



## TOPICS

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- Basic Concept ..... p97
- Targets ..... p98
- System ..... p99
- Major Initiatives ..... p100

# 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.**

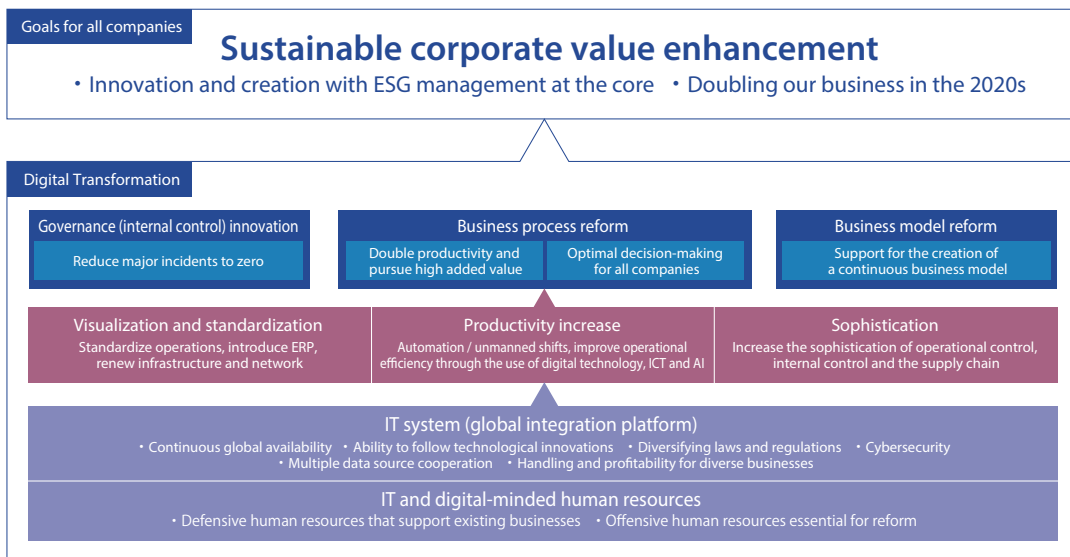
## Basic Concept

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

Against the backdrop of major changes in the external environment, on the basis of the four areas to be addressed with a sense of urgency—governance, labor shortages, dispersal of management data, and decline in earning power due to market changes—we are working on DX as the means to win out against global competition.

As far as the Group’s DX is concerned, in addition to promoting the three transformations—the elevation of corporate governance and business model transformation but centered on business process transformation—from the visualization and standardization\*, productivity improvement, and sophistication perspectives, we are concurrently advancing the enhancement of our foundation, including in IT systems and human resources, that will underpin these transformations.

## DX Overview



**Ensuring robustness of data**  
Prevention of fraudulent actions



**Introduction of a global management foundation**  
Standardization of working operations and systems



**Reforming work processes**  
Reform of aspects such as sales, marketing, and purchasing



**Strengthening infrastructure and security**  
Reduction of business risks

\* Visualization and standardization: standardize operations, introduce a global management foundation, renew infrastructure and network

Under the current Medium-term Management Plan, we are promoting thorough standardization and data-based productivity improvements as business process transformation and have taken preparatory steps toward 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 realized remote work that safely enables diverse work styles.

In the next Medium-term Management Plan, we will shift to a phase of further digital development and the generation of results to accelerate growth strategies and structural reforms aimed at realizing our Long-term Vision. We will strengthen governance through the effective use of a global management base, while at the same time generating full-fledged results from the DX themes advanced to date. To underpin efforts aimed at achieving these goals, we will develop human resources who can make full use of digital tools and data, and establish a global cyber security response system.

Targets

Major Implementation Measures	Management Indicators	Current Medium-term Management Plan Final Fiscal Year (FY2022) Targets	Fiscal 2022 Results
Global management foundation innovation	Execution status of development for constructing global standard operation and system models	Design and development of a backbone system for global deployment, and preparations for deployment	Completion of design and the start of subject business process development, business outline of overseas bases for global deployment being confirmed
Reform of global indirect purchasing	Progress status of initiatives aimed at indirect materials purchasing (development plans)	Enhancement of Governance (Internal Control) by visualization of transaction status, improvement of efficiency by consolidating purchasing operations	In the process of deploying indirect purchasing system to major domestic bases, preparations for launch of centralized purchasing organization
Enhancement and improvement of efficiency of sales and marketing duties	Progress status of initiatives aimed at sales and marketing reforms (number of participants and workload shift)	Reduction of steps in inward operations, expansion of steps in sales activities and use of IT to expand sales	Completed introduction of sales support system to sales bases, new data-based business processes under development
Promotion of remote work (Japan)	Progress and usage status of initiatives for establishing new normal work styles	Provision of remote-work platforms that balance security and convenience	Completed deployment of secure remote work platform (MobileNET: 6,000 users, Integrated Authentication Platform: 25,000 users), established new work styles

System

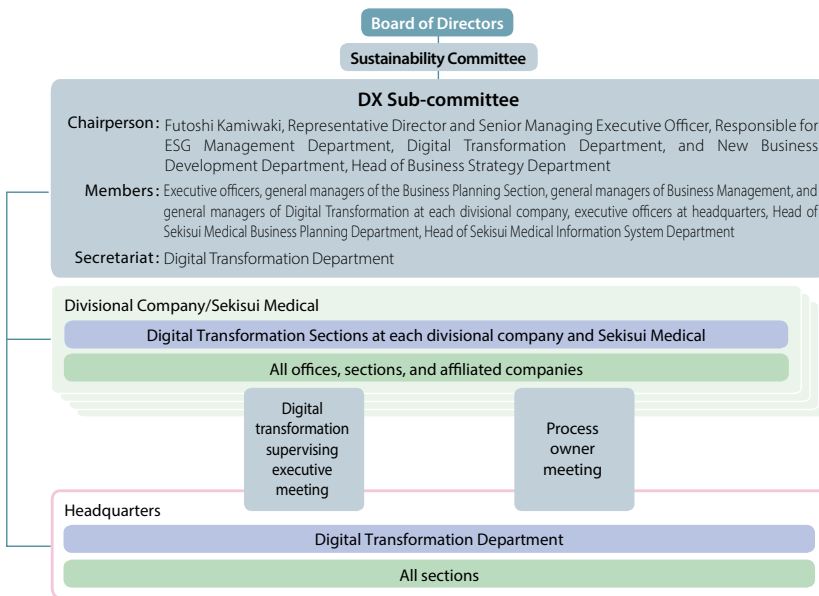
As a company that engages in a variety of different businesses while building business models that differ between divisional companies, it is not easy to standardize and enhance the sophistication of business operations. In some cases, this process may actually lead to reduced efficiency. To prevent 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.

To promote DX in unison throughout the Company and Group, we established the Corporate Headquarters Digital Transformation Department, which serves the function of project leader in this system and is thus responsible for transforming business processes and building IT infrastructure and information security.

Having established a Digital Transformation Department at each divisional company, 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



## Major Initiatives

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

### | Global Management Foundation

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 2022, we carried out the design of the target business processes and embarked on their development. We also proceeded to confirm the outline of the operations of overseas bases in preparation for global expansion. Going forward, we will advance preparations for testing and production operations while making adjustments toward roll-out.

\* ERP (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.

In 2022, we completed verification of an indirect purchasing system in a model factory and are progressively installing the system at major sites in Japan. We are also advancing preparations for a centralized purchasing organization to strengthen our bargaining power and management/control through consolidation.

### | 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.

Having completed the introduction of a sales support system at our sales offices in fiscal 2022, we are working on an initiative to strengthen our sales processes by utilizing the visualization of customer transaction status and data analysis. We are also promoting further information security measures for sales data 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 2022, we worked to entrench MobileNET, IT infrastructure that safely enables access to in-house operating systems from anywhere in the world. At the same time, we rolled out 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.