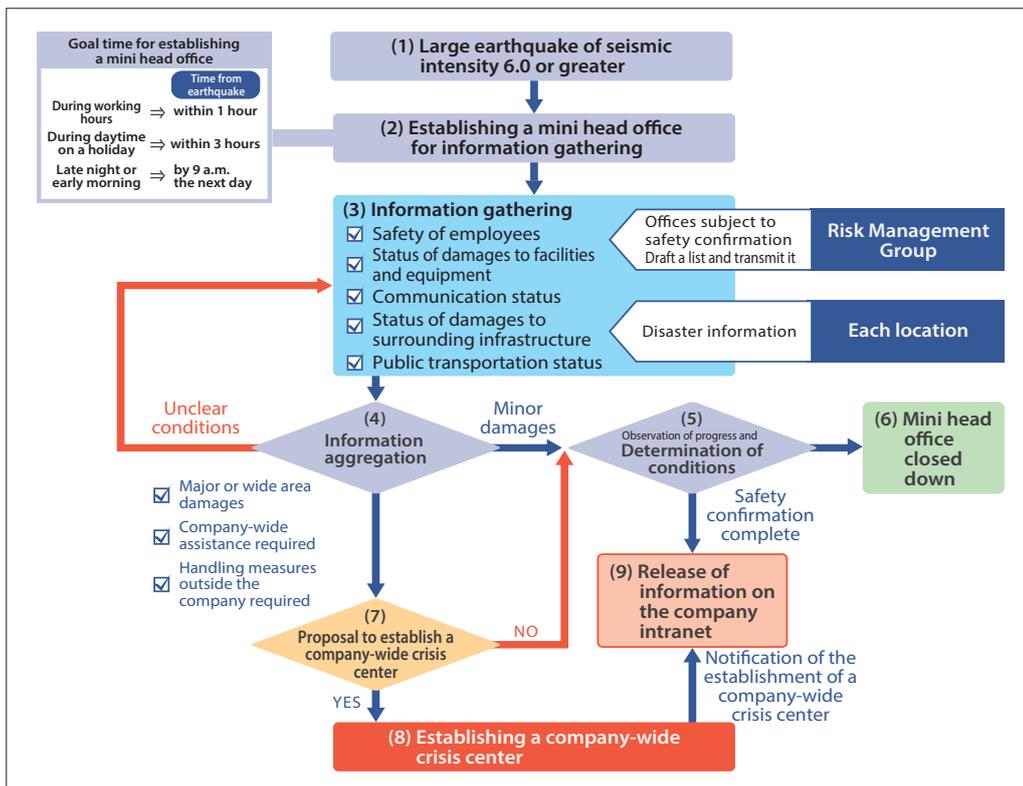


Japanese edition



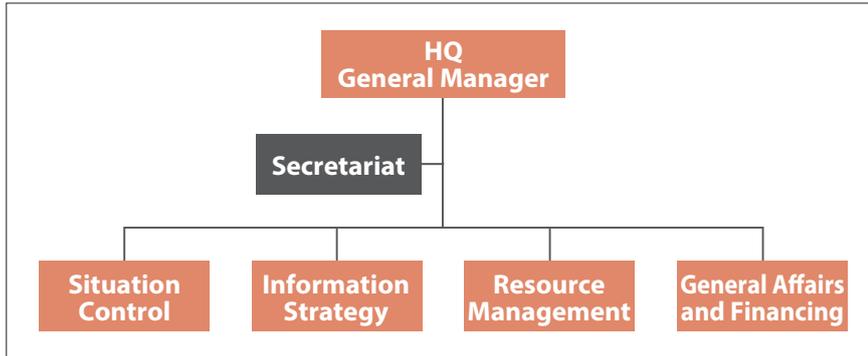
English edition

Initial Response Procedures in the Event of a Large-scale Earthquake

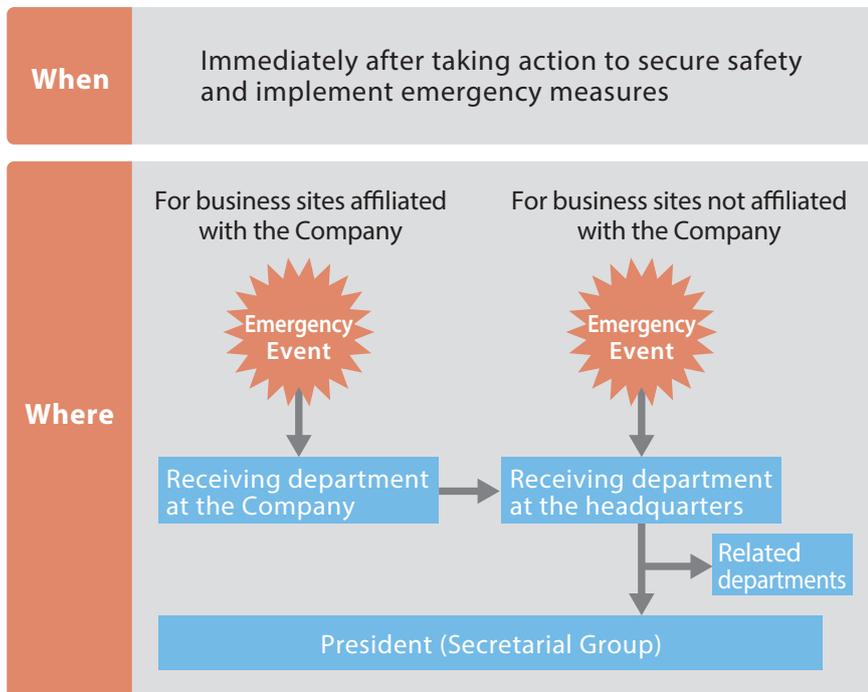


Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Emergency Response Headquarters Functions



Contact the Company/headquarters from the site immediately after the emergency occurs



Business Continuity Planning (BCP)

Basic Philosophy Toward BCP

BCP is the very essence of business strategy. Therefore, Sekisui Chemical Group, whose adoption of a Company system has made the range of the business in which it engages broad, has decided on a basic posture of having those in charge of each line of business (the heads of business units, the presidents of business companies, etc.) determine the necessity of BCP individually, based on the particulars of the business in which they are engaged. Because of this, the Group has created a support system, such as by establishing “Guidelines for Formulating BCP (BCM)” and drawing up a checklist for performing this formulation. Each person in charge of a line of business is recommended to formulate business-continuity plans and to implement business continuity management (BCM) based on these guidelines and on ISO 22301, a standard for methods of implementing BCM.

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Crisis Management Systems Overseas

A Support System Centered on Overseas Crisis-management Organizations

Based on its corporate "Overseas Safety Management Regulations," Sekisui Chemical Group supports employees traveling abroad, those stationed abroad, and locally based employees in a variety of ways. This includes classifying global activities into nine regions, sharing crisis management-related information spearheaded mainly by the Overseas Crisis-management Office, calling for caution and attention to important matters in a timely manner, instructing employees about travel restrictions, and implementing other emergency-response measures.

As the number of Group locations increases with each passing year, crisis-management manuals have been organized at each factory, office, or other business location based on support provided by the Overseas Crisis-management Office and based on the Crisis Management Guidelines. The details of each correspond to the situation in which the individual overseas sites are positioned. In fiscal 2018, revisions were made to manuals at 140 sites (some manuals were newly prepared).

Regarding risks particular to overseas sites, including civil unrest, terrorism, and infectious diseases, the Group has organized a support system based on signing contracts with crisis-management companies, such as those that provide security assistance and medical assistance.

Additionally, the Group conducts training sessions for employees seconded overseas before they are dispatched abroad, provides pre-trip e-learning for employees sent on business trips, and explains its overseas crisis management system to its employees; it also issues warnings about risks overseas.

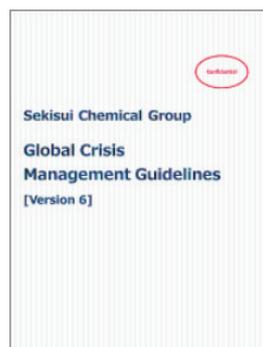
In recent years, in particular, business trips and secondments to frontier regions have become more common, and thus the Group has stepped up its partnerships with Japanese diplomatic missions abroad and has created and distributed region-specific crisis management handbooks detailing the types of risks and levels of danger for each region, 20 in total.



Global Crisis Management Guidelines



Japanese edition



English edition



Chinese edition

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Major Initiatives

Improving the Effectiveness of Risk Management Activities

Introducing the Digital Dashboard

In fiscal 2018, we introduced the Digital Dashboard, a database covering the risk management implementation status for each Group company. This move has enabled us to make Group-wide assessments of the degree to which risk has been mitigated at each company, as well as the change in risk resulting from developments in the surrounding environment. This Digital Dashboard also helps to enhance risk awareness among employees through various measures including the preparation of risk matrices and heat maps.

Enriching e-Learning

We enriched the contents of our intranet-based e-Learning programs for those on overseas business travel. We also prepared quiz-format content that incorporates the circumstances, customs, and other aspects of each country and region. By including detailed explanations for answers, etc., we are working to provide those on overseas business travel with an insight into the types of acceptable behavior at each local site and to increase awareness toward safety.

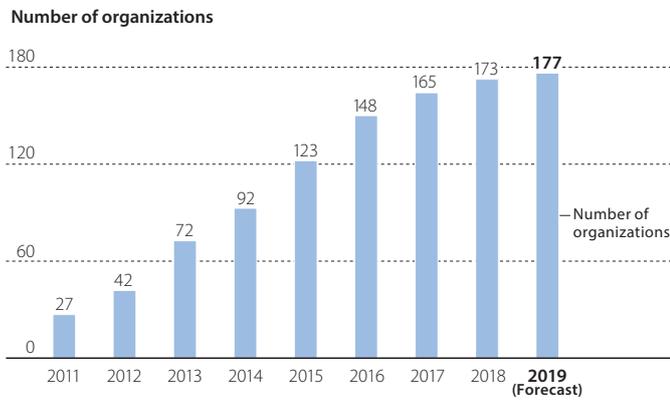
Conducting Risk Management Training Sessions for Risk Managers

In fiscal 2018, risk management training was provided to 19 newly appointed risk managers.

Performance Data

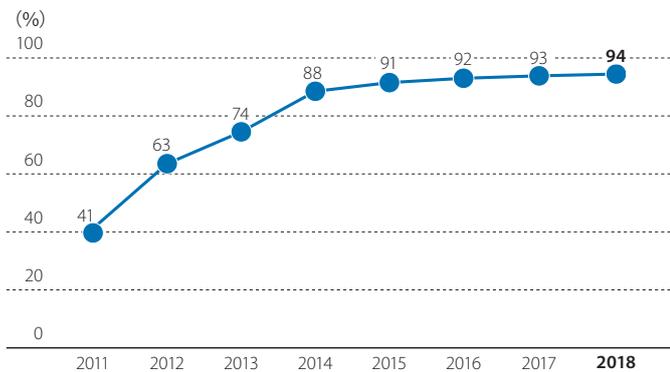
Data on the Number of Organizations Engaged in Risk-management Activities

Number of Organizations Engaged in Risk-management Activities



Data Relating to the Sufficiency Rate for Disaster-preparedness Systems

Disaster-preparedness Sufficiency Rate (Average for Japanese Business Sites) Over Time



Cyber Security

Maintaining an Effective Management System to Address Various Information-related Risks

Management Approach

Cyber Management System

Building a Cyber Management System with Personnel Responsible Assigned to Each Business Site

Headed by the CSR Committee, which is chaired by the president, the Network Management Center that has been established under the Cyber Security Committee has set up a monitoring system, carries out the monitoring and recording of information and, having also posted at least one cyber system administrator at each business site, has established a comprehensive Group-wide cyber management system. Even in the case of organizational changes or cyber system administrator reassignments, the Company is constantly aware of the presence or absence of the cyber system administrators at each of its business sites through its registry management system.

Cyber Security Organizational Chart



Roles of Cyber System Administrators

- (1) Cyber security measures in general including those relating to anti-viruses
- (2) Management and stable operation of information systems, personal computers, software, etc.
- (3) General network-related management
- (4) Giving of guidance on proper use of cyber systems to employees at each company / department
- (5) Acting as points of contact for, and responding to, other general matters relating to cyber systems

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Measures to Address Information Leakage Risks

Implementing Every Measure Possible from Both System and Human Aspects

The Company takes every measure possible, from both system and human aspects, in order to maintain the security of customer (including personal) and internal (including confidential) information. As for external treats, the Company quickly identifies and responds in an appropriate manner to unknown viruses using SIEM (Security Information and Event Management) log analysis and next-generation anti-virus systems based on AI technologies. We are also taking measures aimed at preventing leaks information due to human error, including security audits and employee e-learning courses.

The Company also holds an Information Security Committee meeting once every two months to evaluate risk countermeasures and our training for potential information security incidents allows us to be fully prepared for information security emergencies.

Key System-related (Tangible) Measures

- (1) Establish firewalls to completely separate external networks from internal intranet and control networks
- (2) Monitor and record data through network management centers
- (3) Next-generation virus protection, as well as log collection and analysis for all servers and PCs.
- (4) Enhance BEC (business email compromise) countermeasures through the use of multiple e-mail filters and prohibit the use of personal devices in business

Key Human-related (Intangible) Measures

- (1) Conduct security audits as needed at business sites in Japan and overseas
- (2) Adopt entry / exit ID authentication and secondary (photographic, etc.) verification when entering major domestic offices
- (3) Conduct regular e-learning programs (those who do not attain a pass grade will be unable to access the Internet → Japan only)
- (4) Conduct regular e-learning programs and incident-training programs by the network management center.

Measures to Address Natural Disaster-related Risks

Duplication and Dispersing of Systems, as well as Earthquake Resistance and Seismic Isolation Measures

We have confirmed the adequate provision of fuel reserves for emergency power generators, as well as earthquake resistance, seismic isolation and other measures being applied to contracted data centers so that business operations can be continued even in the event that backbone systems are damaged by a major earthquake or other disaster. In addition, by dispersing data centers among multiple locations, we have established a system that will not cause work to be disrupted even if a particular data center becomes unavailable. By taking steps to completely duplicate mission-critical systems, the Company is working to shorten the lead-time needed up to the completion of repairs and recovery of business operations.

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Protecting Personal Information

Sekisui Chemical has formulated its Personal Information Policy, which is available on the Company's website. Based on this policy, the Company complies with legal regulations and norms regarding personal information, and in the case of a security incident, the network management center conducts a thorough analysis of the effects from the incident while cooperating with the Emergency Response Headquarters established in line with criteria in Sekisui Chemical Group Crisis Management Guidelines.

Note: Privacy Policy

<https://www.sekisuichemical.com/privacy/>

Major Initiatives

Improving the sophistication of our security measures

Launching the creation of a CSIRT* entity

With the goal of better understanding and improving the sophistication of our security measures, Sekisui Chemical Group uses third-party assessments and promotes the creation of rules and systemic processes aimed at maintaining operational continuity.

Since cyber security is an issue requiring action throughout the Company, we conducted workshops for senior managers in fiscal 2018 that were focused on recent cyber security trends and reinforcement measures.

In addition to these measures, we have launched efforts to create a CSIRT entity headed by the executive officer in charge of the Information Systems Group. The establishment of a CSIRT entity will allow us to provide accountability in our cyber security operations to our stakeholders and clarify the promotion of cyber security measures in line with the Ministry of Economy, Trade and Industry's revised Cybersecurity Management Guidelines (Ver. 2).

* CSIRT is an abbreviation of Computer Security Incident Response Team. This title is given to teams at organizations such as companies that specialize in receiving reports, conducting surveys and enacting response measures related to computer security incidents.

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Social Contribution Activities

Proactively Working to Contribute to the Society as a Company in Tune with Local Communities

Management Approach

Our Philosophy

Contributing to the Achievement of a Sustainable Society Through the Promotion of Social Contribution Activities Leveraging the Distinctive Features of Our Company.

Sekisui Chemical Group contributes to society not only through our business activities but also through a variety of social contribution activities which we promote through interactions with society leveraging the strengths and resources of the Group.

In addition, these activities focus on the perspectives of “the environment,” “the next generation,” and “the local community” within their various fields, and we make efforts and promote them in order to contribute to the SDG directive of “creating a sustainable society.”

For example, in terms of the “environment,” we carry out Environmental Management Policy in the form of proactive social contribution activities related to nature preservation and other local environmental factors.

“The next generation” refers to our career training using the distinctive characteristics of our business. We carry out initiatives to help children acquire the knowledge, techniques, and way of thinking that they’ll need to be independent and productive members of society.

In terms of “the local community,” in addition to deepening understanding of the problems faced by local communities in recent years, we are also expanding volunteer activities to move toward resolution of these issues.

We are also involved in these initiatives aside from just as a company. Our employees are also involved on an individual basis, and with contributing to society at the core of these activities, we have created a framework for enabling larger numbers of employees to participate in social contribution activities. We have set up a system for accumulating time off with the goal of acquiring greater participation in volunteer work, and through support such as paying a portion of the expenses required for these social contribution activities, we are making efforts to create a system which will inspire greater number of employees to take part in social contribution activities of their own accord.



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Major Initiatives

Environment

Sea Turtle Protection Activities in Thailand
 Forest Preservation Activities by our Housing Company
 Conservation of Local Biodiversity
 Environmental Education for the Next Generation “Children’s Nature Academies”

Next Generation

Houses and the Environment Learning Program
 Chemistry Classroom Project
 Chemistry Classroom for Children
 Science and Engineering Classroom
 Science Courses
 Promotion of Next-Generation Environmental Education through an Environment-Related Painting Contest
 Innovation Inspired by Nature Research Support Program

Local Communities

Contributions to Local Communities by Factories, Including Tours for Social Studies Classes
 Activities to Improve Civic Order in Regions
 Medical Services for Villages in India
 TABLE FOR TWO
 BOOK MAGIC
 Heart+Action

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Performance Data

Major Activities Contributing to the Environment Conducted or Participated in During Fiscal Year 2018 (Excerpt)

Domestic

Domestic Production Sites and Research Institutes

Business site involved in the activities	Activity program contents	Coordination / cooperation
Hokkaido Sekisui Heim Industry Co., Ltd.	Life observation event at the on-premises biotope	Shimafukuro Environmental Research Society, Ministry of the Environment Hokkaido Regional Environmental Office
Tohoku Sekisui Heim Industry Co., Ltd.	Minamizao beech tree-planting activities	The Society to Conserve Beeches & Water of ZAO
Sekisui Heim Industry Co., Ltd. Tokyo Office Sekisui Chemical Co., Ltd. Musashi Plant	Greenery Trust, environmental awareness and preservation activities related to Kurohamanuma and the surrounding area	Society for Preservation of Kurohamanuma Nature and Surroundings, etc.
Sekisui Heim Industry Co., Ltd. Kanto Office	Sekisui Children's Nature Academy (Aquatic Insect Observation and Water Quality Survey)	Society for Consideration of the Environment in Kasama, Kasama Municipal Minami Gakuen
Sekisui Heim Industry Co., Ltd. Chubu Office	Ometahama environmental conservation activities with the local children's association (sand-drift prevention)	Omotehama Network
Kyushu Sekisui Heim Industry Co., Ltd.	Tidal life observation event with the local children's association	Saga Wild Bird Society, Saga Environmental Policy Division, etc.
CHIBA SEKISUI INDUSTRY CO., LTD.	"Moist Forest" mountain ecosystem-building project (nature observation event)	Ichihara Municipal Urutsu Elementary School
SHIKOKU SEKISUI CO., LTD.	Eradication of invasive grasses in the Shinmachi River	Saijo Nature School
Higashinihon Sekisui Industry Co., Ltd. Watari Office	Tree-planting activities in the Arahama coastal forest areas	The Society to Conserve Beeches & Water of ZAO
SEKISUI SEIKEI, LTD. Chiba Plant	Coastal forest tree-planting activities at Kujukurihama	NPO The Life style Research Institute of Forests
SEKISUI SEIKEI, LTD. Kanto Plant	Watarase Reservoir conservation activities (flora and fauna observation event)	Watarase Mirai Foundation
SEKISUI SEIKEI, LTD. Izumo Plant	Izumo Children's Nature Academy (flora and fauna observation event)	Izumo Municipal Shutto Elementary School
Sekisui Medical Co., Ltd. Iwate Plant	Tree-planting activities at the site of the former Matsuo Mine ruins	Forest'n People Project Organization

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Business site involved in the activities	Activity program contents	Coordination / cooperation
SEKISUI NANO COAT TECHNOLOGY, CO., LTD.	“Ho-no-Kuni Everyone's Forest” conservation activities in the Toyo River headwaters	Honokuni Forestry Association
TOKUYAMA SEKISUI CO., LTD.	“Sekisui Forest” forest management activities	Forestry Division, Agriculture, Forestry, and Fisheries Office, Shunan City, Yamaguchi Prefecture, etc.
Sekisui Chemical Co., Ltd. Shiga-Ritto Plant	Yurikago Rice Paddy Project	Agricultural and Rural Development Promotion Division, Department of Agriculture and Fisheries, Shiga Prefecture; Kurimidezaikecho, Higashiomi, Shiga
Sekisui Chemical Co., Ltd. Gunma Plant	Gunma Children's Nature Academy (autumn nature observation event)	Shimofuchina 6-ku Healthy Development Society
Sekisui Chemical Co., Ltd. Kyoto Research	Higashiyama forest preservation activities (cleaning activities)	Forestry Agency Kyoto Forest Management Office
Sekisui Chemical Co., Ltd. R&D Institute	Minase Children's Nature Academy (craft-making with bamboo from the local area)	Shimamoto Kankyo Mirai Network, etc.
Sekisui Chemical Co., Ltd. Tsukuba Office	Tree-planting in the Kasumigaura headwaters in the Mt Tsukuba foothills	Tsukuba Kankyo Forum

Housing Companies

Business site involved in the activities	Activity program contents	Coordination / cooperation (outside the company)
Hokkaido Sekisui Heim Group	Forest conservation activities at Mt. Shirahata	Hokkaido Forestry and Greenery Association
Sekisui Heim Tohoku Group	Tohoku coastal forest restoration / coastal forest tree-planting activities with children	Disaster Area Uncultivated Land Relief and Regional Seedling Production Network
Tokyo Sekisui Heim Group	Conservation of mountain ecosystem around Tama Zoological Garden	Arbor and Environment Network Association
Sekisui Heim Kinki Group	Woodland Conservation Activities at Kaseyama	Kizugawa City, Kizugawa Area Coordinated Preservation Activity Support Team
Sekisui Heim Chubu Group	Conservation of human settlement-adjacent mountain ecosystems in the Higashiyama neighborhood of Nagoya	Nagoya Higashiyama Forest Creation Association
Sekisui Heim Chushikoku Group	Forest conservation activities in the city of Akaiwa	Akaiwa City (Forest creation agreement in coordination with businesses)
Sekisui Heim Kyushu Group	Forest conservation activities involving <i>Sinomenium acutum</i> around rice paddies in the city of Ukiha	Ukiha City, Ukiha Mountain Village Preservation Association
Sekisui Heim Tokai Co., Ltd.	Removal activities for specific alien plant species at the foot of Mt. Fuji	FUJISAN CLUB

Other

Business site involved in the activities	Activity program contents	Coordination / cooperation (outside the company)
Sekisui Chemical Co., Ltd. Tokyo Headquarters	Participation in the Tokyo Bay Cleanup Campaign (seaside cleaning)	Minato Ward Sports Fureai Culture and Health Foundation
Sekisui Chemical Co., Ltd. Osaka Headquarters	Yodo River Niwakubo river pond conservation activities (river cleaning)	Yodogawa Water System Deepbody Bitterling Preservation Citizen Network

Overseas

Overseas Production Sites and Research Institutes

Business site involved in the activities	Activity program contents	Coordination / cooperation
SCG-SEKISUI SALES CO., LTD. SEKISUI-SCG INDUSTRY CO.,LTD. SEKISUI HEIM REAL ESTATE (THAILAND) CO.,LTD. SEKISUI S-LEC (THAILAND) CO.,LTD. SEKISUI SPECIALTY CHEMICALS (THAILAND) CO.,LTD. THAI SEKISUI FOAM CO.,LTD. S AND L SPECIALTY POLYMERS CO.,LTD. SEKISUI CHEMICAL (THAILAND) CO.,LTD. SEKISUI SYSTEMBATH INDUSTRY (THAILAND) CO.,LTD. SEKISUI SOUTHEAST ASIA CO.,LTD. SEKISUI POLYMATECH (THAILAND) CO.,LTD. SEKISUI POLYMATECH TRADING (THAILAND) CO.,LTD. SEKISUI PLANT (THAILAND) CO.,LTD.	Chonburi mangrove tree-planting activities (Thailand)	Marine and Coastal Resources Bureau, Ministry of Natural Resources and Environment (Thailand) Sekisui Plastics (Thailand) Co.,Ltd., SEKISUI JUSHI (THAILAND) CO.,LTD.
SEKISUI MEDICAL TECHNOLOGY (CHINA) LTD. SEKISUI (DALIAN) HOUSING TECHNOLOGY CO., LTD. SEKISUI HIGH PERFORMANCE PACKAGING (LANGFANG) CO., LTD Youngbo HPP Co., Ltd. SEKISUI (SHANGHAI) INTERNATIONAL TRADING CO., LTD. Beijing Branch SEKISUI TECHNO MOLDING CO., LTD. SEKISUI S-LEC (SUZHOU) CO., LTD. Beijing Branch SEKISUI CHEMICAL (CHINA) CO., LTD.	Tree-planting activities in Beijing (China)	Beijing Hemujia Forestry Development Co., Ltd.
Tokyo Sekisui Heim Group	Conservation of mountain ecosystem around Tama Zoological Garden	Arbor and Environment Network Association
Sekisui Heim Kinki Group	Woodland Conservation Activities at Kaseyama	Kizugawa City, Kizugawa Area Coordinated Preservation Activity Support Team
SEKISUI SPR AMERICAS, LLC.	Cleanup activities (US)	Chattahoochee Nature Center
SEKISUI DIAGNOSTICS, LLC.	Alien species removal activities (US)	Marcy Neighborhood Park

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Business site involved in the activities	Activity program contents	Coordination / cooperation
SEKISUI DIAGNOSTICS P.E.I. INC.	Tree-planting activities (USA)	Island Nature Trust
SEKISUI S-LEC MEXICO S.A de C.V.	Tree-planting activities (Mexico)	Anatani Foundation
SEKISUI S-LEC (THAILAND) CO.,LTD.	Tree-planting activities (Thailand)	Bangpra water bird breeding station

Major Activities Contributing to Society During Fiscal Year 2018 (“Next-Generation” and “Local Communities”)

Programs	FY2018 Results				Achievements Up Until Now			
	Number of implementations	Three times	Number of participants		Total number of times implemented		Total number of participants	
Heart+Action				53		57		998
TABLE FOR TWO	Number of implementing business sites	12 business sites	Number of school lunches provided to developing countries	28,513	Number of implementing business sites	12 business sites	Total number of school lunches provided to developing countries	210,386
							Tohoku food assistance*	649,910 yen
TABLE FOR TWO vending machines	Number of implementing business sites	One business site	Number of school lunches provided to developing countries	5,983	Number of implementing business sites	One business site	Number of school lunches provided to developing countries	25,779
Houses and the Environment Learning Program	Number of implementing schools	18 schools	Number of participating students	1,544	Total number of implementing schools	156	Total number of participating students	Approximately 18,440
Chemistry Classroom	Number of implementations	25 times	Number of participating students	2,538	Total number of times implemented	255	Total number of participating students	28,556
BOOK MAGIC	Number of implementations	Nine times	Donation amount	67,021 yen	Total number of times implemented	121	Amount of donation	1,095,024 yen

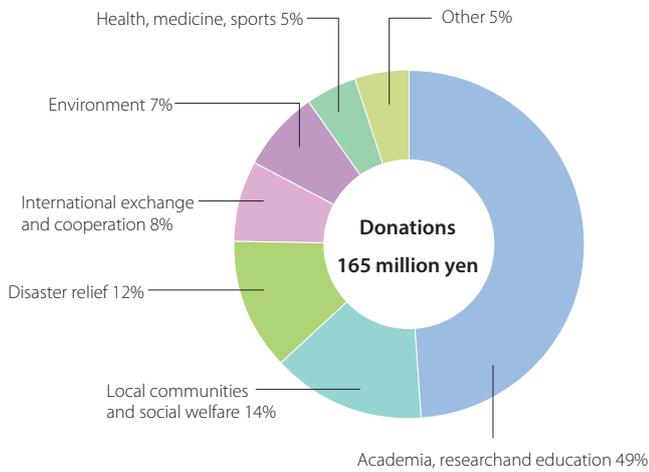
* Tohoku food assistance was provided from April 2013 to December 2014.

Details of Donation Activities in Fiscal 2018 (Sekisui Chemical Group)

(Unit: thousands of yen)

Type of Donation	Total Amount
Donations	165,363
Employee volunteers	122,068
Donations of goods	2,785
Administrative costs	23,764

Breakdown of Cash Donations in Fiscal 2018



Environment

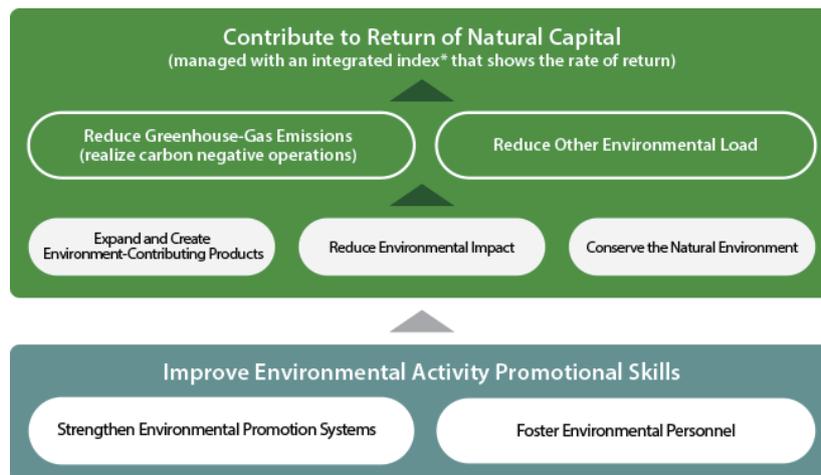
Developing Personnel Who Engage in Environmental Activities as a Part of Efforts to Conserve the Natural Environment in Various Regions Around the World

Management Approach

Basic Concept

Promoting Conservation of the Natural Environment

Sekisui Chemical Group promotes environmental conservation to realize the “earth with maintained biodiversity” called for in “Sekisui Environment Sustainability Vision 2030.” Based on this policy, employees are now engaged in activities for conserving the natural environment around the world. These activities for conserving the natural environment by employees are considered by the group to be an effective means of achieving the vision, bolstering the organizations required to conduct the activities, and fostering human resources adept at engaging in environment-related activities. Since fiscal year 2013, the group has held “SEKISUI Environment Weeks,” which are meant to be attended by all employees at all business sites, has helped to raise the activities spearheaded by business sites to whole new levels, where they are conducted in partnership with local communities, and has otherwise expanded the range of activities engaged in.



Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Major Initiatives

Initiatives of Sekisui Chemical Group
Sea Turtle Protection Activities in Thailand

Out of the 7 species of sea turtle currently living in the world today, 6 are said to be in danger of extinction due to factors such as overfishing and loss of habitat. In response to these conditions, the Sea Turtle Conservation Center run by the Royal Thai Navy is protecting sick and injured sea turtles until they are well enough to be reintroduced to the ocean.

Sekisui Specialty Chemicals (Thailand) Co., Ltd. (SSCT), which carries out business activities near the ocean, took part in cleaning the carapaces of sea turtles as well as a pond where they live at the protection center in hopes of contributing in some small way to the habitat of marine life in the area.

On the day of the activities, 24 SSCT employees took part in the cleaning using tools such as sponges and brushes. As a result of their efforts, cleaning was completed for the pond area, where 50 sea turtles live, and the Sea Turtle Conservation Center also sent a letter of thanks.

SSCT will continue to carry out activities which contribute to improvement of the habitat for sea creatures.



SSCT employees performing cleaning



Letter of thanks from the Sea Turtle Conservation Center

Forest Preservation Activities by our Housing Company

Restoration of Yamamoto-cho, Miyagi Prefecture Coastal Forest Areas (Sekisui Heim Tohoku Group)

The Sekisui Heim Group is engaged in regional woodland conservation activities in seven areas across Japan, from Hokkaido to Kyushu.

As one of these initiatives, the Sekisui Heim Tohoku Group has been involved in activities in the Tohoku area for the restoration of coastal forest areas in Yamamoto-cho, Watari-gun, Miyagi Prefecture destroyed by the Great East Japan Earthquake since 2015, in cooperation with the Disaster Area Uncultivated Land Relief and Regional Seedling Production Network. In fiscal year 2018, the Group participated in the spring tree-planting festival and fall seedling-making activities.

For the tree-planting activities on May 27th, a total of 54 members of the next generation, mainly Nagano University students but also including local elementary school students, participated along with 64 Sekisui Heim Tohoku Group employees (total participants: 118) and planted 120 hardwood seedlings which were raised over a 3-year period. In addition, company employees took part in acorn collection and cultivating new seedlings from the acorns at the Shonen no Mori (Boy's Forest) at the base of Mt. Shinzan in Yamamoto-cho in October. We hope that someday the area will be a lush coastal forest where various different creatures gather and live.

We will continue to value interactions with many people and carry out activities which contribute to local society.



“Tanepuru Tree-planting Festival” coastal tree-planting activities



Making seedlings from acorns

Main Environmental Conservation Activities of Various Sekisui Heim Companies



Hokkaido Sekisui Heim Group
Mt. Shirahata conservation activities
(Sapporo City)



Tokyo Sekisui Heim Group
Conservation of human settlement-adjacent
mountain ecosystems in the Tama Region (Hino City)



Sekisui Heim Chubu Group
Conservation of human settlement-adjacent
mountain ecosystems in the Higashiyama
neighborhood (Nagoya City)



Sekisui Heim Kinki Group
Mt. Kaseyama conservation activities
(Kizugawa City)



Sekisui Heim Chushikoku Group
Woodland conservation activities in city-owned
forests (Akaiwa City)



Sekisui Heim Kyushu Group
Conservation of rice paddy-adjacent mountain
ecosystems (Ukiha City)

Conservation of Local Biodiversity

Conservation activities at Yadaijin Suigen in cooperation with the local area (Ota City, Gunma Prefecture)

In order to preserve Yadaijin Suigen, the water source of the Ishidagawa River which runs adjacent to the plant site, the Toto Sekisui Co., Ltd. Ota Plant is conducting maintenance activities for the surrounding environment in cooperation with residents of the local area.

The area around the water source is called Yadaijin Hotaru no Sato, and the spring water area in the northwest and Yadaijin swamp in the south are well-known in the local area. A rare species of red algae (endangered species type II) called *Batrachospermum japonicum* Mori lives in the spring water area, and the site is thought to have been located in the ocean in the past. In order to preserve the environment of Yadaijin Suigen, company employees cooperate with local residents to carry out weeding and garbage removal every year in July, replenishing fluids with local watermelon during break times and deepening their bonds through interaction. This fiscal year, there were participants from other Sekisui Chemical Group member companies as well (Gunma Sekisui Heim, Sekisui Board Gunma Office), and the event was also an opportunity for interaction within the Group.

We hope to restore the site to a proper habitat for fireflies by continuing these activities in the future.



Prior to maintenance activities



After maintenance activities

Environmental Education for the Next Generation “Children’s Nature Academies”

Observing living creatures in natural environments familiar to children (Isesaki City, Gunma Prefecture)

Higashinihon Sekisui Industry (main plant) is located in the city of Isesaki, and the Company is carrying out “Gunma Children’s Nature Academy” activities in cooperation with the local Shimofuchina 6-ku Healthy Development Society to teach children about the importance of familiar creatures and natural environments.

In October 2018, the Company carried out nature game and animal observation activities at a park adjacent to the plant with a total of 50 participants, mainly elementary school students from the Healthy Development Society and their guardians but also including family members of plant employees. Participants developed their observation and concentration abilities while enjoying the nature games and also found, observed, and learned about real living creatures such as dragonflies and frogs. All of the participants jointly experienced the diverse array of life in the familiar natural environment where the event was held and had a meaningful experience.

We hope to continue creating opportunities for learning and experiencing nature together with children in the local area.



Polishing nature observation skills through nature games



Finding living creatures along with the children



Next Generation

Fostering the Next Generation Through Programs Based on the Characteristics of Our Businesses.

Management Approach

Basic Concept

Helping to Build Local Communities in Which Children Can Develop and Healthily Grow into Adulthood.

Targeting communities where the children who will form the next generation can develop and healthily grow into adulthood, we provide educational programs for elementary, middle and high school students that leverage our business activities. Including field trip lessons, for example Science classes, given by Company employees as well as support and assistance for research based on innovations inspired by nature, the Company conducts a wide range of activities.

Major Initiatives

Initiatives of the Housing Company

Houses and the Environment Learning Program

At the Housing Company, we have run a “houses and environment” learning program since fiscal year 2007 in which employees make use of their knowledge to teach about homes and the environment at schools. This is a new type of class where Sekisui Chemical Group employees work alongside teachers. The classes are carefully designed to let the students experience the building of environmentally friendly homes using models while thinking about the layouts and other aspects of the homes through group discussions; and the students learn about the role that homes play in our lives and about the impact that our lives have on the environment. In fiscal year 2018, classes were offered at 18 junior high schools and high schools in the Kanto, Kansai, Chubu, and Kyushu areas. One of the students who took the class said, “When I build a house of my own in the future, I want it to be a house that prioritizes the environment and safety first, even over design or ease of use.” Another student said, “I was interested in construction work, and now I am even more interested after taking this class.” These were just two of the remarks we heard from those who took the classes. A teachers said, “The students were very interested in this assignment because they could use kits to build model homes, following on from a previous class that also used visual materials. I believe this is precisely the active learning that is being promoted by the Ministry of Education.” A total of 1,544 students participated in the classes in fiscal year 2018.



Children assembling model housing kits

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

High Performance Plastics Company Initiatives

Chemistry Classroom Project

At the High Performance Plastics Company, the “Children’s Experiment Classrooms” for elementary school students and “Experiment-based Support Class” for middle school students have been conducted using the Company’s products since fiscal year 2008. For the “Experiment-based Support Class” program, volunteers from the Minase Office developed the classes along with the middle school teachers and provided a program that was not just interesting but also easy to understand, by linking to the school’s curriculum units. In fiscal year 2018, a total of 2,538 elementary and middle school students experienced the fun and usefulness of science through these programs.

In addition, the Company exhibited at the “Utaya no Mori Festival” sponsored by the city of Hasuda in Saitama Prefecture as a new initiative with employees from Musashi Plant, one of the Company’s main production facilities, taking on the main role. Using the “softron” polyolefin foam manufactured at this facility, we allowed the children who came to the exhibition to experience the cushioning and insulation properties of the material.

The company plans to continue these activities to allow even more children to become interested in, and fascinated by, the field of chemistry.



In-class explanations by employees of Sekisui Chemical Co., Ltd.
High Performance Plastics Company

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High Performance Plastics Company Initiatives

Chemistry Classroom for Children

At the Sekisui Minakuchi Kako Co., Ltd., the “Challenge! Chemistry Classroom for Children” initiative for elementary school students in the local city of Koka is being carried out with the goal of revitalizing the local area and supporting the development of the children.

Although these activities have been held every year on a limited basis restricted to the families of employees since 2009, the Company partnered with a welfare organization in Koka, Shiga prefecture (Japan Workers’ Co-operative Union Center) starting in fiscal year 2016 and has included them in a children’s event hosted by this organization so that more children could participate and experience the depth of science and the fun of experiments for themselves. At the Company’s 3rd exhibition at the children’s event in fiscal year 2018, the concept was “conducting a fun and playful experiment using familiar materials that helps participants discover new things.” The activity implemented “making bouncy balls.” By adding salt to laundry starch (PVA* solution), the PVA was extracted and using a salting-out reaction, causing a solid to form from the solution via a chemical reaction. Many of the children shouted excitedly and asked lots of questions, and the experiment was well-received.

The employees who participated as staff tried to come up with a way to explain the experiment content in a simple way that anyone could understand through trial and error, finally developing an explanation covering aspects ranging from the structure of the compounds on the molecular level to the salting-out reaction using lots of illustrations. Many of the employees stated that the experience of communicating with a different generation in this way gave them feelings of “achievement and satisfaction.”

We hope to continue providing academic support through even better content in the future, encouraging the children who participate to take an interest in chemistry.

* PVA: polyvinyl alcohol



Explanation of the salting-out reaction with theme of “easy to understand and fun”

High Performance Plastics Company Initiatives Science and Engineering Classroom

At Sekisui Medical, we have been implementing a “Science and Engineering Classroom” for middle school students in the city of Ryugasaki, Ibaraki prefecture, the site of our diagnostic agent plant and laboratory, as part of our local contribution activities since fiscal year 2013. Classes have been implemented for a total of 2,022 students in the program since 2013 (185 of them in fiscal year 2018). We implemented a program for 9th grade students in fiscal year 2018 called “Blueprints of Life: Exploring the Secrets of DNA.”

The “Exploring the Secrets of DNA” program was a developmental lesson from the textbook, and in addition to extracting real DNA from broccoli and viewing it with their own eyes, participants also learned about and understood the importance of DNA and genetic research and its link to society.

The reagents that Sekisui Medical Co., Ltd. researches, develops, and manufactures are bound to society through their use in medicine. The junior high school students thus saw how such societal contributions are direct extensions of the science classes they take at school. The company plans to continue these activities.



Students performing experiments while being advised by employees from Sekisui Medical Co., Ltd.

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Urban Infrastructure & Environmental Products Company Initiatives

Science Courses

At SHIKOKU SEKISUI, a science course on the theme of “substances around us” is being implemented for 7th graders at a neighboring middle school. This initiative has been implemented every year since fiscal year 2009 in response to a request from the local middle school in response to children’s decreasing interest in the sciences, “as professionals in the field, please help us increase students’ interest in science, even in a small way.”

After an experiment using plastic conducted as part of the “substances around us” lesson for 7th grade students, they were also invited on a study tour of the plant. The participating students saw the actual production line for plastic products up close, felt the raw materials used for plastics as well as the finished products, and experienced the sight of a manufacturing facility for themselves, a rarity in their daily lives. 54 students participated in fiscal year 2018. We will continue these activities in the future with the goal of increasing the next generation of children’s interest in MONOZUKURI (manufacturing).



SHIKOKU SEKISUI Co., Ltd. employee explaining the process for the experiment

Sekisui Chemical Initiatives

Promoting Environmental Education for the Next Generation Through an Environment-related Painting Contest

As one of its initiatives to promote environmental education for the next generation, Sekisui Chemical supported the “22nd National Elementary and Middle School Student Environmental Painting Contest” in fiscal year 2018. This is a painting competition sponsored by the National Elementary and Middle School Environmental Education Research Society based on the idea of “wanting to create opportunities which will drive individual children to face environmental problems and take initiative,” and all elementary and middle school students in Japan are eligible to take part. The themes for the paintings in fiscal year 2018 were “making a livable city together” and “protecting precious nature together.”

The Company also selected “Sekisui Chemical Special Prize” winners to show approval for the ideas of the competition.

* National Elementary and Middle School Environmental Education Research Society
<http://kankyoyoiku.jp/about/>

“Sekisui Chemical Special Prize” winners



Elementary School Division
 Isumi, Chiba Prefecture: Furusawa
 Elementary School
 Hinata Kunito, 6th Grade



Middle School Division
 Katsushika Ward, Tokyo: Nakagawa
 Middle School
 Akane Ota, 9th Grade

Award-winning paintings can be viewed on the page below.

22nd National Elementary and Middle School Student Environmental Painting Contest Prize Winners
<http://kankyoyoiku.jp/activity/296/>

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Innovations Inspired by Nature Research Support Program

Fostering the Next Generation Through Programs Based on the Characteristics of Our Businesses.

To aid the utilization of scientific knowledge learned from nature and the workings of nature in invention, Sekisui Chemical Group has been running the “Sekisui Chemical Innovations Inspired by Nature Research Support Program” since fiscal year 2002 as a program in commemoration of the 55th year since Sekisui Chemical’s founding. In fiscal year 2018, there were 261 applications, with assistance granted for six “manufacturing” themes and six “fundamental research” themes, for a total of 12 grants.

Examples of innovations inspired by nature research

Research findings relating to themes granted support as part of the “Innovations Inspired by Nature Research Support Program” were published in preliminary form in the online edition of the British science journal Nature Communications. (Affiliations and positions are those at the time of receiving awards)

FY2014 Support Themes

Masayuki Endo (Associate Professor, Kyoto University)

“Creation of an artificial signal transduction system inspired by the cellular receptors”

Kyoto University press release

http://www.kyoto-u.ac.jp/ja/research/research_results/2015/150827_1.html

Article posted to Nature Communications website (released August 27, 2015)

<https://www.nature.com/articles/ncomms9052>

FY2013 Support Themes

Shu Seki (Professor, Osaka University)

“Protein Nanowires with Ultra-High Aspect Ratio Produced by Single Particle Induced Chemical Reactions”

Osaka University press release

http://resou.osaka-u.ac.jp/ja/research/2014/20140429_1

Example of Innovations Inspired by Nature Research “Fabrication of enzyme-degradable and size-controlled protein nanowires using single particle nano-fabrication technique”

https://www.sekisui.co.jp/csr/contribution/nextgen/bio_mimetics/1253869_27856.html

Article posted on Nature Communications (released April 28, 2014)

<https://www.nature.com/articles/ncomms4718>

FY2018 Support Themes

Manufacturing Theme

Name	Affiliated institution Position (Affiliations, positions, and so forth are those at the time of receiving the grant award)	Grant-Receiving Research Theme
Masaru Tanaka	Professor, Institute for Materials Chemistry and Engineering, Kyushu University	Invention of selective material separation technology based on lessons learned from the condition of water on organism surfaces
Masako Seki	Researcher, Structural Materials Research Institute, National Institute of Advanced Industrial Science and Technology (AIST)	Development of freely-bendable wood materials and their plasticity processing technology based on lessons learned from the growth and maturity strategies of bamboo
Shiki Yagai	Professor, Institute for Global Prominent Research, Chiba University	Development of new supramolecular polymer materials based on lessons learned from protein topology
Shin Aiba	Professor, Faculty of Urban Environmental Sciences, Tokyo Metropolitan University	Revival methods for areas with low levels of tsunami damage based on lessons learned from existing vegetation
Seiji Aoyagi	Professor, Faculty of Engineering Science, Kansai University	Development of a painless blood collection and medicine administration method based on lessons learned from the puncture mechanism of mosquitoes
Kazuo Nagano	Associate Professor, Graduate School of Life and Environmental Sciences, Kyoto Prefectural University	Research related to the development of a weather forecasting method expressed through actions of daily life

Fundamental Research Theme

Name	Affiliated institution Position (Affiliations, positions, and so forth are those at the time of receiving the grant award)	Grant-Receiving Research Theme
Yoshifumi Yamaguchi	Professor, Institute of Low Temperature Science, Hokkaido University	Skeletal muscle maintenance structures learned from hibernating animals
Shoko Ueki	Associate Professor, Institute of Plant Science and Resources, Okayama University	Solving the mystery of the red tide phenomenon: clarifying the control mechanism for the propagation speed of the algae which cause red tide
Yuka Kobayashi	Principal Researcher, Research Center for Functional Materials, National Institute for Materials Science	Invention of two-dimensional organic metals with anisotropic optical and electron properties
Motoyasu Tanaka	Associate Professor, Graduate School of Informatics and Engineering, The University of Electro-Communications	Clarifying the gliding principles of a restiform body based on lessons learned from flying snakes and applying these principles to a restiform flying robot
Kosuke Okeyoshi	Senior Lecturer, Graduate School of Advanced Science and Technology, Japan Advanced Institute of Science and Technology	Material design learned from the macro fiber structure of polysaccharides
Motomu Endo	Professor, Division of Biological Science, Laboratory of Plant Physiology, Nara Institute of Science and Technology	Controlling growth without gene recombination through the use of a season recognition mechanism of the biological clock of plants

The recipients of the Fiscal Year 2018 Innovation Inspired by Nature Research Support Program



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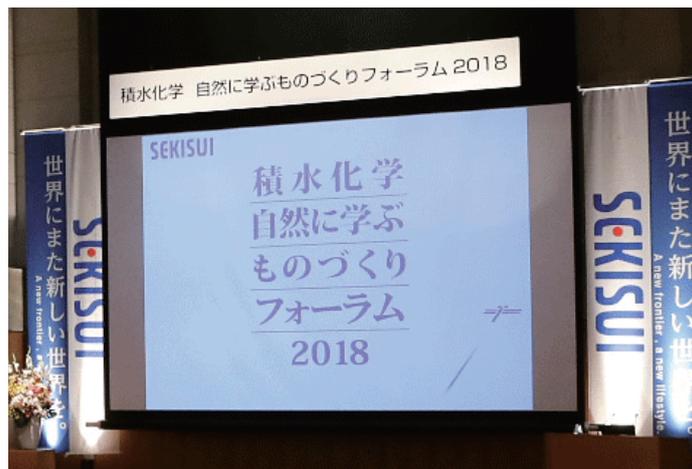
Holding of the Innovations Inspired by Nature Forum

Sekisui Chemical Group has considered the environment to be a core aspect of management ever since its founding and is contributing to the development of a sustainable society with the goal of resolving environmental problems and the social problems which result from them.

The Innovation Inspired by Nature Forum is held to report the results of the Innovation Inspired by Nature Research Support Program, which gives grants to research that utilizes foundational science knowledge learned from nature and the functioning of nature in innovation, as well as to promote research exchanges among the involved researchers, the graduate students who will be the researchers of tomorrow, and others.

At the fiscal year 2018 Innovation Inspired by Nature Forum, there were lectures based on examples of innovation inspired by nature and presentation sessions for posters created by fiscal year 2017 research grant recipients and others.

Innovations Inspired by Nature Forum 2018



Lectures

Manufacturing learned from nature and the world of functional polymers



Professor, Tokyo University Graduate School
Takashi Kato
(Chairman of the Society of Polymer Science, Japan)

Expectations for automobile material development moving toward a sustainable society
~Lessons in manufacturing learned from nature and their application to automobiles~



Toyota Motor Corporation Advanced Technology Development Company
Masahiko Ishii

Learning from nature grant research development examples
~Surprising conjugate polymer coating methods and their application~

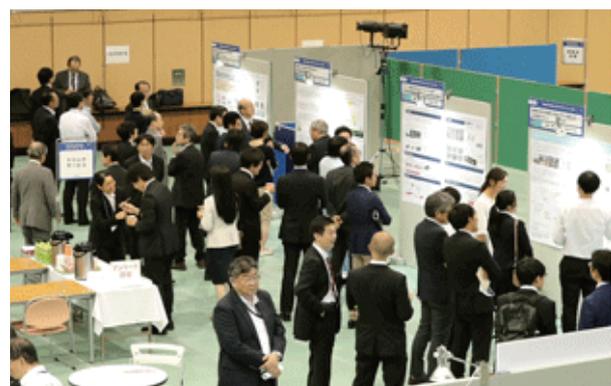
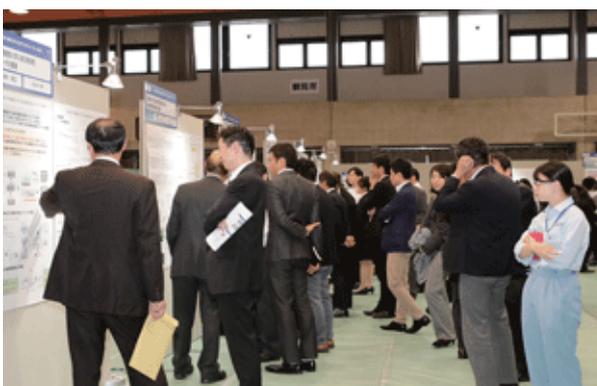
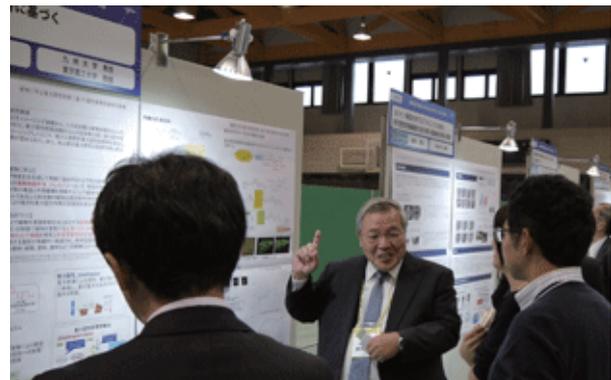
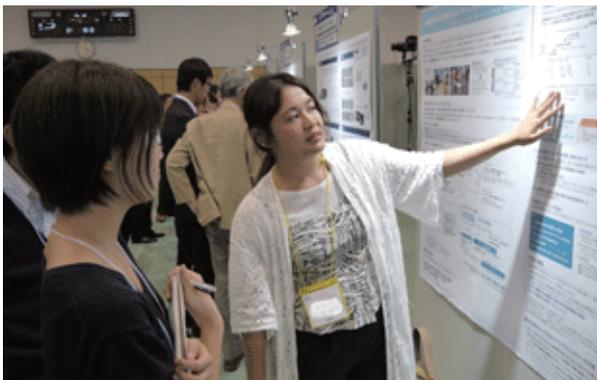


Associate Professor, Keio University
Yuya Oaki

Poster Presentation Sessions and Research Exchanges

A valuable opportunity to come into contact with the forefront of "innovations inspired by nature"

- Announcement of grant research theme results (fiscal year 2017 grant themes)
- Introduction of Sekisui Chemical's business and research and development structure, environmental initiatives



Local Communities

As a Company, We Aim to Engage with the Local Communities Which We Are a Part of.

Management Approach

Basic Concept

Contributing to the Creation of a Sustainable Society as a Corporate Citizen

As a member of the local communities in which it operates, Sekisui Chemical Group proactively deploys social contribution activities and thereby hopes to contribute to the creation of a sustainable society. The Group engages in social contribution activities to help solve issues faced by local communities, such as creating safe and secure cities in collaboration with local communities and support programs that assist developing countries.

Major Initiatives

Housing Company Initiatives

Contributions to Local Communities by Factories, Including Tours for Social Studies Classes

Kyushu Sekisui Heim Industry Co., Ltd., located in Saga Prefecture, aims to help bring joy to its customers and regularly conducts activities rooted in the local community to that end.

In recent years, the numbers of people choosing to find employment within Saga Prefecture have been low, and companies in the prefecture face an ever-worsening situation in terms of labor shortages and difficulties securing talent. This has become an issue to resolve if the region is to be revitalized. In response to these issues in the region, the Company has been accepting students, primarily in elementary and middle school, for programs in which they tour factories as part of a series social studies field trips with the aim of conveying to the local community what manufacturing companies there are locally and the joys of manufacturing.

Although we have implemented factory tours in the past, we participated in a meeting with school principals in Saga Prefecture in fiscal year 2018 and carried out promotional activities such as factory tour PR. As a result, we were able to welcome a total of 2,107 people to our factory tours.

In addition, our experience recreation of the Kumamoto earthquake was praised, with participants sharing comments such as “it was a truly precious experience that made me more conscious and aware of disaster prevention.”

The company will continue to increase its collaboration with the local community so as to make its contribution to it.



Learning about “creating things” through factory tours

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
Stakeholder Engagement	Governance	Social Contribution Activities	External Evaluation	GRI Context Index	

Initiatives of the Housing Company

Activities to Improve Civic Order in Regions

The Housing Company believes that it is essential that it contribute to resolving societal problems, such as by offering housing that is robustly built to survive natural disasters and decked out in ways that help prevent crime, and working on urban-development initiatives that allow residents to leave in peace, as well as on initiatives to deter crime. The Housing Company is thus engaged in activities that contribute to society in cooperation with prefectural police forces throughout Japan.

The main action pursued is to create agreements for support and cooperation between Sekisui Heim sales companies throughout the country and local police forces. The Housing Company also participates in various events, distributes goods themed around crime prevention and traffic safety, and donates to groups that offer assistance to victims of crimes.

We are carrying out specialized initiatives for each local area. Some specific examples include distribution of materials such as specialized fraud damage prevention flyers, the use of residential exhibition areas as “#110 Emergency Homes for Children,” donation of phone fraud repelling equipment (automatic audio recorders) to police stations, and traffic safety education activities in the streets.

The company has created a pamphlet describing these activities and makes use of it as a communication tool both within the Company and for the general public.



Distribution of specialized fraud damage prevention flyers



Supporting the printing of “Bike Safety Classroom” pamphlets (Japan Traffic Safety Association)



Calls for traffic safety using surging crowd panels
Sekisui Heim Chubu, Gifu Branch



Donation of phone fraud repelling equipment
Sekisui Heim Kyushu

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Installation of vending machines (for drinking water) to support victims of crimes
Sekisui Heim Sanyo



Pamphlet describing the Housing Company's social contribution activities
(Issued in April 2018)

Initiatives of Sekisui Chemical Group

Providing Medical Services to Villagers in India

In the areas of India where SEKISUI DLJM MOLDING PRIVATE LTD. (DLJM) does its business, the lack of availability of medical care for residents is a social problem. In response to these conditions, an NGO called PHD Rural Development Foundation is engaged in activities which provide mobile medical services (medical camps) by loading small trucks with medicine, stretchers, diagnostic equipment, and other medical supplies and traveling to areas where medical facilities are insufficient.

In fiscal year 2018, DLJM supported these activities by both providing financial aid and taking part in processes such as selection of sites for medical camp visits and scheduling. For example, when a site for setting up a medical camp was being determined, DLJM shared its opinions based on survey data with the NGO, and the two organizations worked together to choose villages with comparatively low medical facility access and awareness of sanitation and hygiene. As a result of these efforts, medical camps were set up at 4 of the villages near DLJM's offices.

At these 4 villages, 3 different types of medical camps (general, women and children focused, and specialized eye care camps) have been set up a total of 23 times as of January 2019, and approximately 2,300 people have been able to receive examinations, medication, and other treatment free of charge. DLJM will continue to carry out activities which contribute to the local community in the 3 fields of health, education, and livelihoods.



Villagers receiving examinations at a medical camp

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Initiatives of Sekisui Chemical Group

TABLE FOR TWO

As a social contribution activity that allows easy participation by individual employees, Sekisui Chemical Group has continued to implement the TABLE FOR TWO* (TFT) initiative since FY2008, a program in which 20 yen is added to the cost of a meal in employee cafeterias, with this amount donated to support the provision of lunches to children in developing countries. Furthermore, TFT was expanded, from April 2013 to December 2014, to “TABLE FOR TWO+-Tohoku,” in order to support the provision of food to roughly the equivalent of 650,000 yen to victims of the Great East Japan Earthquake in the Tohoku region.

In fiscal 2018, 12 locations participated in the program, including the Sekisui Chemical headquarters in Tokyo and Osaka, the Gunma Plant, the Musashi Plant, the Tsukuba Office, the Shiga-Minakuchi Plant, the Kyoto Research and Development Laboratories, the Research and Development Institute, Kinki Sekisui Heim, Co., Ltd., Kyushu Sekisui Heim Industry, Co., Ltd., Sekisui Board, Co., Ltd., and the Ota Plant of Toto Sekisui Co., Ltd. In fiscal 2018, approximately 570,000 yen was donated for food assistance to countries in Asia and Africa, bringing the total amount donated since the program began to more than roughly 5.4 million yen.

* TABLE FOR TWO

A social contribution activity implemented through everyday meals by the specified nonprofit corporation, TABLE FOR TWO International. The program not only feeds hungry children in developing countries by providing them with school lunches, but it also contributes to boosting attendance at schools, and improving academic performance and physical fitness. TABLE FOR TWO+-Tohoku was enacted from 2013 to 2014 to provide food support to not only children in developing countries, but also to those impacted by the Great East Japan Earthquake. Meal support activities for Asia and Africa were launched in January 2015.

Initiatives of Sekisui Chemical Group

Installation of TABLE FOR TWO Vending Machines

In order to enable as many employees as possible to participate in the TABLE FOR TWO (TFT) initiative, Sekisui Chemical Group installed the first vending machine linked to the TFT program at its Osaka Headquarters in July 2013. For each TFT-linked product purchased through this vending machine, 10 yen is donated to help fund meals and catering to schools in developing countries. Donations collected totaled around 60,000 yen in fiscal 2018.

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Initiatives of Sekisui Chemical Group

BOOK MAGIC

As a social contribution activity that allows easy participation by individual employees, Sekisui Chemical Group has been implementing BOOK MAGIC* since September 2009. Through this program, money made from selling un-needed books and CDs is used to help fund education support programs through JEN, an NPO, in various countries throughout the world.



Poster to raise awareness about BOOK MAGIC (created by JEN)

* BOOK MAGIC

A recycle and donate program hosted jointly by the specified nonprofit corporation, JEN, and BOOKOFF CORPORATION, LTD. Books, DVDs and CDs that people have finished reading, watching or listening to are sold instead of being thrown away, and the money is donated to JEN to help provide educational support (school support program) in regions scarred by natural disasters or wars.

Initiatives of Sekisui Chemical Group

Heart+Action

As social contribution activities that allow easy participation by individual employees, Sekisui Chemical Group has been implementing programs such as TABLE FOR TWO and BOOK MAGIC.

In fiscal 2012, we further expanded these programs by promoting a new initiative known as Heart+Action. This program is based on activities involving international cooperation to help children and infants living in developing countries and those who are suffering from pediatric cancer. People only need about an hour to take part in the one of the many programs. Feedback received from participants included comments such as "It was easy to take part in" and "I'm glad to have been able to contribute to society through such a simple activity."

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Overview of Each Program

Send a Picture Book

An activity involving international cooperation in which stickers are stuck on Japanese picture books with translations of the text in languages of countries or regions where almost no children's books are published. They are then delivered to children through Education Sponsorship in Asia, a specified non-profit corporation.



Stickers being affixed to Japanese picture books

Sort the Coins

An activity in which coins of foreign currencies collected in donation boxes set up at international airports are sorted into the main countries of origin and used to help improve living standards in developing countries and in restoration efforts after the Great East Japan Earthquake through the authorized NPO, Japan Habitat Association.



Coins of various countries being sorted

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Send the Sounds

Through the NPO The Lifestyle Research Institute of Forests, we give African calimba musical instruments that are made out of thinned out trees from forests in Japan to young children suffering from pediatric cancer.



Making a calimba with the SEKISUI logo carved into it

Send a Textbook

Participating in international cooperative activities by creating handmade teaching materials in the Bengali numbers and having them delivered to the children of Bangladesh through the NPO ESA (Education Sponsorship in Asia).



A homemade textbook displaying Bengali numerical characters

External Evaluation

Major External Evaluations Conducted During Fiscal 2018

CSR in General

- Earned selection to the "World" category of the DJSI
- Earned sustainability rating of "Bronze Class" by Robeco SAM
- Earned selection to the FTSE4Good Index series
- Earned selection to the FTSE Blossom Japan Index
- Earned selection to the MSCI ESG Leaders Indexes
- Earned selection to the MSCI Japan ESG Select Leaders Index
- Earned selection to Ethibel PIONEER and Ethibel EXCELLENCE
- Ranked 71st in Toyo Keizai CSR Ranking
- Selected as one of the "2019 Global 100 Most Sustainable Corporations in the World index"
- Earned selection to the S&P / JPX Carbon Efficient Index Composite



FTSE Blossom Japan

<http://www.ftse.com/products/indices/blossom-japan-jp>



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"Sekisui Chemical Co. Ltd. has been reconfirmed for inclusion in the Ethibel PIONEER and Ethibel EXCELLENCE Investment Registers since 09/12/2016.
This selection by Forum ETHIBEL (www.forumethibel.org) indicates that the company can be qualified as a sector leader in terms of Corporate Social Responsibility (CSR)."



<http://www.corporateknights.com/reports/global-100/>

Top Message	Sekisui Chemical Group's CSR	Prominence in Environment	Prominence in CS & Quality	Prominence in Human Resources	Pledge to Society
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Environment

Ranked 62nd in the Nikkei "Environmental Management Ranking"
 Acquired certification from the "SBT (Science-Based Targets) Initiative" (June 2018)
 Earned selection to the 2018 "CDP Climate Change A-List"
 Awarded the 28th "Annual Global Environment Awards" Land, Infrastructure, Transport and Tourism Minister Award
 Acquired 3-star certification from the Shiga Biodiversity Initiative Certification System
 Awarded the "Biodiversity Action Award Japan 2018" in the "Let's Show Division"
 Awarded the "2018 Award for Advanced Human Resource Development for Global Environment" outstanding performance award
 Awarded the 13th Japan Chemical Industry Association Responsible Care Award



Human Resources

Recognized as a "2019 Certified Health and Productivity Management Organization" by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi
 Kofu Sekisui Sangyo Co., Ltd.: Received the Ministry of Economy, Trade and Industry's New Diversity Management Selection 100 in fiscal 2016
 Earned selection to the Ministry of Economy, Trade and Industry's Diversity Management Selection 100 for fiscal 2013



GRI Context Index

The CSR Report 2019 of Sekisui Chemical Co., Ltd. was written following the Core options of the GRI Standards.

General Standard Disclosures

1. Organizational Profile

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-1	Name of organization	<ul style="list-style-type: none"> • Outline of SEKISUI 	
102-2	Activities, brands, products, and services a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	<ul style="list-style-type: none"> • Our Company • Products (During the period covered by the report, there were no products or services whose sale were banned in specific markets.) 	
102-3	Location of headquarters	<ul style="list-style-type: none"> • Outline of SEKISUI 	
102-4	Location of operations a. Number of countries where the organization operates, and the names of countries where it has significant operations and that are relevant to the topics covered in the report.	<ul style="list-style-type: none"> • Sekisui Chemical Group Worldwide • SEKISUI Worldwide 	
102-5	Ownership and legal form	<ul style="list-style-type: none"> • Financial Information • Corporate Governance Report 	
102-6	Markets served i. Geographical locations where products and services are offered. ii. Types of industries served. iii. Types of customers and beneficiaries.	<ul style="list-style-type: none"> • Outline of SEKISUI • Business Introduction 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-7	<p>Scale of the organization</p> <p>i. Total number of employees.</p> <p>ii. Total number of operations.</p> <p>iii. Net sales (for private sector organizations), net revenues (for public sector organizations).</p> <p>iv. Total capitalization broken down in terms of debt and equity (for private sector organizations).</p> <p>v. Quantity of products or services provided.</p>	<ul style="list-style-type: none"> • Outline of SEKISUI • Our Company • Securities Report (Japanese) • Fact Book • Data on Employees 	
102-8	<p>Information on employees and other workers</p> <p>a. Total number of employees by employment contract (permanent and temporary), by gender.</p> <p>b. Total number of employees by employment contract (permanent and temporary), by region.</p> <p>c. Total number of employees by employment type (full-time and part-time), by gender.</p> <p>d. Whether a substantial portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.</p> <p>e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).</p> <p>f. Explanations of the methods used to compile data (if any assumptions are made, including those).</p>	<ul style="list-style-type: none"> • Data on Employees 	
102-9	<p>Supply chain</p> <p>a. A description of the organization's supply chains. Including its major components of the supply chains for the organization's activities, major brands, products, and services.</p>	<ul style="list-style-type: none"> • Our Company 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-10	<p>Significant changes to organizations and supply chain</p> <p>i. Changes in the location of the organization or its operations, including facility openings, closings, and expansions).</p> <p>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).</p> <p>iii. Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.</p>	Not applicable for the fiscal year under review	
102-11	Precautionary principle or approach	<ul style="list-style-type: none"> • Our Approach to CSR • CSR Medium-term Plan • Long-term Environmental Management Vision “Sekisui Environment Sustainability Vision 2030” • Environmental Medium-term Plan “Sekisui Environmental Sustainability Plan: Accelerate” (fiscal 2017-2019) • Integrated Index “Sekisui Environmental Sustainability Index” • Environmental Management System • Chemical Substance Management • SEKISUI Corporate Governance Principles • Risk Management • Corporate Governance 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-12	<p>External initiatives</p> <p>a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.</p>	<ul style="list-style-type: none"> • Declaration of Support for Initiatives and Organizations in Which Sekisui Chemical Group Participates • SDGs Initiatives • Conserving the Natural Environment -Biodiversity- 	
102-13	<p>Memberships of associations</p> <p>List of the major memberships of industry or other associations, and advocacy organizations in Japan and overseas.</p>	<ul style="list-style-type: none"> • Declaration of Support for Initiatives and Organizations in Which Sekisui Chemical Group Participates 	

2. Strategy

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-14	Statement from senior decision-maker a. A statement from the highest-ranking decision-maker of the organization (CEO, chairman, or an equivalent top-level executive) concerning the relationship of the organization to sustainability and concerning strategies for working toward sustainability.	<ul style="list-style-type: none"> • Top Message 	
102-15	Crucial impacts, risks, and opportunities	<ul style="list-style-type: none"> • Top Message • Our Approach to CSR • Key CSR Issues • CSR Medium-term Plan • SDGs Initiatives • Climate Change / Climate Change and Our Business • Conservation of Water Resources • Safety • Risk Management / Identifying Risks • Cyber Security / Measures to Address Information Leakage Risks • Cyber Security / Measures to Address Natural Disaster-related Risks • Business Risks 	

3. Ethics and Integrity

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-16	Organization's values, principles, standards, and norms of conduct	<ul style="list-style-type: none"> • Group Principles • Our Approach to CSR • Basic Policies Regarding CSR • Compliance and Respect for Human Rights / Growing Awareness Toward Compliance • Stakeholder Engagement / Dialogue with Investors, Spreading Awareness of CSR Through Communication 	
102-17	<p>Systems for advice and concerns regarding ethics</p> <p>i. Systems that call for advice concerning ethical behavior, legal behavior, and the integrity of the organization.</p> <p>ii. Systems for reporting unethical behavior or illegal behavior and concerns about the integrity of the organization.</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Upgrade of the Whistle-blowing Program, Responses to External Notifications 	

4. Governance

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-18	<p>Governance structure</p> <p>a. Governance structure of the organization, including committees of the highest governance body.</p> <p>b. Committees responsible for decision-making on economic, environmental and social topics.</p>	<ul style="list-style-type: none"> • Corporate Governance • CSR Promotion System 	
102-19	<p>Delegating authority</p> <p>a. Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.</p>	<ul style="list-style-type: none"> • Corporate Governance • CSR Promotion System • Environmental Management System / System for Promoting Environmental Management • Prominence in CS & Quality / CS & Quality Management Promotion System • Building a Diverse Organizational Structure / Diversity Management Promotional Structure • Safety / Activity Policy and Promotion System • Compliance and Respect for Human Rights / Putting Compliance Management Efforts into Practice 	
102-20	<p>Executive-level position responsibility for economic, environmental, and social topics</p> <p>a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics.</p> <p>b. Whether post holders report directly to the highest governance body.</p>	<ul style="list-style-type: none"> • CSR Promotion System 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-21	<p>Consultations with stakeholders on economic, environmental and social topics</p> <p>a. Processes for consultations between stakeholders and the highest governance body on economic, environmental and social topics.</p> <p>b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.</p>	<ul style="list-style-type: none"> • Stakeholder Engagement / Dialogues with Employees, Dialogue with Investors 	
102-22	<p>Composition of the highest governance body and its committees</p> <p>i. Executive or non-executive</p> <p>ii. Independence</p> <p>iii. Terms of members of governance bodies</p> <p>iv. Number of each individual's other significant positions and commitments, and the nature of the commitments</p> <p>v. Gender</p> <p>vi. Membership of under-represented social groups</p> <p>vii. Competences relating to economic, environmental and social impacts</p> <p>viii. Stakeholder representation</p>	<ul style="list-style-type: none"> • Corporate Governance • Corporate Governance Report 	
102-23	<p>Chairs of highest governance bodies</p> <p>a. Whether the chair of the highest governance body is also an executive officer in the organization.</p> <p>b. If the chair also serves as an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.</p>	<ul style="list-style-type: none"> • Corporate Governance Report • Securities Report (Japanese) 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-24	<p>Nominating and selecting members of the highest governance body</p> <p>a. Nomination and selection processes of the members of the highest governance body and its committees.</p> <p>b. Standards used for nominating and selecting highest governance body members, including whether and how:</p> <p>i. Whether and how stakeholders (including shareholders) are involved</p> <p>ii. Whether and how diversity is considered</p> <p>iii. Whether and how independence is considered</p> <p>iv. Whether and how expertise and experience relating to economic, environmental, and social topics are considered</p>	<ul style="list-style-type: none"> • Corporate Governance • Corporate Governance Report 	
102-25	<p>Conflicts of interest</p> <p>a. Processes conducted by the highest governance body to avoid and handle conflicts of interest.</p> <p>b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <p>i. Cross-board membership</p> <p>ii. Cross-shareholding with suppliers and other stakeholders</p> <p>iii. Existence of controlling shareholder</p> <p>iv. Related party disclosures</p>	<ul style="list-style-type: none"> • Corporate Governance • Corporate Governance Report 	
102-26	<p>Highest governance body's role in establishing goals, values, and strategy</p> <p>a. Highest governance body's and senior executives' roles in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social topics.</p>	<ul style="list-style-type: none"> • CSR Promotion System • Corporate Governance 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-27	<p>Collective knowledge of highest governance body</p> <p>a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.</p>	<ul style="list-style-type: none"> • Corporate Governance / Support for and Collaboration with Directors and Audit and Supervisory Board Members 	
102-28	<p>Evaluation of the performance of highest governance body</p> <p>a. Processes for evaluating the performance of the highest governance body in relation to governance of economic, environmental and social topics</p> <p>b. Whether such evaluation is independent or not, and its frequency.</p> <p>c. Whether such evaluation is a self-assessment.</p> <p>d. Measures taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Including, as a minimum, changes in membership and organizational practice.</p>	<ul style="list-style-type: none"> • Corporate Governance / Assessment Relating to the Board's Effectiveness 	
102-29	<p>Identifying and managing impacts on economy, environment, and society</p> <p>a. Highest governance body's role in identifying and managing economic, environmental and social topics, as well as their impacts, risks, and opportunities including its role in the implementation of due diligence processes.</p> <p>b. Whether consultations with stakeholders are used to support the identification and management of economic, environmental and social topics and their impacts, risks, and opportunities.</p>	<ul style="list-style-type: none"> • CSR Promotion System • Key CSR Issues • Risk Management / Identifying Risks 	
102-30	<p>Effectiveness of risk management processes</p> <p>a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.</p>	<ul style="list-style-type: none"> • Corporate Governance / Internal Control System 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-31	<p>Review of economic, environmental and social topics</p> <p>a. Frequency of the highest governance body's review of economic, environmental and social topics and their impacts, risks, and opportunities.</p>	<ul style="list-style-type: none"> • CSR Promotion System • Environmental Management System / System for Promoting Environmental Management • Prominence in CS & Quality / CS & Quality Management Promotion System • Building a Diverse Organizational Structure / Diversity Management Promotional Structure • Safety / Activity Policy and Promotion System • Compliance and Respect for Human Rights / Putting Compliance Management Efforts into Practice • Corporate Governance Report 	
102-32	<p>Highest governance body's role in sustainability reporting</p> <p>a. The highest-ranking committee or position that fulfills the functions of conducting formal reviews and approves the organization's sustainability reports and confirming that all material topics have been covered.</p>	<ul style="list-style-type: none"> • CSR Promotion System 	
102-33	<p>Communicating critical concerns</p> <p>a. Processes established for communicating critical concerns to the highest governance body.</p>	<ul style="list-style-type: none"> • CSR Promotion System • Stakeholder Engagement 	
102-34	<p>Nature and total number of communicated critical concerns</p> <p>a. Total number and nature of critical concerns that were communicated to the highest governance body.</p> <p>b. Mechanisms used to handle and resolve critical concerns.</p>	—	We regard that there is a risk in the disclosure of this information from the perspectives of Sekisui Chemical Group's management strategies and confidentiality.

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-35	<p>Remuneration policies</p> <p>a. Remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <p>i. Fixed pay and variable pay, including performance-based remuneration, equity-based remuneration, bonuses, and deferred or vested shares)</p> <p>ii. Sign-on bonuses or recruitment incentive payments</p> <p>iii. Termination payments</p> <p>iv. Clawbacks</p> <p>v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees</p> <p>b. How performance standards in the remuneration policies relate to the highest governance body's and corporate officers' objectives for economic, environmental and social topics.</p>	<ul style="list-style-type: none"> • Corporate Governance / Nomination and Remuneration Advisory Committee • Corporate Governance Report 	
102-36	<p>Process for determining remuneration</p> <p>a. Process for determining remuneration.</p> <p>b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.</p> <p>c. Other relationships that exist between remuneration consultants and the organization.</p>	<ul style="list-style-type: none"> • Corporate Governance / Nomination and Remuneration Advisory Committee • Corporate Governance Report 	
102-37	<p>Stakeholder' involvement in remuneration</p> <p>a. How stakeholders' views are sought and taken into account regarding remuneration.</p> <p>b. If applicable, the results of votes on remuneration policies and proposals.</p>	<ul style="list-style-type: none"> • Corporate Governance / Nomination and Remuneration Advisory Committee • Corporate Governance Report • Securities Report (Japanese) • Notice of Convocation 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-38	Annual total compensation ratio a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—	We regard that there is a risk in the disclosure of this information from the perspective of employment contract confidentiality.
102-39	Percentage increase in annual total compensation ratio a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	—	

5. Stakeholder Engagement

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-40	List of stakeholder groups engaged by the organization	• Stakeholder Engagement	
102-41	Collective bargaining agreements a. Percentage of total employees covered by collective bargaining agreements.	•Basis for Fostering Personnel / Labor-management Relations	
102-42	Standards for identifying and selecting the stakeholders with which the organization engages	• Stakeholder Engagement	
102-43	Approach toward stakeholder engagement a. The organization's approach toward stakeholder engagement, include frequency of engagement by type and by stakeholder group. Additionally, indicate whether any of the engagement was undertaken specifically as part of the report preparation process.	• Stakeholder Engagement / Main Responsibilities, Communication Channels, and Communication Methods	
102-44	Critical topics and concerns raised i. How the organization has responded to those critical topics and concerns, including those responded through reporting). ii. Stakeholder groups that raised critical topics and concerns.	• Stakeholder Engagement / Promoting Engagement with Stakeholders	

6. Reporting Practices

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-45	Entities included in the consolidated financial statements a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entities included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	<ul style="list-style-type: none"> • Environmental Management System • Scope of the CSR Report 2019 • Securities Report (Japanese) • Basic Corporate Information 	
102-46	Defining report content and topic Boundaries a. Explanations of the processes for establishing the report content and topic Boundaries. b. Explanations of how the organization has implemented the reporting principles for defining report content.	<ul style="list-style-type: none"> • Editorial Policy • Scope of the CSR Report 2019 • Key CSR Issues • GRI Context Index 	
102-47	List of material topics identified in the process for defining the report content	<ul style="list-style-type: none"> • Key CSR Issues • CSR Medium-term Plan 	
102-48	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Not applicable for the fiscal year under review	
102-49	Significant changes from past reporting periods concerning material topics and topic Boundaries	Not applicable for the fiscal year under review	
102-50	Reporting period for information provided	<ul style="list-style-type: none"> • Scope of the CSR Report 2019 	
102-51	The date of the most recent previous report (if applicable)	<ul style="list-style-type: none"> • Scope of the CSR Report 2019 	
102-52	Reporting cycle	<ul style="list-style-type: none"> • Scope of the CSR Report 2019 	
102-53	Contact point for questions regarding the report	<ul style="list-style-type: none"> • Contact Regarding CSR 	
102-54	Claims of reporting in accordance with the GRI Content Index a. A claim that indicates that the organization followed the GRI Content Index and chose one of the following options when writing a report. i. "This report was written based on the Core option of the GRI Content Index." ii. "This report was written based on the Comprehensive option of the GRI Content Index."	<ul style="list-style-type: none"> • GRI Context Index • Declaration of Support for Initiatives and Organizations in Which Sekisui Chemical Group Participates 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
102-55	<p>Content index</p> <p>a. An index of GRI content, which specifies each of the GRI Standards used and lists all disclosures included in the report.</p> <p>b. For each disclosure, the content index shall include:</p> <p>i. The numbers for the items disclosed (for disclosures covered by the GRI Content Index)</p> <p>ii. The page number(s) or URL(s) where the relevant information can be found, included in the report or other published materials</p> <p>iii. If applicable, and where permitted, the reasons for omission when a required disclosure cannot be made</p>	<ul style="list-style-type: none"> • GRI Context Index 	
102-56	<p>External assurance</p> <p>a. Explanations of the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If the report has been externally assured:</p> <p>i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process</p> <p>ii. The relationship between the organization and the assurance provider</p> <p>iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report</p>	<ul style="list-style-type: none"> • Editorial Policy • Scope of the CSR Report 2019 • Independent Practitioner's Assurance Report 	

Management Approach

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
103-1	<p>Explanations of material item and its boundary</p> <p>a. An explanation of why the topic is material.</p> <p>b. The boundary for the material topic, including description of:</p> <p>i. Where the impacts arise</p> <p>ii. The organization's involvement in any impacts. For example, whether the organization's involvement with an impact is direct or indirect, or whether the impact became relevant via the organization's business relationships</p> <p>c. Any specific limitation relating to the topic boundary.</p>	<ul style="list-style-type: none"> • Key CSR Issues 	
103-2	<p>Management approach and its components</p> <p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Management resources</p> <p>vi. Complaint-processing mechanisms</p> <p>vii. Specific measures (processes, projects, programs, initiatives, etc.)</p>	<ul style="list-style-type: none"> ■ Sekisui Chemical Group's CSR • CSR Promotion System • Basic Policies Regarding CSR • Key CSR Issues • CSR Medium-term Plan • SDGs Initiatives ■ Prominence in Environment • Prominence in Environment • Long-term Environmental Management Vision "Sekisui Environment Sustainability Vision 2030" • Environmental Medium-term Plan "Sekisui Environmental Sustainability Plan: Accelerate" (2017-2019) • Integrated Index "Sekisui Environmental Sustainability Index" • Environmental Management System 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
103-2	<p>Management approach and its components</p> <p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Management resources</p> <p>vi. Complaint-processing mechanisms</p> <p>vii.vii.Specific measures (processes, projects, programs, initiatives, etc.)</p>	<ul style="list-style-type: none"> • Environmental Education • Environmental Accounting • Climate Change • Efficient Use of Resources • Conservation of Water Resources • Chemical Substance Management • Environmental Impact Assessment • Conserving the Natural Environment-Biodiversity- ■Prominence in CS & Quality • Prominence in CS & Quality • Medium-term Plan • Creating Attractive Products and Services • Improving Quality ■Prominence in Human Resources • Prominence in Human Resources • Building a Diverse Organizational Structure • Allowing Diverse Human Resources to Excel • Basis for Fostering Personnel ■Pledge to Society • Pledge to Society • Working Environment • Safety • Compliance and Respect for Human Rights ■Governance • Governance and Internal Control • Risk Management • Cyber Security 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
103-3	<p>Evaluation of management approach</p> <p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. The mechanisms for evaluating the effectiveness of the management approach</p> <p>ii. The results of the evaluation of the management approach</p> <p>iii. Adjustments made in relation to management approach</p>	<ul style="list-style-type: none"> ■ Sekisui Chemical Group's CSR • CSR Promotion System • Basic Policies Regarding CSR • Key CSR Issues • CSR Medium-term Plan • SDGs Initiatives ■ Prominence in Environment • Prominence in Environment • Long-term Environmental Management Vision "Sekisui Environment Sustainability Vision 2030" • Environmental Medium-term Plan "Sekisui Environmental Sustainability Plan: Accelerate" (2017-2019) • Integrated Index "Sekisui Environmental Sustainability Index" • Environmental Management System • Environmental Education • Environmental Accounting • Climate Change • Efficient Use of Resources • Conservation of Water Resources • Chemical Substance Management • Environmental Impact Assessment • Conserving the Natural Environment-Biodiversity- 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
103-3	<p>Evaluation of management approach</p> <p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. The mechanisms for evaluating the effectiveness of the management approach</p> <p>ii. The results of the evaluation of the management approach</p> <p>iii. Adjustments made in relation to management approach</p>	<ul style="list-style-type: none"> ■ Prominence in CS & Quality • Prominence in CS & Quality • Medium-term Plan • Creating Attractive Products and Services • Improving Quality ■ Prominence in Human Resources • Prominence in Human Resources • Building a Diverse Organizational Structure • Allowing Diverse Human Resources to Excel • Basis for Fostering Personnel ■ Pledge to Society • Pledge to Society • Working Environment • Safety • Compliance and Respect for Human Rights ■ Governance • Governance and Internal Control • Risk Management • Cyber Security 	

Economic Performance

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
201-1	<p>Direct economic value generated and distributed</p> <p>a. Direct economic value generated and distributed (EVG&D) on an accruals basis including the basic components for the organization's global operations as listed below. If data is presented on a cash basis, report the justification for this decision and report the basic components as listed below:</p> <p>i. Direct economic value generated: revenues</p> <p>ii. Economic value distributed: operating costs, employee wages and benefits, payments to capital providers of capital, payments to governments by country, and community investments</p> <p>iii. Economic value retained (calculated as 'Direct economic value generated' less 'Economic value distributed')</p> <p>b. Report EVG&D separately at country, regional, or market levels, where significant. Report the criteria used for defining significance.</p>	<ul style="list-style-type: none"> • Stakeholder Engagement / Distribute Value to Stakeholders 	
201-2	<p>Financial implications and other risks and opportunities due to climate change</p> <p>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure, including:</p> <p>i. A description of the risk or opportunity and its classification as either physical, regulatory, or other</p> <p>ii. A description of the impact associated with the risk or opportunity</p> <p>iii. The financial implications of the risk or opportunity before action is taken</p> <p>iv. The methods used to manage the risk or opportunity</p> <p>v. The costs of actions taken to manage the risk or opportunity</p>	<ul style="list-style-type: none"> • Climate Change / Climate Change and Our Business 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
201-3	<p>Defined benefit plan obligations and other retirement plans</p> <p>a. Where the plan's liabilities are met by the organization's general resources, report the estimated value of those liabilities.</p> <p>b. Where a separate fund exists to pay the plan's pension liabilities, report:</p> <p>i. The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them</p> <p>ii. The basis on which that estimate has been arrived at</p> <p>iii. When that estimate was made</p> <p>c. Where a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Percentage of salary contributed by employee or employer.</p> <p>e. Level of participation in retirement plans (such as participation in mandatory or voluntary schemes, regional or country-based schemes, or those with financial impact).</p>	<ul style="list-style-type: none"> • Securities Report (Japanese) • Fact Book 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
201-4	<p>Financial assistance received from government</p> <p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:</p> <ul style="list-style-type: none"> i. Tax relief and tax credits ii. Subsidies iii. Investment grants, research and development grants, and other relevant types of grants iv. Awards v. Royalty holidays vi. Financial assistance from Export Credit Agencies (ECAs) vii. Financial incentives viii. Other financial benefits received or receivable from any government for any operation <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>	—	We regard that there is a risk that this information could contain business strategies and confidential content.

Presence Within Regional Economies

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
202-1	<p>Ratios of standard entry level wage by gender compared to local minimum wage</p> <p>a. When a significant proportion of the workforce is compensated based on wages subject to minimum wage rules, report the ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</p> <p>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</p> <p>d. The definition used for 'significant locations of operation'.</p>	—	Because the scope of tabulation is vast and complex, we have not disclosed these figures.
202-2	<p>Proportion of senior management hired from the local community</p> <p>a. Percentage of senior management at significant locations of operation that are hired from the local community.</p> <p>b. The definition used for 'senior management'.</p> <p>c. The organization's geographical definition of 'local'.</p> <p>d. The definition used for 'significant locations of operation'.</p>	—	Because the scope of tabulation is vast and complex, we have not disclosed these figures.

Indirect Economic Impacts

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
203-1	<p>Infrastructure investments and services supported</p> <p>a. Extent of development of significant infrastructure investments and services supported.</p> <p>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</p> <p>c. Whether these investments and services are commercial, in-kind, or pro bono engagements.</p>	• Integrated Report	
203-2	<p>Significant indirect economic impacts</p> <p>a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.</p> <p>b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</p>	—	Because the scope of tabulation is vast and complex, we have not disclosed these figures.

Procurement Practices

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
204-1	<p>Proportion of spending on local suppliers</p> <p>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</p> <p>b. The organization's geographical definition of 'local'.</p> <p>c. The definition used for 'significant locations of operation'.</p>	—	Because the scope of tabulation is vast and complex, we have not disclosed these figures.

Anti-corruption

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to combating corruption using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Compliance and Respect for Human Rights 	
205-1	<p>Operations assessed for risks related to corruption</p> <p>a. Total number and percentage of operations assessed for risks related to corruption.</p> <p>b. Significant risks related to corruption identified through the risk assessment.</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Prevention of Bribery and Corruption 	
205-2	<p>Communication and training on anti-corruption policies and procedures</p> <p>a. Total number and percentage of governance body members that the organization's anticorruption policies and procedures have been communicated to, broken down by region.</p> <p>b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p> <p>c. Total number and percentage of business partners that the organization's anticorruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.</p> <p>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Prevention of Bribery and Corruption 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
205-3	<p>Confirmed incidents of corruption and actions taken</p> <p>a. Total number and nature of confirmed incidents of corruption.</p> <p>b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p> <p>c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p> <p>d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Prevention of Bribery and Corruption • Compliance and Respect for Human Rights / Cases of Violations in Fiscal 2018 	

Anti-competitive Behavior

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to anti-competitive behavior using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Compliance and Respect for Human Rights 	
206-1	<p>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</p> <p>a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.</p> <p>b. Main outcomes of completed legal actions, including any decisions or judgments.</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Handling Measures for Antitrust Laws 	

Materials

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to raw materials using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Environmental Medium-term Plan "Sekisui Environmental Sustainability Plan: Accelerate" (fiscal 2017-2019) • Efficient Use of Resources / Basic Concept 	
301-1	<p>Materials used by weight or volume</p> <p>a. Total weight or volume of raw materials used to produce and package the organization's major products and services during the reporting period, in accordance with the following classifications:</p> <p>i. Non-renewable raw materials used</p> <p>ii. Renewable raw materials used</p>	<ul style="list-style-type: none"> • Material balance 	Because the scope of tabulation is vast and complex, we have not disclosed these figures. This is an issue we must consider and deal with in the future.
301-2	Proportion of recycled materials used in the production of the organization's major products and services	<ul style="list-style-type: none"> • Efficient Use of Resources / Recycling Construction Materials • Conserving the Natural Environment -Biodiversity- / Procurement of Sustainable Raw Materials 	Because the scope of tabulation is vast and complex for ratios, we have not disclosed these figures. This is an issue we must consider and deal with in the future.
301-3	<p>Recycled products and packaging materials</p> <p>a. Proportion of recycled products and packaging materials by product category.</p> <p>b. How the data for this disclosure have been collected.</p>	<ul style="list-style-type: none"> • Efficient Use of Resources / Reducing Packaging Materials 	Because the scope of tabulation is vast and complex for ratios and other data, we have not disclosed these figures. This is an issue we must consider and deal with in the future.

Energy

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to energy using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Environmental Medium-term Plan "Sekisui Environmental Sustainability Plan: Accelerate" (fiscal 2017-2019) • Climate Change / Basic Concept • Climate Change / Combating Climate Change 	
302-1	<p>Energy consumption within the organization</p> <p>a. Total fuel consumption from non-renewable sources in joules or multiples, including fuel types used.</p> <p>b. Total fuel consumption from renewable fuel sources in joules or multiples, including fuel types used.</p> <p>c. Report in joules, watt-hours or multiples, the total:</p> <p>i. Electricity consumption</p> <p>ii. Heating consumption</p> <p>iii. Cooling consumption</p> <p>iv. Steam consumption</p> <p>d. Report in joules, watt-hours or multiples, the total:</p> <p>i. Electricity sold</p> <p>ii. Heating sold</p> <p>iii. Cooling sold</p> <p>iv. Steam sold</p> <p>e. Total energy consumption in joules or multiples.</p> <p>f. Standards, methods, assumptions, and calculation tools used.</p> <p>g. Source of the conversion factors used.</p>	<ul style="list-style-type: none"> • Climate Change / Renewable Energy Use • Climate Change / Performance Data 	Because the scope of tabulation is vast and complex for some data, we have not disclosed these figures. This is an issue we must consider and deal with in the future.

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
302-2	<p>Energy consumption outside of the organization</p> <p>a. Energy consumed outside of the organization, in joules or multiples.</p> <p>b. Standards, methods, assumptions, and calculation tools used.</p> <p>c. Source of the conversion factors used.</p>	—	We regard that monitoring the amount of energy used in supply chains (Scope 3) is an issue which we must consider and deal with.
302-3	<p>Energy intensity</p> <p>a. Energy intensity ratio for the organization.</p> <p>b. Organization-specific metric (the ratio denominator) chosen to calculate the ratio.</p> <p>c. Types of energy included in the intensity ratio: fuel, electricity, heating, cooling, steam, or all.</p> <p>d. Whether the ratio uses energy consumed within the organization, outside of it or both.</p>	<ul style="list-style-type: none"> • Climate Change / Performance Data 	
302-4	<p>Reduction of energy consumption</p> <p>a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</p> <p>b. Types of energy included in the reductions: fuel, electricity, heating, cooling, steam, or all.</p> <p>c. Basis for calculating reductions in energy consumption such as base year or baseline, and the rationale for choosing it.</p> <p>d. Standards, methods, assumptions, and calculation tools used.</p>	<ul style="list-style-type: none"> • Climate Change / Combating Climate Change • Climate Change / Environment-contributing Investments • Climate Change / Renewable Energy Use • Climate Change / Performance Data 	
302-5	<p>Reductions in energy requirements of products and services</p> <p>a. Reductions in the energy requirements of sold products and services achieved during the reporting period, in joules or multiples.</p> <p>b. Basis for calculating reductions in energy consumption such as base year or baseline, and the rationale for choosing it.</p> <p>c. Standards, methods, assumptions, and calculation tools used.</p>	<ul style="list-style-type: none"> • Climate Change / Greenhouse Gases emissions at the Supply Chain Stage (SCOPE 3) • Environment-Contributing Products 	

Water Resources

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to water resources using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • CSR Medium-term Plan • Environmental Medium-Term Plan "Sekisui Environmental Sustainability Plan: Accelerate" (fiscal 2017-2019) • Conservation of Water Resources / Basic Concept • Conservation of Water Resources / Activity Policy and Reduction Targets 	
303-1	<p>Water withdrawal by source</p> <p>a. Total volume of water withdrawn from the following sources:</p> <ol style="list-style-type: none"> Surface water, including water from wetlands, rivers, lakes, and oceans Ground water Rainwater collected directly and stored by the organization Waste water from another organization Municipal water supplies or other public or private water utilities <p>b. Standards, methods, and assumptions used</p>	<ul style="list-style-type: none"> • Conservation of Water Resources / Performance Data 	
303-2	<p>Water sources significantly affected by withdrawal of water</p> <p>a. Total number of water sources significantly affected by withdrawal by type:</p> <ol style="list-style-type: none"> Size of water source Whether or not the source is designated as a protected area (nationally or internationally) Biodiversity value (such as species diversity and endemism, total number of protected species) Value or importance of water source to local communities and indigenous peoples <p>b. Standards, methods, and assumptions used.</p>	<ul style="list-style-type: none"> • Conservation of Water Resources / Assessment of Water-related Risks • Conservation of Water Resources / Ongoing Monitoring of Water Risks • Conservation of Water Resources / Performance Data 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
303-3	<p>Recycled and reused water</p> <p>a. Total volume of water recycled and reused by the organization.</p> <p>b. Total volume of water recycled and reused as a percentage of the total water withdrawal specified in Disclosure 303-1.</p> <p>c. Standards, methods, and assumptions used.</p>	<ul style="list-style-type: none"> • Conservation of Water Resources / Water Recycling 	

Biodiversity

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	<p>Reporting management approach relating to biodiversity using "GRI 103: Management Approach"</p>	<ul style="list-style-type: none"> • Key CSR Issues • CSR Medium-term Plan • Environmental Medium-term Plan "Sekisui Environmental Sustainability Plan: Accelerate" (fiscal 2017-2019) • Conserving the Natural Environment -Biodiversity- 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
304-1	<p>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</p> <p>a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information:</p> <ul style="list-style-type: none"> i. Geographic location ii. Subsurface and underground land that may be owned, leased, or managed by the organization iii. Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas iv. Type of operation (office, manufacturing or production, or extractive) v. Size of operational site in km2 (or another unit, if appropriate) vi. Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem) vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation) 	<ul style="list-style-type: none"> • Conserving the Natural Environment -Biodiversity- / Rare Species Confirmed at Sekisui Chemical Group Business Sites and Surrounding Areas Through Fiscal 2018 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
304-2	<p>Significant impacts of activities, products, and services on biodiversity</p> <p>a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following:</p> <p>i. Construction or use of manufacturing plants, mines, and transport infrastructure</p> <p>ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources)</p> <p>iii. Introduction of invasive species, pests, and pathogens</p> <p>iv. Reduction of species</p> <p>v. Habitat conversion</p> <p>vi. Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level)</p> <p>b. Significant direct and indirect positive and negative impacts with reference to the following:</p> <p>i. Species affected</p> <p>ii. Extent of areas impacted</p> <p>iii. Duration of impacts</p> <p>iv. Reversibility or irreversibility of the impacts</p>	<ul style="list-style-type: none"> • Efficient Use of Resources / Social Responsibility Regarding Waste • Conservation of Water Resources / Impact of Water-related Risks on Business • Conservation of Water Resources / Ongoing Monitoring of Water Risks • Conserving the Natural Environment -Biodiversity- / Wastewater WET • Environmental Impact Assessment 	<p>Because the scope is vast for some information, we have not disclosed all figures. This is an issue we must consider and deal with in the future.</p>

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
304-3	<p>Habitats protected or restored</p> <p>a. Size and location of all habitat protected areas or restored areas, and whether the success of the restoration measure was or is approved by independent external professionals.</p> <p>b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.</p> <p>c. Status of each area based on its condition at the close of the reporting period.</p> <p>d. Standards, methods, and assumptions used.</p>	<ul style="list-style-type: none"> • Conserving the Natural Environment -Biodiversity- / Initiatives to Improve Green Space Quality • Conserving the Natural Environment -Biodiversity- / Example of Green Space Quality Improvement • Conserving the Natural Environment -Biodiversity- / Park-like Production Plant in the Middle of a Forest Rich with Nature • Conserving the Natural Environment -Biodiversity- / Promoting Biodiversity in Our Housing Business • Conserving the Natural Environment -Biodiversity- / Environmental Contribution Activities in Collaboration with Local Communities • Conserving the Natural Environment -Biodiversity- / Cooperation with External Organizations 	<p>Because the scope is vast for some information, we have not disclosed all figures. This is an issue we must consider and deal with in the future.</p>
304-4	<p>IUCN Red List species and national conservation list species with habitats in areas affected by operations</p> <p>a. List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk:</p> <ul style="list-style-type: none"> i. Critically endangered IA (CR) ii. Endangered IB (EN) iii. Vulnerable II (VU) iv. Near threatened (NT) v. Least concern 	<ul style="list-style-type: none"> • Conserving the Natural Environment -Biodiversity- / Rare Species Confirmed at Sekisui Chemical Group Business Sites and Surrounding Areas Through Fiscal 2018 	

Emissions

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to emissions into the atmosphere using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • CSR Medium-term Plan • Environmental Medium-Term Plan "Sekisui Environmental Sustainability Plan: Accelerate" (fiscal 2017-2019) • Climate Change / Basic Concept • Climate Change / Combating Climate Change • Climate Change / Acquisition of SBT Certification • Climate Change / Environment-contributing Investments • Chemical Substance Management / Preventing Air and Water Pollution 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
305-1	<p>Direct greenhouse gas (GHG) emissions (Scope 1)</p> <p>a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. Gases included in the calculation (whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all)</p> <p>c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.</p> <p>d. Base year for the calculation, if applicable, including:</p> <p>i. The rationale for choosing the base year</p> <p>ii. Emissions in the base year</p> <p>iii. The context for any significant changes in emissions that triggered recalculations of base year emissions</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions (equity share, financial control, or operational control).</p> <p>g. Standards, methods, assumptions, and calculation tools used.</p>	<ul style="list-style-type: none"> • Climate Change / Combating Climate Change • Climate Change / Environment-contributing Investments • Climate Change / Performance Data 	<p>Because the scope is vast for some data, we have not disclosed all figures. This is an issue we must consider and deal with in the future.</p>

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
305-2	<p>Indirect greenhouse gas (GHG) emissions (Scope 2)</p> <p>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.</p> <p>c. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>d. Base year for the calculation, if applicable, including:</p> <p>i. The rationale for choosing the base year</p> <p>ii. Emissions in the base year</p> <p>iii. The context for any significant changes in emissions that triggered recalculations of base year emissions</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methods, assumptions, and calculation tools used.</p>	<ul style="list-style-type: none"> • Climate Change / Combating Climate Change • Climate Change / Performance Data 	<p>Because the scope is vast for some data, we have not disclosed all figures. This is an issue we must consider and deal with in the future.</p>

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
305-3	<p>Other indirect greenhouse gas (GHG) emissions (Scope 3)</p> <p>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. If available, the gases included in the calculation whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.</p> <p>d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.</p> <p>e. Base year for the calculation, if applicable, including:</p> <p>i. The rationale for the base year</p> <p>ii. Emissions in the base year</p> <p>iii. The context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>g. Standards, methods, assumptions, and calculation tools used.</p>	<ul style="list-style-type: none"> • Climate Change / Combating Climate Change • Climate Change / Greenhouse Gases emissions at the Supply Chain Stage (SCOPE 3) • Climate Change / Performance Data 	<p>Because the scope is vast for some data, we have not disclosed all figures. This is an issue we must consider and deal with in the future.</p>
305-4	<p>Greenhouse gas (GHG) emissions intensity</p> <p>a. GHG emissions intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and / or other indirect (Scope 3).</p> <p>d. Gases included in the calculation whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p>	<ul style="list-style-type: none"> • Climate Change / Combating Climate Change • Climate Change / Performance Data 	<p>Because the scope is vast for some data, we have not disclosed all figures. This is an issue we must consider and deal with in the future.</p>

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
305-5	<p>Reduction of greenhouse gas (GHG) emissions</p> <p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.</p> <p>b. Gases included in the calculation whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Base year or baseline, including the rationale for choosing it.</p> <p>d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and / or other indirect (Scope 3).</p> <p>e. Standards, methods, assumptions, and calculation tools used.</p>	<ul style="list-style-type: none"> • Climate Change / Combating Climate Change • Climate Change / Performance Data 	<p>Because the scope is vast for some data, we have not disclosed all figures. This is an issue we must consider and deal with in the future.</p>
305-6	<p>Emissions of Ozone-Depleting Substances (ODS)</p> <p>a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.</p> <p>b. Substances included in the calculation.</p> <p>c. Source of the emission factors used.</p> <p>d. Standards, methods, assumptions, and calculation tools used.</p>	<ul style="list-style-type: none"> • Chemical Substance Management / Controlling VOC Emissions • Chemical Substance Management / Disposal and Storage of Devices Containing PCBs and Management of Equipment That Uses Fluorocarbons • Chemical Substance Management / Performance Data 	<p>Because the scope is vast for some data, we have not disclosed all figures. This is an issue we must consider and deal with in the future.</p>
305-7	<p>Nitrogen oxide (NO_x), sulfur oxide SO_x, and other critical atmospheric emissions</p> <p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <ol style="list-style-type: none"> NO_x SO_x Persistent organic pollutants (POP) Volatile organic compounds (VOC) Hazardous air pollutants (HAP) Particulate matter (PM) Other standard categories of air emissions identified in relevant regulations <p>b. Source of the emission factors used.</p> <p>c. Standards, methods, assumptions, and calculation tools used.</p>	<ul style="list-style-type: none"> • Chemical Substance Management / Performance Data 	<p>Because the scope is vast for some data, we have not disclosed all figures. This is an issue we must consider and deal with in the future.</p>

Effluents and Waste

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to effluents and waste using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • CSR Medium-term Plan • Environmental Medium-term Plan "Sekisui Environmental Sustainability Plan: Accelerate" (fiscal 2017-2019) • Efficient Use of Resources / Basic Concept • Conservation of Water Resources / Basic Concept • Conservation of Water Resources / Assessment of Water-related Risks • Conservation of Water Resources / Impact of Water-related Risks on Business • Conservation of Water Resources / Activity Policy and Reduction Targets • Chemical Substance Management / Preventing Air and Water Pollution 	
306-1	<p>Water discharge by quality and destination</p> <p>a. Total volume of planned and unplanned water discharges by:</p> <p>i. Destination</p> <p>ii. Quality of the water, including treatment method</p> <p>iii. Whether it was reused by another organization</p> <p>b. Standards, methods, and assumptions used.</p>	<ul style="list-style-type: none"> • Conservation of Water Resources / Ongoing Monitoring of Water Risks • Conservation of Water Resources / Water Recycling • Conservation of Water Resources / Performance Data 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
306-2	<p>Waste by type and disposal method</p> <p>a. Total weight of hazardous waste, by the following disposal methods:</p> <ol style="list-style-type: none"> i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) <p>b. Total weight of non-hazardous waste, by the following disposal methods:</p> <ol style="list-style-type: none"> i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization) <p>c. How the waste disposal method has been determined:</p> <ol style="list-style-type: none"> i. Disposed of directly by the organization or otherwise directly confirmed ii. Information provided by the waste disposal contractor iii. Organizational defaults of the waste disposal contractor 	<ul style="list-style-type: none"> • Efficient Use of Resources / Thermal Recycling Initiatives • Material Balance • Efficient Use of Resources / Performance Data • Chemical Substance Management / Performance Data 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
306-3	<p>Significant spills</p> <p>a. Total number and total volume of recorded significant spills.</p> <p>b. The following additional information for each spill that was reported in the organization's financial statements:</p> <p>i. Location of spill</p> <p>ii. Volume of spill</p> <p>iii. Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization).</p> <p>c. The impacts of significant spills.</p>	<ul style="list-style-type: none"> • Soil Surveys <p>Not applicable for the fiscal year under review</p>	
306-4	<p>Transportation of hazardous waste</p> <p>a. Total weight for each of the following:</p> <p>i. Hazardous waste transported</p> <p>ii. Hazardous waste imported</p> <p>iii. Hazardous waste exported</p> <p>iv. Hazardous waste treated</p> <p>b. Percentage of hazardous waste shipped internationally.</p> <p>c. Standards, methods, and assumptions used.</p>	<ul style="list-style-type: none"> • Chemical Substance Management / Performance Data 	
306-5	<p>Water bodies affected by water discharges and / or runoff</p> <p>a. Water bodies and related habitats that are significantly affected by water discharges and / or runoff, including information on:</p> <p>i. Size of water body and related habitat</p> <p>ii. Whether the water body and related habitat is designated as a protected area (nationally or internationally)</p> <p>iii. Biodiversity value (such as total number of protected species)</p>	—	<p>Because there are a vast number of business sites and data collection is difficult, we have not disclosed these figures for fiscal 2018.</p>

Environmental Compliance

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to compliance with laws and regulations concerning the environment using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • CSR Medium-term Plan • Environmental Management System / Complying with Environmental Laws and Regulations 	
307-1	<p>Non-compliance with environmental laws and regulations</p> <p>a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and / or regulations in terms of:</p> <p>i. Total monetary value of significant fines</p> <p>ii. Total number of non-monetary sanctions</p> <p>iii. Cases brought through dispute resolution mechanisms</p> <p>b. If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.</p>	<ul style="list-style-type: none"> • Environmental Management System / Complying with Environmental Laws and Regulations 	

Assessments of Suppliers in Environmental Terms

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to suppliers' environmental assessments using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Environmental Management System / Environmental Management across the Supply Chain 	
308-1	New suppliers that were screened using environmental criteria Percentage of new suppliers that were screened using environmental criteria.	<p>—</p> <p>When selecting new suppliers, Sekisui Chemical Group comprehensively evaluates candidate companies from the perspectives of quality, environmental factors, health and safety, and compliance with laws, regulations, and social standards. As a result, all new suppliers now clear every environmental standard required by the Group.</p>	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
308-2	<p>Negative environmental impacts in the supply chain and actions taken</p> <p>a. Number of suppliers subject to environmental impact assessments.</p> <p>b. Number of suppliers identified as having significant actual and potential negative environmental impacts.</p> <p>c. Significant actual and potential negative environmental impacts identified in the supply chain.</p> <p>d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment.</p> <p>e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.</p>	—	Because each Company has different suppliers and data collection is difficult, we have not disclosed these figures for fiscal 2018.

Employment

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to employment using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Prominence in Human Resources / Our Philosophy • Prominence in Human Resources / Building a Diverse Organizational Structure • Prominence in Human Resources / Allowing Diverse Human Resources to Excel 	
401-1	<p>New employee hires and employee turnover</p> <p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	<ul style="list-style-type: none"> • Prominence in Human Resources / Data on Employees 	
401-2	<p>Benefits provided to full-time employees that are not provided to temporary or part-time employees</p> <p>a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:</p> <ol style="list-style-type: none"> Life insurance Healthcare Disability and invalidity coverage Parental leave Retirement provision Stock ownership Others <p>b. The definition used for 'significant locations of operation'.</p>	<ul style="list-style-type: none"> • Prominence in Human Resources / Basis for Fostering Personnel / Benefits 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
401-3	<p>Parental leave</p> <p>a. Total number of employees that were entitled to parental leave, by gender.</p> <p>b. Total number of employees that took parental leave, by gender.</p> <p>c. Total number of employees who returned to work in the reporting period after parental leave ended, by gender.</p> <p>d. Total number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender.</p> <p>e. Return to work and retention rates of employees who took parental leave, by gender.</p>	<ul style="list-style-type: none"> • Prominence in Human Resources / Allowing Diverse Human Resources to Excel / Main Systems and Uses for Various Workstyles and Their Use 	

Labor / Management Relations

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
402-1	<p>Minimum notice periods regarding operational changes</p> <p>a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.</p> <p>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>	<ul style="list-style-type: none"> • Workplace Environment / Notifications of Major HR-related Changes 	

Occupational Health and Safety

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to Occupational Health and Safety using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • CSR Medium-term Plan • Safety / Basic Concept • Safety / Activity Policy and Promotion System • Safety / Safety Audits • Safety / Measures to Prevent Fires and Explosions • Safety / Overseas Business Site Safety Audits • Safety / Safety Management along Supply Chains 	
403-1	<p>Workers representation in formal joint management-worker health and safety committees</p> <p>a. The level at which each formal joint management-worker health and safety committee typically operates within the organization.</p> <p>b. Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees.</p>	<ul style="list-style-type: none"> • Safety / Occupational Safety Committee Held 	Although not disclosed in fiscal 2019, we regard this as an issue which we must consider and deal with for future disclosure.

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
403-2	<p>Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities</p> <p>a. Types of injury, injury rate (IR), occupational diseases rate (ODR), lost day rate (LDR), absentee rate (AR) and work-related fatalities, for all employees, by:</p> <p>i. Region</p> <p>ii. Gender</p> <p>b. Types of injury, injury rate (IR) and work-related fatalities for all workers (excluding employees) whose work, or workplace, is controlled by the organization, by:</p> <p>i. Region</p> <p>ii. Gender</p> <p>c. The system of rules applied in recording and reporting accident statistics.</p>	<ul style="list-style-type: none"> • Safety / Performance Data 	<p>Because the scope of tabulation is vast and complex, we have not disclosed these figures. This is an issue we must consider and deal with in the future.</p>
403-3	<p>Workers with high incidence or high risk of diseases related to their occupation</p> <p>a. Whether there are workers whose work, or workplace, is controlled by the organization, involved in occupational activities who have a high incidence or high risk of specific diseases.</p>	—	<p>The Group compiles lists of risks, including outbreaks of communicable diseases, for which the Group should prepare, and these lists are shared globally with those in charge of lines of business and local sites. Going forward, we intend to discuss methods of tabulating and disclosing risks uncovered by those with such responsibilities.</p>
403-4	<p>Health and safety topics covered in formal agreements with trade unions</p> <p>a. Whether formal agreements (either local or global) with trade unions cover health and safety.</p> <p>b. If so, the extent, as a percentage, to which various health and safety topics are covered by these agreements.</p>	<ul style="list-style-type: none"> • Safety / Occupational Safety Committee Held 	<p>Although not disclosed in fiscal 2019, we regard this as an issue which we must consider and deal with for future disclosure.</p>

Training and Education

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to training using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • CSR Medium-term Plan • Prominence in Human Resources / Basis for Fostering Personnel 	
404-1	<p>Average hours of training per year per employee</p> <p>a. Average hours of training that the organization's employees have undertaken during the reporting period, by:</p> <ol style="list-style-type: none"> i. Gender ii. Employee category 	<ul style="list-style-type: none"> • Prominence in Human Resources / Basis for Fostering Personnel / Training Systems to Support Our Businesses • Prominence in Human Resources / Basis for Fostering Personnel / Performance Data 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
404-2	<p>Programs for upgrading employee skills and transition assistance programs</p> <p>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.</p> <p>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</p>	<ul style="list-style-type: none"> • Prominence in Human Resources / Allowing Diverse Human Resources to Excel / Developing Business Leaders • Prominence in Human Resources / Allowing Diverse Human Resources to Excel / Follow-up Training for New, Mid-career Hires • Prominence in Human Resources / Allowing Diverse Human Resources to Excel / Support System for Diverse Career Paths • Prominence in Human Resources / Allowing Diverse Human Resources to Excel / Fostering Women's Candidacy for Management Positions • Prominence in Human Resources / Allowing Diverse Human Resources to Excel / Career Plan Training by Age (Sekisui Chemical Group) • Prominence in Human Resources / Allowing Diverse Human Resources to Excel / Global Talent Employee System • Prominence in Human Resources / Allowing Diverse Human Resources to Excel / Global Trainee Program 	
404-3	<p>Percentage of employees receiving regular performance and career development reviews</p> <p>a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.</p>	<ul style="list-style-type: none"> • Prominence in Human Resources / Basis for Fostering Personnel / Periodic Evaluation of Individual Performance and Career Development 	

Diversity and Equal Opportunity

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Report management approach relating to diversity using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Prominence in Human Resources / Building a Diverse Organizational Structure 	
405-1	<p>Diversity in governance bodies and among employees</p> <p>a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories:</p> <p>i. Gender</p> <p>ii. Age group: under 30 years old, 30-50 years old, over 50 years old</p> <p>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups)</p> <p>b. Percentage of employees per employee category in each of the following diversity categories:</p> <p>i. Gender</p> <p>ii. Age group: under 30 years old, 30-50 years old, over 50 years old</p> <p>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups)</p>	<ul style="list-style-type: none"> • Prominence in Human Resources / Data on Employees • Corporate Governance / About the Age-group Composition of Corporate Officers 	
405-2	<p>Ratio of basic salary and remuneration of women to men</p> <p>a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.</p> <p>b. The definition used for 'significant locations of operation'</p>	<ul style="list-style-type: none"> • Prominence in Human Resources / Basis for Fostering Personnel / Benefits 	In part because the number of employees is large and was difficult to collect data during this fiscal year, we have not disclosed figures concerning ratios for total amounts of compensation for fiscal 2017.

Non-discrimination

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
406-1	<p>Incidents of discrimination and corrective actions taken</p> <p>a. Total number of incidents of discrimination during the reporting period.</p> <p>b. Status of the incidents and actions taken with reference to the following:</p> <p>i. Incident reviewed by the organization</p> <p>ii. Remediation plans being implemented</p> <p>iii. Remediation plans have been implemented and results reviewed through routine internal management review processes</p> <p>iv. Incident no longer subject to action</p>	Not applicable for the fiscal year under review	

Freedom of Association and Collective Bargaining

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
407-1	<p>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</p> <p>a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of:</p> <p>i. Type of operation (such as manufacturing plant) and supplier</p> <p>ii. Countries or geographic areas with operations and suppliers considered at risk.</p> <p>b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.</p>	<ul style="list-style-type: none"> Compliance and Respect for Human Rights / Identifying Human Rights Risks Within the Group 	Because it is difficult to acquire supplier data, we have not disclosed these figures for fiscal 2018.

Child Labor

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
408-1	<p>Operations and suppliers at significant risk for incidents of child labor</p> <p>a. Operations and suppliers considered to have significant risk for incidents of:</p> <ol style="list-style-type: none"> i. Child labor ii. Young workers exposed to hazardous work <p>b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of:</p> <ol style="list-style-type: none"> i. Type of operation (such as manufacturing plant) and supplier ii. Countries or geographic areas with operations and suppliers considered at risk <p>c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Identifying Human Rights Risks Within the Group • Compliance and Respect for Human Rights / Initiatives Geared Toward Suppliers 	

Forced or Compulsory Labor

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
409-1	<p>Operations and suppliers at significant risk for incidents of forced or compulsory labor</p> <p>a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of:</p> <ol style="list-style-type: none"> i. Type of operation (such as manufacturing plant) and supplier ii. Countries or geographic areas with operations and suppliers considered at risk <p>b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Identifying Human Rights Risks Within the Group • Compliance and Respect for Human Rights / Initiatives Geared Toward Suppliers 	

Security Practices

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
410-1	<p>Security personnel trained in human rights policies or procedures</p> <p>a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.</p> <p>b. Whether the same training requirements also apply to third-party organizations providing security personnel.</p>	—	

Rights of Indigenous Peoples

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
411-1	<p>Incidents of violations involving rights of indigenous peoples</p> <p>a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.</p> <p>b. Status of the incidents and actions taken with reference to the following:</p> <p>i. Incident reviewed by the organization</p> <p>ii. Remediation plans being implemented</p> <p>iii. Remediation plans have been implemented and results reviewed through routine internal management review processes</p> <p>iv. Incident no longer subject to action</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Identifying Human Rights Risks Within the Group 	

Human Rights Assessment

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to human rights assessments using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Compliance and Respect for Human Rights / Respect for Human Rights / Basic Concept • Compliance and Respect for Human Rights / Human Rights Policy Formulation • Compliance and Respect for Human Rights / Assessing the Human Rights Situation at Our Suppliers 	
412-1	Operations that have been subject to human rights reviews or impact assessments a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Identifying Human Rights Risks Within the Group 	Because it is difficult to ascertain the total number of business sites, due to such factors as M&A and organizational reforms as well as the diversity of business, we have not disclosed the percentage.

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
412-2	<p>Employee training on human rights policies or procedures</p> <p>a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p> <p>b. Percentage of employees trained during the reporting period on human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Internal Deliberations on Human Rights Policy Formulation • Compliance and Respect for Human Rights / Initiatives Geared Toward Employees • Compliance and Respect for Human Rights / Performance Data / List of Results Relating to Compliance Training • Prominence in Human Resources / Basis for Fostering Personnel / Performance Data 	<p>Because the total number of hours of training and the proportion of employees who have undergone training are, at the time of this writing, difficult to acquire information regarding, we have not disclosed anything on this matter.</p>
412-3	<p>Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</p> <p>a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.</p> <p>b. The definition used for 'significant investment agreements'.</p>	—	

Local Communities

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to local communities using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Social Contribution Activities 	
413-1	<p>Operations with implemented local community engagement, impact assessments, and development programs</p> <p>a. Percentage of operations with implemented local community engagement, impact assessments, and development programs, including the use of:</p> <ul style="list-style-type: none"> i. Social impact assessments, including gender impact assessments, based on participatory processes ii. Environmental impact assessments and ongoing monitoring iii. Public disclosure of results of environmental and social impact assessments iv. Local community development programs based on local communities' needs v. Stakeholder engagement plans based on stakeholder mapping vi. Broad based local community consultation committees and processes that include vulnerable groups vii. Works councils, occupational health and safety committees and other employee representation bodies to deal with impacts viii. Formal local community grievance processes 	—	We are currently considering evaluation methods for measuring impacts on local communities.
413-2	<p>Operations with significant actual and potential negative impacts on local communities</p> <p>a. Operations with significant actual and potential negative impacts on local communities, including:</p> <ul style="list-style-type: none"> i. The location of the operations ii. The significant actual and potential negative impacts of operations 	—	We are currently considering evaluation methods for measuring impacts on local communities.

Supplier Assessment for Impacts on Society

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to society-focused assessments of suppliers using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Compliance and Respect for Human Rights / Assessing the Human Rights Situation at Our Suppliers • Basic Policies Regarding CSR / Basic Procurement Policy 	
414-1	<p>New suppliers that were screened using social criteria</p> <p>a. Percentage of new suppliers that were screened using social criteria.</p>	<p>—</p> <p>Sekisui Chemical Group selects new suppliers after evaluating them comprehensively from the perspectives of quality, the environment, compliance with laws and regulations and with societal norms, and health and safety. Therefore, all new suppliers have fully cleared the societal standards on which Sekisui Chemical Group insists.</p>	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
414-2	<p>Negative social impacts in the supply chain and actions taken</p> <p>a. Number of suppliers assessed for social impacts.</p> <p>b. Number of suppliers identified as having significant actual and potential negative social impacts.</p> <p>c. Significant actual and potential negative social impacts identified in the supply chain.</p> <p>d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.</p> <p>e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.</p>	—	

Public Policy

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to public policy using "GRI 103: Management Approach"	—	We have decided not disclose information on this topic for reasons of business strategy.
415-1	<p>Political contributions</p> <p>a. Total monetary value of financial and inkind political contributions made directly and indirectly by the organization by country and recipient / beneficiary.</p> <p>b. If applicable, how the monetary value of in-kind contributions was estimated.</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Donations 	

Customer Health and Safety

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to customer health and safety using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Prominence in CS & Quality / Quality Management • Prominence in CS & Quality / Formulating Three Quality Guidelines • Prominence in CS & Quality / Product Safety 	
416-1	Assessment of the health and safety impacts of product and service categories a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	<ul style="list-style-type: none"> • Prominence in CS & Quality / Preventing Quality Fraud 	Since it is currently difficult to calculate values for proportions in this area; we are examining methods for disclosing information.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services a. Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services within the reporting period, by: i. Incidents of non-compliance with regulations resulting in a fine or penalty ii. Incidents of non-compliance with regulations resulting in a warning iii. Incidents of non-compliance with voluntary codes b. If the organization has not identified any non-compliance with regulations and voluntary codes, a brief statement of this fact is sufficient. c. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	<ul style="list-style-type: none"> • Prominence in CS & Quality / Preventing Quality Fraud • Prominence in CS & Quality / Product Safety 	

Marketing and Labeling

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to marketing using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Prominence in CS & Quality / Improving Quality • Compliance and Respect for Human Rights 	
417-1	<p>Requirements for product and service information and labeling</p> <p>a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling:</p> <ol style="list-style-type: none"> The sourcing of components of the product or service Content, particularly with regard to substances that might produce an environmental or social impact Safe use of the product or service Disposal of the product and environmental / social impacts Others (Explain in detail) <p>b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.</p>	—	Because it is currently difficult to ascertain various types of information concerning all products and to calculate the percentage values for procedure compliance evaluations, we are examining methods for disclosing information.
417-2	<p>Incidents of non-compliance concerning product and service information and labeling</p> <p>a. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by:</p> <ol style="list-style-type: none"> Incidents of non-compliance with regulations resulting in a fine or penalty Incidents of non-compliance with regulations resulting in a warning Incidents of non-compliance with voluntary codes <p>b. If the organization has not identified any non-compliance with regulations and voluntary codes, a brief statement of this fact is sufficient.</p>	<ul style="list-style-type: none"> • Prominence in CS & Quality / Products Information Disclosure and Labeling 	

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
417-3	<p>Incidents of non-compliance concerning marketing communications</p> <p>a. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:</p> <p>i. Incidents of non-compliance with regulations resulting in a fine or penalty</p> <p>ii. Incidents of non-compliance with regulations resulting in a warning</p> <p>iii. Incidents of non-compliance with voluntary codes</p> <p>b. If the organization has not identified any non-compliance with regulations and voluntary codes, a brief statement of this fact is sufficient.</p>	<ul style="list-style-type: none"> • Compliance and Respect for Human Rights / Marketing Communications 	

Customer Privacy

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to customer privacy using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Cyber Security • Protecting Personal Information 	
418-1	<p>Substantiated complaints concerning breaches of customer privacy and losses of customer data</p> <p>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <p>i. Complaints received from outside parties and substantiated by the organization</p> <p>ii. Complaints from regulatory bodies</p> <p>b. Total number of identified leaks, thefts, or losses of customer data.</p> <p>c. In the event that there are no substantiated complaints, we will simply state that fact</p>	Not applicable for the fiscal year under review	

Socioeconomic Compliance

Code No.	General Standard Disclosures	Locations Posted	Reason for Omitting
DMA (103-1)	Reporting management approach relating to compliance in relation to socioeconomic matters using "GRI 103: Management Approach"	<ul style="list-style-type: none"> • Key CSR Issues • Compliance and Respect for Human Rights / Our Approach to Compliance Management • Compliance and Respect for Human Rights / Growing Awareness Toward Compliance • Compliance and Respect for Human Rights / Putting Compliance Management Efforts into Practice • Compliance and Respect for Human Rights / Compliance Training 	
419-1	<p>Non-compliance with laws and regulations in the social and economic area</p> <p>a. Significant fines and non-monetary sanctions for non-compliance with laws and regulations in the social and economic area in terms of:</p> <p>i. Total monetary value of significant fines</p> <p>ii. Total number of non-monetary sanctions</p> <p>iii. Cases brought through dispute resolution mechanisms</p> <p>b. If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient.</p> <p>c. The context against which significant fines and non-monetary sanctions were incurred.</p>	Not applicable for the fiscal year under review	

Independent Practitioner's Assurance Report

Deloitte.

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(TRANSLATION)

Independent Practitioner's Assurance Report

June 26, 2019

Mr. Teiji Koge,
President and Representative Director,
Sekisui Chemical Co., Ltd.

Masahiko Sugiyama
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the material sustainability information indicated with for the year ended March 31, 2019 (the "Sustainability Information") included in the "CSR Report 2019 PDF Edition" (the "Report") of Sekisui Chemical Co., Ltd. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Sustainability Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the Sustainability Information included in the Report) and "Appendix: Sustainability Reporting Assurance and Registration Criteria" issued by the Japanese Association of Assurance Organizations for Sustainability Information (the "J-sus"). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB, and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the J-sus.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company and "Appendix: Sustainability Reporting Assurance and Registration Criteria" issued by the J-sus.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

Independent Practitioner's Assurance Procedures



| Top Message

We are making every effort to prepare a stage on which everyone in their diversity can excel. Let us drive a “revolution” together so that all of those working for Sekisui Chemical Group and our many partners can feel pride in our diversity and our working environment, and continue to shine.

Accelerating Diversity Management Through “Work Style Reforms”

In working toward a “new phase of growth,” Sekisui Chemical Group is accelerating diversity management, the motive power for this growth. How will we employ the unique characteristics and strengths that everyone holds in their diversity? How will we maximize the outcomes as Sekisui Chemical Group? We are taking diversity management, which we first embarked upon in earnest during the latter half of 2015, to a new stage and accelerating the related initiatives.

Tackling Priority Areas

Starting with empowerment of women, Sekisui Chemical Group has advanced initiatives geared towards generating results and utilizing the unique characteristics of the diverse group of human resources that supports our business activities.

These initiatives have led to a certain degree of success, including changing the organizational culture and expanding opportunities to excel, and are now recognized as a new strength of Sekisui Chemical Group. As we aim to enter a new phase of growth that is also sustainable, we will undertake “Work Style Reforms” as the foremost area of importance within diversity management in order to transform the capabilities of everyone into an even greater driving force. As a means of indicating the seriousness with which we take these efforts and to share them with everyone, we formulated the “Statement of Work Style Reform.”

Upon fully considering the meaning of the goals incorporated within this Statement, namely “demonstrating unique characteristics,” “improving quality of work,” “improving productivity,” “maximizing outcomes,” and “allowing diverse human resources to excel,” I ask everyone to change how you work. This will transform into a major strength that suits the times.



President & CEO
SEKISUI CHEMICAL Co., Ltd.
Teiji Koge

Aiming for a “New Phase of Growth”

The policies in the Medium-term Management Plan “SHIFT 2019-Fusion-” that we are currently implementing aim to achieve a “new stage of growth” and SHIFT the group as a whole onto a path of growth. Having defined the first step towards a “new stage of growth,” we have opened the door to new challenges in aims of “maintaining our strong corporate presence for 100 years and beyond” and of doubling business capacity during the 2020s (net sales of 2 trillion yen, operating income of 200 billion yen).

“SHIFT” refers to changing the quality of growth, in other words “quantitative growth” and “qualitative transition,” as well as achieving sustainable growth that comes hand in hand with “social responsibility.” Each letter in the term SHIFT refers to the first letter of five key words (Sustainable/Human resources/Innovation/Frontier/Transformation).

Among these, H (Human resources) serves as the Company’s most important management resource. By enabling a diverse group of human resources to utilize their unique characteristics and excel, we are aiming to contribute to society through our business activities.

“Forward-looking investments” and “Constant structural reform” are essential for realizing these plans and visions. We are therefore making strategic investments for quantitative growth and advancing structural reforms in anticipation of changes in demand from 2020 and beyond.

Evolution of Diversity Management

Sekisui Chemical Group is developing an unusually diverse range of businesses, from housing to social infrastructure materials such as water supply and sewage pipes, to electronics, automotive and transportation products, residential infrastructure materials, and life science-related products.

In order for Sekisui Chemical Group to generate synergies through the use of this wide range of businesses, a diverse group of employees with different personalities, experiences, and characteristics must be allowed to demonstrate their individual capabilities, personalities, and characteristics to the greatest extent possible.

After formulating our “Diversity Management Policy” in 2015, we launched full-scale diversity management initiatives throughout the Group. We have since moved forward with initiatives that both correspond to gender, age, disability, nationality, and other “attributes” and “build an organizational structure” geared towards realizing diversity.

Having launched the empowerment of women as the first step, we have undertaken initiatives aimed at expanding opportunities to excel by actively hiring women and offering career training programs, where the ratio of women to total hires, the retention rate, and the number of women in management positions have shown steady change. In fiscal 2016, we were selected as a “Nadeshiko Brand.” Moreover, the subsidiary company Kofu Sekisui Sangyo Co., Ltd. received the “New Diversity Management Selection 100” in recognition of its aggressive initiatives aimed at employing people with disabilities.

Work Style Reforms

Despite these efforts, diversity management is still a work in progress.

In order for our diverse group of people, the Group's most important management resource, to demonstrate its unique characteristics to the greatest extent possible, we must shift away from our current work style, which requires long hours to achieve results, and towards a highly productive work style that maximizes results in a limited time.

We are undertaking "Work Style Reforms" for the express purpose of accelerating diversity management. Part of the backdrop for undertaking "Work Style Reforms" is a future with a declining working population, which means the SEKISUI CHEMICAL Group will require employees with diverse values in order to achieve sustainable growth.

Our customers have also become more diverse, while the expectations and demands of our customers have been changing. For example, in the past it was normal to work day and night to receive a contract, but today these old ways of business and rules no longer apply. In order to address the changes in our customers, we must go beyond simply revamping how we sell, and shift to products that are easy to sell and make.

In addition to the demand for "Work Style Reforms" from the government, compliance related to working hours has become an issue of society, which has required us to take the initiative in addressing this issue as a Group.

Three Reforms

Work Style Reforms must be undertaken by the management and the employees as a single whole.

We will advance the “Three Reforms” through the fusion of “Top-down and Bottom-up” and “Management and Plant floor.”

The first set of reforms is “Business reforms.” We will identify the environment to be changed regardless of existing customs, and reform the work structure. In this respect, we must begin our efforts by making improvements from everyone’s worksite, including taking inventory of individual jobs to determine if there are wasteful tasks, meetings, and business trips; to determine the areas that must truly be engaged; and to determine if inefficient approaches to work are still being taken. I ask that everyone adopt the perspective of our stakeholders and verify and improve your work from various viewpoints.

On the management side, we will naturally shift to high profitability products, but will also develop high efficiency products.

The second set of reforms is “HR system reforms.” We will implement system reforms designed to maintain and expand employment, including revising everyone’s salaries and the number of annual holidays.

I ask that everyone work to enhance your growth and abilities through on-the-job experience and opportunities for training.

The third set of reforms is “Work environment reforms.” We will make investments and reform the work environment so that everyone in their diversity can work easily, feel motivated, and work with a sense of security and enthusiasm. For example, we will pursue the optimal work environment by utilizing video conferencing systems and other information and communications technologies, expanding the remote work environment, and investing in manufacturing equipment and systems.

“Three Reforms” is not a slogan. We will invest 10 billion yen over the next two years in order to achieve concrete outcomes from these reforms.

We will establish common Group-wide objectives for working hours and endeavor to improve productivity towards building an invigorating environment. Our “Work Style Reforms” are designed to increase productivity, rectify long working hours, and generate the maximum outcome within the limited time. These reforms are not designed to reduce personnel and overtime costs. Rather, the outcomes of reducing overtime will be actively returned to everyone.

This Is a Revolution

In 2015, I told everyone that there would be no future without diversity management.

This sentiment has only grown stronger with each passing day. And it is my belief that the future of Sekisui Chemical Group does not exist as an extension of the 70 years of history we have travelled thus far.

Against the backdrop of changing social norms and industrial structures, as well as increasingly diverse lifestyles, we must find a balance between offering solutions to the problems faced by society and achieving economic growth.

Given rapid changes in the business environment, diversity management has become essential for taking advantage of opportunities, addressing threats, and surpassing the competition. In order to create a new future, I am convinced that the only path to the future is for us to shift to work and work styles that utilize everyone's unique characteristics, personalities, and orientations.

For this reason, this is not "reform," this is "revolution."

Currently, Sekisui Chemical Group expects to achieve record high profits for five consecutive terms and profit growth for nine consecutive terms, but we are still faced with the demand to meet the expectations of our stakeholders and continue sustainable growth into the future.

We will continue to generate "maximum outcomes" within the "limited time". Balancing this seemingly contradictory condition is a new work style and will provide the potential to identify new opportunities.

We are also making every effort to prepare a stage on which everyone in their diversity can excel.

Let us drive a "revolution" together so that all of those working for Sekisui Chemical Group and our many partners can feel pride in our diversity and our working environment, and continue to shine.

SEKISUI CHEMICAL CO., LTD.

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“CSR Report 2019 PDF Edition” has been reviewed for assurance by an independent third party and as a result has been granted the sustainability report review and registration logo.

This demonstrates that this report satisfies the necessary criteria established by the Japanese Association of Assurance Organizations for Sustainability Information (J-SUS;<http://www.j-sus.org/>) for the use of this logo, intended to assure the reliability of sustainability information.

Date of issue: July 2019; 1st printing

(Previous report published July 2018/Next report scheduled to be published in July 2020)