

Materiality

DX



Digital Transformation (DX)

SEKISUI CHEMICAL Group will push forward corporate activities grounded in digital transformation in a bid to support the basis of LIFE and to continue to create peace of mind for the future in order to realize a sustainable society.

Positioning of This Materiality

SEKISUI CHEMICAL Group positions digital transformation (DX) as a driver to accelerate and support the growth strategies and structural reforms necessary to realize its Long-term Vision. Against this backdrop, we will strengthen the governance function (Internal Control) and work to reform operating processes while realizing sustainable growth by standardizing and visualizing global operations. Under the current Medium-term Management Plan, we are taking preparatory steps to secure the Group's long-term global growth with respect to the Group's global management foundation and in the areas of purchasing as well as sales and marketing. Regarding the infrastructure and security that support these reforms, we are promoting remote work that safely enables diverse work styles.

Our Philosophy

Based on its Long-term Vision, Vision 2030, SEKISUI CHEMICAL Group is advancing the expansion of its existing businesses and the creation of new businesses using ESG management as its main strategy. The Group has also adopted DX as one of the important issues on which to focus to enhance ESG management.

SEKISUI CHEMICAL Group's DX mission is to accelerate and support the growth strategies and structural reforms necessary to realize its Long-term Vision.

To maintain sustainable growth in an increasingly uncertain business environment, we will take another look at conventional Governance (Internal Control) as well as business and operating processes, while undergoing a transformation from the visualization and standardization, productivity improvement, and sophistication perspectives*. In addition, we aim to remain a company that is capable of providing value to society through the challenges undertaken by our vibrant employees.

* Visualization and standardization: Standardize operations, introduce ERP, renew infrastructure and network

Systems to Promote DX

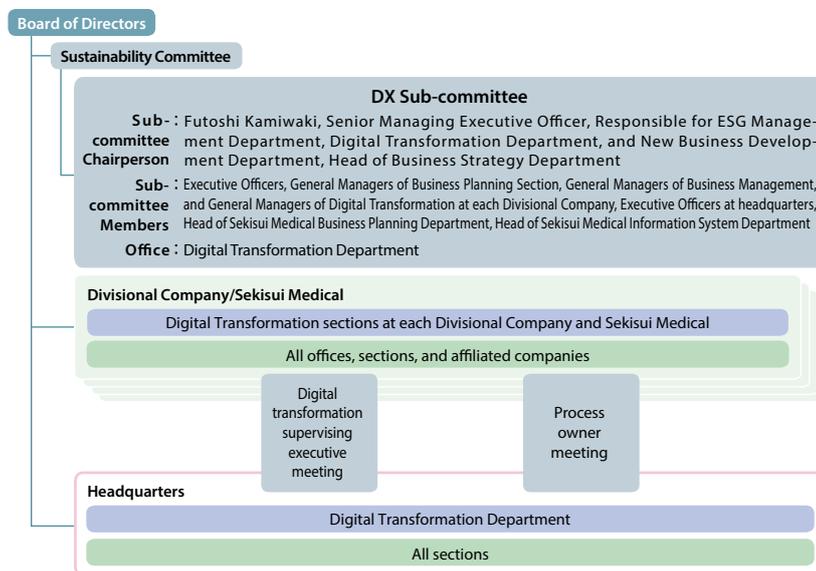
To promote DX in unison throughout the Company and Group, SEKISUI CHEMICAL Group established the Corporate Headquarters Digital Transformation Department. This Department is responsible for transforming business processes and building IT infrastructure and information security.

As a company that engages in a variety of different businesses while building business models that differ between divisional companies, it is not easy to standardize and enhance the sophistication of business operations. In some cases, this process may actually lead to reduced efficiency. To prevent this and promote standardization and sophistication with optimal solutions throughout the Company and Group, we have established a promotion system headed by our CEO and senior managing executive officer. The Digital Transformation Department functions as the project leader in this system.

In establishing the Digital Transformation Department at divisional companies in April 2021, SEKISUI CHEMICAL Group is strengthening competitiveness in areas that leverage the strengths of each business.

Moreover, the DX Subcommittee, chaired by the executive officer of the Digital Transformation Department, has been newly established under the Sustainability Committee. In addition to deliberating on fundamental policies related to digital strategy and confirming the progress and effectiveness of digital transformation, the DX Subcommittee deliberates and decides on such important measures as standardization of Group-wide operating processes and renewal of Group-wide core systems from a management perspective.

DX Promotion System (from fiscal 2021)



Initiatives to Promote DX

DX promotion addresses the putting in place of plans and themes in each of the following areas: global management foundation reform, purchasing, supply chain management, and sales and marketing.

Global Management Foundation Reform

To support the business strategies of SEKISUI CHEMICAL Group, which is growing globally, we are working on the renewal of core systems (global ERP*) that form our management foundation. Consequently, we are aiming to improve the productivity of indirect business operations—by the visualization and analysis of the data necessary for decision making to maximize global consolidated profit, business standardization, and efficiency improvements—while improving Governance (Internal Control) and minimizing risk through business standardization and visualization on a global basis.

In fiscal 2021, we have defined the requirements for target business processes and determined the priority of site implementation. In addition to promoting design and development, we will take steps toward rollout in the future.

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

Purchasing

As a part of global purchasing reform, we are aiming to use the system for the standardization of purchasing operations and the visualization of transaction data.

The visualization of global transactions will enable the deterrence and early detection of fraudulent activity. We will also improve purchasing power and reduce procurement costs by realizing overall optimal purchasing and minimize low value-added operations by introducing the system, while establishing mechanisms and infrastructure that are capable of continuously reducing costs.

We are taking preparatory steps to verify and rollout an indirect purchasing system at a model factory since April 2021. Looking ahead, we will progressively rollout to major sites in Japan.

Sales and Marketing

We aim to thoroughly improve efficiency and productivity through the standardization and automation of business operations relating to sales and marketing.

In the business operations relating to sales and marketing, there had been incidences of problems arising, such as the different systems used by each divisional company and many individualized parts. To solve these problems, we will work on the standardization of efficient and highly productive business models and the real-time visualization of work processes.

In fiscal 2021, we completed a demonstration of the use of marketing automation, visualization of the status of customer transactions, and data analysis to enhance the order expansion process. This initiative is now being rolled out to sales offices in Japan.

To improve productivity, we are promoting the introduction of a system that reduces the work-hours required for internal reporting. We are working to realize best practices that share information on each of the three areas of development, production, and sales and to utilize that information in sales.

We are also putting in place IT infrastructure while at the same time promoting information security measures that are essential to DX initiatives.

Remote Work

SEKISUI CHEMICAL Group is promoting remote work in a bid to realize various working styles. In this manner, employees are able to carry out their duties using the Company's in-house operating system from locations other than the office including the home and outside.

In fiscal 2021, we began promoting the rollout of MobileNET, IT infrastructure that enables access to in-house operating systems from anywhere in the world. At the same time, we put in place integrated authentication infrastructure for the safe and secure use of cloud services, which are attracting rapid widespread use.

These initiatives have made it possible to maintain both work productivity and information security while working from home despite the ongoing COVID-19 pandemic, and has greatly contributed to the continuity of business and efforts to strengthen IT governance.